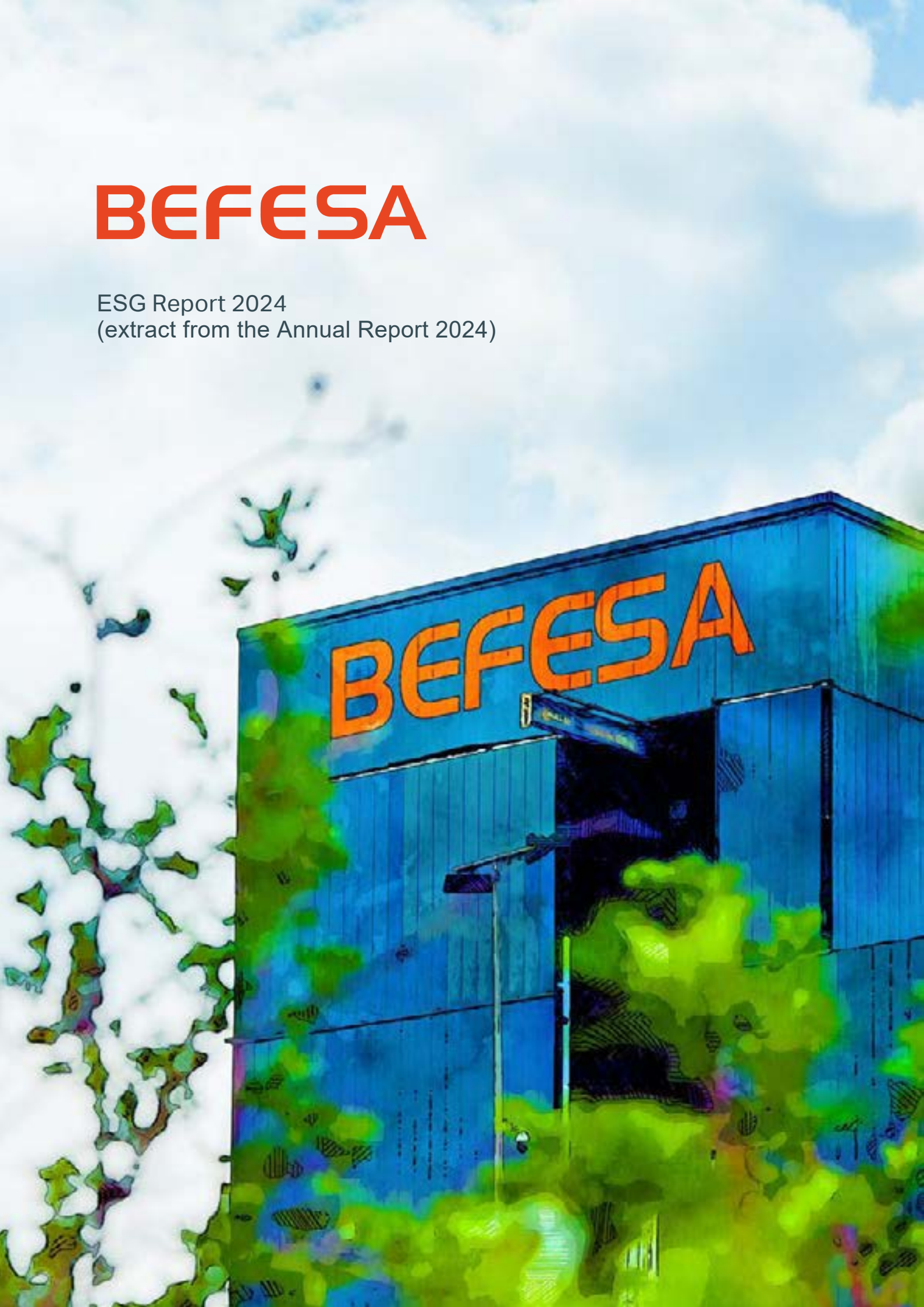


# BEFESA

ESG Report 2024  
(extract from the Annual Report 2024)



# 04 Sustainability statement

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# Sustainability statement

Befesa is committed to transparency, sustainability and responsible corporate governance.

In line with this commitment, Befesa has prepared in this 2024 Annual Report a sustainability statement in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

This report has been voluntarily audited to strengthen Befesa's commitment to transparency and accountability. Our auditing firm KPMG has performed limited assurance of this sustainability statement (the independent auditor's report section of the sustainability statement).

This report provides a comprehensive disclosure of Befesa's ESG performance, ensuring compliance with the latest regulatory frameworks while reinforcing the Company's dedication to sustainable business practices. It reflects Befesa's material impacts, risks and opportunities, integrating key sustainability factors into its strategy and operations.

By aligning with the ESRS principles of relevance, comparability and reliability, Befesa ensures that its stakeholders have access to clear, standardised and verifiable sustainability information. This report marks an important step in enhancing transparency and accountability, supporting the Company's role as a global leader in circular economy solutions.

The sustainability statement information provided is based on the double materiality assessment on sustainability topics completed by Befesa in 2024, and all material data points requested by the regulation has been answered considering Befesa's sustainability material topics.



# General disclosures

## General disclosures

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### BP-1 General basis for preparation of the sustainability statement

This sustainability statement has been prepared on a consolidated basis, following the same scope as the financial statements. Consequently, the consolidated quantitative ESG data comprises the parent company Befesa S.A. and subsidiaries controlled by Befesa S.A. and covers its own operations; the impact, risk and opportunities extend to its upstream and/or downstream value chain following the double materiality principle (more info in section IRO-1). Befesa has not used the option to omit any piece of information corresponding to intellectual property, know-how or the results of innovation.

### BP-2 Disclosures in relation to specific circumstances

Befesa follows time horizons defined by ESRS 1 (section 6.4) for its sustainability statement in all sections of this report. In case that there are metrics that include upstream and/or downstream value chain data estimation, it will be explained in the corresponding document section. In case that there are metrics that include upstream and/or downstream value chain data estimation, it will be explained in the corresponding document section. If forward-looking information is disclosed, it will be indicated that this information is uncertain.

The main change in the preparation and presentation in 2024 is the adaptation to the CSRD regulation and ESRS standards. If there is a new approach regarding metrics, it will be disclosed together with the new metric including EU Taxonomy.

Befesa informs the sections of the report that also respond to different regulations or reporting frameworks: Taxonomy Regulations and Delegated Acts; NFDR – Non-Financial Reporting Directive.

No incorporation by reference have been made.

### GOV-1/GOV-2 Role of management and sustainability matters addressed

The Board of Directors of Befesa S.A. consists of eight members: two Executive Directors (Executive Chair and CEO) and six Non-Executive Directors. There are no employee representatives on the Board of Befesa S.A.

In terms of gender representation, the Board of Directors includes three female board members out of a total of eight members, representing 37.5%. Befesa's Board of Directors consists of six independent non-executive board members out of a total of eight members, representing 75%.

The Board of Directors of Befesa S.A. is vested with the broadest powers to perform all acts necessary or useful to accomplish the Company's corporate objectives and pursue the objective of increasing the sustainable value of the Company.

As such, the Rules of Procedure of the Board of Directors establish that the Board of Directors is responsible for the governance, management, strategic direction and control of Befesa's operations and businesses, including oversight of impacts, risks and opportunities, and sustainability matters.

Member	Position	Typology	Committee
Javier Molina	Executive Chair	Executive	
Asier Zorraonandia	CEO	Executive	
Javier Petit Asumendi	Independent Director	Non-executive	Member of the Nomination & Remuneration Committee
Georg Graf Waldersee	Lead Independent Director	Non-executive	Audit Committee Chair
Frauke Heistermann	Independent Director	Non-executive	Member of the Audit Committee and of the Sustainability Committee
Natalia Latorre Arranz	Independent Director	Non-executive	Sustainability Committee Chair and member of the Audit Committee Chair
Soledad Luca de Tena	Independent Director	Non-executive	Member of the Nomination & Remuneration Committee
Helmut Wieser	Independent Director	Non-executive	Nomination & Remuneration Committee Chair and member of the Sustainability Committee

The board contracts of Befesa S.A. establish that the Board member agree to comply with the articles, the internal regulations regulating the internal functioning of the Company and the Board Committees, the dealing code and all other applicable policies of the Company.

The Board of Directors brings significant expertise across various sectors, including finance, digitalization, energy transition, logistics, and industrial engineering.

This diverse expertise is particularly relevant for overseeing sustainability matters due to the factors as shown below.

#### Diverse industry experience and strategic oversight:

- Members such as Georg Graf Waldersee (accounting and auditing, risk management and compliance), Javier Petit Asumendi (investment banking) and Soledad Luca de Tena (corporate governance in media) provide financial, risk management and governance expertise, ensuring robust decision-making frameworks.
- Frauke Heistermann (supply chain and digitalisation) and Helmut Wieser (industrial and manufacturing sectors, in particular aluminium and steel industries, health and safety, and accident prevention) bring technical and operational perspectives that are crucial for sustainability-related transformations.

- Natalia Latorre Arranz (energy transition) has direct ESG expertise, particularly in renewable energy, environmental products and corporate sustainability strategies.

#### Relevance to material impacts, risks and opportunities:

- Several members have expertise in sectors highly impacted by ESG matters, such as energy, industry and finance.
- Natalia Latorre Arranz's experience in energy transition and corporate transformation is particularly relevant for addressing climate-related risks and opportunities.
- Frauke Heistermann's background in digital transformation and supply chain management contributes to sustainable logistics and operational efficiencies.
- Georg Graf Waldersee's auditing and financial compliance experience

ensures transparency and accountability in sustainability reporting.

#### Access to additional expertise and development initiatives:

- Many members serve on advisory boards, supervisory boards and strategic committees, allowing them access to broader networks of expertise.
- Board members such as Natalia Latorre Arranz, who engages in advisory roles related to sustainability (e.g. Marsi Bionics, Strategy Advisory Board of Programa Mujer e Ingeniería), and therefore has specific ESG experience and expertise.
- Membership in various supervisory bodies suggests exposure to ongoing training, industry developments and regulatory updates.

The explained composition and diversity of the Board of Directors (as shown on the previous page) reflects a well-rounded and strategic set of skills relevant for effective sustainability oversight. The diverse backgrounds of the board members, particularly in energy transition, finance, governance, digitalization, and industrial operations, provide a foundation for addressing material sustainability impacts, risks, and opportunities identified by Befesa in its Double Materiality assessment (see SBM-3 and IRO-1) in this chapter.

Additionally, the access of the Board members to expert networks and their commitment to ongoing learning strengthens their ability to effectively oversee ESG-related matters.

The Company has established collaborations to access external sustainability experts, including environmental consultants and other advisors. This allows the Company to fill any gaps in knowledge and to stay updated on best practices for sustainability within the steel industry.

According to the Rules of Procedure of the Board of Directors, the Executive Chair is responsible for deciding upon the Company's sustainability strategy, including CO<sub>2</sub> reduction plans, ESG plans and the 5-year Sustainable Global Growth Plan.

As outlined in the 2023 ESG Report, the company, led by the Executive Chair and CEO, is committed to voluntarily reporting on compliance with the EU CSRD. This includes conducting a Double Materiality assessment (DMA) and preparing for limited assurance of the ESG content and data by Befesa's external auditor.

In this context, the Executive Chair instructed the Chief Financial Officer (CFO) to carry out the Double Materiality Assessment, which involved defining the KPI reporting requirements, determining the level of granularity required, and assessing the internal process for collecting data on the KPIs.

The DMA was conducted during 2024 with the assistance of an external consultant and led by the CFO of the Company and reviewed by the Internal Sustainability Committee.

The material impacts, risks, and opportunities resulting from this analysis were presented to the Internal Sustainability Committee, the Audit Committee, and the Sustainability Committee. After being reviewed by these committees, the Board of Directors was also informed. During the presentations to the committees, information is also provided on the effectiveness of the policies, actions, metrics, and targets adopted to address the material topics identified in the double materiality assessment.

The Board of Directors has been thoroughly informed about the double materiality assessment (DMA) conducted by Befesa in 2024.

The list of the material impacts, risks and opportunities addressed by the Board of Directors of Befesa S.A., or their relevant committees during the reporting period is included in the specific Environmental, Social and Business Conduct areas of this sustainability report.

The Board of Directors of Befesa S.A. has set up an Audit Committee, a Nomination and Remuneration Committee and to ensure that sustainability is an integral part

of the decision-making process, a Sustainability Committee and an Internal Sustainability Committee.

The chairs of the Audit Committee, Nomination and Remuneration Committee and the Sustainability Committee report on the meetings of their committees to the Board of Directors.

### Audit Committee

The Audit Committee, as outlined in its rules of procedure, monitors the effectiveness of Befesa's internal quality control, the Risk Management System (RMS) and the Compliance Management System (CMS). In addition to its other duties, it is responsible for supervising the RMS and CMS, which are integral elements of the Company's control framework. For more information see ESRS GOV-1 of Business Conduct.

Befesa has implemented a Risk Management System (RMS) and a Compliance Management System (CMS) to enable managers to analyze, evaluate, and manage risks associated with various aspects of the company's operations. The purpose of the RMS is to identify and assess significant risks that may affect Befesa.

An internal risk committee, which reports to the Audit Committee has been established, comprising the Executive Chair, CEO, CFO, Vice President of Befesa's Aluminium Salt Slags Recycling Services Business Unit, regional CEOs of the Steel Dust Recycling Services Business Unit and various corporate managers (inter alia, – Chief Compliance Officer, Global EHS Director. This internal committee is responsible for monitoring and reviewing the risks included in the Risk Map of Befesa, in this sense,

please refer to GOV-5. Annually, the risk analysis, risk map, and mitigation actions are submitted to the Audit Committee and Board of Directors for review. Corporate managers who form part of the internal risk committee are responsible for the definition and monitoring of the material sustainability impacts, risks and opportunities, together with the mitigation controls.

During 2024, the Audit Committee held four meetings.

### The Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for ensuring that the Board of Directors has the necessary competencies and skills to effectively address sustainability issues and challenges.

When recommending suitable candidates to the Board of Directors for election by the General Meeting, the Nomination and Remuneration Committee ensures they have the necessary sustainability expertise, such as experience in environmental management, renewable energy, corporate governance, and social impact and other sustainability related fields. The committee aims to create a diverse set of skills among board members to oversee the Company's sustainability strategy and performance effectively.

The Nomination and Remuneration Committee engages external consultants and advisors to support the recruitment process. The Nomination and Remuneration Committee monitors the development of sustainability-related expertise on the Board on an ongoing basis for example, through specific training

courses. The Committee evaluates the effectiveness of the Board's sustainability oversight and recommends any necessary changes to ensure that sustainability remains at the forefront of the Company's strategic decision-making. This assessment includes evaluating the knowledge of environmental regulations, climate change, resource efficiency, sustainable supply chains, and social responsibility within the context of Befesa's industry.

### The Sustainability Committee

The Sustainability Committee comprises of members with expertise in sustainability, who are responsible for guiding the Company's strategy and monitoring its performance. The Sustainability Committee includes board members with knowledge in environmental and health and safety,

social responsibility, corporate governance, and sustainable business practices.

This Board Committee has no executive functions; however, it has the power to provide information, advisory, and to make proposals and recommendations in the area of sustainability. The Chair of the Sustainability Committee reports to the Board of Directors of the Company. The Sustainability Committee meets at least two times per year.

### Internal Sustainability Committee

Befesa has set up an Internal Sustainability Committee which is responsible for overseeing and managing all matters of the Company and its subsidiaries related to ESG matters, with a focus on emissions reduction and energy-saving targets.

**The responsibilities of the Sustainability Committee of the Board of Directors include overseeing and monitoring all material questions regarding sustainability, including the implementation of the CO<sub>2</sub> reduction plan for 2030 and 2050. The Committee performs the following activities:**

1.

**Review and monitor the Company's environmental sustainability strategy and its realisation as well as the Company's environmental sustainability policies, standards and guidelines.**

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2.

**Review and monitor the Company's environmental sustainability achievements in accordance with the targets and guidelines of the Company.**

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3.

**Support and provide guidance to the Board of Directors in developing and updating the Company's policies and procedures relating to environmental sustainability.**

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This internal Sustainability Committee comprises the following members: Executive Chair, CFO & Head of IR, Strategy & Communications, Global EHS Director, HR & CSR Director, Compliance Officer, General Counsel.

The Sustainability Committee established by the Board of Directors of Befesa S.A. is regularly informed about and reviews the decisions and discussion made by the internal sustainability committee of Befesa and provides strategic direction on sustainability matters to the internal sustainability committee.

During the reporting period, and in line with the Climate Action Plan (see chapter E1) and the results of the Double Materiality assessment, the internal sustainability committee addressed the following information and issues: CO<sub>2</sub> emission overview 2023 compared to previous years, CO<sub>2</sub> reduction plan, Key projects for reducing C2 emissions, ESG ratings and reporting, Implementation of CSRD Directive, including execution of double materiality assessment (DMA). With expertise in environmental, health and safety management and energy transition, this committee focuses on reducing the environmental impact of Befesa's activities, particularly greenhouse gas emissions. Taking into consideration the Double Materiality assessment and the company's Climate Action Plan and by overseeing carbon reduction strategies and investment in clean technologies, the Committee helps the Company in successfully navigating regulatory challenges and positions it to capitalize on emerging opportunities, such as production of green steel and the use of hydrogen-based new technologies.

### GOV-3 Integration of sustainability-related performance in incentive schemes

The remuneration system of the Non-Executive Directors of the Board of Directors consists of fixed remuneration only, with no incentives or variable compensation from Befesa S.A. The compensation of the non-executive members of the Board of Directors is approved on a yearly basis by the General Meeting of Befesa S.A.

Contrary to the remuneration system of the Non-Executive Directors, the remuneration system of the Executive Directors of the Board of Directors of Befesa S.A. includes both fixed, non-performance-related and variable, performance-related remuneration instruments (see table on the right).

In accordance with Befesa's Remuneration Policy 2023, the ESG performance criteria used in the variable instruments of the remuneration of the Executive Directors of Befesa S.A. are

based on market best practices, the recommendations from a leading consulting firm and alignment with Befesa's ESG objectives in the following three key areas:

#### 1. Environmental/Climate change

Implementation of the CO<sub>2</sub> reduction plan to achieve the target of 20% CO<sub>2</sub> intensity rate for scope 1&2 improvement by 2030 as well as the ambition to reach net zero by 2050. Specific KPIs include: increase in the percent of green power usage, decrease in the CO<sub>2</sub> intensity and level of execution of projects included in the CO<sub>2</sub> reduction plan during the performance period.

#### 2. Social/Health and safety

Employees' health and safety, measured by development of the Lost Time Injury Rate (LTIR) during the performance period. The target is to maintain an adequate level within the industry standards. The only numerical target is to keep fatalities at zero.



### 3. Governance/Compliance

Continuing progress on compliance and governance practices, e.g. annual risk assessment update, no covenant breaches or corporate governance misconduct, maintaining and improving internal audit practices across the Company.

In addition, other factors considered as part of Befesa's ESG performance criteria include maintaining, improving and extending ESG ratings by external agencies.

The Board of Directors of Befesa S.A., based on the review and

recommendations of the Nomination and Remuneration Committee, is responsible for developing and updating the remuneration system and compensation levels for its executive members.

Moreover, the Board of Directors prepares a detailed and comprehensive remuneration report for the last financial year. This remuneration report provides detailed information on the remuneration received by each Executive and Non-Executive Director of Befesa S.A., and is submitted to the General Meeting for an advisory vote.

For the further development of the remuneration system and to assess its appropriateness, the Nomination and Remuneration Committee of Befesa S.A. may consult an external remuneration expert. If this review reveals the need for a significant change to the remuneration system, the remuneration policy will be updated accordingly and submitted at the next AGM for an advisory vote. If no significant change is identified, the remuneration system will be resubmitted to the AGM for an advisory vote at least every four years.

#### Instruments of Executive Directors' remuneration for reporting period (FY 2024)

Fixed instruments	Annual base salary	Fixed remuneration paid in 12 monthly instalments
	Fringe benefits	Benefits such as company car
Variable instruments	One-year variable remuneration	Performance period: 1 year Performance criteria for financial year 2024: <ul style="list-style-type: none"> <li>– 40% EBITDA</li> <li>– 20% Net debt</li> <li>– 20% ESG</li> <li>– 20% Execution of strategic initiatives and return on growth projects</li> </ul> Performance scale: 0–200% of target value (cap)
		Performance period: 3 years Criteria for Tranche V of LTI (3-year performance period 2022–2024) – 70% performance-based (Performance Stocks) and 30% retention-based (Restricted Stocks). The performance criteria of the Performance Stocks are the following: <ul style="list-style-type: none"> <li>– 50% Relative TSR</li> <li>– 30% EBITDA CAGR</li> <li>– 20% Operating cash flow CAGR</li> </ul> Performance scale: 0–200% of target value (cap) The Restricted Stocks contain a service condition so that they are subject to continuous employment over the 3-year performance period. Information on Befesa's Long-Term Incentive Plan (Tranches VI–VIII) regarding future reporting periods can be found in its Remuneration Policy 2023, published on the corporate governance section of Befesa's website.

## General disclosures continued

### GOV-4 Statement on due diligence

Core elements of due diligence	Section in the sustainability statements	Page
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2	76
	ESRS 2 GOV-3	80
	ESRS 2 SBM-1	83
	ESRS 2 SBM-3	92
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-5	82
	ESRS 2 SBM-1	83
	ESRS 2 SBM-2	85
	ESRS 2 SBM-3	92
	ESRS 2 IRO-1	86
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1	86
	ESRS 2 SBM-3	92
	ESRS 2 GOV-5	82
d) Taking actions to address those adverse impacts	ESRS 2 GOV-5	82
	S1-4	161
	E1-3	131
	E2-2	142
	E5-2	149
e) Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-P	108
	G1-1	180
	G1-3	189

### GOV-5 Risk management and internal controls

Befesa, through the collaboration of its various corporate departments, is working on the implementation of a risk management plan for sustainability, taking into account the information to be reported by the new CSRD requirements.

This implementation plan is structured around the following key pillars:

- Risk and materiality analysis to identify critical areas;
- Definition of ethical internal controls to ensure best practices;
- Development of an audit plan, incorporating ethical audits;

- Reporting of identified deficiencies to Befesa's Audit Committee; and
- Monitoring and implementation of recommendations from internal audits.

As part of this commitment, Befesa has been working for the last two years on analyzing the sustainability risks associated with its activities where sustainability-related controls have already been identified in the internal control matrix. These controls apply generally to different Befesa processes, including controls focused on management and others focused on the company's own regulatory or performance indicators. The different controls relate specifically to the following areas:

- Human rights
- Labour rights and working conditions
- Supply chain
- Compliance policies
- Applicable regulations and legal requirements
- Befesa's corporate safety standards

The number of internal sustainability controls will be increased in coming years taking into account the increase in sustainability regulations. To achieve this, Befesa will rely on both the analysis of its management team and the expertise of external consultants.

In addition to the controls mentioned above, the internal audit of Befesa, in collaboration with the corporate Environmental, Health and Safety Department, includes ethical audits in its annual audit plan, which is approved by Befesa's Audit Committee. This plan seeks to ensure that all group companies undergo ethical audits of its processes at least once every three years. In 2024, a total of 8 ethical audits were conducted, compared to 7 ethical audits in 2023.

The scope of these audits is based on risk and materiality assessments, conducted both at a global level and for each audited subsidiary. It is expected that the number and scope of audits will increase in the coming years, in line with CSRD requirements and external audit demands.

### SBM-1 Strategy, business model and value chain

Befesa's business model is based on a full-service approach to offering hazardous waste management solutions to its customers in the steel and aluminium industries. In the Steel Dust Recycling Services segment, Befesa collects and recycles steel dust and other steel hazardous waste generated in the production of crude, stainless and galvanised steel in EAF. The majority of the revenue generated in the Steel Dust Recycling Services segment comes from selling WOX to zinc smelters. Furthermore, a portion of the revenue generated comes from the service fees charged for the collection and especially the treatment of crude steel dust.

In the US, Befesa additionally operates its zinc-refining business, which creates a vertically zinc operation for Befesa in this market, helping to address the shortage of zinc smelting

capacity in the North American market. Befesa's zinc-refining plant is the only one of its kind in the world producing green zinc – special high-grade (SHG) from 100% recycled raw materials (WOX).

In addition, a small portion of revenue is generated from tolling fees. These fees consist of a service fee charged for collecting and treating stainless steel residues and a fee for returning the metals – mainly nickel, chromium and molybdenum recovered in the recycling process – to stainless-steel dust customers.

In the Salt Slags operations of the Aluminium Salt Slags Recycling Services segment, Befesa recycles salt slags, a hazardous waste, which is collected from secondary aluminium customers for a service fee. Further salt slags are generated during the production of secondary aluminium at Befesa's plants. Furthermore, Befesa recycles SPL, a hazardous residue generated by primary aluminium producers. During the recycling process, melting salt, aluminium concentrates and aluminium oxides are recovered. Revenues from the Salt Slags operations are mainly derived from the sale of aluminium concentrates and melting salt obtained from recycling salt slags and SPL, in addition to fees charged for recycling these materials. A large amount of the recovered aluminium concentrates is sold and used in Befesa to produce aluminium alloys.

In the Secondary Aluminium operations of the Aluminium Salt Slags Recycling Services segment, Befesa collects and recycles aluminium scrap and other aluminium residues such as aluminium drosses, shavings and cuttings, and aluminium concentrates from, among

others, aluminium foundries, scrap dealers and collectors, and primary aluminium producers. Befesa also generates aluminium concentrates itself during the salt slags recycling operations, producing secondary aluminium alloys from these aluminium residues. These are mainly sold to customers in the automotive and construction industries. Revenues from the Secondary Aluminium operations are mainly derived from the sale of secondary aluminium alloys. (For more information, see the management report sections "Business model" and "Strategy".

The headcount of employees by geographical areas is included in section S1-6 of this sustainability statement.

The list of the significant ESRS sectors had not been officially published when this report was prepared.

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 decarbonisation 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 sustainability goals are closely integrated into its business strategy, focusing on enhancing the circular economy, reducing environmental impact and strengthening stakeholder engagement. To see more information please refer to chapters of the material topics.

**Sustainability goals are structured across significant product and service groups, customer categories, geographical areas and stakeholder relationships.**



### **Products and services:**

Befesa operates two main business units, both of which contribute directly to sustainability objectives:

- **Steel Dust Recycling Services:** Recovering valuable materials such as zinc from steel dust, reducing hazardous waste and minimising the need for primary resource extraction; and
- **Aluminium Salt Slags Recycling Services:** Processing aluminium salt slags and SPL to recover secondary aluminium and other reusable materials, preventing landfill disposal.



### **Customer categories:**

Befesa primarily serves EAF steel producers and secondary aluminium manufacturers, helping them to meet stringent environmental regulations. Befesa aims to improve resource efficiency and promote the use of recycled materials within its customers' production processes.



### **Geographical areas:**

Befesa operates in Europe, North America and Asia, with facilities in key industrial regions. Expansion into new markets, particularly in China, is aligned with global sustainability objectives, as Befesa helps local industries to comply with strict environmental regulations, by recycling the hazardous waste they are producing in their processes.



### **Stakeholder relationships:**

Befesa engages with multiple stakeholders, including employees, investors, regulators, suppliers and local communities, to foster transparency and ethical business practices:

- **Governance initiatives:** Strengthening compliance programmes to prevent corruption and bribery and
- **Social commitments:** Promoting health and safety, diversity and fair labour practices across all operations.

By advancing these sustainability goals across its products, customers, markets and stakeholder engagements, Befesa reaffirms its commitment to ESG excellence and long-term environmental and social impact.

Befesa's strategy is deeply rooted in sustainability, aligning its business model with circular economy principles, environmental protection and social responsibility. The Company focuses on managing hazardous industrial waste through recycling, minimising environmental impact and improving resource efficiency.

Befesa faces several sustainability-related challenges, including the following:

- **Energy and emissions reduction:** Reducing the carbon footprint of its recycling processes, which require high-temperature industrial operations;
- **Regulatory complexity:** Adapting to evolving sustainability regulations, including the CSRD and EU taxonomy, while maintaining operational efficiency; and
- **Market expansion:** Integrating sustainability into new geographies where stricter environmental regulations create both opportunities and operational challenges.

To address these challenges, Befesa has implemented several strategic initiatives, such as a CO<sub>2</sub> reduction road map, renewable energy projects, waste management and resource

efficiency, and strengthening governance and compliance practices and policies. By integrating these strategic elements, Befesa ensures that sustainability remains at the core of its operations, positioning itself as a global leader in industrial waste recycling and ESG excellence.

Befesa operates in regulated environmental recycling services, specialising in the recycling of hazardous residues from the steel and aluminium industries. Through its two main business units – Steel Dust Recycling Services and Aluminium Salt Slags Recycling Services – Befesa contributes directly to the circular economy, recovering valuable materials and reducing environmental impact.

- **Secure supply agreements:** Befesa maintains long-term contracts and partnerships with industrial producers to ensure a consistent inflow of raw materials.
- **Advanced recycling technologies:** The Company continuously invests in R&D and process optimisation to improve material recovery rates and environmental efficiency.
- **Sustainability in operations:** Befesa integrates renewable energy sources and process improvements to reduce its carbon footprint and increase energy efficiency.

Befesa's recycling processes result in high-value secondary raw materials, reducing the need for virgin resource extraction and contributing to the reduction of CO<sub>2</sub> emissions.

#### Key outputs:

- **WOX:** A zinc-rich material sold to zinc smelters for refining
- **Salt slags and secondary aluminium:** Reintroduced into the market to replace primary resources

#### Expected benefits:

- **For customers:** Compliance with stringent environmental regulations, cost reduction in waste management and access to sustainable secondary materials
- **For investors:** A resilient business model with ESG credentials, aligned with EU sustainability regulations
- **For society and the environment:** Reduction in hazardous waste landfilling, conservation of natural resources and lower CO<sub>2</sub> emissions

Befesa is positioned as a critical intermediary in the industrial waste recycling value chain, bridging the gap between steel and aluminium producers and the circular economy.

#### Upstream (suppliers and inputs):

- **Key suppliers:** EAF steel mills, aluminium smelters and industrial manufacturers providing steel dust, salt slags and SPL. As well as transport suppliers and intermediaries in the raw materials collection process
- **Collection process:** Befesa operates 24 recycling plants in eight countries (Germany, Spain, Sweden, France, Turkey, South Korea, China and the US) strategically located near major industrial hubs.

#### Downstream (customers and distribution):

- **Key customers:**
  - Zinc smelters: Purchase WOX oxide for zinc extraction.
  - Secondary aluminium producers: Use recovered aluminium for new production.
- **Distribution channels:** Befesa delivers refined materials to end users through a combination of direct sales contracts and strategic logistics partnerships.

By leveraging its global footprint, advanced recycling technologies and its stakeholder relationships, Befesa continues to enhance sustainability and drive value creation across its entire supply chain. For more information, please see environmental chapter.

#### SBM-2 Interests and views of stakeholders

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 have a significant impact on the success and sustainability of Befesa.

Recognising their importance and effectively managing their involvement is key for Befesa to achieve its sustainability goals. The key stakeholders include customers, employees, local communities, suppliers, shareholders, rating agencies, analysts, government, NGOs and the media.

## General disclosures continued

Befesa seeks engagement opportunities to gather feedback from stakeholders and to build relationships based on trust, where shareholders, analysts and potential investors are the main stakeholders to Befesa. 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.

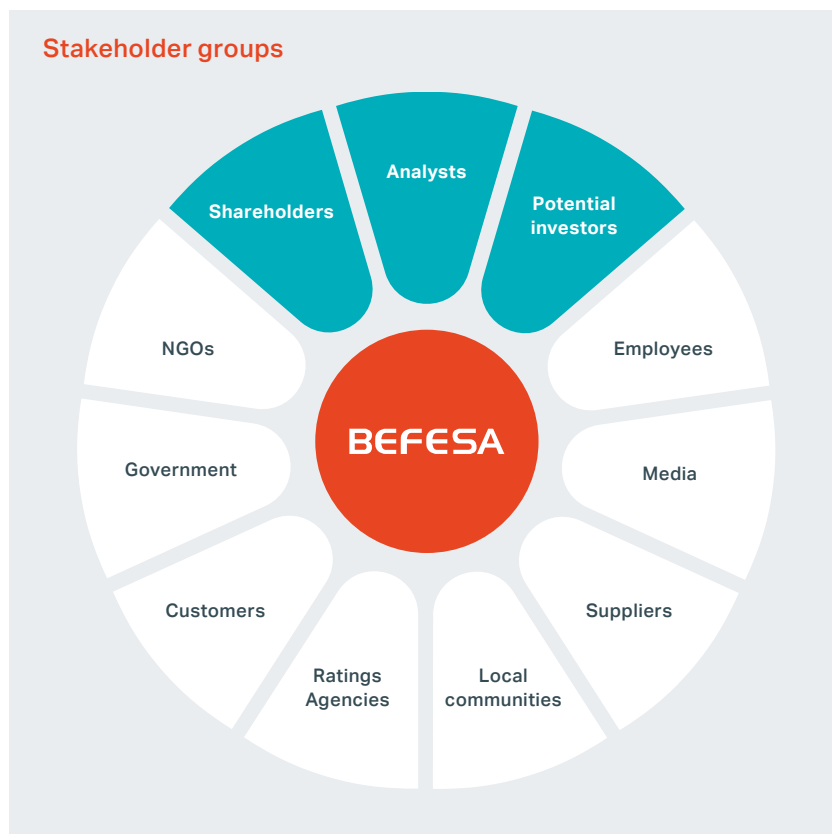
Since Befesa's IPO in November 2017, it has established intensive and direct dialogue with shareholders, analysts and potential investors.

Dialogue channels include emails, phone calls, and virtual and face-to-face meetings. These discussions provide valuable insight into the views and expectations of investors and capital markets.

In 2024, dialogue on corporate governance, and in particular the remuneration report, were key before the shareholders' meeting. Befesa was able to use the content and updates from these meetings for its Double Materiality Assessment and later reporting.

The Board of Directors and other committees, including the Audit Committee and the Sustainability Committee, are regularly informed about the views and feedback received from stakeholders. This task is led by the CFO, who is in charge together with the Investor Relations Department of gathering information from stakeholders to the Board and its committees. The results of the Double Materiality Assessment can be found in the IRO-1 and IRO-2 chapters.

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.



### IRO-1 Double Materiality Analysis

In 2024, Befesa completed a DMA 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. First, 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 Befesa. 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.

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 remediability, measured on a five-point scale. The probability of an impact occurring is also measured on a five-point scale.

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.

This process of the identification, assessments and management of the impacts and risks is fully integrated into the Befesa risk management process. The requirements for the internal control procedures and mitigation factors are the same as for other financial and non-financial risks assessed in the annual risk assessment.

Opportunities identification, assessments and management is also integrated at the same level as the impacts and risks in the management process. There have been multiple parameters taken into consideration for identifying the impacts, risks and opportunities, including interviews between advisors and managers, internal sources and procedures or stakeholders' engagement. The list of material impacts, risks and opportunities can be found below this section, in SBM-3 Sustainability material impacts, risks and opportunities.

### Measuring impact materiality

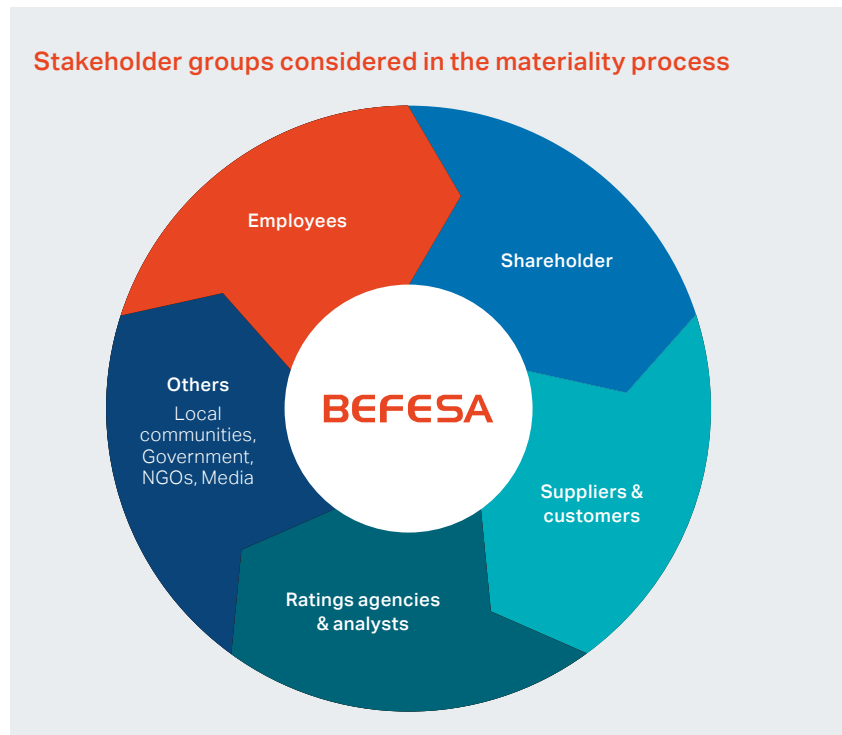
Severity		
Scale, scope and remediability	Probability	Impact assessment
<p><b>1. Scale:</b> Evaluates the social and environmental impact. The average score among environmental, social and business units is selected to calculate severity.</p> <p><b>2. Scope:</b> Three areas reflecting the scope of the impact are evaluated – geographical, key stakeholders and business units. An average of the three scopes is taken.</p> <p><b>3. Remediation:</b> Remediation is only assessed for negative impacts and considers corrective measures that Befesa can implement if the impact materialises.</p>	<p><b>1. Probability of occurrence:</b> Evaluates probability on a five-point scale, where five is a real impact and zero is zero probability when considering preventive controls. Within this probability variable, the time horizon is considered when assessing whether the IROs occur across different time frames. A probability rating of 5 corresponds to a short-term horizon; ratings of 4 or 3 indicate a medium-term horizon; and ratings of 2 or 1 are associated with a long-term horizon.</p>	<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>
Measured on a five-point scale (where 5 = maximum)		

### Measuring financial materiality

Severity		
Magnitude	Probability	Financial assessment
<p><b>1. Scale:</b> Evaluates the operational, financial, reputational and legal impact. The average score among environmental, social and business units is selected to calculate magnitude.</p> <p><b>2. Scope:</b> Three areas reflecting the scope of two types of scope are evaluated – geographical and key stakeholders, with an average of these scores taken.</p>	<p><b>1. Probability of occurrence:</b> Evaluates probability on a five-point scale, where five is a real impact and zero is zero probability when considering preventive controls. Within this probability variable, the time horizon is considered when assessing whether the IROs occur across different time frames. A probability rating of 5 corresponds to a short-term horizon; ratings of 4 or 3 indicate a medium-term horizon; and ratings of 2 or 1 are associated with a long-term horizon.</p>	<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>

## General disclosures continued

The impact of Befesa on some of the 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.



A total of 21 sustainability topics were assessed through the materiality assessment process previously explained. These were divided into ESG topics as shown in the following table:

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

In order to obtain these results, an assessment of the associated IROs (Impacts, Risks and Opportunities) was performed. To do so, for the assessment of positive and negative impacts, the parameters to be used in the methodology are detailed as follows:

### Rating Scale Impacts measurement

SCORE LEVEL (FROM 1-5)	SEVERITY						PROBABILITY
	Scale			Scope			Probability
	Environment	Social	Remediability	Businesses	Geographical Scope	Key Stakeholders	
5	It positively/negatively and critically impacts the environment and global emissions reduction and temperature control goals.	It positively/negatively and critically impacts people and human rights in a lasting manner.		All of the business lines affected	Global Scope	All Stakeholders benefited/ affected	Recurrent. It has happened several times a year.
4	It positively/negatively and significantly impacts the environment with lasting effects and global goals of emissions reduction and control of global temperature.	It positively/negatively and significantly impacts people with lasting effects, potentially enhancing human rights.	<b>ONLY FOR NEGATIVE IMPACTS</b> No use of score levels, just Yes/No	2 business lines affected	Regional scope (Americas, Asia, Europe)	5 Stakeholders benefited/ affected	Highly likely. It has happened sometime in the last 2 years or once in the last year.
3	It positively/negatively impacts the environment in a moderate manner with temporary effects.	It positively/negatively impacts people moderately with medium-term temporary effects.			National Scope	4 Stakeholders benefited/ affected	Likely. It has happened sometime in the last 3 years.
2	It has a mildly positive/negative impact on the environment or with short-term temporary effects.	It has a mildly positive/negative impact on people or with short-term temporary effects.		1 business line affected	Local Scope	3 Stakeholders benefited/ affected	A little likely. An event occurred occasionally in the history of BEFESA or similar companies (Sectoral risk).
1	It has a minimally positive/negative impact on the environment.	It has a minimal and specific positive/negative impact on people.				1 or 2 Stakeholders benefited/ affected	Unlikely. It has happened at most once in the history of BEFESA.

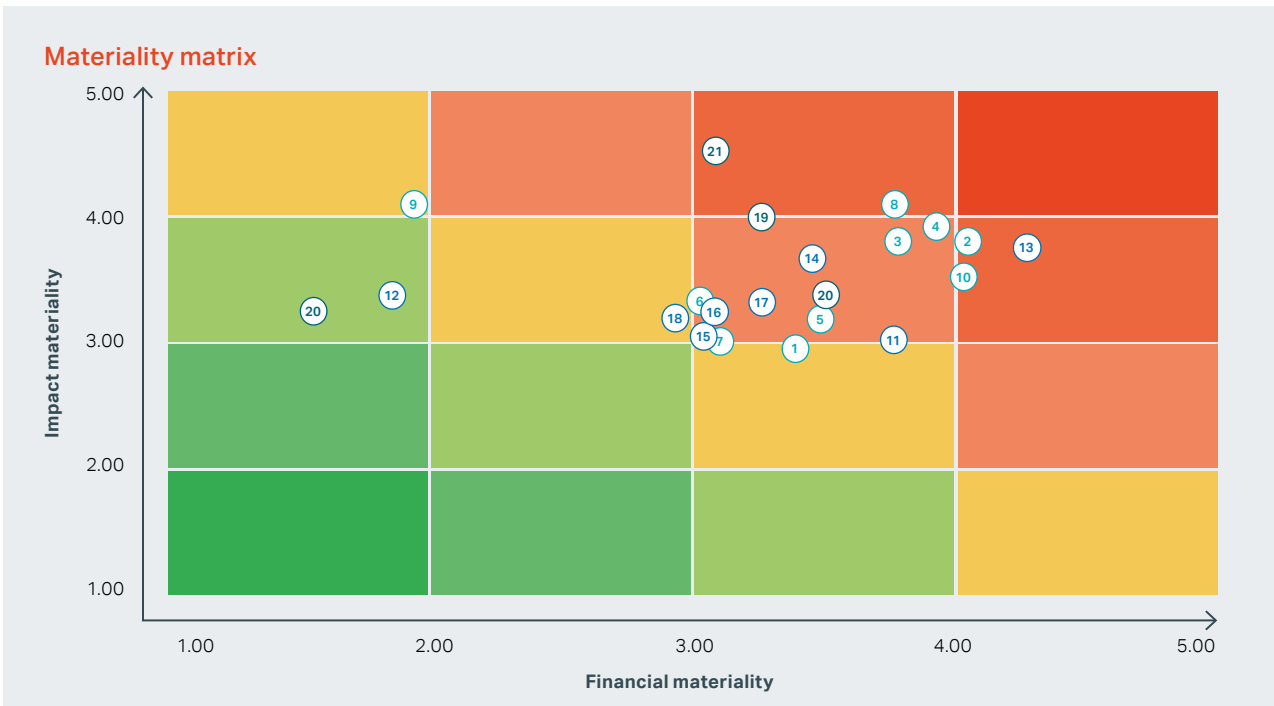
## General disclosures continued

For the assessment of risks and opportunities, the parameters to be used in the methodology are detailed, following the EFRAG recommendations:

### Rating Scale Risks & Opportunities measurement

SCORE LEVEL (FROM 1-5)	SEVERITY				PROBABILITY
	Scale				Probability
	Operational	Financial impact	Reputational	Legal	
5	Long-term recoverable damage, in case of risks, or benefits or advantages, in case of opportunities, (more than 6 months). Several affected services. Very high impact on the organization in a global way.	Cost of Risk Materialization (k€): >21.000 €k  % of impact on sales of the Group (Consolidated): 3,00% or more	The occurrence would result in loss, in case of risks, or in gain, on case of objectives of customers or serious problems with stakeholders. Loss of investor's confidence. Adverse coverage in international media and social networks.	Treat of loss, in case of risks, or prospect of gaining, in case of opportunities, of the activity license and/or very serious legal implications (e.g. penal proceedings). Breach of contract with clients on a massive scale.	Recurrent. It has happened several times a year.
4	Long-term recoverable damage, in case of risks, or benefits or advantages, in case of opportunities, (3-6 months). Significant impact on the organization in a global way.	Cost of Risk Materialization (k€): 7.000-21.000 €k  % of impact on sales of the Group (Consolidated): 3,00%	The occurrence would result in possible loss, in case of risks, or possible gains, in case of opportunities, of customers or stakeholders. The investors request for explanations. It arouses the interest for information by authorities and local/national associations.	Sanction imposed, in case of risks, or reward granted, in case of opportunities, by the regulatory bodies and/or serious legal implication. Breach/ Fulfillment of contract with a client.	Highly likely. It has happened sometime in the last 2 years or once in the last year.
3	Medium recoverable damage, in case of risks, or benefits or advantages, in case of opportunities, (1-3 months). Penalized or improvement of effectiveness of on or more services of the organization.	Cost of Risk Materialization (k€): 700-7.000 €k  % of impact on sales of the Group (Consolidated): 1,00%	The occurrence would result in the formal request for explanations from customers or stakeholders. It arises the interest by authorities and local/regional association and information is requested. Coverage in national media and social networks.	Written warning, in case of risks, or verbal praise, in case of opportunities, by the regulatory body and/ or minor legal implications. Breach/ Fulfillment of contract with a client.	Likely. It has happened sometime in the last 3 years.
2	Short-term recoverable damage, in case of risks, or benefits or advantages, in case of opportunities, (less than 1 month). Eventual interruption or boost of a specific service of the organization.	Cost of Risk Materialization (k€): 350-700 €k  % of impact on sales of the Group (Consolidated): 0,10%	The occurrence would result in numerous complaints, in case of risks, or appreciation, in case of opportunities, from customers and/or uneasiness within the organization. Coverage in local and/or sectoral media. Low impact in social networks.	Major breach, in case of risks, or adherence, in case of opportunities, of internal procedures.	A little likely. An event occurred occasionally in the history of BEFESA or similar companies (Sectoral risk).
1	Minor damage, in case of risks, or improvements, in case of opportunities.	Cost of Risk Materialization (k€): <350 €k  % of impact on sales of the Group (Consolidated): 0,05%	The occurrence would result in isolated complaints, in case of risks, or praises, in case of opportunities, from customers and/or minor uneasiness within the Organization.	Minor breach, in case of risks, or adherence, in case of opportunities, of internal procedures.	Unlikely. It has happened at most once in the history of BEFESA.

Once the impacts, risks and opportunities are evaluated, the following results are obtained:



**Befesa's material topics:**

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>Climate change mitigation</li> <li>Energy</li> <li>Air pollution</li> <li>Resources inflows, including resource use</li> <li>Waste management and resource outflows for waste</li> </ul>	<ul style="list-style-type: none"> <li>Working conditions</li> <li>Health and safety</li> <li>Equal treatment and opportunities for all</li> </ul>	<ul style="list-style-type: none"> <li>Corporate culture and complaints mechanisms</li> <li>Corruption and bribery</li> </ul>

The results of the analysis of the material topics are shown in the diagram. Given that Befesa's core business is a metallurgical 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 and equal treatment and opportunities for all and working conditions are business-critical. Key governance topics include corruption and bribery, and corporate culture and complaints mechanisms.

### SBM-3 Sustainability material impacts, risks and opportunities

Befesa identifies potentially material impacts, risks and opportunities related to sustainability issues, taking into account the sustainability reporting standards issued by EFRAG, as well as the activities described above that contribute to understanding the context in which Befesa operates. In addition, Befesa's internal stakeholders contribute to the process of defining impacts, risks and opportunities, as, through their own activities, they manage the relationship with external stakeholders, knowing the potential impacts, risks and opportunities that might affect them or the organisation.

For the identification and assessment of the impacts, risks and opportunities, Befesa, with the support of an external advisor, has taken into consideration the following factors:

- Internal context: internal policies, risk map, annual and sustainability reports, Befesa's operations
- External context: peers benchmark, external Befesa news, standards and regulations, ESG questionnaires
- Value chain: interview with managers, upstream and downstream operations analysis (clients, suppliers, third parties, etc.)
- Assessment methodology previously stated

The list of potentially material impacts, risks and opportunities related to ESG topics (approximately 210 impacts, risks and opportunities were mapped in 2024) is considered the basis for internal assessment, with the aim of determining the material impacts, risks

and opportunities from which the corresponding material topics are derived.

These impacts, risks and opportunities identified are part of the Befesa sustainability strategy. Befesa has implemented controls to avoid or reduce potential risks or negative impacts. In addition, Befesa has implemented measures to achieve the potential opportunities or positive impacts, as is stated in the impacts, risks and opportunities charts. Management takes into consideration the effects of the impacts, risks and opportunities for the definition of the sustainability strategy and the decision-making.

In the methodology established for the risk and opportunities assessment, financial impact is considered within the magnitude criteria. The scale is the following:

- **Very high:** > €21m
- **High:** €7m–€21m
- **Medium:** €0,7m–€7m
- **Low:** €0,35m–€0,7m
- **Very low:** < €0,35m

Every risk and opportunity detected has been assessed with a financial impact in the DMA. The mitigation controls have been implemented with the goal of reducing the risks and improving the pursuit of opportunities.

Befesa analyses its risks and opportunities internally every year and incorporate its effects to its strategy and decision-making. Potential financial effects are taking

into consideration for the annual budget, including capex plan, cash flow or revenues and expenses. Management prepares the budget and strategy, which are presented to the Sustainability Committee and the Board of Directors for final approval.

Befesa's business model and strategy integrates sustainability, risk management and long-term adaptability. The Company addresses environmental and regulatory risks through compliance with evolving frameworks such as CSRD and ESRS while capitalising on circular economy opportunities. Its global presence and diversified operations reduce market and supply chain dependencies, ensuring business continuity.

Befesa continuously invests in technological innovation, process optimisation and capacity expansion to enhance efficiency and environmental performance. In addition, its commitment to decarbonisation<sup>1</sup> and circularity aligns with industry trends, reinforcing its role in sustainable industrial waste recycling. This strategic flexibility enables Befesa to navigate challenges, mitigate risks and seize emerging opportunities in an evolving global landscape.

All of the material impacts, risks and opportunities described are part of the material topics detected in the DMA.

## Environment: Climate change mitigation

### Positive impacts

Reduction of environmental harm and carbon footprint by recycling materials from resource extraction, mitigating the negative impacts of mining activities on climate.

Contribution to a transition to a low-carbon steel industry by enabling EAF steel production and secondary aluminium production.

Reinforcement of the environmental commitment of employees and value chain members through conducting a life cycle analysis approach to evaluate its climate impact across the value chain.

### Negative impacts

Generation of CO<sub>2</sub> emissions, especially Scope 1, due to the dependency on the use of reducing agents in the production process, mainly coke in the steel dust business, needed for the reduction and oxidation chemical reaction that produces the separation of the zinc at a very high temperature.

Absence of emissions reductions stems from the lack of commitment to initiatives aimed at reducing GHG emissions, such as SBTi (Science Based Targets initiative).

### Opportunities

Promotion of transparency and confidence to investors by developing more distinguished internal policies in each in climate change area to convey a clear message and commitment with each scope.

Investor attraction through alignment with most renowned sustainability ratings and indexes, such as ISS ESG, MSCI, Sustainalytics, Vigeo Eiris, global challenges index, etc.

Significant cost saving in purchasing green bonds by reducing emissions of the company.

### Risks

Operating costs or production losses resulting from the impact of physical risks of climate change (such as flooding due to the proximity of the plants to large bodies of water).

High risk level in the Carbon Risk Classification scale as industry is exposed to several carbon risks according to Befesa's main business activities. This could lead to the violation of the rules set by the Paris Agreement.

Partial alignment of the risk management related to climate risk disclosure according to ISS rating. Low sustainability ratings will particularly affect sustainable investment portfolios.

Perception of passivity towards sustainability by stakeholders due to a lack of a clearly defined climate targets.

## Environment: Energy

### Positive impacts

Promotion of the use of renewable energy (e.g.: self-consumption of electricity through photovoltaic usage at one of Befesa's steel dust plants, purchase of energy with a guarantee of origin, installing LED lighting and material, etc.).

### Negative impacts

Significant energy consumption and inefficiency because of an excessive energy intensity in facilities and processes that have not yet implemented the energy management system established by international standards like ISO 50001 certification.

Increase in energy use, driven by the inclusion of the EAF steel dust recycling.

Increase in energy use, driven by the inclusion of the EAF steel dust recycling.

<sup>1</sup> BEFESA has not defined yet its own decarbonation and circular economy target and plan.

## General disclosures continued

Opportunities	Risks
Lack of knowledge among workers regarding energy-saving best practices, stemming from the failure to provide training on the subject.	<p>Possible increased production costs due to dependence on external energy sourcing. Given the highly volatile nature of the energy market, relying on third parties can result in sudden spikes in expenses.</p> <p>Wrong adjustment of the facilities to renewable energy consumption, resulting in dependence on fossil fuels, which are increasingly hiking prices due to charges imposed to reduce their consumption.</p> <p>High operating costs in production plants and offices where energy-saving practices have not been implemented, resulting in a loss of product competitiveness due to higher production costs.</p>

### Environment: Pollution of air

Positive impacts	Negative impacts
Reduction of air and noise pollution through specific control and management measures implemented in the sites.	<p>Impact on employee health due to the exposure to air pollution, which can lead to a range of respiratory health issues.</p> <p>Impact on the surrounding community from the air pollution of Befesa's operations that can cause concern for public health, decreased quality of life and discontent among local residents, as well as litigation matters.</p> <p>Damage of the ozone layer due to direct emissions originating through the use of coke in the production process.</p>

Opportunities	Risks
Enhanced reputation by operating with a focus on reducing air pollution, which demonstrates Befesa's commitment to environmental stewardship and responsible business practices. This can enhance its reputation among customers, investors and the community, attracting environmentally conscious stakeholders and fostering goodwill.	<p>Increase in sanctions imposed as a result of non-compliance with the disclosure of non-financial indicators or emissions-related conditions in environmental authorisations.</p> <p>Lack of anticipation of future legislation regarding air particles. Legislation is expected to get more and more restrictive and Befesa should adapt by cutting emissions and air particles.</p> <p>Higher investment necessities due to the need to improve facilities to reduce air pollution.</p>

## Environment: Resources inflows including resource use

### Positive impacts

Reduction in the waste directed to landfills by using the scrap generated by other manufacturers.

Optimisation of recyclability of materials enables the utilisation of materials in almost 100%, owing to the process efficiency dedicated to recycling.

Preservation of natural resources and reduction of need for virgin material extraction by reclaiming valuable material from industrial waste streams and increasing resource efficiency.

Long-term resilience by embracing circular economy principles through diversifying sources of raw materials and reducing dependence on finite resources.

### Negative impacts

Greater emissions due to a purchase of high emissions materials.

### Opportunities

Leadership in the emerging market of sustainable mining through a marketing strategy that attracts investment to a sector previously isolated due to a lack of sustainability.

Cost savings by using remnants generated in previous production processes.

### Risks

Reputational risk due to the lack of control over waste generation in the supply chain, which may lead to negative information disclosure affecting the Group.

Loss of stakeholder trust because of poor resource management practices that may negatively affect the reputation of the production plant.

Loss of operational efficiency due to failure to optimise the production process, resulting in excessive consumption of raw materials and natural resources.

Rise in cost or difficulty obtaining raw materials as suppliers start recycling and reusing their waste instead of selling it.

Reputational harm due to a lack of monitoring the origin of materials of the value chain, which could be involved with minerals from conflict areas that may cause human rights issues.

## General disclosures continued

### Environment: Waste management and resource outflow for waste

#### Positive impacts

Conservation of natural resources such as metals, minerals and water by recycling and reusing waste materials, reducing the need for raw material extraction.

Reduction of water disposal and creation of hazardous waste by implementing measures for hazardous waste and effluent treatment technologies to reduce the environmental impact.

Preservation of land for agriculture, conservation and recreational purposes by proper waste management reduces the need for new landfills and helps to preserve land.

#### Negative impacts

Higher waste generated because not all received input is recycled, so Befesa ends up being responsible for the waste generated by other companies.

Production of excessive waste as Befesa is developing new production processes that require new materials and generate more waste than usual.

Generation of waste that could be recycled or stored to be properly deposited in the corresponding landfill due to the lack of implementation of waste technologies in all of Befesa's plants.

Possible waste generated, which could also be quite hazardous, due to a lack of adherence to rigorous procedures such as established global standards.

#### Opportunities

Profit generation by selling the by-product of the production process.

Improvement in reputation by advertising the second life given to waste generated by other companies, thus avoiding ending up in landfills.

#### Risks

Economic sanctions resulting from non-compliance with proper waste management.

### Social: Working conditions

#### Positive impacts

Fair and stable employment conditions for workers, attractive remuneration, while also addressing the needs and interests of employers by establishing frameworks for labour relations, such as collective agreements.

Increased employee retention and higher productivity by offering flexible work arrangements that allow for work-life balance.

#### Negative impacts

Potential operational impact by reducing workforce availability due to a high rate of absenteeism in some locations.

#### Opportunities

Greater commitment to tasks and achievement of organisational and financial objectives when employees identify with the Company's culture and values.

#### Risks

Loss of personal information of employees and stakeholders due to a cyberattack through online scamming.

Wage devaluation of employees due to high inflation volatility in certain countries, unleashing in strikes.

## Social: Health and safety

### Positive impacts

Provision of an annual budget with investments to implement safety measures and carrying out risk assessments of all plants, increasing the satisfaction of the employees.

### Negative impacts

Long and short term damage to workers' health and safety due to having to perform potentially unsafe actions for workers who are outside the scope of application of the International Standard ISO 45001.

### Opportunities

Promoting health and well-being with the inclusion of physical activities and emotional support through specific programmes leads to greater productivity, job satisfaction and employee retention.

### Risks

Serious workplace accidents can result in significant medical and legal costs for the Company, including injury compensation, medical treatment expenses, and grounds for failure to comply with safety regulations.

Development of occupational diseases over the next years derived from chemicals, which can have a negative economic impact over the company, such as sanctions or lawsuits, as well as a direct impact in its employees' health and safety.

Losing employees and hiring shortages at plants that have recently experienced accidents, leading to a decrease in productivity.

## General disclosures continued

### Social: Equal treatment and opportunities for all

#### Positive impacts

Promotion of diversity through recruitment and talent management practices, training and development of opportunities to cultivate a culture of inclusivity, and carry out campaigns on equality and diversity.

Increase of gender diversity in senior management by increasing the percentage of women in the Board.

#### Negative impacts

Lack of inclusion of people with disabilities as it is a sector that requires qualified personnel.

Sector historically dominated by men, causing a gender imbalance in the workforce and industry more broadly.

#### Opportunities

Commitment to equality can generate a better reputation and a stronger brand, and can help to access new markets and customers by demonstrating a commitment to shared social and ethical values.

#### Risks

Failure to comply with the Diversity, Equity and Inclusion policy can cause communication and conflict problems and a tense and non-collaborative work environment.

### Governance: Corporate culture and complaints mechanisms

#### Positive impacts

Enhancement of employee engagement by fostering a sense of belonging and purpose among employees derived from compliance with the code of ethics.

Improved corporation reputation through the implementation of policies and procedures focused on transparency, truthfulness, good practices and ethical behaviour.

Increase in workers' confidence and trust in Befesa through the establishment of secure and confidential mechanisms, such as the whistleblowing channel.

#### Negative impacts

Limited focus on decision-making and/or development of actions related to Befesa's sustainability strategy regarding resources and people due to the disengagement of interest groups with the sustainability issues promoted by Befesa.

Absence of integrated management systems, directly affecting the expectations of interest groups in terms of quality, environment, health and safety management.

Decline in employee trust towards Befesa, stemming from fears of potential repercussions, leads to employees feeling inhibited about reporting problems through the whistleblowing channel.

Insufficient compliance training implies that employees make unintentional mistakes or even act negligently. Although compliance training programmes are in place, they may not be comprehensive enough for all employees.

Violation of employee privacy, exposure of sensitive information, and the possibility of this information being used for retaliation by not having an adequate management system to prevent leakage of personal data of employees.



## Opportunities

The implementation of new certifications can generate a strategic positioning in response to the demand from interest groups.

Competitive positioning as leaders through the introduction and management of ethical aspects in the organisation and operation of Befesa.

A corporate culture fosters creativity and innovation among employees, driving the generation of innovative solutions to industrial challenges.

Enhancing transparency and accountability attracts like-minded investors and fosters trust and confidence in stakeholders, and ensures comparability of information through the reporting of sustainability reports.

Improvement of operational efficiency and enhancement of reputation by complying with anti-corruption laws and regulations, decreasing possible fines and penalties.

Protection from potential litigation and legal sanctions by effectively complying with current labour laws and regulations through the establishment of the whistleblowing channel.

## Risks

Failure to consider business conduct risks can lead to operational issues such as supply chain disruptions due to a scarcity of natural resources, labour disputes related to unsatisfactory working conditions or risk management issues arising from poor governance.

An ineffective response to compliance risk and regulatory changes can result in a loss of brand value.

Non-compliance with policies related to social and governance can damage the reputation of the organisation, productivity among employees, and a decrease in market share and income of the organisation.

Possible rise in the cases of corruption and bribery due to insufficient compliance training with employees, resulting in unintentional mistakes or negligent acts.

Reputational issues derived from the leakage of Befesa's confidential information regarding the protection of whistleblowers, which could potentially result in legal consequences such as defamation or unfounded accusations.

Reputational loss in cases where the Board of Directors of Befesa S.A. acts against applicable regulations and/or Befesa's internal policies.

Loss of confidence of stakeholders by not complying with capital markets regulations, given its status as a listed company.

## General disclosures continued

### Governance: Corruption and bribery

#### Positive impacts

Greater compliance with applicable laws and regulations through the availability of compliance management and criminal law enforcement, as well as the recognition of being a trusted business partner with the purpose of being useful to suppliers.

Reduction of corruption and bribery crimes by promoting and enforcing compliance with the anti-money laundering rules and policies established by Befesa.

Foster transparency, accountability and good governance practices by obtaining the UNE 19601 certification on Criminal Compliance (Befesa environment), which serves as a comprehensive framework for organisations to establish and maintain effective compliance management systems.

#### Negative impacts

Possible rise in the cases of corruption and bribery due to insufficient compliance training with employees. Although training is provided, it may not be sufficient or comprehensive enough to cover all employees effectively for all countries.

Negative impacts to the reputation/image towards Befesa's stakeholders due to potential illegal or ethically questionable activities, such as money laundering, corruption or greenwashing.

#### Opportunities

Improvement of transparency and accountability as an opportunity to increase the comparability of information and therefore makes investing in Befesa more attractive. Furthermore, this implies that more clients and suppliers want to work with Befesa, improving their prices.

Strengthening the culture of ethics and integrity as an opportunity to increase the comparability of information, making investing in Befesa more attractive.

By complying with anti-corruption laws and regulations, there is a reduction in fines and penalties, and an improvement in operational efficiency, as these programmes can identify and eliminate corrupt practices that may hinder the Company's operational efficiency. Furthermore, this implementation helps to protect Befesa's reputation and maintain the trust of customers, suppliers and investors.

#### Risks

Insufficient resources and capabilities for monitoring and compliance with standards and regulations at a global level, incurring possible future sanctions.

Sanctions or fines derived from regulatory non-compliance, resulting from ineffective anticipation of regulatory requirements.

Economic sanctions due to activities considered unfair competition.

### IRO-2 Disclosure requirements in ESRS covered by the Befesa's sustainability statement

The following tables list all of the ESRS disclosure requirements in ESRS 2 and the five topical standards that are material to Befesa, and which

have guided the preparation of its sustainability statements.

The tables can be used to navigate to information relating to a specific disclosure requirement in the sustainability statements.

In cases where Befesa does not yet have any information related to a disclosure requirement, no reference is made.

	Disclosure requirement	Section/Report	Page
<b>ESRS 2</b>	<b>General disclosures</b>		
BP-1	General basis for preparation of the sustainability statement	General disclosures	76
BP-2	Disclosures in relation to specific circumstances	General disclosures	76
GOV-1 GOV-2	Role of management & sustainability matters addressed	General disclosures	76
GOV-3	Integration of sustainability-related performance in incentive schemes	General disclosures	80
GOV-4	Statement on due diligence	General disclosures	82
GOV-5	Risk management and internal controls	General disclosures	82
SBM-1	Strategy, business model and value chain	General disclosures	83
SBM-2	Interests and views of stakeholders	General disclosures	85
IRO-1	Double Materiality Analysis	General disclosures	86
SBM-3	Sustainability material impacts, risks and opportunities	General disclosures	92
IRO-2	Disclosure requirements in ESRS covered by the Befesa's sustainability statement		101
MDR-P	Policy overview	General disclosures	108

## General disclosures continued

	Disclosure requirement	Section/Report	Page
<b>ESRS E1</b>	<b>Climate change</b>		
ESRS 2 GOV-3	Sustainability in Befesa's incentive schemes	Environmental	122
ESRS 2 IRO-1	Processes to identify and assess IROs	Environmental	122
ESRS 2 SBM-3	Impacts, risks and opportunities	Environmental	126
E1-1	Climate Action Plan	Environmental	128
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E1-4	Targets	Environmental	134
E1-5	Energy	Environmental	135
E1-6	Emissions	Environmental	136
E1-7	Carbon credits	Environmental	139
E1-8	Internal carbon pricing	Environmental	139

	Disclosure requirement	Section/Report	Page
<b>ESRS E2</b>	<b>Pollution</b>		
ESRS 2 IRO-1	Processes to identify and assess IROs	Environmental	140
E2-1	Policies	Environmental	142
E2-2	Actions and resources	Environmental	142
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E2-4	Air pollution	Environmental	144



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<b>ESRS E5</b>	<b>Resource Use and Circular Economy</b>		
ESRS 2 IRO-1	Processes to identify and assess IROs	Environmental	145
E5-1	Policies	Environmental	147
E5-2	Actions and resources	Environmental	149
E5-3	Targets	Environmental	149
E5-4	Resource inflows	Environmental	150
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<b>ESRS S1</b>	<b>Own workforce</b>		
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S1-2	Processes for engaging Befesa employees	Social	159
S1-3	Processes to remediate impact and channels to raise concerns	Social	160
S1-4	Actions to mitigate risks and pursuing opportunities	Social	161
S1-5	Targets	Social	165
S1-6	Befesa Employee Metrics	Social	167
S1-7	Non-Employee Workforce	Social	169
S1-8	Collective Bargaining and Social Dialogue	Social	170
S1-9,S1-12	Diversity, Equity and Inclusion	Social	170
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S1-13	Training and Development	Social	173
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	Disclosure requirement	Section/Report	Page
<b>ESRS G1</b>	<b>Pollution</b>		
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The following table includes all of the data points that derive from other EU legislation, as listed in ESRS 2 appendix B, indicating where the data points can be found in the report and which data points are assessed as "Not material".

Disclosure requirement	Data point	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Material/ Not material	Page
ESRS 2 GOV-1	21 (d)	Board's gender diversity	X		X		Material	76
ESRS 2 GOV-1	21 (e)	Percentage of Board members who are independent			X		Material	76
ESRS 2 GOV-4	30	Statement on due diligence	X				Material	82
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	X	X	X		Not material	
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	X		X		Not material	
ESRS 2 SBM-1	40 (d)iii	Involvement in activities related to controversial weapons	X		X		Not material	
ESRS 2 SBM-1	40 (d)iv	Involvement in activities related to cultivation and production of tobacco			X		Not material	
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				X	Material	128
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned benchmarks		X	X		Material	128
ESRS E1-4	34	GHG emission reduction targets	X	X	X		Material	134
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	X				Material	135
ESRS E1-5	37	Energy consumption and mix	X				Material	135

Disclosure requirement	Data point	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Material/ Not material	Page
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	X				Material	135
ESRS E1-6	44	Gross Scope 1, 2, 3 and total GHG emissions	X	X	X		Material	136
ESRS E1-6	53-55	Gross GHG emissions intensity	X	X	X		Material	136
ESRS E1-7	56	GHG removals and carbon credits				X	Material	139
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			X		Not Material	
ESRS E1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; location of significant assets at material physical risk		X			Not Material	
ESRS E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		X			Not Material	
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			X		Not Material	
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR regulation emitted to air, water and soil	X				Material	144
ESRS E3-1	9	Water and marine resources	X				Not material	
ESRS E3-1	13	Dedicated policy	X				Not material	
ESRS E3-1	14	Sustainable oceans and seas	X				Not material	
ESRS E3-4	28 (c)	Total water recycled and reused	X				Not material	
ESRS E3-4	29	Total water consumption in m <sup>3</sup> per net revenue on own operations	X				Not material	
ESRS 2-IRO-1 - E4	16 (a) i		X				Not material	
ESRS 2-IRO-1 - E4	16 (b)		X				Not material	
ESRS 2-IRO-1 - E4	16 (c)		X				Not material	

## General disclosures continued

Disclosure requirement	Data point	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Material/ Not material	Page
ESRS E4-2	24 (b)	Sustainable land/agriculture practices or policies	X				Not material	
ESRS E4-2	24 (c)	Sustainable oceans/seas practices or policies	X				Not material	
ESRS E4-2	24 (d)	Policies to address deforestation	X				Not material	
ESRS E5-5	37 (d)	Non-recycled waste	X				Material	151
ESRS E5-5	39	Hazardous waste and radioactive waste	X				Material	151
ESRS 2- SBM3 - S1	14 (f)	Risk of incidents of forced labour	X				Material	154
ESRS 2- SBM3 - S1	14 (g)	Risk of incidents of child labour	X				Material	154
ESRS S1-1	20	Human rights policy commitments	X				Material	157
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8			X		Material	157
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	X				Material	157
ESRS S1-1	23	Workplace accident prevention policy or management system	X				Material	157
ESRS S1-3	32 (c)	Grievance/Complaints-handling mechanisms	X				Material	160
ESRS S1-14	88 (b) & (c)	Number of fatalities and number and rate of work-related accidents	X		X		Material	176
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	X				Material	176
ESRS S1-16	97 (a)	Unadjusted gender pay gap	X		X		Material	171
ESRS S1-16	97 (b)	Excessive CEO pay ratio	X				Material	171
ESRS S1-17	103 (a)	Incidents of discrimination	X				Material	177
ESRS S1-17	104 (a)	Non-respect of UNGPs on business and human rights and OECD	X		X		Material	177
ESRS 2- SBM3 - S2	11 (b)	Significant risk of child labour or forced labour in the value chain	X				Not material	
ESRS S2-1	17	Human rights policy commitments	X				Not material	



Disclosure requirement	Data point	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Material/ Not material	Page
ESRS S2-1	18	Policies related to value chain workers	X				Not material	
ESRS S2-1	19	Non-respect of UNGPs on business and human rights principles and OECD guidelines	X		X		Not material	
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8			X		Not material	
ESRS S2-4	36	Human rights issues & incidents connected to its upstream and downstream value chain	X				Not material	
ESRS S3-1	16	Human rights policy commitments	X				Not material	
ESRS S3-1	17	Non-respect of UNGPs on business and human rights, ILO principles or and OECD guidelines	X		X		Not material	
ESRS S3-4	36	Human rights issues and incidents	X				Not material	
ESRS S4-1	16	Policies related to consumers and end users	X				Not material	
ESRS S4-1	17	Non-respect of UNGPs on business and human rights and OECD guidelines	X		X		Not material	
ESRS S4-4	35	Human rights issues and incidents	X				Not material	
ESRS G1-1	§10 (b)	United Nations Convention against Corruption	X				Material	180
ESRS G1-1	§10 (d)	Protection of whistleblowers	X				Material	180
ESRS G1-4	§24 (a)	Fines for violation of anti-corruption and anti-bribery laws	X		X		Material	191
ESRS G1-4	§24 (b)	Standards of anti-corruption and anti-bribery	X				Material	191

## General disclosures continued

### MDR-P Policy overview

Befesa's policies for each identified material sustainability matter are in place to prevent, mitigate and remediate actual and potential impacts and risks, and to pursue opportunities. Policies related to specific sustainability matters are disclosed under each topic on the following pages.

Policy	Description of key contents	Policy scope	Accountable for implementation	Availability
Code of conduct	<ul style="list-style-type: none"> <li>– Main cornerstone of the CMS of Befesa.</li> <li>– Provides rules and guidelines according to the values and principles of the Company involving all departments or areas (including, for example, HR and IT).</li> <li>– Informs about basic behavioural requirements, compliance with laws and regulations, maintaining high ethical standards and protecting the Company's reputation.</li> <li>– Prohibits conducts like anti-competitive practices, corruption and political contributions.</li> <li>– Fosters behaviours such as ensuring data security, maintaining confidentiality, adhering to human rights and labour standards and transparency in donations and sponsorships.</li> </ul>	Befesa employees	Compliance Officer	Corporate intranet and corporate website
General compliance policy	<ul style="list-style-type: none"> <li>– Principal framework of the CMS of Befesa.</li> <li>– Emphasises management commitment to compliance.</li> <li>– Contains preventive and detective measures regarding risks.</li> <li>– Refers to the identification and assessment of risks.</li> <li>– Encompasses the compliance policies, procedures and rules (including, for example, training and the whistleblowing channel).</li> </ul>	Befesa employees	Compliance Officer	Corporate intranet and corporate website
Anti-trust policy	<ul style="list-style-type: none"> <li>– Focuses on compliance on anti-trust laws to ensure fair competition.</li> <li>– Considers employee responsibility and consequences of violations.</li> <li>– Prohibits coordinating market behaviour with competitors and market manipulation.</li> <li>– Denies price coordination, market sharing, capacity limitations and bid-rigging.</li> </ul>	Befesa employees	Compliance Officer	Corporate intranet and corporate website
Anti-corruption & anti-bribery policy	<ul style="list-style-type: none"> <li>– Highlights compliance with national and international anti-corruption laws.</li> <li>– Considers employee responsibility and consequences of violations.</li> <li>– Forbids offering or accepting benefits to or from public officials or related persons, as well as facilitation payments.</li> <li>– Denies commercial bribery and benefits to induce improper performance.</li> <li>– Donations and sponsoring are also considered.</li> <li>– Includes a red flag list to help to identify potential corruption risks.</li> </ul>	Befesa employees	Compliance Officer	Corporate intranet and corporate website
Anti-money laundering policy	<ul style="list-style-type: none"> <li>– Defines money laundering and provides examples of suspicious behaviour.</li> <li>– Emphasises the Company's commitment to preventing financial crime and to not facilitate criminal behaviour.</li> <li>– Minimises money laundering risks considering risk factors, maintaining records and the attendance of training sessions.</li> </ul>	Befesa employees	Compliance Officer	Corporate intranet and corporate website

Policy	Description of key contents	Policy scope	Accountable for implementation	Availability
Conflict of interest policy	<ul style="list-style-type: none"> <li>– Pursues the identification and prevention of employees' activities that are in conflict with Befesa's interests.</li> <li>– Informs about making optimal business decisions, outside employment, prohibitions regarding competition and personal investments.</li> <li>– Involves the report of potential conflict of interest situations and disciplinary actions in cases of non-compliance.</li> </ul>	Befesa employees	Compliance Officer	Corporate intranet and corporate website
Group security dealings code	<ul style="list-style-type: none"> <li>– Aims to prevent the misuse of non-public information and ensure compliance with market regulations.</li> <li>– Explains the roles of restricted persons, persons discharging managerial responsibilities and persons closely associated and their obligations.</li> <li>– Prohibits the sharing of confidential information or engaging in insider dealing and also trade based on inside information.</li> <li>– Defines key terms such as "closed period", "permitted period", "inside information" and "dealing".</li> </ul>	Befesa employees	Legal Counsel & Compliance Officer	Corporate intranet
Confidentiality & industrial and intellectual property policy	<ul style="list-style-type: none"> <li>– Reinforces the goal of the Company to protect industrial and intellectual property rights.</li> <li>– Stresses the proper use of Befesa's trademarks and corporate identity.</li> <li>– Obliges employees to report any misuse of Befesa's trademarks or logos by third parties.</li> <li>– Fosters the implementation of security measures to protect information and computer systems.</li> <li>– Promotes confidentiality measures to protect business secrets and proprietary information.</li> </ul>	Befesa employees	Legal Counsel & Compliance Officer	Corporate intranet and corporate website
International sanctions policy	<ul style="list-style-type: none"> <li>– Emphasises the commitment to complying with all applicable sanctions and export control restrictions imposed by national governments and international bodies.</li> <li>– Refers to restrictions on dual-use items which are those that can be used for military and civil applications.</li> <li>– Informs about the prohibition of treating with blacklisted entities.</li> <li>– Outlines the importance of screening business partners and reporting transactions involving sanctioned countries to the persons in charge.</li> <li>– Provides a list of jurisdictions subject to sanctions.</li> </ul>	Befesa employees	Compliance Officer	Corporate intranet and corporate website
Whistleblowing channel protocol & policy	<ul style="list-style-type: none"> <li>– Encourages individuals to report wrongdoing and breaches of the code of conduct or the CMS without fear of retaliation.</li> <li>– Confirms that reports can be made by phone or electronically and that they are treated confidentially.</li> <li>– Remarks on the different whistleblower's rights and duties as well as the reported person's rights.</li> <li>– Clarifies how reports are registered and analysed, and the communication with the whistleblower.</li> </ul>	Befesa employees & third parties	Compliance Officer	Corporate intranet

## General disclosures continued

Policy	Description of key contents	Policy scope	Accountable for implementation	Availability
Privacy policy	<ul style="list-style-type: none"> <li>– Applies to all personal data submitted to Befesa and explains how it is collected, processed and protected.</li> <li>– Explains that data requested in portal form is mandatory and cannot be processed if not provided correctly.</li> <li>– Clarifies that Befesa is responsible for processing personal data and can be contacted for data protection enquiries.</li> <li>– Explains that data is processed to manage information requests, complaints, communications and recruitment processes.</li> <li>– Specifies that users have a right to access, rectify, delete, restrict, object and port their data, and can exercise these rights by contacting Befesa.</li> </ul>	Befesa employees & third parties	Legal Counsel & Compliance Officer	Corporate intranet and corporate website
Environmental, health & safety and quality policy	<ul style="list-style-type: none"> <li>– Points out that the Company aims for ZERO incidents among employees and contractors, prioritising safety and health over economic gains or production targets.</li> <li>– Management levels are committed to EHSQ, leading by example and fostering a safety culture.</li> <li>– Promotes regular training for safe practices and environmental responsibility for employees and contractors, who must actively participate in EHSQ efforts.</li> <li>– Remarks on the need to monitor conditions to prevent environmental harm and accidents, with essential safe practices for employment and career growth.</li> <li>– Highlights that employees must intervene immediately when unsafe actions are observed, promoting a proactive safety culture.</li> <li>– Indicates that regular inspections, audits and adherence to legal and industry standards ensure continuous EHSQ improvement.</li> </ul>	Befesa employees & third parties	Environmental, Health & Safety Director	Corporate intranet and corporate website
Security policy	<ul style="list-style-type: none"> <li>– Aims to protect assets and to ensure that access is restricted to authorised personnel, maintaining safe workplaces and proactively managing risks.</li> <li>– Ensures the protection and compliance of Befesa's information systems.</li> <li>– Defines the system, security, services and assets by roles and responsibilities to guarantee the protection of information.</li> <li>– Provides information about potential violations that could result in different disciplinary actions.</li> </ul>	Befesa employees	IT Director	Corporate intranet

Policy	Description of key contents	Policy scope	Accountable for implementation	Availability
Diversity, equality and inclusion policy	<ul style="list-style-type: none"> <li>– Fosters a diverse, equitable and inclusive workplace by eliminating discrimination.</li> <li>– Aims to oppose any form of harassment, victimisation or discrimination against employees, customers and suppliers.</li> <li>– Highlights that training and development opportunities are offered to all staff so that they reach their full potential and enhance organisational efficiency.</li> </ul>	Befesa & third parties	HR & CSR Director	Corporate intranet and corporate website
HR resources policy	<ul style="list-style-type: none"> <li>– Ensures that recruitment, promotion and remuneration are based on merit and performance, free from discrimination.</li> <li>– To receive equal pay for work of equal value, without discrimination based on personal characteristics.</li> <li>– Commit to achieving zero injuries and ensuring a safe working environment for all employees and stakeholders.</li> <li>– Seeks to provide regular training and development opportunities for all employees to enhance their skills and career growth.</li> </ul>	Befesa employees	HR Director	Corporate intranet
Human rights remediation policy	<ul style="list-style-type: none"> <li>– Commit to respecting all internationally recognised human rights and addressing any adverse impacts associated with its operations.</li> <li>– Offers various remediation options, including disciplinary measures, rehabilitation, apologies, restitution and guarantees of non-repetition.</li> <li>– States that the whistleblowing channel is available for employees and external parties to report ethical concerns, with protections in place for whistleblowers.</li> <li>– Provides annual training on the code of conduct, CMS and human rights through DEI sessions.</li> </ul>	Befesa & third parties	HR Director	Corporate intranet

# Environmental: The EU Taxonomy

## Introduction

In the context of constant growth in dialogue and legislation regarding environmental protection and climate change, it is the European Union (EU)'s focus on sustainable finance that emanates the EU Taxonomy for Sustainable Activities (Regulation 2020/852 and associated legislation). The reporting tool acts as a classification of activities where a set of criteria must be fulfilled in order for the activity to align with the regulation.

The aim is then to have a common system to evaluate to what extent an entity or activity could be considered "sustainable", ensuring that financial investments are directed towards these, and reducing greenwashing across organisations established or operating within the EU.

The Regulation (EU) 2020/852 and related regulations considers six environmental objectives, each presenting a set of technical screening criteria. These objectives are:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

On this account, an activity is considered eligible when it has the potential to make a substantial contribution to at least one of the six environmental objectives.

Furthermore, an activity qualifies as environmentally sustainable and is considered aligned when it fulfils the following three overarching conditions defined by the EU Taxonomy Regulation:

1. Making a substantial contribution to at least one environmental objective
2. Doing no significant harm to any of the other five environmental objectives
3. Complying with minimum safeguards

In accordance with Article 8 of the Taxonomy Regulation (EU) 2020/852 and the supplementary Delegated Acts, Befesa is required to disclose to what extent its economic activities comply with the criteria defined by the EU Taxonomy Regulation. As a non-financial company, Befesa reports the proportion of its total turnover, total capital expenditure (capex) and total operating expenses (opex) in 2024 that are associated with taxonomy-eligible and taxonomy-aligned economic activities.

This report presents the results of the EU Taxonomy analysis carried out for the activities of Befesa for the year 2024. It consists of an explanation of the methodology, followed by an alignment assessment in which the substantial contribution and "do no significant harm" (DNSH) principles, the minimum safeguards and the technical screening criteria were evaluated for the identified eligible activities of Befesa. Finally, the report presents the tables disclosing the financial information (turnover, capex and opex) as required by the Article 8 of the Taxonomy Regulation (EU) 2020/852.

## Context

Befesa is a player in the circular economy. Since 1987, Befesa has helped to 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 environmental services partner supporting the circular economy of the secondary steel and global aluminium industries, with facilities in eight countries 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 more than 2 million tonnes of industrial residues and hazardous waste each year. This prevents the landfill of these hazardous waste streams while recovering more than 1.5 million tonnes of valuable new materials, which are reintroduced into the economy, reducing the consumption of natural resources.

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

In 2025 (for the year 2024), the eligibility and alignment analyses were carried out considering the newly available information contained in the relevant Acts. The EU Taxonomy report is now an integral component of Corporate Sustainability Reporting Directive (CSRD) reporting for Befesa. Under the updated framework, companies subject to the CSRD must disclose detailed EU Taxonomy alignment metrics in their sustainability statements, which Befesa hereby does.

This analysis has involved a thorough examination of Befesa's various business units across different geographies to correlate them with the taxonomic activities.

This report is divided in two sections:

1. **Eligibility analysis:** To qualify as eligible under the EU Taxonomy, an economic activity must be foreseen within the Climate Delegated Act and subsequent delegated regulations and pursue at least one of the environmental objectives set by Regulation (EU) 2020/852.
2. **Alignment analysis:** Regarding aligned activities, a study of the alignment of eligible activities has been carried out and, as they do not meet the different criteria, they are not aligned.
3. Based on the 2024 audited financial information (turnover, capex and opex), the corresponding proportions required by the EU Taxonomy Regulation were calculated. KPIs are only calculated for the eligible activities, since there are no aligned activities. According to the EU Taxonomy, turnover (Note 5 Annual Accounts), capex and opex are defined as:
  - a. **Turnover:** Sales or turnover
    - i. **Numerator:** A portion of net turnover derived from products or services, including intangible assets, associated with economic activities eligible according to the EU Taxonomy
    - ii. **Denominator:** Total net turnover of the Group

- b. **Capex:** Expenditures derived from the Company's investments according to the taxonomy.
  - i. **Numerator:** This equals the portion of investments in fixed assets included in the denominator that (i) is related to assets or processes associated with Taxonomy-eligible activities that comply with the taxonomy; (ii) is part of a plan to expand Taxonomy-eligible activities or to enable Taxonomy-eligible activities to become taxonomy-aligned; and (iii) is related to the purchase of production obtained from economic activities that comply with the taxonomy and individual measures that enable the target activities to become low-carbon or result in greenhouse gas reductions.
  - ii. **Denominator:** Additions to tangible and intangible assets during the considered fiscal year before depreciation, amortisation and any remeasurements, including those resulting from revaluations and impairments, corresponding to the relevant fiscal year, excluding changes in fair value. Additions resulting from business combinations are also included.

- c. **Opex:** Operating expenses derived from the functioning of a product, business or system according to taxonomy (research and development costs already accounted for in the KPI related to capex will not be accounted for as opex).
- i. **Numerator:** This will include the portion of operating expenses included in the denominator that (i) is related to assets or processes associated with economic activities that are eligible according to the EU Taxonomy, including training and other human resource adaptation needs, and direct non-capitalised costs representing research and development; (ii) is part of the capex plan to expand economic activities that are eligible according to the EU Taxonomy or to enable eligible economic activities under the taxonomy to be eligible according to the EU Taxonomy within a predefined time frame; and (iii) is related to the purchase of production obtained from economic activities that are eligible according to the EU Taxonomy and individual measures that enable the target activities to become low-carbon or result in greenhouse gas reductions.

- ii. **Denominator:** This will include direct non-capitalised costs related to research and development, building renovation measures, short-term leases, maintenance and repairs, and other direct expenses related to the daily upkeep of fixed assets, either by the Company or a third party to whom activities are subcontracted, necessary to ensure the continued and efficient operation of such assets. In addition to these concepts, leasing costs must be accounted for by non-financial companies applying generally accepted national accounting principles that do not capitalise right-of-use assets.

### Eligibility analysis

To determine Befesa's eligibility under the EU Taxonomy, the descriptions of all relevant activities presented for the six objectives were analysed.

This analysis allowed Befesa to evaluate 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 by-product of the steel manufacturing process, to recover valuable zinc and other metals. This recycling process reduces the need for primary raw materials and minimises environmental impact by preventing the landfill of hazardous waste.
- Aluminium Salt Slags Recycling Services
  - Befesa recycles salt slags and other residues generated during aluminium production. Through this process, the Company extracts aluminium and other valuable materials, which are then reintroduced into the production cycle, thereby reducing waste and conserving natural resources.

In line with this interpretation and the activities outlined in Delegated Regulation 2021/2139, Delegated Regulation 2023/2486 and Delegated Regulation 2022/1214, the EU economic activities that were initially identified that could contribute to the different objectives are:

**EU Taxonomy activity identified**

**2.4 Treatment of hazardous waste**

**i. Description of the taxonomic activity**

The 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 being the very essence of Befesa.

The Annex II of the Delegated Regulation 2023/2486 and its amendment, under which an economic activity qualifies as contributing substantially to the transition to a circular economy, covers activity 2.4. Treatment of hazardous waste. Activity 2.4 is described as the construction, upgrade and operation of dedicated facilities for the treatment of hazardous waste as a means of material recovery operations.

Befesa has determined that it does not comply with what was listed in the description for this activity, given that

the economic activity is defined as recycling or reclamation of inorganic materials other than metals or metal compounds. This would exclude the main activity of Steel Dust Recycling Services from the eligibility and alignment analysis, given that Befesa recycles metals and/or metal compounds.

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 specialised activities that support the objective of the circular economy.

**3.8 Manufacture of aluminium**

**i. Description of the taxonomic activity**

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. In this way, Befesa contributes to resource conservation and minimises 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 a primary alumina (bauxite) process or secondary aluminium recycling.

EU Taxonomy activity	Match with Befesa economic activity	EU Taxonomy objective
3.8 Manufacture of aluminium	Aluminium salt slags recycling: The process of recycling aluminium salt slag recovers aluminium and other valuable materials from the slag, a residual product of aluminium production. This approach not only minimises waste but also creates a sustainable supply of raw materials for the aluminium industry.	Climate change mitigation Climate change adaptation

Compliance with the minimum safeguards was examined at a Group level, considering existing corporate policies and risk management processes. Therefore, Befesa covers the minimum safeguards required by the EU Taxonomy Regulation.

## Alignment analysis

### 3.8 Manufacture of aluminium

#### i Substantial contribution to climate change mitigation

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.

#### ii Do no significant harm ("DNSH")

- a) Climate change adaptation: A robust climate risk and vulnerability assessment must be done to comply, following specific steps established in Annex I of the Delegated Regulation 2021/2139, Appendix A. In this sense, Befesa is carrying out action to ensure full compliance in the future.
- b) Sustainable use and protection of water and marines resources: To comply with the DNSH criteria, Befesa needs to identify and address risks related to water quality and stress, aiming for good water status and ecological potential as per Regulation (EU) 2020/852 and Directive 2000/60/EC. The Company must develop a water management plan in consultation with stakeholders. If an environmental impact assessment under Directive 2011/92/EU includes a water impact assessment, no additional assessment is needed if the risks are addressed. In this sense, Befesa has already implemented an integrated environmental assessment, taking into account the above requirement.

- c) Transition to a circular economy: N/A
- d) Pollution prevention and control: In order to comply, Befesa has reviewed Annex I of the Delegated Regulation 2021/2139, Appendix C, taking into consideration all substances listed.
- e) Biodiversity Protection DNSH: To comply with the DNSH criteria, Befesa needs to identify and address risks related to biodiversity as per Regulation (EU) 2020/852 and Directive 2000/60/EC.

Befesa has not yet conducted a physical climate risk analysis, which means that there is not yet compliance with DNSH, especially DNSH on adaptation to climate change. In addition, 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.

#### Minimum safeguards

The minimum safeguards are procedures implemented by an entity that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This includes the principles and rights set out in the eight fundamental conventions identified in the

Declaration of the International Labor Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights. These procedures also adhere to the DNSH principle.

Befesa's internal measures and policies on human rights, anti-trust, anti-corruption and taxation reflect the principles and concepts of the UN Global Compact, the OECD Guidelines on Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work) and the International Bill of Human Rights.

Further information on Befesa's processes and outcomes related to minimum safeguards are included in the following sections of the Company's reports:

- Human rights: Refer to the Social section in the report.
- Anti-bribery and anti-corruption: Refer to the Governance section in this report.
- Taxation: Refer to the Consolidated financial statement section in the report.
- Fair competition: Refer to the Governance section in this report.

# Environmental: The EU Taxonomy continued

## Reporting tables Capex

Economic Activities	Code	CapEx	Proportion of CapEx, year 2024	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
		EUR Thousand	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%	0%	0%
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Manufacture of aluminium	CCM 3.8 / CCA 3.8	9,019	9%	EL	EL	N/EL	N/EL	N/EL	N/EL								5%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		9,019	9%	9%	0%	0%	0%	0%	0%								5%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		9,019	9%	9%	0%	0%	0%	0%	0%								5%		
<b>B. Taxonomy-non-eligible activities</b>																			
CapEx of Taxonomy-non-eligible activities		94,861	91%																
<b>Total</b>		<b>103,880</b>	<b>100%</b>																

	Proportion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	9%
CCA	0%	9%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%



## Turnover

Economic Activities	Code	Turnover	Proportion of Turnover, year 2024	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
		EUR Thousand	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES (A.1.+ A.2.)</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%	0%	0%
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Manufacture of aluminium	CCM 3.8 / CCA 3.8	367,296	30%	EL	EL	N/EL	N/EL	N/EL	N/EL								31%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		367,296	30%	30%	0%	0%	0%	0%	0%								31%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		367,296	30%	30%	0%	0%	0%	0%	0%								31%		
<b>B. Taxonomy-non-eligible activities</b>																			
Turnover of Taxonomy-non-eligible activities		871,734	70%																
<b>Total</b>		<b>1,239,030</b>	<b>100%</b>																

	Proportion of turnover / Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	30%
CCA	0%	30%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

# Environmental: The EU Taxonomy continued

## OpEx

Economic Activities	Code	OpEx	Proportion of OpEx, year 2024	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
		EUR Thousand	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%	0%	0%
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Manufacture of aluminium	CCM 3.8 / CCA 3.8	3,292	9%	EL	EL	N/EL	N/EL	N/EL	N/EL								10%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3,292	9%	9%	0%	0%	0%	0%	0%								10%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		3,292	9%	9%	0%	0%	0%	0%	0%								10%		
<b>B. Taxonomy-non-eligible activities</b>																			
OpEx of Taxonomy-non-eligible activities		31,812	91%																
<b>Total</b>		<b>35,105</b>	<b>100%</b>																

	Proportion of OpEx / Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	9%
CCA	0%	9%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

**Footnotes:**

Key conclusions, changes and restatements are (all driven by secondary aluminium segment):

- Turnover: 29.6% eligible (vs 30.5% last year)
- Capex: 8.7% eligible (vs 5.3% last year; based on a new calculation: capex including ROU and an increase in assets related to business combination)
- Opex: 9.4% eligible (vs 9.5% last year; restatement needed: last year Befesa had shown 32.3% due to calculating Opex = Revenue minus EBIT. This year Befesa calculates according to the taxonomy, i.e. using non-capitalised R&D expenditure, Repair & Maintenance and Leases royalty-free)
- Alignment: 0.0% across all three items (vs 0.0% last year)

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
<b>Fossil Gas related activities</b>		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

# Environmental

## E1 – Climate Change

### ESRS 2 GOV-3

Sustainability in Befesa's incentive schemes

### ESRS 2 IRO-1

Processes to identify and assess IROs

### ESRS 2 SBM-3

Impacts, risks and opportunities

### E1-2

Policies

### E1-1

Climate Action Plan

### E1-3

Action and resources

### E1-4

Targets

### E1-5

Energy

### E1-6

Emissions

### E1-7

Carbon credits

### E1-8

Internal carbon pricing

## E1 – Climate Change

### ESRS 2 GOV-3 Sustainability in Befesa's incentive schemes

As indicated in ESRS 2 GOV-3, ESG performance targets are included as part of Befesa's one-year (annual bonus) and multi-year (stock incentive plan (SIP) variable remuneration schemes. The sustainability-related performance criteria include the implementation of the CO<sub>2</sub>e reduction plan to achieve the target of 20% CO<sub>2</sub>e intensity rate improvement by 2030 (scope 1 and 2), as well as the ambition to reach net zero by 2050 (see E1-4). Specific KPIs measured during the performance period include the increase in the percentage of green power usage, decrease in the CO<sub>2</sub>e intensity as a result of lower CO<sub>2</sub> emissions and higher volume of recycled waste, as well as the level of execution of different projects included in the CO<sub>2</sub>e reduction plan.

### ESRS 2 IRO-1 Processes to identify and assess IROs

Befesa operates in 24 sites around the world that use innovative recycling technology including complex equipment and materials. Due to their

different locations spread across the world, the sites are subject to different risks. While the company takes the highest precaution to manage this, climate-related physical hazards can represent physical risks for its assets and transition risks, which can potentially impact its operations and value chain. All sites have emergency plans that include climate-related risks and procedures to mitigate these, and Befesa closely follow local environmental regulation to avoid transition-related risks by adapting the facilities to the latest requirements.

In the double materiality assessment, the company analysed potential physical and transition climate-related risks, considering the input of the main stakeholders at different levels (see sections ESRS 2 SBM-3 and IRO-1 for more information). As of today, the company has not considered different scenarios in its analysis, however, it will explore the possibility of performing a more in-depth climate-related risk analysis based on scenario analysis and in line with ESRS to complement this information.



### Impacts, Risks and Opportunities (IRO) associated with E1

Type	Description	Own operations/Value chain	Related policies and procedures
Positive Impact	<b>Reduction of environmental harm and carbon footprint</b> by recycling materials from resource extraction, mitigating the negative impacts of mining activities on climate.	Upstream	Integrated Safety, Health, Environment and Quality Policy
	<b>Contribution to a transition to a low carbon steel industry</b> by enabling Electric Arc Furnace (EAF) steel production and secondary aluminium production.	Operation	Integrated Safety, Health, Environment and Quality Policy
	<b>Reinforcement of the environmental commitment of employees and value chain members</b> through conducting a life cycle analysis approach to evaluate its climate impact across the value chain.	Operations	Integrated Safety, Health, Environment and Quality Policy
	<b>Promotion of the use of renewable energy</b> (e.g.: selfconsumption of electricity through photovoltaic usage at one of Befesa's steel dust plants, purchase of energy with a guarantee of origin, installing LED lighting and material, etc.).	Operations	Integrated Safety, Health, Environment and Quality Policy

### Impacts, Risks and Opportunities (IRO) associated with E1

Type	Description	Own operations/Value chain	Related policies and procedures
Negative Impact	<b>Generation of CO<sub>2</sub> emissions</b> , especially scope 1, due to the dependency in the use of reducing agents in the production process, mainly coke in the steel dust business, needed for the reduction and oxidation chemical reaction that produces the separation of the zinc at a very high temperature.	Operations	Integrated Safety, Health, Environment and Quality Policy
	<b>Absence of emissions reductions stems</b> from the lack of commitment to initiatives aimed at reducing greenhouse gas emissions, such as SBTi (Science-Based Targets initiative).	Operations	Integrated Safety, Health, Environment and Quality Policy
	<b>Significant energy consumption and inefficiency</b> because of an excessive energy intensity in facilities and processes that have not yet implemented the energy management system established by international standards like ISO 50001 certification.	Operations	Integrated Safety, Health, Environment and Quality Policy
	<b>Increase in energy use driven</b> by the inclusion of the EAF steel dust recycling.	Operations	Integrated Safety, Health, Environment and Quality Policy

## Impacts, Risks and Opportunities (IRO) associated with E1

Type	Description	Own operations/Value chain	Related policies and procedures
Opportunity	<b>Promotion of transparency and confidence</b> to investors by developing more distinguished internal policies in each ESG area to convey a clear message and commitment with each scope.	Operations	Integrated Safety, Health, Environment and Quality Policy
	<b>Investor attraction</b> through alignment with most renowned sustainability ratings and indexes, such as ISS ESG, MSCI, Sustainalytics, Vigeo Eiris, global challenges index, etc...	Operations	Integrated Safety, Health, Environment and Quality Policy
	<b>Significant cost saving</b> in purchasing green bonds by reducing emissions of the company.	Operations	Integrated Safety, Health, Environment and Quality Policy
	<b>Lack of knowledge among workers</b> regarding energy-saving best practices, stemming from the failure to provide training on the subject.	Operations	Integrated Safety, Health, Environment and Quality Policy

## Impacts, Risks and Opportunities (IRO) associated with E1

Type	Description	Own operations/Value chain	Related policies and procedures
Risk	<b>Operating costs or production losses</b> resulting from the impact of physical risks of climate change (such as flooding due to the proximity of the plants to large bodies of water).	Operations	Integrated Safety, Health, Environment and Quality Policy
	<b>High risk level in the Carbon Risk Classification</b> scale as industry is exposed to several carbon risks according to Befesa's main business activities. This could lead to the violation of the rules set by the Paris Agreement.	Operations	Integrated Safety, Health, Environment and Quality Policy
	<b>Partial alignment of the risk management related with climate risk</b> disclosure according to ISS rating. Low sustainability ratings will particularly affect sustainable investment portfolios.	Operations	Integrated Safety, Health, Environment and Quality Policy
	<b>Perception of passivity</b> towards sustainability by stakeholders due to a lack of a clearly defined climate targets.	Operations	Integrated Safety, Health, Environment and Quality Policy

### Impacts, Risks and Opportunities (IRO) associated with E1

Type	Description	Own operations/Value chain	Related policies and procedures
Risk	<b>Possible increased production costs</b> due to dependence on external energy sourcing. Given the highly volatile nature of the energy market, relying on third parties can result in sudden spikes in expenses.	Operations	Integrated Safety, Health, Environment and Quality Policy
	<b>Wrong adjustment of the facilities to renewable energy consumption, resulting in dependence on fossil fuels</b> , which are increasingly hiking prices due to charges imposed to reduce their consumption.	Operations	Integrated Safety, Health, Environment and Quality Policy
	<b>High operating costs</b> in production plants and offices where energy-saving practices have not been implemented, resulting in a loss of product competitiveness due to higher production costs.	Operations	Integrated Safety, Health, Environment and Quality Policy

### Impacts: Befesa's emissions

One of the principal environmental impacts for Befesa is its carbon emissions, which are driven by the technology that the company uses. Befesa's 24 sites track emission intensity and total emissions annually, including Scope 1 & 2, and since 2022, also Scope 3. Direct emission categories (Scope 1) include stationary, process, mobile and fugitive emissions, while indirect emissions (Scopes 2 & 3) are disclosed in reference to each business unit's material categories.

To identify each site's material categories, the company commissioned an external analysis using the indirect emissions categories available in the GHG Protocol.

All sites were provided with a materiality analysis training session, and a procedure was developed for emissions measurements. Every year, all sites measure their emissions using emission factors provided by local governments, IPCC, or, if needed, Ecoinvent.

Befesa's plants' emissions are regulated by local and international regulatory bodies. GHG Protocol processes are applied to identify CO<sub>2</sub>e emissions sources and other pollutants such as SOX and NOX are also tracked separately in the company's own operations. Total GHG emissions are reported annually following EMAS, ISO 14001, and ISO 14064 guidelines (see E1-6).

Befesa's main business activity, steel dust recycling, is currently the higher emitter of CO<sub>2</sub> due to the reliance on the use of emission-intensive reducing agents like coke. As mentioned in E1-1, the company is committed to research, invest and develop new technologies to reduce its environmental impact.

The company has identified physical and transition climate-related risks in its Double Materiality Analysis. The Company will conduct a climate change scenario analysis in line with TFCF framework. As part of ISO regulation, all of its sites have developed risk contingency plans including weather-related events and follow protocols to implement them when needed.

The company has considered all information that is available at the reporting date for its analysis. Disclosures are expected to improve over time.

### Climate related assumptions in Befesa's financial statements

Critical climate-related assumptions are not made in Befesa's financial statements. The company discusses market trends, including factors such as the future demand of recycled materials or scrap availability, but these are usually done on a yearly basis and do not investigate medium- or long-term time frames.

### ESRS 2 SBM-3 Impacts, risks and opportunities

#### Climate risk and Befesa's business model

In its Double Materiality Analysis, the company has not identified material aspects associated with physical climate risks. On the other hand, all the environmental risks set out in ESRS 2 SBM-3 related to climate change, resource use, air pollution, energy, and waste management are considered material topics.

- Befesa supports two highly regulated industries (steel and aluminium industries) and is subject of many local environmental regulations such as SEVESO, EU Emissions Trading System (EU ETS), Industrial Emissions Directive (IED), Waste Framework Directive (2008/98/EC) and Energy Efficiency Directive (2012/27/EU)

among others). The introduction of more stringent environmental regulations, along with increasing focus on sustainability and circularity, remain growth drivers for the company since 1987 and make its business model resilient to climate risks. Befesa will keep working on the capture of growth opportunities that 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 are expected to continue to support the company'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.

#### Business model resilience

The company has conducted a preliminary analysis of the International Energy Agency (IEA) Global Energy and Climate (GEC) Model scenarios. Given its focus on recycling steel and aluminium, the different IEA scenarios (STEPS, APS, and NZE) will have significant implications for its business operations, supply chains, and financial performance. These will be taken into account in the next steps to perform a complete resilience analysis, which will be performed in the following years. According to the IEA, "increased scrap recycling and mass deployment of innovative technologies are key levers for reducing emissions". In steel, for example the IEA analyses that the share of scrap in metallic inputs is expected to increase 15% in 2050 from a 2022 baseline of 33%, reaching

48%. In aluminium, the share of secondary production is expected to increase 20% in 2050 from a 2022 baseline of 36%, reaching 56%.

This preliminary resilience analysis does not consider climate or business scenarios applied to Befesa's risks or information about its ability to adjust its strategy in the short, medium and long term. It also does not include areas of uncertainty or consider the different assets and activities at the different levels of the company's value chain. As part of its efforts to improve its climate risk and resilience analysis, Befesa will conduct a more detailed scenario analysis that includes its risks and mitigation actions against them, as well as anticipated financial effects.

#### E1-2 Policies

Befesa has an overarching Environment, Health, Safety & Quality (EHSQ) Policy that sets out its guiding principles related to these issues (see ESRS 2 MDR-P). With regards to climate change mitigation, it points out that:

- All management levels at Befesa are committed to EHSQ.
- Befesa promotes regular training for safe practices and environmental responsibility or employees and contractors, who must actively participate in EHSQ efforts.
- The company is committed to monitor conditions to prevent environmental harm and accidents, with essential safe practices for employment and career growth.

- Employees must intervene immediately when environmentally unsafe actions are observed, promoting a proactive safety culture.
- Regular inspections, audits and adherence to legal and industry standards ensure continuous EHSQ improvement.

As of today, this policy does not specifically address climate change adaptation, energy efficiency or renewable energy implementation. However, the company will include these topics in the policy going forward.

Environment, Health, Safety & Quality (EHSQ) Policy is available in Befesa's Corporate intranet and website, and the Environmental, Health & Safety Director and all Befesa employees are accountable for its implementation.

In addition to these overarching principles, the plants have developed independent policies according to the regional policy and third-party standards they comply with. Some examples are:

- All sites except those in China and the US are ISO 50001 compliant and hence have developed an energy efficiency policy (see table below). This policy aims to reduce the site's environmental impact by identifying where energy inefficiencies happen and implementing technologies and controls for continuous improvement. These policies

address energy efficiency and contemplate renewable energy deployment.

- All ISO 14001-compliant sites have developed an environmental policy that sets out environmental objectives and actions to achieve the intended outcomes of the environmental management system, as well as achieve continual improvement (see table below). These policies address climate change mitigation.

#### **Downstream (customers and distribution):**

- **Key customers:**
  - Zinc smelters: Purchase WOX oxide for zinc production.
  - Secondary aluminium producers: Use recovered aluminium for new production.
- **Distribution channels:** Befesa delivers refined materials to end users through a combination of direct sales contracts and strategic logistics partnerships.

By leveraging its global footprint, advanced recycling technologies and its stakeholder relationships, Befesa continues to enhance sustainability and drive value creation across its

entire supply chain. For more information, please see environmental chapter.

#### **SBM-2 Interests and views of stakeholders**

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 have a significant impact on the success and sustainability of Befesa.

Recognising their importance and effectively managing their involvement is key for Befesa to achieve its sustainability goals. The key stakeholders include customers, employees, local communities, suppliers, shareholders, rating agencies, analysts, government, NGOs and the media.

Befesa will work in the coming years on a more specific environmental policy for the entire group.

## E1-1 Climate Action Plan

Befesa has developed a Climate Action Plan which was published in its 2023 ESG Report. It establishes a carbon intensity<sup>1</sup> reduction target of 20% by 2030 and an ambition to become Net Zero by 2050. To better explain the company's Climate Action Plan, it is useful to clarify its business model and sources of emissions:

Befesa's products and services can contribute to mitigate climate change 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 inputs to conduct the recycling of the waste and extract the valuable materials out of them. Befesa's CO<sub>2</sub> emissions are mainly driven by the following activities:

- Direct emissions (scope 1) coming from the use of reducing agents in the steel dust production process: Coke produces CO<sub>2</sub> from its chemical reaction with coal (carbon) and steel dust in the Waelz furnaces. This process is a reduction and oxidation chemical reaction that produces the separation of zinc at a very high temperature.
- Additional direct emissions (scope 1) come from the use of natural gas in the secondary aluminium and salt slags businesses to produce the heat required in the metallurgical processes.
- The use of electricity (Scope 2) is another source of indirect emissions at Befesa. And finally

the Scope 3 emissions represent the remaining CO<sub>2</sub> emissions at Befesa are mainly coming from:

- Purchased goods and services
- Fuel and energy-related
- Activities (not included in Scope 1 or Scope 2)
- Upstream transportation and distribution
- Downstream transportations

In summary, the carbon footprint (location based method) of Befesa is as follows:

- Scope 1: 58%
- Scope 2: 21%
- Scope 3: 20%

By business unit, around 80% of the CO<sub>2</sub> emissions are produced by the steel dust business, which at the same time represents a similar portion of the total EBITDA generated by Befesa.

To minimise carbon emissions, Befesa applies best available technology (BAT) and looks for improvement opportunities as part of its operational excellence programme – the company is committed to investing in technology to reduce its emissions. Befesa's decarbonisation investments are not done as part of a Capex plan compliant with EU Taxonomy Delegated Regulation (EU) 2021/2178, but rather on a year-by-year basis depending on where improvements are needed and beneficial.

## Befesa's Climate Action Plan

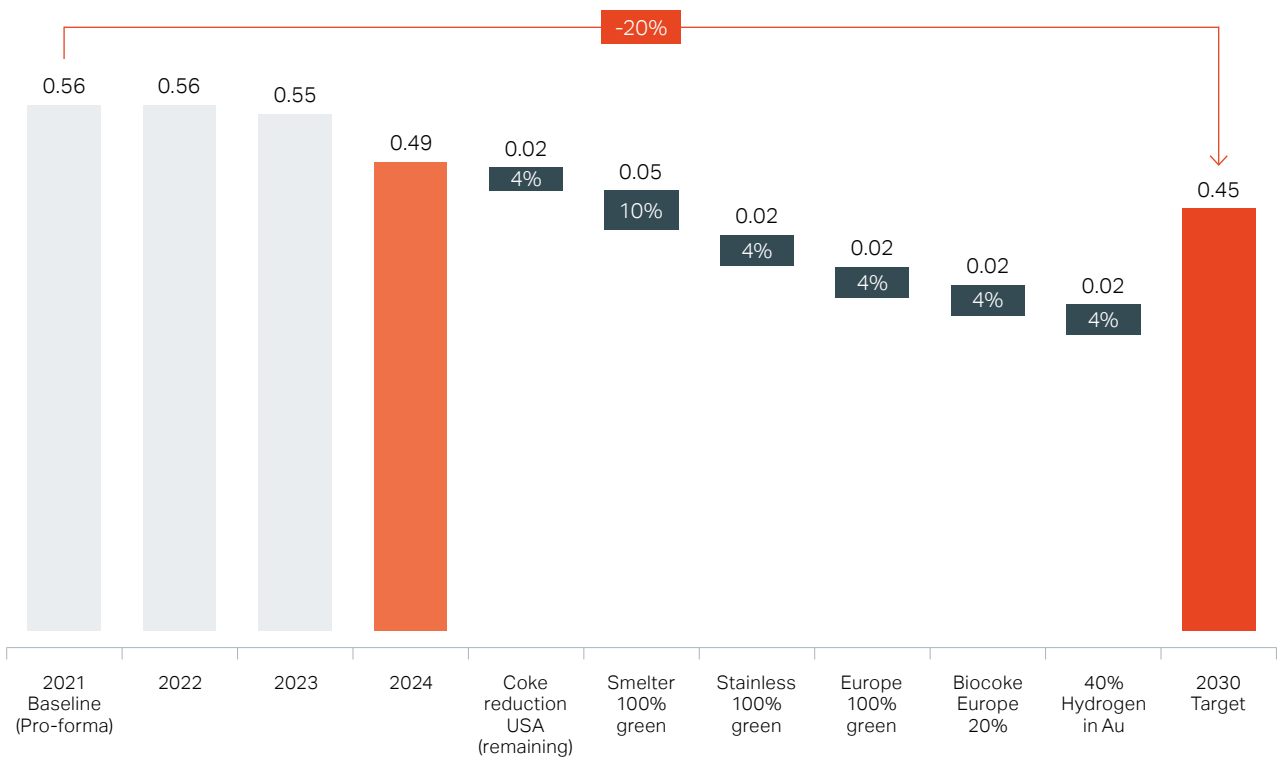
By 2050, Befesa's goal is to be net zero, which is in line with the Paris Agreement commitment to keep global warming to no more than 1.5°C. (i) This ambition and the company's intensity reduction target were both approved by the sustainability committee in 2022.

The company has identified a series of decarbonisation levers that will contribute to reduce its carbon intensity by 20% by 2030. When added together, these initiatives have the potential to reduce Befesa's intensity by up to 33%:

1. **Reduction of coke use by 40% in USA plants** by improving operations and increasing efficiency using technology such as SDHL air lances. This has the potential to reduce carbon intensity by 10% (0,05 Tn CO<sub>2</sub>e/Tn output).
2. **Green power sourcing** to reduce Scope 2 emissions at its Smelter, Stainless and Europe sites through power purchase agreements and guarantees of origin purchases. This has the potential to reduce the intensity by 18% (0,09 Tn CO<sub>2</sub>e/Tn output).
3. **Coke replacement with biomass** in its the European steel plants. This could reduce the emissions intensity by 0,02 Tn CO<sub>2</sub>e/Tn input (3%).
4. **Natural gas replacement by 40% hydrogen sources** in its the aluminium sites. This could reduce the intensity by 2% (0,02 Tn CO<sub>2</sub>e/Tn input).

<sup>1</sup> Carbon intensity refers to kg CO<sub>2</sub>e per tonne of residue recycled (input).

**CO<sub>2</sub>e intensity**  
(Tn CO<sub>2</sub>e/Tn input)



Apart from these four levers, the company also implements smaller projects in its plants which aim for continuous improvement and efficiency increase as part of its operational excellence programme. See E1-3 and E1-4 for its progress in implementing the decarbonisation levers to reach its 2030 carbon intensity goal.

Befesa currently does not have a year-by-year plan to reach its Net Zero by 2050 ambition, as this is heavily reliant on technology deployment, demand, and availability.

**Befesa's locked-in emissions**

Befesa's business model is compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5°C in line with the Paris

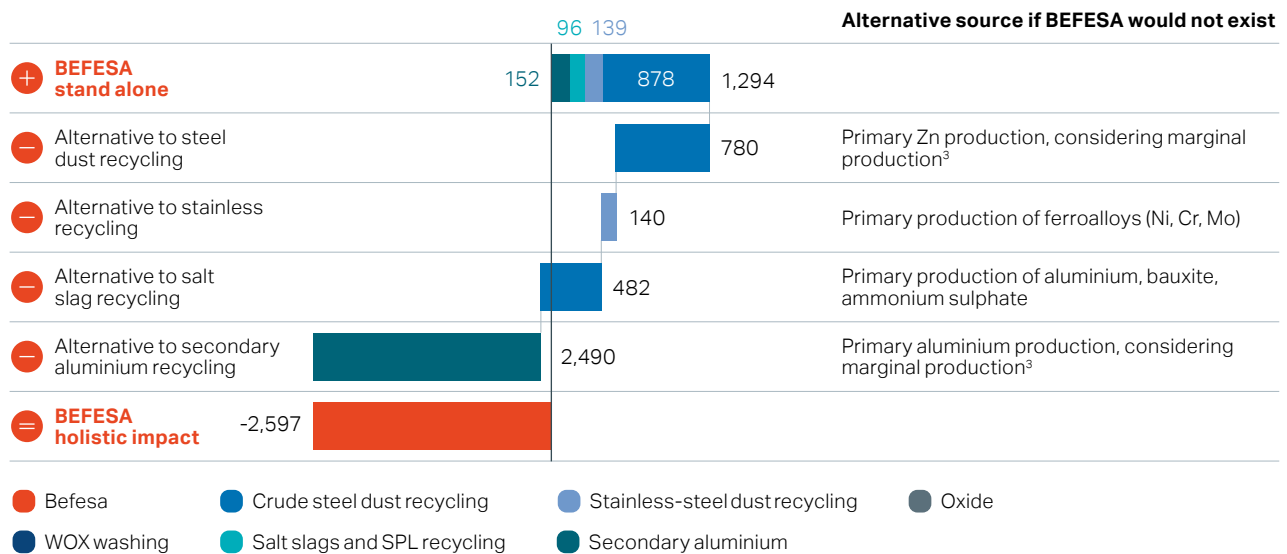
Agreement. Compared to alternative sources, Befesa saved an estimated 2,596 kilotons CO<sub>2</sub>eq in 2024<sup>2</sup>. Additionally, BEFESA contributes to the Electric Arc Furnace industry (EAF) (c. 85% less carbon intensive than Basic Oxygen Furnace, BOF)<sup>3</sup> and secondary aluminium (c. 99% less carbon intensive than primary aluminium)<sup>4</sup>.

<sup>2</sup> Calculations were made considering alternative primary production of Zinc, ferroalloys, aluminium, bauxite, ammonium sulphate, considering marginal production. Only Scopes 1, 2 and maritime transport were reflected.

<sup>3</sup> Considering BOF vs EAF world average

<sup>4</sup> Considering Primary Production World Average vs Secondary Production

## GHG emissions overall impact<sup>1</sup>; 2024 pro forma<sup>2</sup> (Kton CO<sub>2</sub>eq)



Even though Befesa's products and processes are intrinsically less carbon-intensive than the alternative, the company currently depends on emission-intensive components such as coke, which represents a large portion of its emissions. The company's business strategy is aligned with its ESG strategy and is rooted in an increased contribution to the circular economy while being environmentally compliant and reducing its carbon intensity through investments and R&D.

The company is committed to invest in technology to reduce the carbon intensity of its activities, but this will depend on the evolution of market enablers such as market demand, carbon capture, carbon prices, and energy technology developments. In 2024, it allocated 1.67M€ of research and development budget and 12M€ of CapEx to emission reduction projects. As it deploys its business model in new geographies, Befesa expects this to grow to ensure the emission intensity target results in a gross emission reduction to reach the Net Zero target.

Befesa has identified a series of levers that will contribute to achieving its Net Zero by 2050 ambition and has started developing basic knowledge and initiated investigations with partnering organisations.

## Steel projects

Technology	Current development
<b>Charcoal (biocoke) initiative:</b> Substitution of coke with biocoke, a CO <sub>2</sub> -neutral reducing agent	<ul style="list-style-type: none"> <li>Waelz process trials with charcoal performed in 3 sites, further research needed to optimise process</li> <li>Charcoal smelting tested at lab-scale, large-scale testing in discussion</li> </ul>
<b>Dust2Value project:</b> Substitution of coke with green hydrogen, a CO <sub>2</sub> -neutral reducing agent	<ul style="list-style-type: none"> <li>EU funding achieved for ongoing investigation with partnering universities and other organisations</li> <li>Undergoing design and construction of testing facility</li> </ul>

## Aluminium projects

Technology	Current development
<b>HynHeat:</b> Replacement of natural gas with hydrogen	<ul style="list-style-type: none"> <li>EU funding achieved, collaborative project with aluminium producers on hydrogen end-to-end supply chain development</li> <li>Small-scale tests will begin in 2025</li> </ul>
<b>Hydrogas:</b> Hydrogen generation from salt slags capture	<ul style="list-style-type: none"> <li>Process to capture gases (ammonia, methane...) to produce hydrogen and reduce GHG emissions</li> <li>European project approved, starting trials internally</li> <li>Potential impact: 36% reduction in natural gas consumption</li> </ul>

### Activities within the EU Taxonomy

(e) Befesa's primary activity, which involves the treatment of hazardous waste, is crucial to its operations and the essence of the company. The EU Taxonomy defines Befesa's economic activity as the recycling or reclamation of inorganic materials other than metals or metal compounds, which excludes the Steel Dust Recycling Services from eligibility and alignment analysis. Despite the lack of specific classification for unique activities within the EU Taxonomy, the company believes that much more of its business should be eligible and aligned, given its significant contribution to the circular economy through recycling and resource recovery. Therefore, its main objective is to have its activities recognised in the Commission Delegated Regulation's classification. To achieve

this, it may engage with the European regulator through the Taxonomy Stakeholder Request Mechanism or industrial associations.

### Other considerations

(f) The company does not invest in anything whose product is related to coal, oil and gas-related economic activities. The company's activity does depend on the use of coal as a product.

(g) Befesa is not excluded from the EU Paris-aligned Benchmarks.

### E1-3 Action and resources

Befesa's climate change mitigation actions are embedded in its Climate Action Plan and linked to its Environmental, Health & Safety and Quality (EHSQ) Policy. The company identified a series of levers to drive its emissions intensity reduction by 2030

(see E1-1). The company's ability to implement some of these actions depends on the development of technology and its allocation of funds through CapEx investments and its Research & Development department (R&D). Befesa's R&D department is involved in developing technology that enables its transition to Net Zero by 2050, dedicating 1,67M€ to decarbonisation projects in 2024 (for more information on its Climate Action Plan, see E1-1). On the other hand, the sustainable Capex investments take part as part of the recurrent maintenance CapEx strategy (55.9M€ in 2024, of which 12.5M€ were allocated towards decarbonisation initiatives), in which the company maintains its assets according to latest regulation and best practices. These currently do not relate to Taxonomy-aligned CapEx plans.

Below are the key actions taken this year:

## All decarbonisation investments made this year:

Project	Spend (€)	Business Unit	Accounts
<b>All decarbonisation-related CapEx</b>	<b>12.4M</b>	<b>All</b>	<b>Property, Plant and Equipment</b>
<b>Lever 1:</b> Reduction of coke use in USA plants	100-500k	Steel dust	Property, Plant and Equipment
<b>Lever 4:</b> HylnHeat Hydrogen replacement testing on-site	500k-1M	Aluminium	Property, Plant and Equipment
Other decarbonisation-related CapEx	11.7M	All	Property, Plant and Equipment
<b>All decarbonisation-related R&amp;D</b>	<b>1.7M</b>	<b>All</b>	<b>Other Intangible Assets</b>
<b>Lever 3:</b> Coke replacement with biomass	100-500k	Steel dust	Other Intangible Assets
<b>Lever 4:</b> HylnHeat Hydrogen replacement research	100-500k	Aluminium	Other Intangible Assets
Other decarbonisation-related R&D	1.1M	All	Other Intangible Assets

## Actions related to the 4 decarbonisation levers:

Initiative	Value chain	Target year	2024 cost <sup>5,6</sup>	Status	CO <sub>2</sub> intensity reduction (%)		CO <sub>2</sub> intensity reduction (absolute)	
					Expected (target year)	Actual (2024)	Expected (target year)	Actual (2024)
<b>Lever 1: Reduction of coke use in USA plants</b>	Procurement & Operations, US steel	2025	100-500k (CapEx)	In process	10% (2025)	6%	0.05	0,035
<b>Lever 2: Green power sourcing</b>	Procurement & Operations, All locations	2030	N/A	Currently studying options	18% (2030)	0	0.09	0
<b>Lever 3: Coke replacement with biomass</b>	Procurement & Operations, Global steel	2030	100-500k (R&D)	Testing in process	3% (2030)	0	0.02	0
<b>Lever 4: Natural gas replacement with hydrogen</b>	Procurement & Operations, Europe aluminium	2030	500k-1M (OpEx and R&D)	Testing in process	2% (2030)	0	0.02	0

See E1-1 for more details about Befesa's intensity targets and progress.

Apart from these four levers, Befesa also implements smaller projects in its plants which aim for continuous improvement and efficiency increase as part of its operational excellence programme.

<sup>5</sup> All CapEx invested by plants is reported under 'Property, Plant and Equipment' in the annual accounts. R&D can be found under 'Other Intangible Assets'.

<sup>6</sup> As indicated in E1-1, CapEx investments are made ad-hoc and are not part of a sustainable investments plan but rather are included in the maintenance CapEx.

### Other decarbonisation investments made this year:

Befesa implemented smaller projects at the locations which aim for continuous improvement and efficiency increase as part of its operational excellence programme.

Initiative	Outcome	Business unit	Value chain	Location	Cost (CapEx)
Installation of new inverters	Increased energy efficiency	Steel dust	Own Operations	Europe	<10k
Installation of Regenerative Thermal Oxidizer (RTO)	Mitigate emissions	Steel dust	Own Operations	Europe	<10k
Energy Efficiency Control cabinet installation	Increased energy efficiency	Secondary Aluminium	Own Operations	Europe	10-50k
Purchase and installation of bicycle and vehicle charging stations	Transport emissions reduction	Secondary Aluminium	Own Operations	Europe	10-50k
Thermal insulation of the mechanical workshop	Increased energy efficiency	Steel dust	Own Operations	Europe	10-50k
Roof renovation	Improved insulation to reduce energy consumption	Stainless Steel	Own Operations	Europe	10-50k
Energy transformer update	Electricity saving	Secondary Aluminium	Own Operations	Europe	10-50k
Replacement of old lighting with LEDs	Increased energy efficiency	Steel dust	Own Operations	Europe	10-50k
ISO 5001-aligned energy saving programmes	Increased staff awareness, optimisation of facilities and reduced energy use	Secondary Aluminium	Own Operations	Europe	50-100k
Purchase of new variable frequency driver (VFD)	Reduced electricity consumption and improved efficiency	Stainless Steel	Own Operations	Europe	50-100k
General equipment maintenance and improvement	Improved equipment efficiency	Stainless Steel	Own Operations	Europe	50-100k
Replace H2 & O2 gauge alarm in furnace building	Improve reliability of emissions measurement	Stainless Steel	Own Operations	Europe	100-500k
Upgrade of rectifier	Improved equipment efficiency	Stainless Steel	Own Operations	Europe	100-500k
Improved ventilation in staff halls and offices	Reduced energy consumption	Stainless Steel	Own Operations	Europe	100-500k
Replacement of refractory equipment	Reduced electricity consumption	Steel dust	Own Operations	Europe	100-500k
Substitution of primary alloys by secondary alloys	Energy saving achieved by avoiding electrolysis	Secondary Aluminium	Value chain	Europe	100-500k
Gas compressor upgrade	Improved equipment	Stainless Steel	Own Operations	Europe	100-500k
Purchase of energy-saving motors	Reduced energy consumption	Steel dust	Own Operations	Europe	100-500k

## Environmental continued

Initiative	Outcome	Business unit	Value chain	Location	Cost (CapEx)
Purchase of new furnace filter	Reduced electricity consumption and improved efficiency	Secondary Aluminium	Own Operations	Europe	100-500k
New transformer delivery & assembly	Reduced electricity consumption and improved efficiency	Stainless Steel	Own Operations	Europe	100-500k
Purchase of new reverberatory oven (2024 phase)	Reduced energy consumption and improved efficiency	Secondary Aluminium	Own Operations	Europe	500k-1M

### E1-4 Targets

Befesa's aim is to reduce its environmental impact. Due to its goals to expand its business model in new geographies, the company has decided to follow an intensity reduction target rather than an absolute emissions reduction target. Befesa aims towards a 20% intensity reduction target in Scopes 1 & 2 by 2030 against a 2021 baseline, and a Net Zero ambition in Scopes 1 & 2 by 2050. The company has measured its baseline as a pro-forma in order

to more accurately represent its activities in 2021: the China and USA plants were not fully functioning in 2021 but are now, so it calculated emissions using average production metrics for those plants so that comparison is more precise.

The actions towards these targets are set out in the Climate Action Plan and include improving current processes and adopting new technologies. These rely on high decarbonisation scenarios (1.5°C

or under) which will allow for the development of green technologies. These mainly target Scope 1 as it is the main source of its emissions (see E1-1 and E1-3). To ensure consistency between these targets and the GHG inventory boundaries, the company monitors and audits emission disclosures annually at a plant level, and track progress in its annual sustainability reports and bi-annual sustainability committees.

Target	Goal	Scopes <sup>7</sup>	Baseline
Interim target: 20% CO <sub>2</sub> e intensity reduction by 2030	0.45 Tn CO <sub>2</sub> e /Tn input (est. 1.34M Tn CO <sub>2</sub> e in 2030 <sup>8</sup> )	1 & 2	0.56 Tn CO <sub>2</sub> e /Tn input (2021 pro-forma)
Long-term ambition: Net Zero by 2050	122,226 Tn CO <sub>2</sub> e	1 & 2	1,222,256 Tn CO <sub>2</sub> e (2021 pro-forma)

Befesa's Net Zero target is in line (not yet validated) with the Science-Based Target Initiative, which aims for 90-95% of GHG emission reduction with the possibility to offset the

residual 5-10% through certified removals. The company will explore sector-specific guidance to apply the one most fitting to Befesa.

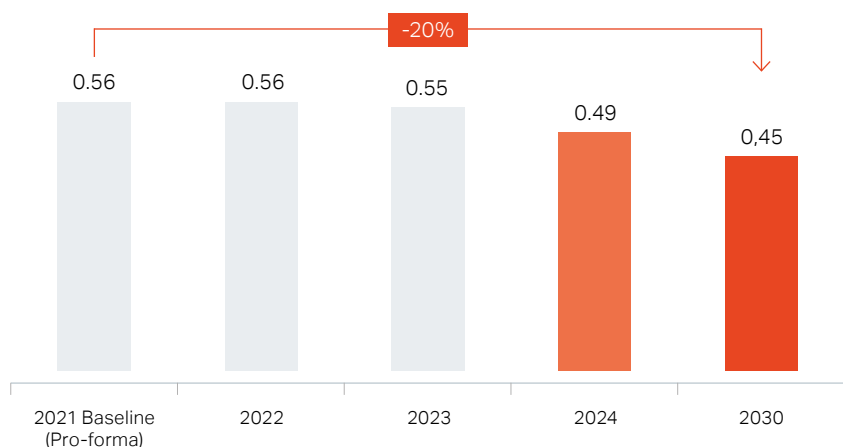
<sup>7</sup> The targets apply to Scopes 1 & 2 as a whole. Scope 2 refers to location-based emissions

<sup>8</sup> Absolute values have been calculated for this report assuming 2030 input will be 3 million tonnes of waste.

As the company develops its IRO analysis and environmental policies, it will establish methods to better monitor the effectiveness of its actions. At the moment, many of its targets are set at a plant-level and are linked to local legislation and third-party standards. As shown on the side, Befesa has achieved a 11% CO<sub>2</sub>e intensity reduction in 2024 vs. 2023; moving forward to achieve its 2030 target of 20% reduction vs. a 2021 baseline.

See E1-16 for a description of Befesa's decarbonisation levers and their CO<sub>2</sub>e reduction potential.

### CO<sub>2</sub>e intensity (Tn CO<sub>2</sub>e/Tn input)



### E1-5 Energy

Energy consumption and mix		Comparative	Year 2024
1	Fuel consumption from coal and coal products (MWh)	ND	0
2	Fuel consumption from crude oil and petroleum products (MWh)	ND	30,010.45
3	Fuel consumption from natural gas (MWh)	ND	456,691.51
4	Fuel consumption from other fossil sources (MWh)	ND	2,168.93
5	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	ND	729,996.27
<b>6</b>	<b>Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)</b>	<b>ND</b>	<b>1,218,867.16</b>
	Share of fossil sources in total energy consumption (%)	ND	86.68%
<b>7</b>	<b>Consumption from nuclear sources (MWh)</b>	<b>ND</b>	<b>100,873.65</b>
	Share of consumption from nuclear sources in total energy consumption (%)	ND	7.17%
8	Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	ND	0
9	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	ND	86,372.98
10	The consumption of self-generated non-fuel renewable energy (MWh)	ND	0
<b>11</b>	<b>Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)</b>	<b>ND</b>	<b>86,372.98</b>
	Share of renewable sources in total energy consumption (%)	ND	6.14%
	Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)		1,406,113.79

The plants measure and report energy consumption on the basis of real data, the accounting of which is based on continuous measurement or weighing, depending on the energy source. Once the data is available at a plant level, it is then consolidated by the EHS corporate team. As it is shown in E1-2, there are some plants with ISO 14001.

## Energy intensity based on net revenue

Energy intensity per net revenue	Comparative	N	% N / N-1
Total energy consumption per net revenue for activities in high climate impact sectors (MWh/Monetary unit)	Not comparable	1,13	ND

Befesa has considered all of its activities to be included in the high climate impact sectors, since all of them could be included in NACE code C. 24. The net revenue figure used in this calculation (1.239 million euros) can be found in its income statement (note 5 and 22.1).

## E1-6 Emissions

	Retrospective			Comparative	% 2024/2023	Milestones and target years				
	2021 (Base year)	2023	2024			2025	2030	2050	Annual % target/2021	
<b>Scope 1 GHG emissions</b>										
Gross Scope 1 GHG emissions (tCO <sub>2</sub> eq)	695,329.03	879,000.00	841,050.18	-37,949.82	95.68%	1,176.000	1,340.000	122.226	36.6%	
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	ND	ND	ND	ND	ND					
<b>Scope 2 GHG emissions</b>										
Gross location-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)	102,494.70	249,000.00	309,258.28	60,258.28	124.20%					
Gross market-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)	ND	ND	270,369.91	ND	ND					
<b>Significant Scope 3 GHG emissions</b>										
Total Gross indirect (Scope 3) GHG emissions (tCO <sub>2</sub> eq)	ND	421,000.00	290,669.26	-130,330.70	69.04%					
1 Purchased goods and services	ND	ND	180,685.62	ND	ND					
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	ND	ND	55,673.28	ND	ND					
4 Upstream transportation and distribution	ND	ND	35,669.53	ND	ND					
9 Downstream transportations	ND	ND	18,640.83	ND	ND					
<b>Total GHG emissions</b>										
Total GHG emissions (location-based) (tCO <sub>2</sub> eq)	797,823.73	1,550,000.00	1,440,977.71	-109,022.24	92.97%					
Total GHG emissions (market-based) (tCO <sub>2</sub> eq)	ND	ND	1,402,089.34	ND	ND					



All plants apply ISO 14064 methodology, and in alignment with GHG Protocol, to select reporting categories. Every year, all sites measure their emissions using emission factors provided by local governments, IPCC, or, if needed, Ecoinvent. Other pollutants are reported in E2-4.

#### Scope 1

Direct emission categories include stationary, process, mobile and fugitive emissions. This includes, for instance, natural gas and coke consumption.

The use of coke as a reductant agent is not counted as fuel, but as process emissions. In order to infer the volumes of coke used, plants use either mass balance calculations or direct weighing of the materials that go into the processes.

#### Scope 2

This category includes indirect emissions generated by electricity consumption. This year the company is reporting location- and market-based emissions separately for the first time.

#### Scope 3

Befesa has conducted a thorough assessment of its Scope 3 emissions, engaging external consultants with expertise in GHG accounting. The assessment process has included the following:

1. Identification of relevant Scope 3 categories based on materiality assessment for all the sites, with exception of BZ Recytech that became part of Befesa in 2024.

2. Application of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
3. Befesa uses specific emission factors when available, secondly industry-average collected data, and thirdly data from databases or standards, such as DEFRA and Ecoinvent
4. Development of internal policies, data collection processes and controls to improve Scope 3 data quality

Befesa acknowledges that there are various uncertainties associated with the measurement of Scope 3 measurement. These uncertainties arise from several factors, including:

1. Data Availability: Scope 3 emissions often rely on data from upstream and downstream value chain actors, which may vary in quality and completeness from location to location.

2. Materiality of categories might vary depending on a location.
3. Estimation Methodologies: Where direct data is unavailable, estimations based on emission factors and other proxies are used. Befesa carried out a materiality assessment conducted by experts on key representative locations from every sub-business unit at Befesa to gain a better understanding and obtain a methodology to calculate the scope 3 emissions by type of process. This assessment was based on real scope 3 data as well as estimations to obtain the most material categories for each business segment. Every location was trained to perform its own materiality analysis based on defined methodology. All the locations performed their own materiality analysis.

4. Value Chain Complexity: Befesa's value chain is complex, involving a large number of suppliers and customers across geographies, which can make it challenging to obtain precise data for all activities.

Befesa continuously reviews and updates its estimation methodologies to incorporate the latest scientific knowledge and best practices across all its locations. At the same time the Company is working to improve supplier engagement to obtain more accurate and consistent data in the future for the material categories. Befesa aims to improve the quality of Scope 3 measurement in future reporting years.

Timeline for Improvements: On best efforts basis, Befesa commits to enhance the data consolidation methodology and its coverage for all relevant locations by 2026, and report on the progress in its next reporting cycle.

<sup>9</sup> Market-based emissions are being reported for the first time in 2024 hence they do not have a comparative figure for 2023.



The materiality criteria for Scope 3 emissions were:

- Magnitude of emissions: this criterion refers to the volume of emissions from the emission source compared to the total indirect emissions.
- Level of influence: this criterion refers to the influence that the plant can have in reducing emissions from the emission source through policies or support to third parties.
- Data availability and traceability: this criterion refers to the degree of quality of the data through its direct or indirect collection and the ability to access and retain evidence.

Emissions are calculated using primary data in one of two ways:

- Using economic data as primary data: The plant estimates the emissions for each potential source using the following formula:

$$\text{GHG Emissions (t CO}_2\text{e)} = \text{Source Value (€)} \times \text{Emission Factor (t CO}_2\text{e/€)}$$

- Not using economic data as primary data: For these cases, the corporate procedure provides calculation methods that can be used. If not available, the plants follow the GHG Protocol's guidance and apply calculation methods depending on the available primary data:

$$\text{GHG Emissions (t CO}_2\text{e)} = \text{Source Value (unit)} \times \text{Emission Factor (t CO}_2\text{e/unit)}$$

The material categories for scope 3 emissions are the following:

- 1. Purchase goods and services
- 3. Fuel and energy-related activities (not included in scopes 1 and 2)
- 4. Upstream transportation and distribution
- 9. Downstream transportation

Intensity per net revenue

GHG intensity per net revenue	2023	2024	% 2024/2023
Total GHG emissions (location-based) per net revenue (tCO <sub>2</sub> e/Monetary unit)	1,31	1,16	88,58%
Total GHG emissions (market-based) per net revenue (tCO <sub>2</sub> e/Monetary unit)	ND	1,13	ND <sup>9</sup>

The net revenue found in the denominator can be found in the consolidated income statement under revenue or sales. The net revenue figure used in this calculation (1.239 million euros) can be found in the company's income statement (note 5 and 22.1).

#### E1-7 Carbon credits

Befesa does not take part in any accredited GHG removal schemes.

The company's Net Zero target is in line with the Science-Based Target Initiative, which aims for 90-95% of GHG emission reduction with the possibility to offset the residual 5-10% through certified removals. Befesa will explore sector-specific guidance to apply the one most fitting. See E1-4 for more detail.

#### E1-8 Internal carbon pricing

Currently Befesa does not apply internal carbon pricing. During 2025, it will explore the possibility of implementing this system in its recycling sites to promote carbon reduction initiatives.

**E2 – Pollution**

**ESRS 2 IRO-1**

Processes to identify and assess IROs

**E2-1**

Policies

**E2-2**

Actions and resources

**E2-3**

Targets

**E2-4**

Air pollution

**E5 – Resource Use and Circular Economy**

**ESRS 2 IRO-1**

Processes to identify and assess IROs

**E5-1**

Policies

**E5-2**

Actions and resources

**E5-3**

Targets

**E5-4**

Resource inflows

**E5-5**

Resource outflows

**E2 – Pollution**

**ESRS 2 IRO-1 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities**

Emissions from recycling processes, transportation, and energy use at Befesa’s 24 sites can contribute to air pollution, affecting local air quality and public health. These emissions are associated with all business units: crude steel dust, stainless-steel dust, oxide, WOX washing, zinc refining, salt slags & SPL, and secondary aluminium production. To identify and assess impacts, risks, and opportunities related to pollution, a Double Materiality analysis has been carried out. Since none of the

company’s plants are located in protected areas or zones vulnerable to water depletion, the results of the Double Materiality Analysis established that water and soil pollution are not material to Befesa (see ESRS 2 IRO-1 and SBM-3). Air pollution is the material sub-theme of this section.

With increasing environmental concerns and regulation, there is a risk that the reporting demand increases in the future. Befesa is committed to complying with environmental guidelines to meet local regulations and third-party standards. The following table details the IROs identified as material and the associated policies.



**Impacts, Risks and Opportunities (IRO) associated with pollution**

Type	Description	Related policies and procedures	Own operations/Value chain
Positive Impact	Reduction of air and noise pollution through specific control and management measures implemented in the sites.	– Environmental, health & safety and quality policy	Own operations
Negative Impact	Impact on employee health due to the exposure to air pollution, which can lead to a range of respiratory health issues.	– Environmental, health & safety and quality policy	Own operations
	Impact on the surrounding community from the air pollution of Befesa's operations that can cause concern for public health, decreased quality of life and discontent among local residents, as well as litigation matters.	– Environmental, health & safety and quality policy	Own operations
	Damage of the ozone layer due to direct emissions originating through the use of coke in the production process.	– Environmental, health & safety and quality policy	Own operations
Opportunities	Enhanced reputation by operating with a focus on reducing air pollution, which demonstrates Befesa's commitment to environmental stewardship and responsible business practices. This can enhance Befesa's reputation among customers, investors and the community, attracting environmentally conscious stakeholders and fostering goodwill.	– Environmental, health & safety and quality policy	Own operations
Risk	Increase in sanctions imposed as a result of non-compliance with the disclosure of non-financial indicators or emissions related conditions in environmental authorizations.	– Environmental, health & safety and quality policy	Own operations
	Lack of anticipation of future legislation regarding air particles. Legislation is expected to get more and more restrictive and Befesa should adapt by cutting emissions and air particles.	– Environmental, health & safety and quality policy	Own operations
	Higher investment necessities due to the need to improve facilities to reduce air pollution.	– Environmental, health & safety and quality policy	Own operations

## E2-1 Policies

As indicated in E1-2, given the global footprint of Befesa's recycling plants, the company currently does not have a specific policy related to pollution. At a corporate level, Befesa has established the Environmental, Health and Safety and Quality policy, which applies to all Befesa employees and third parties and includes Befesa's commitment to the prevention of environmental incidents and emergency situations. Each individual plant creates its own policies both to ensure legal compliance and to improve its own environmental performance. All ISO 14001-compliant sites have an environmental policy that sets out their efforts to mitigate pollution and comply with local regulation.

As part of the environmental policy development, Befesa will address how it manages pollution centrally, while being compliant with the local applicable regulations.

## E2-2 Actions and resources

Most of the actions described in E1-3 are aimed towards decreasing the levels of pollution coming from the emissions of CO<sub>2</sub>, as well as reducing other pollutants like methane (e.g., the Hydrogas project). At Befesa, each plant manages their pollution actions and targets locally in order to comply with local regulations and standards and constantly monitors them to minimise their impact.

Befesa is aware that, in certain circumstances and locations, its activity could have some negative impact on local communities, such as air pollution generated by its facilities. In order to mitigate these impacts, Befesa carries out mitigation actions each year, as explained below in relation to 2024.

Every year, Befesa carries out several planned actions to improve the pollution levels of its recycling assets. Below are the actions taken by sites in 2024, amounting to 4.2M€. These initiatives are part of the annual budget for regular and compliance maintenance, and it is expressed as capital expenditures (CapEx) invested. Some of these initiatives will be continued in subsequent years, as future developments are evaluated yearly as part of the annual budgeting process and therefore do not form part of a specific action plan. These investments can be found in the 'Property, Plant and Equipment' section in the consolidated statement of financial position, as part of the additions made in 2024 (80.98 M€, note 9), which includes not only regular maintenance CapEx but also expansion CapEx, dedicated to increase the recycling capacity of the company's sites.

Initiative	Outcome	Business unit	Own Operations /Value chain	Location	Capex cost
Slag cooling fan revision and upgrade	Emissions are collected more efficiently and discharged from the chimney	Steel dust	Own Operations and Value Chain	Asia	<10k
Improvement in dust emission collecting in furnace	Reduces atmospheric emissions	Oxide	Own Operations	Europe	<10k
Installation of lids for crucible ovens	Reduces atmospheric emissions	Oxide	Own Operations	Europe	<10k
Installation of quick-lift door in production building	Improve containment of diffuse dust emissions into the air outside the building	Steel dust	Own Operations	Europe	<10k
Installation of air particle collector	Reduce diffuse dust emissions	Steel dust	Own Operations	Europe	10-50k
Upgrade of central dedusting system pipeline	Reduce diffuse dust emissions	Steel dust	Own Operations	Asia	10-50k
Continuous emission monitoring systems (CEMS) analyzer replacement	Improve emissions measurement data	Steel dust	Own Operations	Asia	10-50k

Initiative	Outcome	Business unit	Own Operations /Value chain	Location	Capex cost
Replacement of dust measurement appliance on chimney	Improve technology and emissions measurement	Steel dust	Own Operations and Value Chain	Europe	10-50k
Application of lime dosing and active carbon dryers to purify emissions	Remove acids and organic compounds from air emissions	Secondary Aluminium	Own Operations	Europe	10-50k
Installation of NETfloc tank to remove extractives and non-process elements	Control of mercury emissions	Steel dust	Own Operations	Europe	10-50k
Installation of a water mist cannon in the powder house	Reduce diffuse dust emissions	Steel dust	Own Operations	Europe	50-100k
Change of filter in the exhaust gas cleaning system	Avoid mercury and dioxin emissions	Steel dust	Own Operations	Europe	50-100k
Replacement of old seals to reduce trace emissions	Reduced trace emissions from seals	Steel dust	Own Operations	America	100-500k
Installation of an Uninterruptible Power Supply System (UPS) on the main blower	Reduction of stack and diffuse particulate emissions	Steel dust	Own Operations	Europe	100-500k
Upgrade of reactors in the feeding pump	Curb emission of ammonia	Salt slags & SPL	Own Operations	Europe	100-500k
Installation of a ball mill	Reduces diesel consumption and diffuse emissions to the atmosphere	Oxide	Own Operations	Europe	100-500k
Refurbishment of an electro filter	Reduce particulate emissions	Steel dust	Own Operations	Europe	100-500k
Installation of Regenerative Thermal Oxidizer (RTO) to treat air emissions	Reduce CH4 emissions	Salt slags & SPL	Own Operations	Europe	2-3M

All actions implemented in 2024 are aimed at Befesa's own operations, which can mitigate negative impacts throughout its value chain. Befesa will keep implementing preventative and corrective actions to minimise pollution and comply with regulation across the several regions where Befesa operates. The company currently does not have a centralised action plan regarding future air pollution. However, each individual recycling plant is aware of the existing and new applicable regulations and has

plans in place. Future actions are evaluated yearly as part of the annual budgeting process, allocating capital for those initiatives and prioritising the most critical ones.

Lastly, Befesa currently does not engage with suppliers and clients to understand their impacts related to pollution. However, their opinions have been taken into consideration for the Double Materiality analysis.

### E2-3 Targets

Befesa has established targets related to its CO<sub>2</sub>e emissions (see E1-4 and ESRS 2 IRO-1). Although Befesa has not established specific targets for air pollutants other than CO<sub>2</sub> at a company level, it monitors the air pollutant reduction initiatives carried out at plant level, as reported in this section. Befesa will evaluate the establishment of specific air pollution targets in the following years.

### E2-4 Air pollution

As indicated in E1 IRO-1, Befesa measures, monitors and tracks GHG emissions and complies with local and third-party regulatory bodies to report and limit them. Until this year, plants have reported polluting gases individually on a plant-by-plant basis to comply with local regulations. In previous years, the company

only reported CO<sub>2</sub>e, SO<sub>x</sub> and NO<sub>x</sub> on a consolidated basis at corporate level. For the first time, this year Befesa will report all significant pollutants that have exceeded 100 kg during the year that plants have been reporting internally.

Pollutant gases are measured through specialised equipment, either through Continuous Emissions Measurement Systems (CEMS) or through accredited external control companies that perform periodic measurements according to local requirements. Once the data is available at a plant level, it is then consolidated by the EHS team and finally validated within EMAS reports or other environmental management systems certified through accredited bodies. All information is verified at plant level according to the applicable legal requirements.

This is the first year that Befesa has reported pollutants centrally, so it is not able to report on changes and differences from previous years. Until now, reporting was done at a plant level to comply with external audits and regulation.

28. Pollutant in air	kg (2024)
Methane (CH <sub>4</sub> )	1.161.179,33
Carbon monoxide (CO)	921.807,15
Ammonia (NH <sub>3</sub> )	27.851,15
Non-methane volatile organic compounds (NMVOC)	117.801,99
Nitrogen oxides (NO, NO <sub>2</sub> )	532.225,12
Sulphur oxides (SO, SO <sub>2</sub> )	282.987,10
Chromium and compounds (as Cr)	164,12
Mercury and compounds (as Hg)	307,87
Nickel and compounds (as Ni)	131,40
Lead and compounds (as Pb)	919,55
Zinc and compounds (as Zn)	38.872,98
Benzene	2.344,94
Particulate matter (PM <sub>10</sub> )	12.162,01

## E5 – Resource Use and Circular Economy

### ESRS 2 IRO-1 Processes to identify and assess IROs

Befesa's recycling processes reduce the dependency on primary resources and minimising waste. However, driven by the recycling technology used as of today, the company also faces challenges such as high reductant agent consumption. To mitigate these, Befesa is investing in R&D and advanced technologies, securing reliable material supplies,

and leveraging circular economy principles to enhance sustainability and market differentiation as is explained in section E5-4 of this chapter.

The company has identified impacts, risks and opportunities for the material sub-themes related to resource use and circular economy, which were obtained through the Double Materiality process detailed in sections SBM-2, SBM-3 and IRO-1 (see chapter ESRS 2 General Information). For this

analysis, carried out at corporate level, all the plants operated by Befesa in all its geographies have been taken into account and stakeholders have been consulted.

As a result of this analysis, resource inflows including resource use and waste management have been defined as the material sub-themes. Details of the IROs identified for each sub-theme are given below:

### Impacts, Risks and Opportunities (IRO) associated with Resources inflows including resource use

Type	Description	Related policies and procedures	Own operations/Value chain
Positive Impact	Reduction in the waste directed to landfills by using the scrap generated by other manufacturers	– Environmental, health & safety and quality policy	Value chain and own operations
	Optimisation of recyclability of materials enables the utilisation of materials in almost 100%, owing to the process efficiency dedicated to recycling	– Environmental, health & safety and quality policy	Value chain and own operations
	Preservation of natural resources and reduction of need for virgin material extraction by reclaiming valuable material from industrial waste streams and increasing resource efficiency	– Environmental, health & safety and quality policy	Value chain and own operations
	Long-term resilience by embracing circular economy principles through diversifying sources of raw materials and reducing dependence on finite resources	– Environmental, health & safety and quality policy	Value chain
Negative Impact	Greater emissions due to a purchase of high emissions materials	– Environmental, health & safety and quality policy	Own operations
Opportunity	Leadership in the emerging market of sustainable mining through a marketing strategy that attracts investment to a sector previously isolated due to a lack of sustainability	– Environmental, health & safety and quality policy	Value chain
	Cost savings by using remnants generated in previous production processes	– Environmental, health & safety and quality policy	Value chain

## Impacts, Risks and Opportunities (IRO) associated with Resources inflows including resource use

Type	Description	Related policies and procedures	Own operations/Value chain
Risk	Reputational risk due to the lack of control over waste generation in the supply chain, which may lead to negative information disclosure affecting the Group	– Environmental, health & safety and quality policy	Own operations
	Loss of stakeholder trust because of poor resource management practices that may negatively affect the reputation of the production plant	– Environmental, health & safety and quality policy	Own operations
	Loss of operational efficiency due to failure to optimise the production process, resulting in excessive consumption of raw materials and natural resources	– Environmental, health & safety and quality policy	Own operations
	Rise in cost or difficulty obtaining raw materials as suppliers start recycling and reusing their waste instead of selling it	– Environmental, health & safety and quality policy	Own operations
	Reputational harm due to a lack of monitoring the origin of materials of the value chain, which could be involved with minerals from conflict areas that may cause human rights issues	– Environmental, health & safety and quality policy	Value chain

## Impacts, Risks and Opportunities (IRO) associated with Waste management and Resource outflows for waste

Type	Description	Related policies and procedures	Own operations/Value chain
Positive Impact	Conservation of natural resources such as metals, minerals and water by recycling and reusing waste materials, reducing the need for raw material extraction.	– Environmental, health & safety and quality policy	Value chain and own operations
	Reduction of water disposal and creation of hazardous waste by implementing measures for hazardous waste and effluent treatment technologies to reduce the environmental impact.	– Environmental, health & safety and quality policy	Own operations
	Preservation of land for agriculture, conservation and recreational purposes by proper waste management reduces the need for new landfills and helps to preserve land.	– Environmental, health & safety and quality policy	Own operations
Negative Impact	Higher waste generated because not all received input is recycled, so Befesa ends up being responsible for the waste generated by other companies.	– Environmental, health & safety and quality policy	Value chain and own operations

### Impacts, Risks and Opportunities (IRO) associated with Waste management and Resource outflows for waste

Type	Description	Related policies and procedures	Own operations/Value chain
Negative Impact	Production of excessive waste as Befesa is developing new production processes that require new materials and generate more waste than usual	– Environmental, health & safety and quality policy	Own operations
	Generation of waste that could be recycled or stored to be properly deposited in the corresponding landfill due to the lack of implementation of waste technologies in all of Befesa's plants.	– Environmental, health & safety and quality policy	Own operations
	Possible waste generated, which could also be quite hazardous, due to a lack of adherence to rigorous procedures such as established global standards.	– Environmental, health & safety and quality policy	Own operations
Opportunity	Profit generation by selling the by-product of the production process.	– Environmental, health & safety and quality policy	Value chain and own operations
	Improvement in reputation by advertising the second life given to waste generated by other companies, thus avoiding ending up in landfills.	– Environmental, health & safety and quality policy	Own operations
Risk	Economic sanctions resulting from non-compliance with proper waste management.	– Environmental, health & safety and quality policy	Own operations

The primary materials used at Befesa include waste received from customers for recycling, such as steel dust, aluminium scrap, salt slags, etc. As well as the materials required for processing these wastes, like lime, coke, industrial salts, water and so on. For a detailed breakdown of the resource inflows, refer to section E5-4.

The material impacts and risks of staying in business as usual are not complying with future environmental regulations, which can result in fines, legal action, and reputational damage.

#### E5-1 Policies

The company currently does not have a specific policy related to use of resources and waste management, or that includes a specific mention of the transition away from virgin resources, including the relative increase in the use of secondary resources or renewable resources. Befesa will develop a specific policy related to resources and waste management at corporate level in the following years. However, at a corporate level, Befesa has established, at a corporate level, Befesa has established the *Environment, Health, Safety & Quality Policy*, which applies to all

Befesa employees and third parties, and encompasses all of Befesa's operations. This policy includes Befesa's commitment to the prevention of environmental incidents and emergency situations and the commitment to minimise its resource use and maximise circularity. Each individual Befesa plant can create its own policies both to ensure legal compliance and to improve its own environmental performance. For instance, all ISO 14001-compliant sites have an environmental policy that consider their resource use and ways to minimise it.

## Environmental continued

### Certifications by plant

Site	Country	Type	Capacity (kt)	EMAS	ISO 14001	ISO 50001	ISO 9001	ISO 450001/ OHSAS 18001	ISO 14064
<b>Steel Dust</b>									
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						
<b>Aluminium</b>									
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 140001: standard for environmental management systems.  
 ISO 50001: standard for energy management systems.

ISO 45001: standard for quality management systems.  
 OHSAS 18001: Standard for occupational safety management systems.  
 Recytech is out of the scope and it is not included in any calculation or percentage.

As part of its environmental policy development, Befesa will address how it manages the use of resources and waste centrally, while being compliant with the local applicable regulations.

### E5-2 Actions and resources

Befesa has diverse initiatives in place to make the use of resources more efficient. For instance, the USA plant optimisation process is aimed to reduce the use of coke by up to 40%. This contributes to both the resource use and carbon emissions reduction (see E1-1).

Below are the main actions taken in 2024. Some of these initiatives will be continued in subsequent years, as future developments are evaluated yearly as part of the annual budgeting process and therefore do not form part of a specific action plan. The material actions taken this year amounted to 170 thousand euros. They are part of the 'Property, Plant and Equipment' assets in the consolidated statement of financial position, under the additions made in 2024 (80.98 M€, note 9), which includes not only regular maintenance

CapEx but also expansion CapEx, dedicated to increase the recycling capacity of Befesa's sites.

As part of the target to increase the volume of recycled waste and new materials produced (see E5-3 for more information), the company is aiming to increase the utilisation rates at the sites, especially those located in China and the US. The most notable project is the refurbishment of the Palmerton site which will make available a second furnace to duplicate the capacity. This project will be completed in 2025.

### The main actions taken in 2024

Initiative	Outcome	Business unit	Value chain	Location	CapEx cost
Replacement of compressed air consumers which store and transmit energy	Reduced compressed air and energy consumption	Steel dust	Operations	Europe	<10k
Extension of air lance technology in Waelz kilns to reduce the use of coke	Coke use reduction	Steel dust	Operations	America	100-500k

### E5-3 Targets Resource inflows & outflows

Befesa has set three voluntary targets related to its resource inflows and outflows. The first two refer to the increase of primary material input to recycle and the output of recycled product. By 2025, the company aims to recycle more than 2.4 million tonnes of waste and to increase the volume of valuable materials recovered from waste to more than 1.8 million tonnes. This plan will be implemented through deploying Befesa's business model in different

geographies. These targets are part of the company strategy and are also aligned with the European Union's aim to transition to a circular economy to achieve its 2050 climate neutrality target.

On the other hand, as stated in its decarbonisation levers (E1-1), Befesa also aims to reduce the use of coke in the US steel dust sites through optimising processes and implementing technologies that minimise the use of this primary raw material in the production phase.

These targets have been set by top management levels. On a monthly basis, plants send their input and output metrics which are validated internally. These are some of the most important environmental KPIs to understand the performance of Befesa, so they are followed closely. As part of the annual budget and quarterly performance reviews, recycled volumes are analysed against targets by the board of directors.

## Environmental continued

As can be seen in the table below, the three objectives cover the impacts, risks and opportunities identified as material in section IRO-1 of this chapter and are in line with the *Environmental Health and Safety and Quality policy* mentioned above.

Target	Waste hierarchy	Baseline (absolute metrics)	Progress (absolute metrics)	Next steps
Increase the volume of waste managed and recycled to more than 2.4 million tonnes by 2025	Recycling	1.8 million tonnes (2022)	2023: 2 million tonnes 2024: 2.3 million tonnes	Increasing volumes through higher utilisation at existing plants and starting Palmerton plant (USA) in 2025
Increase the volume of valuable materials recovered from waste and residues to more than 1.8 million tonnes by 2025	Recycling	1.5 million tonnes (2022)	2023: 1.7 million tonnes 2024: 1.7 million tonnes	
Reduce coke use in USA plants by 40% (lever 1) by 2030	Prevention	113 kton (2023)	2024: 90 kton (-20.4%)	Keep implementing optimisation strategies such as SDHL air lances

### E5-4 Resource inflows

The main primary materials used by Befesa are the hazardous waste received to recycle (steel dust, aluminium waste and scrap, salt slags, etc.) and the materials needed to process them (lime, coke, salts, etc.).

None of the raw materials used contain biological products.

Raw materials	31(a)TON	31(c) Ton Resource inflow recycled	31(c) % Resource inflow recycled
Waste containing Aluminium	239,027.37	239,027.37	8.39%
Alloying agents (Si, Mg, Mn, Fe, Zn, Cu)	9,496.49	449.13	0.02%
Smelting salt	28,984.94	28,984.94	1.02%
Liquid oxygen	28,357.14	–	–
Salt Slag	414,861.56	414,861.56	14.57%
Metalurgical wastes	11,416.12	11,416.12	0.40%
sulphuric acid	71,451.35	9,704.60	0.40%
Steel dust & zinc residues	1,252,498.74	1,252,498.74	43.98%
Metallurgical coke	177,729.67	1,148.81	0.04%
Petrol Coke	37,386.03	36,196.73	1.27%
Anthracite	8,551.92	–	–
Sodic Bicarbonate	4,819.26	–	–
Lime	104,181.40	7,562.08	0.27%

Raw materials	31(a)TON	31(c) Ton Resource inflow recycled	31(c) % Resource inflow recycled
Zinc oxide	199,313.00	199,313.00	7.00%
Rock Salt (sodium chloride)	6,490.00	–	–
Hydrochloric Acid 33-35%	4,386.00	–	–
Sodium Hypochlorite 10-20%	2,882.00	–	–
Manganese Sulphate	1,803.00	–	–
Hydrated lime (calcium hydroxide)	5,920.00	–	–
Zinc Dust	386.00	386.00	0.01%
Metal & metal dust	86,814.00	86,814.00	3.05%
Sand	15,865.00	–	–
Sugarcane molasses	2,706.00	–	–
Tackidex	1,974.00	–	–
Unwashed Oxide WAELZ	130,849.26	130,849.26	4.59%
<b>Total</b>	<b>2,848,150.25</b>	<b>2,419,212.34</b>	<b>84.94%</b>

Of this 2,419,212t of recycled inflow, 2,335,166t corresponds to waste treated for reuse and is therefore the tonnage used to calculate CO<sub>2</sub>e intensity. The rest is recycled material, but not treated, as it is not the plant's purpose.

The inflow data is measured directly by weighting on-site and reported by each site on a monthly basis using an internal reporting tool<sup>1</sup>. Estimates are not included. Due to the nature of the company's operations, duplication sometimes take place when counting overall inputs and waste. This takes place because some plants produce waste that is managed by other Befesa divisions. For instance, salt slags are counted as waste sent for recycling by the secondary aluminium division but as input for the salt slags & SPL ones. See E5-5 for reference.

#### E5-5 Resource outflows

Most of the waste produced by Befesa comes from unsold by-products resulting from the steel and aluminium processes. Each site measures waste directly by weighting it on-site. Waste management is regulated and carried out by an authorised waste manager which allows the accounting of the different reported waste and its classification. Generally, Befesa generates three significant types of waste:

- **Hazardous waste:** Befesa produces waste which is categorised as hazardous. This includes solvents, flammable/hazardous raw materials, chemical waste, batteries, acids, bases or caustic liquid, which are used in the recycling process. This type of waste is discharged to an authorized waste manager or incinerated without energy recovery.

- Hazardous waste reused/recovered/recycled:** At the end of some recycling operations, the company produces some hazardous residues such as salt slags coming from the secondary production. These hazardous waste are recycled internally by the salt slags recycling division.
- Non-hazardous waste:** Includes by-products coming from the recycling process of steel dust and salt slags which have not been sold in the market and need to be disposed of in a non-hazardous waste landfill. 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 continuously recycled internally.

In summary, the majority of the waste generated by Befesa comes from by-products from the steel dust and salt slags recycling processes in the form of iron oxide (Ferrosita) and aluminum oxide (Paval) which have not been sold and hence had to be disposed of as a non-hazardous waste in a regular landfill. As an

example, in the steel dust business unit, about 70% of the waste is unsold iron-rich slag. The majority of the hazardous waste generated by Befesa (more than 99% of the total volume) is coming to salt slags from the secondary aluminum business, which is entirely recycled internally.

Of all the waste generated in the company, 78% is recycled. Befesa targets to minimize the percentage of waste destined to landfill by increasing the usage of by-products and secondary materials.

Waste	Hazardous Ton	Non-Hazardous Ton	Total Ton	%
<b>a) Total amount of waste generated</b>	<b>248.476,90</b>	<b>492.859,13</b>	<b>741.336,03</b>	<b>100%</b>
<b>b) the total amount by weight diverted from disposal</b>	<b>185.035,80</b>	<b>372.352,94</b>	<b>557.388,74</b>	<b>75,19%</b>
i) Preparation for reuse	26,49	84,51	111,11	0,01%
ii) Recycling	184.895,45	327.314,29	512.209,74	69,09%
iii) Other recovery	113,86	44.954,14	45.069,00	6,08%
<b>c) the amount by weight directed to disposal by waste treatment type</b>	<b>63.441,10</b>	<b>120.506,19</b>	<b>183.947,28</b>	<b>24,81%</b>
i) Incineration	442,86	304,14	747,00	0,10%
ii) Landfill	61.516,85	101.770,94	163.287,79	22,03%
iii) Other disposal operations	1.481,39	18.431,11	19.912,50	2,69%
<b>Amount and % non-recycled waste</b>	<b>63.441,10</b>	<b>120.583,03</b>	<b>184.024,12</b>	<b>24,82%</b>

<sup>1</sup> This is the first year that waste is measured as wet in order to comply with CSRD guidelines. In the past, some plants have disregarded the small percentage of water present in incoming waste in their measurements.

### Maximising circularity in Befesa's processes

Befesa strives to maximise circularity in its processes, diverting 75% of its outflows from disposal. Many times, recovery happens internally, and outflows from one process become inflows for another one. This way, the company maximises circularity and durability in the use of all of outflows, which would otherwise end up in landfill.

For instance, in the steel business unit, Waelz oxide produced in steel dust sites (e.g., Duisburg) is washed in the Oxide Washing plants (e.g., Gravelines). On the other hand, in the aluminium business unit, the salt slags resulting from the melting process are used as an inflow in the Salt Slags sites and then sent back to the aluminium melting plant (e.g., Valladolid).

Specifically in the US, the Waelz Oxide produced in the steel dust sites is treated at the smelter in North Carolina, where it is then processed to produce metal zinc. There is also a project to send the sludge remaining from treating the Oxide back to the Palmerton site, where zinc and other metals will be extracted. This initiative has been testing in 2024 and Befesa hopes to introduce it in the next year.



# Social

## **SBM2, SBM3**

Own Workforce IROs

### **S1-1**

Policies

### **S1-2**

Processes for engaging Befesa employees

### **S1-3**

Processes to remediate impact and channels to raise concerns

### **S1-4**

Actions to mitigate risks and pursuing opportunities

### **S1-5**

Targets

### **S1-6**

Befesa employee metrics

### **S1-7**

Non-employee workforce

### **S1-8**

Collective bargaining and social dialogue

### **S1-9, S1-12**

Diversity, equity and inclusion

### **S1-10, S1-11, S1-15, S1-16**

Compensation and well-being

### **S1-13**

Training and development

### **S1-14**

Health and safety metrics

### **S1-17**

Discrimination incidents and human rights violations

## **SBM2, SBM3 Own workforce IROs**

Befesa recognises the importance of engaging its stakeholders, as their involvement is crucial to the company's success. Employees are key stakeholders of Befesa. They are the core of the company's activity, and without their commitment and contributions, Befesa would not be able to meet the challenges ahead.

As a result of the Double Materiality Analysis conducted by the company in 2024, three social material topics have been identified: working conditions, health and safety, and equal treatment and opportunities for all. (See ESRS 2 IRO-1, SBM2 and SBM3) For each of these topics, Befesa, with the support of an external consultant, has identified material impacts, risks, and opportunities as follows:



**Impacts, Risks and Opportunities (IRO) associated with Working conditions**

Type	Description	Related policies and procedures	Own operations/Value chain
Positive Impact	Fair and stable employment conditions for workers, attractive remuneration, while also addressing the needs and interests of employers by establishing frameworks for labour relations, such as collective agreements.	– Own operations	– Human Resources Policy – Collective agreements
	Increased employee retention and higher productivity by offering flexible work arrangements that allow for work–life balance.	– Own operations	– Human Resources Policy – Collective agreements
Negative Impact	Potential operational impact by reducing workforce availability due to a high rate of absenteeism in some locations	– Own operations	– Integrated Safety, Health, Environment and Quality Policy – Human Resources Policy – Collective agreements
Opportunity	Greater commitment to tasks and achievement of organisational and financial objectives when employees identify with the Company's culture and values.	– Own operations	– Code of Conduct – Human Resources Policy
Risk	Loss of personal information of employees and stakeholders due to a cyberattack through online scamming	– Own operations	– Corporate IT Security Policy
	Wage devaluation of employees due to high inflation volatility in certain countries, unleashing in strikes	– Own operations	– Human Resources Policy – Collective agreements

**Impacts, Risks and Opportunities (IRO) associated with Health and Safety**

Type	Description	Related policies and procedures	Own operations/Value chain
Positive Impact	Provision of an annual budget with investments to implement safety measures and carrying out risk assessments of all plants, increasing the satisfaction of the employees	– Own operations	– Integrated Safety, Health, Environment and Quality Policy
Negative Impact	Long- and short-term damage to workers' health and safety due to having to perform potentially unsafe actions for workers who are outside the scope of application of the International Standard ISO 45001	– Own operations	– Integrated Safety, Health, Environment and Quality Policy
Opportunity	Promoting health and well-being with the inclusion of physical activities and emotional support through specific programmes leads to greater productivity, job satisfaction and employee retention	– Own operations	– Integrated Safety, Health, Environment and Quality Policy

**Impacts, Risks and Opportunities (IRO) associated with Health and Safety**

Type	Description	Related policies and procedures	Own operations/Value chain
	Serious workplace accidents can result in significant medical and legal costs for the Company, including injury compensation, medical treatment expenses, and grounds for failure to comply with safety regulations	– Own operations	– Corporate IT Security Policy
Risk	Development of occupational diseases over the next years derived from chemicals, which can have a negative economic impact over the company, such as sanctions or lawsuits, as well as a direct impact in its employees' health and safety	– Own operations	– Human Resources Policy – Collective agreements
	Losing employees and hiring shortages at plants that have recently experienced accidents, leading to a decrease in productivity	– Own operations	– Integrated Safety, Health, Environment and Quality Policy

**Impacts, Risks and Opportunities (IRO) associated with Equal treatment and opportunities for all**

Type	Description	Related policies and procedures	Own operations/Value chain
Positive Impact	Promotion of diversity through recruitment and talent management practices, training and development of opportunities to cultivate a culture of inclusivity, and carry out campaigns on equality and diversity	– Own operations	– Code of Conduct – Human Resources Policy – Diversity, Equity and Inclusion Policy
	Increase of gender diversity in senior management by increasing the percentage of women in the Board		– Code of Conduct – Human Resources Policy – Diversity, Equity and Inclusion Policy
Negative Impact	Lack of inclusion of people with disabilities as it is a sector that requires qualified personnel	– Own operations	– Code of Conduct – Human Resources Policy – Diversity, Equity and Inclusion Policy – Human Rights Policy
	Sector historically dominated by men, causing a gender imbalance in the workforce and industry more broadly.	– Own operations	– Code of Conduct – Human Resources Policy – Diversity, Equity and Inclusion Policy

### Impacts, Risks and Opportunities (IRO) associated with Equal treatment and opportunities for all

Type	Description	Related policies and procedures	Own operations/Value chain
Opportunity	Commitment to equality can generate a better reputation and a stronger brand, and can help to access new markets and customers by demonstrating a commitment to shared social and ethical values	– Own operations	<ul style="list-style-type: none"> <li>– Code of Conduct</li> <li>– Human Resources Policy</li> <li>– Diversity, Equity and Inclusion Policy</li> </ul>
Risk	Failure to comply with the Diversity, Equity and Inclusion policy can cause communication and conflict problems and a tense and non-collaborative work environment	– Own operations	<ul style="list-style-type: none"> <li>– Code of Conduct</li> <li>– Human Resources Policy</li> <li>– Diversity, Equity and Inclusion Policy</li> <li>– Human Rights Policy</li> </ul>

The negative impacts are widespread and come directly from both Befesa's business model and the idiosyncrasies of the sector and the countries in which it operates. The positive impacts and opportunities come from specific actions that are carried out on an annual basis in Befesa's own operations (See following sections of this chapter).

Of the risks and opportunities mentioned above, none have been identified as arising from material impacts.

In general, the main people affected by the identified material impacts are the company's own salaried staff, including White Collars and Blue Collars. All impacts apply to all workforce, however, there are some impacts that are focused on specific group, e.g. for health & safety issues, shop floor staff as some of them could be more vulnerable. Non-salaried employees have also been considered in the identification and assessment of IROs. A more detailed definition of the non-employee workforce can be found during this chapter.

All the impacts detected come from specific actions that Befesa carries out continuously during its activity, whether through the development and implementation of policies, training of its own employees or specific awareness-raising events of different kinds. These actions and initiatives can be seen in more detail in the section *Actions to mitigate risks and pursuing opportunities* of this chapter.

No impacts, risks or opportunities on own workforce that may arise from transition or other environment-related plans have been identified as material as of today. As indicated in the E1 chapter, work will continue on identifying physical risks related to climate change, and therefore, those applicable to the own workforce and the actions to be considered may be reviewed.

No operations have been identified as having a risk of forced labour or child labour.

#### S1-1 Policies

Befesa is committed to achieve a safe, inclusive, and respectful workplace for all its employees, and that human rights are respected and upheld throughout its operations.

The company has established various policies:

- Code of Conduct
- Human Resources Policy
- Diversity, Equity and Inclusion Policy
- Human Rights Remediation Policy
- Integrated Environment, Health, Safety & Quality Policy
- Workshop Agreements

The relationship between the policies and codes and the material impacts, risks and opportunities obtained from the analysis of Double Materiality has been included above in the point Own workforce IROs of this chapter. Further details of the policies and codes can be found below.

#### Code of conduct

Befesa's Code of Conduct applies to all employees, encouraging a culture of respect, inclusivity, and integrity. Befesa expects its team members to embrace diverse values, respect individuality, uphold privacy, and prevent any form of human rights violations – whether based on race, ethnic background, culture, religion, age, disability, race, gender identity,

political opinion, national extraction, social origin, or any other characteristic.

Befesa's Code of Conduct, among other policies, align with the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, its two implementing Covenants, as well as the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and its core conventions.

The Code of Conduct provides the legal and ethical framework for the conduct of all directors, officers and employees of Befesa and defines the basic rules of conduct within the company and in relation to its business partners and the general public. It also reflects the underlying basic values pursued by Befesa, including in particular values with respect to employment, work and product safety as well as environmental protection. The Code of Conduct also sets out the different channels through which any interested party can express complaints.

These expectations extend beyond its organisation to its business partners, who are required to comply with its Supplier Code of Conduct.

The Code of Conduct has been approved by the Befesa board, and the rest of the policies have been approved by the Chairman and the CEO of Befesa. The HR Director and the Compliance Officer hold an express mandate to ensure the fulfillment of human rights within Befesa by analysing any potential breaches.

The Code of Conduct is published on Befesa's website to maximise its visibility.

The Code of Conduct is provided to all new employees, training sessions are conducted, and an annual online training is carried out to ensure updates are thoroughly communicated.

In addition to the Code of Conduct, the other aforementioned policies are accessible on the intranet. During 2024, the company developed an onboarding training programme that not only explains Befesa's principles but also introduces new employees to Befesa's commitments regarding human rights and highlights where these documents can be explicitly found.

For further information please refer to Business Conduct chapter.

### **Human Resources Policy**

In alignment with international standards, Befesa's Human Resources Department, through its Human Resources Policy, is dedicated to upholding the principles outlined in the Human Rights Act and the Befesa Code of Conduct. This commitment is integrated in all HR processes, from recruitment to promotion and career development. Befesa seeks that all practices are fair, respectful, and aligned with international human rights standards.

The policy places particular focus on critical areas where discrimination is most likely to arise, including recruitment, retrenchment, promotion, wages, workplace accommodation, training and development, working hours, and health and safety

### **Human Rights Remediation Policy**

Befesa is committed to protecting and promoting human rights in all its operations. This commitment

is embedded in Befesa's Code of Conduct and its Human Rights Remediation Policy, both strictly prohibiting any form of forced labour, modern slavery, human trafficking, and child labour, among others.

With a commitment to respecting internationally recognised human rights and with senior management responsible for its implementation and oversight, the policy not only establishes clear procedures for addressing instances of non-compliance but also provides various remediation options, tailored to the nature and severity of each issue. This policy applies to all Befesa employees, temporary agency workers, and subcontractor employees while performing services at Befesa assets.

Befesa does not tolerate any form of discrimination based on racial or ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction, social origin, or any other grounds. A whistleblowing channel has been implemented for reporting potential discrimination situations, including harassment, and as previously mentioned a Human Rights Remediation Policy is in place to address any violations of these rights. For more information regarding the remediation actions taking in place, please refer to the section on this report Processes to remediate impact and channels to raise concerns.

### **Diversity, Equity and Inclusion Policy**

Befesa's Diversity, Equity, and Inclusion (DEI) policy plays a vital role in shaping recruitment processes, employee training, and promotion opportunities. This policy seeks that fairness and inclusivity are integrated into every



stage of an employee's journey, from hiring to professional growth, fostering a workplace culture where everyone can thrive.

To truly embrace diversity, it is essential that Befesa employees are not only respectful but also genuinely committed to it. This is where the various awareness campaigns launched by the company in recent years play a crucial role. A well-balanced combination of awareness initiatives and ongoing training in this area is key to fostering a workplace that values and embraces diversity.

#### **Integrated Safety, Health, Environment and Quality Policy**

At Befesa, safety is not just a priority but a fundamental value integral to its business operations. Befesa is dedicated to the continuous enhancement of health and safety performance for its entire workforce.

Befesa's safety management systems encompass 100% of its own employees, non-employees and contractors. These systems are aligned with internationally recognised standards, including ISO 45001 and OSHAS, in addition to Befesa's Corporate Safety Standards.

All Befesa's European locations are certified in ISO 45001 and audited externally on an annual basis. Likewise, the US locations follow the OSHAS legal requirements, and all its locations are required to comply with Befesa corporate standards. To ensure

compliance and the implementation of the corporate standards, all its locations are also audited internally by the corporate team every 3 years.

#### **Workshop agreements**

The workshop agreements negotiated with legal representatives should be considered as policies, as they contain measures that directly impact the IROs (Impacts, Risks, and Opportunities) identified during the double materiality assessment.

These agreements cover a wide range of important topics, including economic conditions, working hours, shift systems, holidays, employee benefits, and anti-harassment protocols, among others. All of these elements contribute to fostering a positive work environment.

#### **S1-2 Processes for engaging Befesa employees**

In Befesa, there are mechanisms in place to foster and promote employee engagement, these mechanisms are accessible to every employee, whether they belong to a vulnerable group or not, and are categorized as follows:

##### **1. Informative:**

Befesa aims to keep employees informed with relevant information across the company. News and updates are regularly shared through the company intranet and notice boards at each plant. The intranet serves as a resource, offering access to updates, including company news, safety protocols, HR policies, and workforce announcements.

The IT department tracks intranet visits and analyses the most visited sections to identify topics of greatest interest to Befesa employees and therefore assess how many employees make use of this information system.

##### **2. Consultative:**

Befesa conducts regular meetings with legal representatives of employees, such as the Works Council and trade unions, to discuss topics such as impact employee engagement. Additionally, Health & Safety (H&S) Committees, composed of company and safety representatives, addresses safety concerns.

The frequency of the meetings may vary depending on the topic under discussion. The most common frequency is monthly, (peg Health& Safety meetings) but if there is no specific topic to address, meetings are held at least quarterly.

Psychosocial surveys are also conducted under specific circumstances, such as changes in working conditions, health-related concerns, or employee requests. At Befesa, these surveys are generally conducted every three years; however, in some locations, they may be carried out annually.

Senior management is always involved in the negotiation process and the implementation of measures resulting from these discussions or surveys. This try to ensure that any commitments made are properly

executed, as it could not be otherwise. While members of Befesa's works councils are authorised to sign agreements independently, they keep employees informed about the status of negotiations through informative meetings. In some regions, they even seek input from affected employees by conducting votes in assemblies.

Collective agreements address issues that are important to Befesa employees, and the company views them as a valuable tool for measuring the effectiveness of this collaborative engagement channel.

**3. Participative:**

Befesa has established employee participation through different initiatives. For example, suggestion boxes are installed at all plants, allowing employees to propose workplace improvements. Additionally, annual performance reviews provide opportunities for feedback and discussions about professional development. Befesa also conducts psychosocial surveys, inviting employees to express their opinions on issues such as salary, workload, training, and manager relations.

Other participative initiatives to promote corporate culture and to enable employees to actively communicate their views on different social issues include the charity contest and the environmental award, where all Befesa employees can submit a social or environmental project they feel connected to. The top three charity projects, along with the most-voted environmental project, receive awards, further fostering engagement and involvement in social and environmental causes.

The effectiveness of participative initiatives is generally measured by the number of participants in each initiative, the voter turnout in related decisions, and the feedback received on specific activities.

The above-described mechanisms are available to all Befesa employees throughout their professional journey with the company, with varying frequencies depending on the nature of the topic addressed.

In addition to the channels mentioned above, two key channels help Befesa understand any sensitivities or specific needs of employees who may be

considered vulnerable: the workers' legal representatives and HR employees. These serve as the primary communication channels for all Befesa employees, particularly those who may be more vulnerable, to express their concerns.

One of the key goals of the Befesa HR community is to foster an equitable and inclusive workplace. This is achieved by caring for employees, which includes proactively identifying and addressing any special needs they may have.

All the measures taken by Befesa to support climate change mitigation do not – and will not – negatively impact the workforce.

**S1-3 Processes to remediate impact and channels to raise concerns**

**Channels to raise concerns**

As the Code of Conduct indicates, an employee who believes that he or she has been, or is being subjected to unlawful discrimination, an abusive behaviour or harassment could immediately use the Whistleblowing Channel. Any such complaints are promptly investigated. If the investigation substantiates the discrimination, abusive behaviour or harassment, immediate corrective action will be taken. An employee complaining in good faith shall not be reprimanded or adversely treated because of having made the complaint.

This Whistleblowing Channel is public, anonymous, and available among Befesa employees and other interested parties. Through it, employees can confidentially report concerns about unfair or potentially



illegal practices within the company. All complaints received through the whistleblowing channel, along with the results of their investigations, are subsequently presented to Befesa's Board of Directors. Detailed information about this tool can be found in section G1-1 (Corporate culture and Business conduct policies and G1-3 Prevention and detection of corruption or bribery).

The whistleblowing channel is not the only mechanism available to employees for submitting complaints:

- Most of the collective bargaining agreements applicable to different Befesa entities include a specific procedure for handling potential human rights violations
- To better understand any sensitivities or specific needs of employees who may be considered vulnerable, employees can express their concerns to the workers' legal representatives, Human Resources employees, their relevant Supervisor and the Compliance Officer.

#### S1-4 Actions to mitigate risks and pursuing opportunities

Regarding the negative impacts identified through the Double Materiality analysis, Befesa has implemented actions to prevent and mitigate their materialisation. These actions contribute to the development and reinforcement of key policies, including the Code of Conduct, the Diversity, Equity, and Inclusion Policy, the Human Resources Policy, the Integrated Safety, Health, Environmental & Quality Policy, and the Safety Corporate Standards.

**Befesa develops various initiatives,** most of them carried out in collaboration with legal representatives. The following are the processes established for each sub-theme identified as material:

- Processes implemented in relation to **working conditions,** and specifically to remedy the impact of absenteeism:
  - **Absence Analysis:** A plant-specific analysis of absence typologies (long-term, short-term, and other leaves) to identify trends and address underlying causes.
  - **Absence Talks & Operational Integration Management:** In some plants, for example those found in Germany, have implemented structured discussions and reintegration processes to support employees in returning to work after absences,
  - **Restricted Work Opportunities:** Implementing restricted work options where possible to facilitate employees' return to duty.
  - **Flexible Work Arrangements:** Offering flexible shifts for manufacturing employees and implementing work-life balance measures such as flexible work hours and remote work (when feasible based on the role).
- Processes implemented in relation to **working conditions,** and specifically to remedy the impact of high inflation volatility on fair wage conditions:

- **Social Dialogue:** In countries such as Turkey, where high inflation volatility has significantly impacted purchasing power, salary agreements have been reached through negotiations with employee representatives.

- Processes implemented in relation to workers **health and safety:**
  - **Ergonomic Campaigns & Training:** Promoting workplace ergonomics through awareness initiatives and training programmes.
  - **Health & Safety Committees:** Engaging legal worker representatives in Health & Safety committees to ensure a safe and supportive working environment.
  - **Health & Safety risk reduction programmes:** Befesa has also instituted targeted risk reduction programmes, such as the Fatal and Serious Injuries Prevention Programme, Traffic Safety initiatives, and Hand Injuries Prevention measures.
  - **Psychological Surveys:** Psychosocial surveys must be conducted under specific circumstances, such as changes in working conditions, health-related concerns, or employee requests. At Befesa, these surveys are generally conducted every three years; however, in some locations, they may be carried out annually.

- Processes implemented in relation to **equal treatment and opportunities for all**, in particular with regard to the **inclusion of people with disabilities**:
  - **Awareness Campaigns & Training:** Befesa annually launches awareness campaigns and training course and the Purposeful Inclusion to promote the integration of employees with disabilities.
  - **Support for Autism Research:** Befesa has renewed its sponsorship of the Autism Chair at the University of Seville, supporting all initiatives promoted by the institution.
  - **Participation in Inclusive Sports & Advocacy:** As part of its commitment to inclusion, Befesa has once again participated in the Copa del Rey de Vela with the Befesa-Ybarra sailing team, led by the first Paralympic athlete to compete as a skipper. Additionally, Befesa sponsored the Death Valley

Project, an initiative in which the president of the NGO Dale Candela, who is affected by ALS, and his friends cycled 565 km across Death Valley over seven days. Their journey aimed to raise awareness about the importance of supporting ALS research. Their efforts have led to the creation of a new ALS research line in Bilbao.

- Processes implemented in relation to **equal treatment and opportunities for all**, in particular with regard to the attraction of female talent.
  - **Job advertisements** are written using **neutral wording** to ensure that no candidate self-excludes from the process for any reason other than their match with the required technical skills.
  - **All résumés** from female candidates are carefully reviewed, and those who meet the technical requirements are invited for an interview, ensuring that all qualified female

candidates are being taken into account as well as men with the same technical capabilities

- Befesa **requires** headhunter agencies and temporary staffing agencies managing its recruitment processes to strictly comply with non-discrimination policies, ensuring fair and equal opportunities for all candidates.
- **Increasing company visibility at job fairs and technical universities** to attract diverse talent and participating in various employment fairs, showcasing that its activities can be performed equally by individuals of any gender.

Furthermore, Befesa has designed and implemented a series of measures to mitigate risks and take advantage of opportunities related to its workforce. These actions are shown for each sub-topic below:

## Working conditions

Action	Period	Resources*	Scope
Newcomer Training on Befesa's Operations and Culture	2024-and onwards	Corporate HR&CSR department	New Befesa employees
Step Challenge Initiative	2024-2025	Corporate HR&CSR department	All Befesa employees
Cybersecurity Awareness Programme	2024- and onwards	Corporate IT department	Befesa employees with email address roughly 800 employees

\* Financial resources have not been included as the amount is not significant.

### Initiatives regarding Befesa's Operations and Culture

Befesa remains committed to strengthening its culture and principles. In 2024, a new welcome training course was introduced for new employees, providing them with an overview of the company. Beyond offering a global perspective on Befesa, the training highlights the company's core values, including its commitment to Diversity, Equity, and Inclusion (DEI).

The programme try to ensure that new joiners understand Befesa's mission, ethical standards, and key policies from the start, and to generate a sense of belonging and alignment with the company's principles. This activity will continue on the following years.

In 2024, Befesa carried out various global initiatives to create a positive impact on its employees, starting with the **Step Challenge** – a health,

wellness, and community spirit initiative. More than 550 participants from across the Befesa community took part in this challenge, promoting an active lifestyle while fostering team building and friendly competition.

Together, they covered in just one month, the equivalent of circling the Earth twice. The company with the highest average number of steps walked had the opportunity to choose an NGO to receive a donation and was rewarded with a well-deserved breakfast for all employees.

The communication department publishes a **quarterly Befesa Newsletter** with relevant news on Business, R&D, H&S, Environmental, and Social Activities involving Befesa employees. The newsletter is sent by email and posted on the Befesa intranet. In 2025, it will also be accessible to employees without an email address.

### Cybersecurity awareness Programme

The Befesa IT Corporate department maintains an annual cybersecurity programme. The program is based on a previous assessment conducted through a global IT awareness assessment conducted globally, which allows the IT team to evaluate Befesa users' knowledge of IT security and reinforce it through new training. This proactive approach underscores Befesa's commitment to cultivating a cybersecurity-conscious culture, where each employee becomes a frontline defender against potential threats. As a consequence, the following courses were conducted in 2024. QR Codes: Safe Scanning; Security Snapshots # Passwords; Incident Response: First Steps; Classic Danger Zone; Security Snapshots #23 – Reusing Passwords; Cyber Snaps Series: Social Media

## Health and safety Actions

Action	Period	Resources*	Scope
Fatality prevention program	2021-and onwards	H&S department	All Befesa employees
Safety Awards	2022-and onwards	H&S department	All Befesa employees
Corporate Safety Standards	2015-Onwards	H&S department	All Befesa employees
Corporate safety Initiatives to reduce specific hazards: Hand injuries prevention and traffic safety	2020- Onwards	H&S depart	All Befesa employees

\* Financial resources have not been included as the amount is not significant.

### Fatal & serious injuries prevention:

The fatal & serious injuries (FSI) prevention programme, aims to:

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

### Befesa Safety Excellence Awards 2024

- Every year Befesa recognises the achievement of Befesa employees and locations that contribute to a safer workplace for all with the **Safety Excellence Award:**
- Two locations were recognised for the exceptional safety improvement and Zero lost time injuries.
- 70 employees were awarded for their safety projects.

### Traffic safety & Hand injuries prevention:

These two projects aim to identify and tackle the two most common risks at Befesa.

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

In almost all Befesa's locations, it transports materials internally using conveyor belts, there are many risks inherent to these equipment's such as nip points, electric hazards and falling materials. The project aimed to identify all these risks on the conveyor belts and implemented action plans to get robust controls in place.

## Equal treatment and opportunities Actions

Action	Period	Resources*	Scope
Training on Code of Conduct	2024-and onwards	Compliance department	Befesa employees with email address roughly 800 employees
Compliance Quarterly Newsletter	2024-and onwards	Compliance department	Befesa employees with email address roughly 800 employees
Brochure with the guidelines conduct available in the eight languages where Befesa operates	2024-and onwards	Compliance department/Local HR team	All Befesa employees
Awareness Campaigns over Diversity, Equity and Inclusion	2024-and onwards	Corporate HR department	All Befesa employees
Diversity, Equity and Inclusion Training	2024-and onwards	Corporate HR&CSR department	Befesa employees with email address roughly 800 employees
Renewal of the Seville Autism Chair Sponsorship	2024-2025	Corporate HR&CSR department	Community / People with Autism Spectrum
Renewal of the promotion of adapted sport (In Foundation) sponsorship	2024-2025	Corporate HR&CSR department	Community / People with disabilities

\* Financial resources have not been included as the amount is not significant.

### Compliance Management System and Diversity, Equity and Inclusion actions

During 2024, Befesa has been developing actions to minimise the risk of non-compliance with the Code of Conduct requirements in general, and with the DEI policy and harassment prevention in particular.

All the compliance-related actions and their content and scope are detailed in G1-3: Prevention and Detection of Corruption or Bribery.

Other actions related to Diversity, Equity, and Inclusion are led by the Corporate HR & CSR Department through awareness campaigns, including Non-Discrimination, Cultural Diversity, World Autism Awareness Day, and the International Day of People with Disabilities. Additionally, DEI training covers topics such as Microaggressions, Age-Based Diversity, Purposeful Inclusion, and Overcoming Unconscious Bias.

On **Cultural Diversity Day**, a video highlighting the company's multicultural environment was shared on the intranet and posted on plant notice boards, featuring a QR code for easy access and download. As in previous years, Befesa also published its **Intercultural Calendar** at the beginning of the year, reflecting all holidays and days off in different locations to help avoid scheduling meetings on non-working days in certain regions.

Operating in different countries, there are different legislations regarding the identification and categorisation of people with disabilities. In this sense, although only in this report data of those persons with an official certificate are communicated, Befesa understands that normalising disabilities is the best way to foster true workplace inclusion.

In this spirit, and in honour of the **International Day of People with Disabilities**, Befesa organised an **online workshop**, open to all employees. The session focused on **sleep hygiene** and was led by a psychologist and expert from an NGO specialising in the labour integration of people with disabilities. The event also featured powerful testimonials from individuals with disabilities, who shared their experiences and how they manage sleep-related challenges.

Befesa also joined the **2024 World Autism Awareness Day** by participating in the **Light It Up Blue** campaign, initiated by Autism Speaks. This global initiative encourages individuals, organisations, and landmarks to illuminate their buildings in blue to symbolise support for autism awareness and foster greater understanding and acceptance of people with ASD. On this day, Befesa lit up its logo in blue in solidarity with the cause.

Moreover, Befesa is aware that the inclusion of people with disabilities needs to be comprehensive and sponsors various activities that, among other benefits, help this group gain employment opportunities and access adapted sports.

In this regard, **Befesa has introduced several online training programmes** in 2024, covering topics such as Microaggressions, Age-Based Diversity, Purposeful Inclusion, and Overcoming Unconscious Bias.

In addition to awareness campaigns and training on disability-related topics, Befesa has continued sponsoring the Autism Chair at Seville University throughout 2024, supporting various initiatives that help university students on the autism spectrum gain full access to the labour market.

### S1-5 Targets Equity, Diversity, and Inclusion

As described in Disclosure Requirement S1-4 Befesa implemented various actions in 2024 linked to its strategic goals on these subjects. All targets were set by the Befesa Chairman and CEO, approved in the HR & CSR Committee, and later communicated to the regional CEOs during the Health & Safety, Human Resources, and Corporate Social Responsibility committees.

IRO's	Initiative	Target	Scope	2024	2025	2026
Protect the company against Potential Cyberattack	Cybersecurity training	Ensure Bimonthly Training	Befesa employees with email address roughly 800 employees	Done	Bimonthly Training	Bimonthly Training
Measures against potential non-compliance with the code of conduct	Code of Conduct Training	Ensure Yearly Training	Befesa employees with email address roughly 800 employees	Done	Yearly	Yearly
Measure to prevent non-compliance of DEI Policies and topics	DEI Awareness Campaigns	Launch 4 Campaigns	Befesa employees with email address roughly 800 employees	Done	5 Campaigns to all Befesa employees	6 Campaigns to all Befesa employees
Measure to prevent non-compliance of DEI Policies and topics	DEI Training	Ensure Quarterly Training	Befesa employees with email address roughly 800 employees	Done	Quarterly Training	Quarterly Training
Measures to reduce Absenteeism	Step Challenge initiative	Achieve 75M Steps	All Befesa employees	Done	Positive feedback, new edition planned for 2025	New edition planned for 2026
Measures to reduce Absenteeism	Wings for Life race	700 hundred Kilometres	All Befesa employees	Done	Positive feedback, New edition planned for 2025	

**Health and safety objectives:**

Befesa based its safety strategy on the following pillars:

- Progressively achieve the excellence in the safety management systems.
- Identify and control the process safety risks
- Promote the safety culture at all the levels of the organisation.

Befesa has established the goal of achieving **zero fatalities**, achieved in 2024, and progressively reducing the accident rates (for more information see section S1-14). To attain this goal, Befesa has implemented several programmes, as outlined in sections S1-3. These programmes are

monitored through the following leading indicators, among others:

- Percentage of compliance with the fatality prevention programme: The objective for 2024 was 75%. (Achieved)
- Percentage of compliance with corporate standards: The objective for 2024 was 75%. (Achieved)
- Follow-up and management of non-conformities identified during corporate audits: The objective for 2024 was 100%. (Achieved)

These leading indicators are evaluated during corporate audits, which are conducted every three years, and internal audits, which are conducted annually. These audits involve a

thorough analysis of compliance with all corporate safety standards.

The objectives are established during the annual health and safety strategic meeting, in which all locations participate in formulating BEFESA's strategy for the following year. Inputs from the locations are summarised and sent back as the annual strategy for final approval.

The strategic goals are also presented for approval at the Regional CEO's health and safety committee, led by Befesa's CEO and the board of Befesa. Once approved, the strategy and objectives are incorporated into the action plans of each location and monitored at the corporate level through health and safety follow-up meetings and location audits.



### S1-6 Befesa employee metrics

Country	Number of employees (headcount) 31 Dec 2023	Number of employees (headcount) 31 Dec 2024	HC difference	FTE 31 Dec 2024	2024 distribution
South Korea	71	75	6%	75	4%
Turkey	81	86	6%	86	5%
Sweden	83	91	10%	90	5%
China	104	96	-8%	96	6%
France	156	163	4%	162	9%
Spain	401	406	1%	380	21%
Germany	417	427	2%	416	23%
United States	477	488	2%	479	27%
<b>Total</b>	<b>1,790</b>	<b>1,832</b>	<b>2%</b>	<b>1,784</b>	<b>100%</b>

Gender	Number of employees (headcount) 31 Dec 2023	Number of employees (headcount) 31 Dec 2024	HC difference	FTE 31 Dec 2024	2024 FTE distribution
Female	216	218	1%	207	12%
Male	1,574	1,614	3%	1,577	88%
Other	0	0	0%	0	0%
Not reported	0	0	0%	0	0%
<b>Total Employees</b>	<b>1,790</b>	<b>1,832</b>	<b>2%</b>	<b>1,784</b>	<b>100%</b>

FTE 31 Dec 2024						
	Female	Male	Other*	Not disclosed	Total	%
Number of employees	207	1,577	–	–	1,784	100%
Number of permanent employees	187	1,416	–	–	1,603	90%
Number of temporary employees	20	161	–	–	181	10%
Number of non-guaranteed hours employees	–	–	–	–	–	0%
Number of full-time employees	186	1,557	–	–	1,743	98%
Number of part-time employees	21	20	–	–	41	2%

Turnover				
	Voluntary termination	Other termination	Total termination	
Leavers		124	116	240
HC Average		1,615	1,615	1,615
<b>Total</b>	<b>7.68%</b>	<b>7.18%</b>	<b>14.86%</b>	

\* Gender as specified by the employees themselves



#### Number of employees

The total number of employees is expressed as headcount at the end of the financial period to ensure comparability with the previous year's breakdown by country and gender. However, for the rest of the statement, the number of employees is expressed as Full-Time Equivalent (FTE).

#### FTE

FTE is calculated based on the percentage of working time at the end of the financial period compared to a full-time employee in the same location. This methodology ensures consistency in reporting and reflects the actual workforce capacity.

**Turnover**

Employee turnover measures the rate at which employees leave the company over a given period. It is calculated by comparing the number of permanent employees who have left the company to the average number of permanent employees throughout the financial year.

**Employees Overview**

As of December 31, 2024, Befesa had a total of 1,832 employees (1,784 FTE), representing a 2% increase compared to the previous year. The workforce remains well-distributed across different countries, with the largest employee bases in the United States (27%), Germany (23%), and Spain (21%), together accounting for more than 70% of the total of employees.

Befesa remains committed to job security, as reflected in the high percentage of permanent contracts, which account for 90% of total employment. Temporary contracts represent only 10% of the workforce, ensuring a stable and engaged employee base.

Befesa also continues to improve work-life balance by offering part-time positions, even though the majority of employees work full-time (98%). Among part-time employees (2% of the workforce), female workers represent a higher proportion, with 10% of female employees working part-time, compared to only 1% of male employees.

Regarding gender distribution, the workforce remains consistent, with 12% of employees identifying as female and 88% as male. Manufacturing positions account for 75.82 % of the company's workforce, and the representation of women in these roles remains low, primarily due to the limited number of applications received.

Despite operating in a traditionally male-dominated industry, Befesa continues to promote gender diversity, maintaining its efforts to support and retain female talent, as is indicated in previous sections of this report.

As a result of these measures, the number of female employees in manufacturing has increased by 12% over the past year, rising from 26 in 2023 to 29 in 2024.

**S1-7 Non-employee workforce**

	HC
<b>Non-employee workforce</b>	23
<b>Total headcount</b>	1,832
<b>%</b>	1.3%

**Number of non-employees' workers**

The total number of non-employee workers is expressed as headcount at the end of the financial period, specifically as of December 31, 2024.

**Methodology**

To collect the information regarding non-employee workers, Befesa reached out to each plant, and they provided the active headcount for non-employee workers as of December 31, 2024.

As of December 31, 2024, non-employee workers accounted for 1.3% of the total workforce, representing 23 individuals out of a total headcount of 1,832. These workers are primarily temporary agency employees, engaged by Befesa to address fluctuations in staffing needs.

Non-employee workers are typically employed to cover temporary absences such as sick leave or vacation periods, and during periods of workforce transitions, such as when employees are leaving the company.

It is a common practice within the company to reach out to these temporary workers first when new permanent positions become available, as they have already gained familiarity with the organisation and its operations. This approach helps maintain continuity and efficiency while offering flexibility in staffing.

**S1-8 Collective bargaining and social dialogue**

	%HC
% Employees Covered by CBA	75%

Coverage rate	Collective bargaining coverage		Social dialogue
	Employees – EEA	Employees – non-EEA	Workplace representation (EEA only)
	(For countries with >50 empl. representing >10% total empl.)	(Estimate for regions with >50 empl. representing >10% total empl.)	(For countries with >50 empl. representing >10% total empl.)
0–19%			
20–39%		Asia, North America	
40–59%			
60–79%			
80–100%	Spain, Germany, Sweden, France		Spain, Germany, Sweden, France

Befesa fully recognises employees' right to freedom of association and collective bargaining. As a testament to this commitment, 75% of the workforce is covered by collective bargaining agreements.

In the European Economic Area (EEA), the coverage is notably high, with 80-100% of employees in each country falling under such agreements. Outside the EEA, in regions such as Asia and North America, collective bargaining coverage is lower, ranging between 20-39%.

In locations where collective bargaining agreements are not in place, Befesa ensures that work conditions are regulated through alternative means. These include employee handbooks or specific agreements with local

authorities, which serve to establish fair working conditions and foster a positive social dialogue.

In the European Economic Area (EEA), where labour practices are well-established, 80-100% of employees are represented through social dialogue.

**S1-9, S1-12 Diversity, equity and inclusion**

**Top management gender diversity**

Top management	No.	%
Female	5	21%
Male	19	79%

While female employees constitute 12% of the total workforce, their presence in top management positions is higher, reaching 21%.

**Generational Diversity Headcount**

Row Labels	Female	Male	Grand Total	%
Up to 30	28	201	229	12.5%
30 – 50	111	820	931	50.8%
Over 50	79	593	672	36.7%
<b>Grand Total</b>	<b>218</b>	<b>1,614</b>	<b>1,832</b>	<b>100%</b>

**People with disability**

	PWD	Total workforce	% PWD
Female	1	218	0.5%
Male	23	1,614	1.4%
<b>People with disabilities</b>	<b>24</b>	<b>1,832</b>	<b>1.3%</b>

Regarding people with disabilities, it is important to recognise that there is no common global framework on this subject. Each country has its own legislation, so the approach must be adapted locally, as described below.

However, Befesa is also working at a global level to normalise the situation of employees with disabilities, regardless of the degree of disability, seeking their full integration. This goes beyond removing physical barriers when necessary – it also involves creating a safe and supportive work environment where employees feel comfortable expressing their condition if they choose to do so.

#### Methodology

Every year, Befesa's Human Resources department collect information on the number of employees with disabilities working at the Company from all operations. This includes details on the areas in which they work, as well as data on alternative measures such as certificates of exceptionality, indirect employment, and any fines incurred if legal requirements are not met. While this process ensures regulatory compliance, it is not the only method Befesa uses to monitor progress in disability inclusion across different locations.

- **Germany (DE):** Defined in **Section 2 (1) SGB IX**. A person is considered disabled if they have a physical, mental, intellectual, or sensory impairment that significantly limits participation in society for more than six months. A **degree of disability (GdB) of 50+** qualifies as severely disabled, while 30–50 can receive special consideration.

- **China (CN):** Disability is described in the **Law on the Protection of Persons with Disabilities** but requires a disability certificate for formal recognition.
- **Spain (ES):** Defined under **Royal Legislative Decree 1/2013**, which states that a person with a **recognized disability degree of 33% or higher** is considered disabled.
- **South Korea (KOR):** A **quota system** requires companies with 50+ employees to have **3.1% of their workforce** comprised of persons with disabilities.
- **Sweden (SWE):** No specific legal definition of disability.
- **United States (US):** A **disability** is defined as a physical or mental impairment that substantially limits major life activities.
- **France (FR):** Recognition as a disabled worker (**RQTH**) grants support for employment and requires an assessment by the **CDAPH (Commission for the Rights and Autonomy of Disabled People)**.
- **Turkey (TK):** A person is considered disabled if they experience **at least 40% loss of body functions**.

Although Befesa tracks the number of employees with an official disability certification, the actual number of employees affected by some form of disability is higher. Befesa's awareness campaigns focus not only on those with formal recognition but also on those who, despite not having official certification, face daily challenges due to their disabilities.

#### S1-10, S1-11, S1-15, S1-16 Compensation and wellbeing Commitment to fair and adequate compensation

Befesa is committed to ensuring fair and adequate compensation for all its employees, complying with all applicable laws and regulations in the countries where it operates, including minimum wage requirements, equal pay legislation, and sector or local collective bargaining agreements.

#### Methodology for adequate wage assessment

The adequate wage calculation at Befesa is conducted at the country level, considering the following criteria:

- **Legal Minimum Wage:** Employees' base salaries are compared against the statutory minimum wage in each location.
- **Collective Bargaining Agreement:** In countries where sectoral or company agreements apply, wages are assessed to ensure compliance with or above the minimums set in these agreements.
- **Benchmarks:** Where additional industry or economic wage benchmarks exist, Befesa evaluates the competitiveness of salaries against market standards.

The calculation is based on the guaranteed fixed salary of all employees, ensuring that only base pay is considered without including variable elements such as bonuses, overtime pay, or discretionary benefits.

This methodology ensures alignment with statutory minimum wages and collective bargaining agreements, providing a clear and objective assessment of wage adequacy.

**Evaluation results**

Following a comparative analysis of salaries applied against reference indices in each country where Befesa operates, the following conclusions have been identified:

- 100% of Befesa employees receive an adequate wage based on the defined reference criteria.
- Befesa's wage policy ensures that all employees earn at least the statutory minimum wage or, where applicable, meet the conditions set by collective bargaining agreements.

These reference indices are based on a combination of publicly available sources, such as government reports, HR publications, and internet-based research, along with formal compensation data from specialised providers, local market surveys when needed, and informal insights from recruiters and job candidates.

Befesa will continue to assess its remuneration policies in line with these developments, ensuring that all employees receive fair compensation aligned with industry standards and applicable legislation in each region.

**Gender Pay Gap**

The Gender Pay Gap has been calculated following the methodology set out in AR 98 of ESRS, using the formula:

$$\frac{\text{(Average gross hourly pay of men – Average gross hourly pay of women)}}{\text{Average gross hourly pay of men}} \times 100.$$

The calculation includes all employees with an employment contract throughout the reporting period. Both fixed and variable remuneration received during the year have been included to ensure a comprehensive view of total compensation. The gross hourly pay level has been used as the basis for comparison, ensuring alignment with ESRS S1 requirements.

Gender Pay Gap (%): -12,57

The reported consolidated GPG reflects the simple arithmetic average of the gender pay gaps across all countries and sites, as required under CSRD methodology. Befesa's GPG is influenced by the higher representation of women in higher-paying roles and in locations with

higher wage standards, along with their lower presence in operational positions, which on average involve longer working hours.

**Total Remuneration Ratio**

Befesa reports an Annual Total Remuneration Ratio of 50.57 for the 2024 reporting period. This ratio reflects the total annual remuneration of the highest-paid employee compared to the median total remuneration of all other employees within the company

The ratio has been calculated using the total remuneration, which includes both fixed and variable pay, in line with the scope and methodology defined in ESRS S1-16.



This ratio reflects the combined effect of several structural and organisational factors, including:

- Befesa's global presence, with operations in regions with different wage levels and cost of living standards, which impacts the consolidated average remuneration.
- The sector-specific workforce composition, where operational roles in industrial sites typically have lower average remuneration compared to management positions.
- The size and geographic spread of the company, operating across Europe, Asia, and the Americas, introduces currency volatility and differences in local remuneration policies that influence the ratio.

#### Work-life balance metrics

In compliance with local regulations, all employees are entitled to family-related leave.

In the past year, 6% of the total workforce took family-related leave, with 11% of female employees and 5% of male employees utilising this benefit.

Work-life balance metrics	Female	Male	Total
Nº of employees who took leave	23	87	<b>110</b>
Nº of employees entitled to leave	218	1,614	<b>1,832</b>
% of entitled employees that took family-related leave, and a breakdown by gender.	11%	5%	<b>6%</b>

#### Social protection

Befesa operates in compliance with local regulations in each country, providing employees with access to social protection against major life events, in accordance with national laws and industry standards.

In all locations, employees are covered for employment injury, acquired disability, parental leave, unemployment, and retirement. Sickness coverage is provided in accordance with national frameworks. In South Korea, public provisions primarily cover work-related illnesses and injuries, while personal illnesses are managed through a combination of employer policies and statutory leave entitlements.

#### S1-13 Training and development

Befesa is committed to the continuous development of its employees and offers a variety of training and development programmes. These programmes aim to enhance technical skills, leadership capabilities, communication proficiency, and other essential workplace competencies, ensuring sustainable talent development.

A key element of Befesa's talent development strategy is the Young Professionals Programme (YPP), which has been conducted continuously since 2021. The programme is designed for junior professionals with at least one year of experience at Befesa and a higher education background or equivalent qualification. While the programme targets employees with up to five years of tenure, this upper limit is applied flexibly. To ensure long-term professional growth, the YPP is structured as a two-stage programme:

Participants start with YPP 1.0 and then move on to the advanced YPP 2.0 programme to further develop their leadership skills.

The Young Professionals Programme 1.0 (YPP 1.0) was conducted in 2021, 2022, and 2024 and focuses on developing intercultural competencies and strategic business insights.

The key topics of the programme include:

- Intercultural Communication in Business – Training on cultural differences, communication styles, and effective collaboration in an international corporate environment.
- Strategic Insights & Networking – Direct interaction with top management (Executive Chairman, CEO and CFO) and presentations by corporate directors on key business areas such as human resources, health & safety, IT and compliance.

In 2024, Group 3 of YPP 1.0 started in November and will complete the programme in April 2025.

The Young Professionals Programme 2.0 (YPP 2.0) was introduced in 2023 as an advanced programme for YPP 1.0 graduates and continues in 2024. It focuses on leadership development and solving real-world business challenges.

The core components of the programme are:

- Leadership Development – Training in collaboration with a globally recognised management consulting firm to enhance strategic and operational leadership skills.
- Practical Business Challenge – Participants work on real business problems under the guidance of business mentors, developing analytical and strategic decision-making abilities.
- Highlight: Final presentation of their solutions to the Chairman, CEO and CFO.
- Strategic Exchange with Regional CEOs, providing participants with insights into current business challenges and corporate strategies.

In 2024, two groups are participating in YPP 2.0:

- Group 1 started in September 2023 and completed the programme in June 2024.
- Group 2 began in March 2024 and will complete the programme in May 2025.

By combining intercultural communication, corporate strategy, and hands-on leadership development, the Young Professionals Programme

provides a comprehensive and sustainable development path for future leaders at Befesa.

**Regular performance and career development reviews**

In addition to global HR initiatives, local development reviews are conducted across various Befesa locations to support employee growth. Structured performance evaluation systems are in place in almost all Befesa locations ensuring regular feedback and development opportunities. These local performance evaluations complement the global HR initiatives, ensuring that all employees, regardless of location or job level, receive structured feedback, development opportunities, and career growth support.

In most locations, individual companies conduct their own development reviews to support the professional growth of their employees. Last year, an estimated 42% of the total headcount participated in regular performance and career development reviews.

While most countries conduct annual evaluations, some have additional review cycles:

- Germany holds quarterly reviews for certain employee groups.
- China conducts monthly evaluations for blue-collar employees alongside annual reviews for white-collar employees.

White-collar employees typically receive formal annual reviews. Blue-collar employees often undergo more frequent or informal evaluations

(e.g., in China, Germany, and Spain). Additionally, most Blue-collar 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's commitment to employee training and professional development is reflected in its comprehensive global and local programmes. Through initiatives such as the Young Professionals Programme, Global Annual Performance Review, and local development reviews, the company ensures that its workforce is continuously growing, developing new skills, and preparing for future leadership roles. These efforts support both individual career progression and Befesa's long-term success in a competitive global market.

**Annual Performance Review**

Befesa aims for a culture of continuous improvement and professional development through its Annual Performance Review Programme. This structured process plays a crucial role in assessing employee performance, setting development goals, and aligning individual contributions with the company's strategic objectives.

In 2024, a total of 217 employees (calculated by headcount) participated in the Global Annual Performance Review, which is conducted and led by the Global HR team.

Female	Male	Total
53	164	217

Focus Group: Employees eligible for a performance-based bonus. The review consists of several key components:

### 1. Goal Setting & Performance Assessment

- Setting targets for the next year based on business objectives and individual career aspirations.
- Reviewing the achievement of last year's targets to assess progress and identify areas for improvement.

### 2. Evaluation of Befesa Core Competencies. Employees are assessed based on the following core competencies:

- Engagement
- Health & Safety Commitment
- Adaptability
- Leadership
- Working Relationships
- Result-Oriented Approach
- Analytical Capability
- Strategic Vision

### 3. Professional Development

- Identifying training needs to support employees in improving skills and advancing in their roles.
- Discussing potential learning opportunities tailored to their career growth.

### 4. Career Development and Potential

- Evaluating the employee's career aspirations and growth potential within Befesa.
- Discussing possible career paths and development opportunities based on performance and competencies.

The Annual Performance Review is a key element of Befesa's talent management strategy, ensuring that employees receive constructive

feedback, clear development plans, and opportunities for career progression, while also supporting the company's long-term success.

	Male	Female	Total
<b>Total training hours</b>	34,496	6,542	<b>41,038</b>
<b>No. Total of employees</b>	1,577	207	<b>1,784</b>
<b>Average training hours per employee</b>	22	32	<b>23</b>

	2024
<b>Total training hours</b>	<b>41,038</b>
Blue collar (%)	50%
White collar (%)	50%
<b>Training hours average per employee</b>	<b>23</b>

<b>Gender breakdown (hours)</b>	
Male	22
Female	32

<b>Age group breakdown (hours)</b>	
Up to 30	26
30 – 50	28
Over 50	15

<b>Training hours per category</b>	
General Training	10,449
Health and Safety	23,586
Languages	7,003

	<b>2024</b>
<b>Total training cost</b>	<b>513,717€</b>
Blue collar (%)	39%
White collar (%)	61%
<b>Training Cost average per employee €</b>	<b>288€</b>

<b>Training Cost per Category €</b>	
General Training	196,090€
Health and Safety	241,448€
Languages	76,178€

The company is committed to fostering equal growth opportunities for all employees, with a focus on training and development. On average, women receive 32 hours of training per year, which is 45% more than men, who receive 22 hours. This highlights Befesa's dedication to supporting female employees' professional growth.

In terms of age distribution, employees aged 30-50 years receive the highest training hours, followed by those under 30 and over 50.

Regarding the distribution by training category, Health & Safety (H&S) training represents the largest share, accounting for 57% of total training hours. This reflects the company's commitment to maintaining a safe and secure working environment, ensuring that employees are well-prepared to identify and mitigate risks.

### S1-14 Health and safety metrics

Befesa's safety management systems encompass 100% of its own workforce and contractors. These systems are aligned with internationally recognised standards, including ISO 45001, and OSHAS, in addition to Befesa's Corporate Safety Standards.

Befesa has also instituted targeted risk reduction programmes, such as the Fatal and Serious Injuries Prevention Programme, Traffic Safety initiatives, and Hand Injuries Prevention measures.

All Befesa sites are equipped with robust safety management systems, which include, but are not limited to:

- Life Saving Rules
- Inspections & Audits and Safety Observations
- Internal Training & Communication
- Accident Investigations and Learning Lessons
- Plant-level Safety Standards and Work Instructions

- Risk Evaluations of Works, Including Periodical Revisions
- Procedures & Communications with Subcontractors
- Continuous Management Attention
- Annual Budget Allocations for Safety Measures Implementation

Befesa has maintained a record of no fatalities and no work-related illnesses over the past decade, resulting in zero lost workdays due to these causes.

	<b>2023</b>	<b>2024</b>
<b>Fatalities</b>		
Own employees	0	0
Contractors	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Professional illness</b>		
Own employees	0	0
Contractors	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Number of lost time incidents</b>		
Own employees	9	13
Contractors	0	0
<b>Total</b>	<b>9</b>	<b>13</b>
<b>Number of lost work days</b>		
Own employees	580	753
Contractors	0	0
<b>Total</b>	<b>580</b>	<b>753</b>

Befesa has been using the OSHA methodology for classification and calculating the accident's rates:  $\text{Accident rate} = \frac{\text{Number of accidents} \times 200.000}{\text{Number of reported working hours}}$

**OSHA based calculations:**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Lost Time Injury Rate (LTIR)</b>										
Own employees	5.30	3.57	2.88	2.67	2.16	1.34	1.03	0.73	0.55	0.73
Contractors	8.06	0.98	3.88	5.47	1.60	0.66	0.43	0.00	0.00	0.0
<b>Total</b>	<b>5.71</b>	<b>3.11</b>	<b>3.08</b>	<b>3.22</b>	<b>1.98</b>	<b>1.26</b>	<b>0.81</b>	<b>0.55</b>	<b>0.45</b>	<b>0.66</b>
<b>Severity Rate (SR)</b>										
<b>Total</b>	<b>0.77</b>	<b>0.77</b>	<b>0.31</b>	<b>0.44</b>	<b>0.41</b>	<b>0.48</b>	<b>0.16</b>	<b>0.12</b>	<b>0.15</b>	<b>0.19</b>

Lost Time Injury rate = Number of accidents with lost time x 200.000 /Number of reported working hours\*

Severity rate = Number of days lost due to an accident x 1.000 /Reported working hours) \*

\*The working hours are calculated from real reported working hours.

<b>Total employees &amp; contractors</b>	2023	2024
<b>Number of recordable incidents</b>		
Total	49	81
<b>Total recordable rate per 200.000 working hours</b>		
Total (a)	2.46	4.03

(a) Total recordable rate (includes contractors) = Number of recordable accidents (except first aids) x 200.000 /Number of reported working hours

Due to CSRD requirements, in this report the calculations are also made using the following formula:

*Accident rate = Number of accidents x 1000.000 /Number of reported working hours*

**CSRD based calculations:**

<b>Own employees</b>	2024	<b>Own employees</b>	2024
<b>Number of recordable accidents (including commuting accidents)</b>		<b>Number of lost time accidents (including commuting)</b>	
Total	84	Total	13
<b>Total recordable rate per 1.000.000 working hours (including commuting accidents)</b>		<b>Lost time injury rate per 1.000.000 working hours</b>	
Total (b)	25.45	<b>Total (c)</b>	<b>3.94</b>

(b) Total recordable rate (own employees) = Number of recordable accidents (including commuting accidents) x 1.000.000 /Number of reported working hours

(c) Lost time injury rate (own employees) = Number of lost time accidents x 1.000.000 / Number of reported working hours

**S1-17 Discrimination incidents and human rights violations**

Four incidents of alleged discrimination or harassment have been reported in 2024. However, after thorough investigations, none were confirmed as such.

# Governance

## G-1 Business Conduct

### ESRS 2 GOV-1

The role of the administrative, supervisory and management bodies

### ESRS 2 IRO-1

Description of the processes to identify and assess material impacts, risks and opportunities

### G1-1

Corporate culture and business conduct policies

### G1-3

Prevention and detection of corruption or bribery

### G1-4

Confirmed incidents of corruption or bribery

## ESRS 2 GOV-1 The role of the administrative, supervisory and management bodies

The Code of Conduct and the General Compliance Policy outline the responsibilities and ethical standards for all directors, officers, and employees of Befesa, including the role of Befesa's Board of Directors. This framework governs their business conduct and ensures adherence to legal and ethical standards, both internally and in interactions with external parties.

These policies are implemented with the intention to ensure that Befesa's daily operations are carried out with integrity, transparency, and responsibility. As explained in all its public documentation they form the foundation of its ethical and compliance program, which Befesa considers a critical aspect of its business conduct efforts. For further information, please refer to Chapter "GOV-1 + GOV-2 Role of Management & Sustainability Matters Addressed".

The duties and responsibilities of the different administrative bodies and functions is explained upon below.

### Board of Directors

- The Board of Directors of Befesa S.A. is responsible for developing and implementing an effective Compliance Management System ("CMS") which has adequate policies and procedures in place to ensure compliance with all relevant laws and regulations
- This responsibility is delegated to the Audit Committee of the Board of Directors that reports to the full Board. This Committee holds regular meetings to monitor the

effectiveness of the CMS. In 2024, four meetings have been held in this regard, and the results of these meetings are reported to the Board. For more information regarding the Audit Committee refer to GOV-1 / GOV-2 of the ESRS 2 chapter.

- The Board of Directors not only asks for regular compliance reports from the Audit Committee and the Compliance Officer, but also reviews compliance audit reports and follows up any material non-compliance issues raised.
- The Board of Directors has already designated a Compliance Officer (a corporate manager directly reporting to the Executive Chair) to support the CMS implementation.
- Compliance is part of the agenda of the Board of Directors meetings, which takes place at regular intervals. Board minutes do reflect compliance matters discussed and actions points going forward.

### Senior Executive Management (Executive Chair and CEO)

- The Executive Chair and CEO are committed to ensure compliance and communicate this commitment throughout the organization.
- The Executive Chair and CEO are responsible for ensuring that: (i) appropriate guidelines and policies are developed, issued and continuously monitored and reviewed; (ii) employees and Directors are properly trained with respect to those guidelines and policies; (iii) compliance matters are made subject to compliance audits; and (iv) non-compliance issues are appropriately sanctioned.

- Sufficient resources are made available to adequately deal with compliance matters (in particular regarding time and budget).

#### Compliance Officer

- As mentioned above, the Board has designated a Compliance Officer who conducts internal compliance meetings to support the implementation and effectiveness of the CMS.
- These internal compliance meetings, ensure that all relevant compliance matters are adequately covered and in which the following persons participate: Executive Chair, Chief Compliance Officer and Global Controller. In addition, other corporate managers (e.g. personnel of the legal department, internal audit, IT department, finance department, business controlling, Environmental, Health, and Safety, customs/export control department, the data protection officer, and also representatives of the business (or various business lines) who know how the business is run and what the relevant business practices are) could participate in those meetings depending on the agenda.
- The Compliance Officer:
  - i. reviews that appropriate policies and procedures are put in place;
  - ii. is the contact person when employees have questions regarding compliance matters;
  - iii. implements appropriate training for employees with respect to Befesa's code of conduct and other material compliance matters;

- iv. reviews the code of conduct and Befesa's other compliance guidelines and policies at regular intervals and proposes amendments or additional compliance guidelines or policies to the extent required;
- v. informs the organisation about important legal developments which may cause non-compliance issues;
- vi. if any non-compliance issue is suspected, they investigate the issue;
- vii. ensures that non-compliance issues which they become aware are resolved;
- viii. is responsible for proposing compliance audits to the Executive Chair and for proposing which matters should be made the subject of a compliance audit;
- ix. provides regular or ad hoc compliance reports to the Executive Chair and has a reporting line to the Board of Directors; and
- x. is given the responsibility of informing the Board of Directors if the Executive Chair and/or CEO has failed to deal with a non-compliance issue.

- The responsibilities and tasks delegated to the Compliance Officer are documented. This is normally done by an appointment letter from Senior Executive Management addressed to, and countersigned by, the Compliance Officer.

#### Compliance audits

- In order to ensure that the CMS is effective, a process designed and implemented to detect potential non-compliance issues has been instead. Befesa has therefore established an audit compliance process led by the Internal Audit Department. The Internal Audit Department audits compliance matters in addition to its other matters.
- Alternatively, outside professionals (for example, a law firm which specializes in compliance audits or one of the bigger audit firms which also conduct compliance audits) could be engaged.
- The Internal Audit Director proposes, on an annual basis, a compliance audit plan to the Executive Chair and CEO, which describes the selected compliance matters to be made subject to an audit.
- The results of the compliance audit are reported to the Executive Chair and CEO. An executive summary along with the audit report is submitted to the Audit Committee before being presented to the Board of Directors.

All members of the Board of Directors of Befesa S.A. are required to have a balance of skills, qualifications, background, experience and ability to adequately perform the duties of the Board. Such a qualified and balanced composition is reflected in the skills matrix (ESRS-2 GOV-1 21c + AR5), which shows, in particular, that all members of the Board have ethics and governance skills.

### ESRS 2 IRO-1 Impacts, risks and opportunities

The process to identify material impacts, risks and opportunities is disclosed in section 53 of the ESRS 2 IRO-1, that includes business conduct matters. This process follows the EFRAG double materiality guideline, including the context analysis (internal and external communication, analysis of the value chain and identification of internal and external stakeholders), the identification of current and potential impact, risk and opportunities and the evaluation and prioritization of the IROs.

### G1-1 Corporate culture and business conduct policies

Corporate culture in Befesa is mainly covered by the Befesa Compliance Management System (CMS). Befesa is committed to achieving success and sustainable, profitable growth. Befesa must, at all times, fully respect all applicable laws, regulations and the environment in which it operates.

Befesa's CMS includes, but is not limited to, internal guidelines and policies such as the code of conduct and guidelines that address competition law requirements, anti-corruption, anti-money laundering, IT services, EHS issues, conflicts of interest and international sanctions. These measures, in addition to the whistle-blowing channel, guide members in ensuring that Befesa complies with all laws, regulations and values

In the next page are the material impacts, risks and opportunities related to Governance: Corporate culture and complaints mechanisms

identified as a result of the double materiality, and the policies implemented that relate to them (see the table on the next page)

### Befesa's general compliance policy

The general compliance policy provides guidance to Befesa and its subsidiaries on how to establish, maintain and report an effective CMS.

This document briefly describes concepts and guidelines that are developed later in specific policies, tools and procedures. It covers several topics such as commitment of management, code of conduct, compliance officer figure, identification and assessment of risks, specific compliance policies, training and the existence of a whistle-blowing channel.

Befesa's general compliance policy establishes the foundation for the implementation of an effective compliance framework and introduces the basic principles that will be the content of the complete compliance system. It is supported by monthly compliance committees, and by communication and training for the entire organisation.

### Code of conduct

Befesa has in place a code of conduct that is binding for all employees and which is the cornerstone of its CMS. It is available to all employees and third parties in the Sustainability/ Governance/Compliance section of Befesa's website: <https://www.befesa.com/sustainability/governance/#compliance>

The code provides the legal and ethical framework for the conduct of Befesa's

directors, executives, managers and employees. It defines basic behavioral standards within Befesa itself and in connection with other parties. The document is available in the eight languages spoken in the countries where Befesa operates. Some of the key aspects include the following:

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

Below are the material impacts, risks and opportunities related to Governance: Corporate culture and complaints mechanisms identified as a result of the double materiality, and the policies implemented that relate to them:

**Impacts, Risks and Opportunities (IRO) associated with Governance: Corporate culture and complaints mechanisms and corruption and bribery**

Type	Description	– Related policies and procedures	Own operations/Value chain
	Enhancement of employee engagement by fostering a sense of belonging and purpose among employees derived from compliance with the code of ethics.	– Code of Conduct	Own operations
	Improved corporation reputation through the implementation of policies and procedures focused on transparency, truthfulness, good practices and ethical behaviour.	– Code of Conduct – Conflict of Interests – Security Dealings Code – International Sanctions – Diversity, equality and inclusion	Own operations/Value chain
	Increase in workers' confidence and trust in Befesa through the establishment of secure and confidential mechanisms, such as the whistleblowing channel.	– Whistleblowing Channel – Whistleblowing Channel Protocol & Whistleblower Protection Policy	Own operations
Positive Impact	Greater compliance with applicable laws and regulations through the availability of compliance management and criminal law enforcement, as well as the recognition of being a trusted business partner with the purpose of being useful to suppliers.	– Supplier Code of Conduct – Code of Conduct – Anti-Corruption & Anti-Bribery – Anti-Trust – International Sanctions – Conflict of Interests	Own operations/Value chain
	Reduction of corruption and bribery crimes by promoting and enforcing compliance with the anti-money laundering rules and policies established by Befesa.	– Anti-Corruption & Anti-Bribery	Value chain
	Foster transparency, accountability and good governance practices by obtaining the UNE 19601 certification on Criminal Compliance (Befesa environment), which serves as a comprehensive framework for organizations to establish and maintain effective compliance management systems.	– UNE19601 Certification	Own operations/Value chain

**Impacts, Risks and Opportunities (IRO) associated with Governance: Corporate culture and complaints mechanisms and corruption and bribery**

	Absence of Integrated Management Systems, directly affecting the expectations of interest groups in terms of quality, environment, health and safety management.	<ul style="list-style-type: none"> <li>- Befesa CMS</li> </ul>	Own operations/Value chain
	Decline in employee trust towards Befesa, stemming from fears of potential repercussions, leads to employees feeling inhibited about reporting problems through the whistle-blowers channel.	<ul style="list-style-type: none"> <li>- Whistleblowing Channel</li> <li>- Whistleblowing Channel Protocol &amp; Whistleblower Protection Policy</li> </ul>	Own operations
	The insufficient compliance training implies that employees make unintentional mistakes or even act negligently. While compliance training programs are in place, they may not be comprehensive enough for all employees.	<ul style="list-style-type: none"> <li>- CMS Training</li> <li>- Code of Conduct Training</li> <li>- Quarterly Newsletters</li> <li>- QR Posters</li> <li>- Guidelines of conduct brochures</li> <li>- Compliance web &amp; intranet section</li> </ul>	Own operations
Negative Impact	Violation of employee privacy, exposure of sensitive information, and the possibility of this information being used for retaliation, by not having the adequate management system to prevent leakage of personal data of employees.	<ul style="list-style-type: none"> <li>- Confidentiality, and industrial &amp; intellectual property</li> <li>- Privacy Policy</li> </ul>	Own operations
	Possible rise in the cases of corruption and bribery due to insufficient compliance training withing employees. While training is provided, it may not be sufficient or comprehensive enough to cover for all countries.	<ul style="list-style-type: none"> <li>- Code of Conduct</li> <li>- Anti-Corruption &amp; Anti-Bribery</li> </ul>	Own operations
	Negative impacts to the reputation/image towards Befesa's stakeholders due to potential illegal or ethically questionable activities, such as money laundering, corruption or greenwashing.	<ul style="list-style-type: none"> <li>- Code of Conduct</li> <li>- Anti-Corruption &amp; Anti-Bribery</li> <li>- Anti-money laundering</li> </ul>	Own operations/Value chain

### Impacts, Risks and Opportunities (IRO) associated with Governance: Corporate culture and complaints mechanisms and corruption and bribery

	Failure to consider business conduct risks can lead to operational issues such as supply chain disruptions due to scarcity of natural resources, labor disputes related to unsatisfactory working conditions, or risk management issues arising from poor governance.	– Befesa CMS	Own operations/Value chain
	An ineffective response to compliance risk and regulatory changes can result in a loss of brand value.	– Befesa CMS	Own operations
	Non-compliance with policies related to social and governance can damage the reputation of the organization, productivity among employees, and a decrease in market share and income of the organization.	– Befesa CMS	Own operations/Value chain
	Possible rise in the cases of corruption and bribery due to insufficient compliance training with employees, resulting in unintentional mistakes or negligent acts.	– General Compliance Policy – Anti-Corruption & Anti-Bribery	Own operations
Risk	Reputational issues derived from the leakage of Befesa's confidential information regarding the protection of whistle-blowers, which could potentially result in legal consequences such as defamation or unfounded accusations.	– Code of Conduct – General Compliance Policy – Whistleblowing Channel Protocol & Whistleblower Protection Policy – Confidentiality, and industrial & intellectual property	Own operations/Value chain
	Reputational loss in cases where the Board of Directors of Befesa S.A. acts against applicable regulations and/or Befesa's internal policies.	– Befesa CMS	Own operations/Value chain
	Loss of confidence of stakeholders by not complying with capital markets regulations given its status as a listed company.	– Security Dealings Code – Whistleblowing Channel	Value chain
	Insufficient resources and capabilities for monitoring and compliance with standards and regulations at a global level, incurring possible future sanctions.	– Befesa CMS	Value chain
	Sanctions or fines derived from regulatory non-compliance, derived from ineffective anticipation of regulatory requirements.	– Befesa CMS	Own operations
	Economic sanctions due to activities considered unfair competition.	– Anti-Corruption & Anti-Bribery – Anti-money laundering	Own operations

**Impacts, Risks and Opportunities (IRO) associated with Governance: Corporate culture and complaints mechanisms and corruption and bribery**

	The implementation of new certifications can generate a strategic positioning in response to the demand of interest groups.	<ul style="list-style-type: none"> <li>- There is not specific policy about this IRO. Befesa will continue work to develop the necessary policies for this opportunity management</li> </ul>	Own operations
	Competitive positioning as leaders through the introduction and management of ethical aspects within the organization and operation of Befesa.	<ul style="list-style-type: none"> <li>- Befesa CMS</li> </ul>	Own operations
	A corporate culture fosters creativity and innovation among employees, driving the generation of innovative solutions to industrial challenges.	<ul style="list-style-type: none"> <li>- Code of Conduct</li> </ul>	Own operations
	Enhancement of transparency and accountability, attracting like so investors and fostering trust and confidence in stakeholders, by ensuring comparability of information through the reporting of sustainability reports.	<ul style="list-style-type: none"> <li>- Befesa CMS</li> </ul>	Own operations/Value chain
	Improvement of operational efficiency, and enhancement of reputation, by complying with anti-corruption laws and regulations, decreasing like so possible fines and penalties.	<ul style="list-style-type: none"> <li>- Anti-Corruption &amp; Anti-Bribery</li> <li>- Anti-money laundering</li> </ul>	Own operations/Value chain
Opportunity	Protection from potential litigation and legal sanctions by effectively complying with current labor laws and regulations through the establishment of the whistle-blower channel.	<ul style="list-style-type: none"> <li>- Whistleblowing Channel</li> <li>- Whistleblowing Channel Protocol &amp; Whistleblower Protection Policy</li> </ul>	Own operations
	Improvement of transparency and accountability as an opportunity to increase the comparability of information and therefore makes investing in Befesa more attractive. Furthermore, this implies that more clients and suppliers want to work with Befesa, improving their prices.	<ul style="list-style-type: none"> <li>- Befesa CMS</li> </ul>	Value chain
	Strengthening the culture of ethics and integrity as an opportunity to increase the comparability of information and therefore makes investing in Befesa more attractive.	<ul style="list-style-type: none"> <li>- Befesa CMS</li> </ul>	Own operations/Value chain
	By complying with anti-corruption laws and regulations, there is a reduction in fines and penalties, and an improvement in operational efficiency, as these programs can identify and eliminate corrupt practices that may hinder the company's operational efficiency. Furthermore, this implementation helps protect the company's reputation and maintain the trust of customers, suppliers, and investors.	<ul style="list-style-type: none"> <li>- Anti-Corruption &amp; Anti-Bribery</li> <li>- Anti-money laundering</li> <li>- Supplier Code of Conduct</li> </ul>	Own operations/Value chain

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

#### Complementary-specific compliance policies

Based on the results from the risk identification and assessment, Befesa has developed and updated compliance-relevant documents covering the following areas:

##### Anti-corruption and anti-bribery policy:

One of Befesa's core principles is to comply with all the anti-corruption and anti-bribery laws and regulations where the Company operates. Befesa's principle is to compete by making deals and providing services to its customers based on the quality and price of its products and offerings, instead of providing undue advantages or benefits to others.

##### Anti-money laundering policy:

Befesa is committed to carrying out its activities with accredited clients and with other trading partners who perform their activities legally and whose funds come from legitimate sources. Accordingly, all employees of Befesa must strictly comply with the pertinent anti-money laundering legislation and with Befesa's internal procedures, which are designed to detect and prevent suspicious payment methods.

All Befesa employees are obliged to report any suspicious behaviour by clients or trading partners, either to the Compliance Officer or by using the whistleblowing channel. All employees

must comply with all the rules and guidelines regarding accounting and financial information applicable to cash and other forms of payment in relation to the transactions that need to be made.

##### Anti-trust policy:

It is the unconditional policy of Befesa to fully comply with all applicable anti-trust laws worldwide and to enforce compliance throughout the organisation. In this policy, a guideline summarises the basic rules of the anti-trust laws prevailing in the main jurisdictions where Befesa is active.

All employees must be familiar with and strictly observe the basic rules and specific anti-trust regulations of the relevant jurisdiction in which they operate or which is affected by their operations. Non-compliance will be taken very seriously by Befesa's management and will lead to personal consequences for the relevant employee(s).

##### Conflicts of interest policy:

The purpose of this policy is to identify and prevent situations in which an employee's activities conflict or appear to conflict with the interests of Befesa and its subsidiaries. Every employee must offer undivided commercial loyalty to Befesa and make business decisions only in the best interests of the Company, not based on their potential personal interests. All employees must avoid any relationship or activity that could affect their independent judgement in the conduct of Befesa's business, conflicts with the Company's interests or could reasonably give the appearance of conflicting with Befesa's interests.

##### Group security dealings code:

This code applies to all employees, managers and Directors of Befesa and its fully consolidated subsidiaries and joint ventures. These rules are designed to ensure that employees do not misuse, or place themselves under suspicion of misusing, information about Befesa that they have access to, and which is not available to other investors. This code also includes a closed period calendar to be followed by the affected persons.

##### International sanctions policy:

International sanctions or restrictive measures take the form of economic instruments that seek to modify policies or activities in other countries that breach international law or human rights. The implemented measures are obligatory and affect all the countries that form part of the organisation that adopts them. In the case of the EU, they are obligatory for all its member states. Befesa believes that all its employees must comply with these restrictive measures, insofar as they affect their activities. The aforementioned CMS of Befesa includes a specific section on policies, systems and controls in relation to international sanctions.

##### Diversity, equality and inclusion policy:

Befesa seeks to strengthen diversity, equality and inclusion among its workforce, and seeks to eliminate discrimination. The policy's purpose is to provide equality, fairness and respect for all the employees of the Company. It seeks to oppose and avoid all forms of discrimination by ensuring that recruitment, remuneration and promotion at Befesa is based on qualifications and performance.

### **Confidentiality, and industrial and intellectual property policy:**

Befesa is aware of the value of its assets, in particular the industrial and intellectual property rights inherent in the innovative knowledge generated during the progress of its activities. The Company strives to protect this by adopting appropriate measures for interactions with its employees and with third parties. This policy establishes the operational rules and standards to be applied at Befesa, as well as for third parties. This ensures the effective protection of the industrial and intellectual property of Befesa, guaranteeing a high level of security and compliance with current legislation.

### **Privacy policy**

There is in place a privacy policy that applies to all personal data submitted to Befesa through any means of communication. In this policy, different aspects are covered, such as the obligation to provide data, data responsible, purpose, type of data and rights, among others.

It also covers the measures implemented to protect data security and to prevent the alteration, loss, processing or unauthorised access, in accordance with the provisions of applicable regulations.

### **Supplier code of conduct**

During 2020, Befesa implemented a code of conduct for suppliers that must be accepted and signed by all suppliers. Befesa expects its suppliers to implement the principles set out in this code of conduct throughout their organisations worldwide and to comply with these principles. Befesa also expects suppliers to use their best efforts to implement these standards

with their suppliers and subcontractors and to take these principles into account when selecting them.

The supplier code of conduct covers different aspects, including environmental protection and energy efficiency; human rights, employment practices, and health and safety; and business integrity and corporate governance standards. The supplier code of conduct is available on Befesa's website at <https://www.befesa.com/sustainability/governance/#compliance>. The internal audit team reviews and analyses the implementation of the code.

In addition to the aforementioned policies and codes, Befesa also has different internal procedures that complement the internal control system:

### **Internal procedures**

#### **Concept**

The internal procedures of Befesa take the form of a suitable internal control system that represents the internal rules of the Company. It works through an internal system of communication and authorisation. The main goal is to have a common method of operating, assessing and mitigating the business risks inherent in Befesa's activities.

This implies the following:

- Consistency of actions
- Reinforcement of corporate identity
- Risk control and reduction
- Optimisation of management
- Creation of value for stakeholders
- Profitability

### **Covered areas**

The internal procedures cover different areas considered as key for Befesa. Twenty-one procedures are in place and include controls for the following areas:

- Financial management
- Legal matters and insurance management
- Human resources and CSR
- IT management
- General expenses
- Corporate identity

### **Other aspects covered by Befesa's CMS**

In addition to the above aspects, as part of Befesa's CMS, there are other relevant areas in the system, such as internal controls, risk analyses, insurance coverages and data protection regulations.

### **Internal controls**

In addition to the compliance policies mentioned, Befesa has in place an internal control matrix that contains financial and non-financial information control and processes. This covers the most significant areas of the Company:

- Purchases
- Fixed assets
- Stocks
- Sales
- Treasury
- Human resources
- Taxes
- Hedging
- Equity

- Closing and reporting
- Legal and ethics

### Risk analysis and insurance coverage

Included in the CMS, Befesa has an Risk Management System in place, which is explained in detail in the "GOV-1/GOV-2 Role of management and sustainability matters addressed section of this Annual Report.

Data-protection regulations Following the EU General Data Protection Regulation (GDPR) that came into force in May 2018, Befesa has carried out an analysis of the Company's data-protection standards, with the main goal of adapting those standards to the new GDPR requirements.

### Criminal compliance certification UNE 19601

The Spanish criminal code establishes that legal persons may have criminal responsibility. To avoid this from happening at Befesa, a criminal compliance programme (Criminal Risks Management System) was implemented.

This programme comprises a set of preventive tools with the aim of preventing a breach of the rules of a criminal nature and of avoiding possible sanctions that could generate responsibility for the Company. Furthermore, there is a certifiable standard UNE 19601 concerning criminal compliance that Befesa Medio Ambiente S.L.U. satisfactorily achieved in Q1 2021. Befesa renewed this certification in Q1 2023 for another 3 years.

### Whistleblowing Channel

Befesa has a whistleblowing channel in place on its website, which is available to all employees and external third parties on a 24/7 basis. Complaints can be made via telephone or the web platform. This platform is available in eight languages: English, German, Spanish, French, Swedish, Turkish, Korean and Chinese.

Befesa's whistleblowing channel is managed through EQS software, the leading company in Europe and the first compliance platform certified in accordance with the data protection law at European level (GDPR).

EQS offers an instruction manual to the staff receiving reports in Befesa, plus regular webinars and workshops. A whistleblowing channel section is included in the CMS annual training and is also covered in the compliance printed guidelines of conduct that every employee receives. The policy for training in the organisation on business conduct is developed later in this section.

Furthermore, Befesa is certificated in UNE 19601 Criminal Compliance, where part of the certification is the evaluation of the whistleblowing channel, the protocol established and the capability of the people in charge of the channel.

In addition, it meets the following data security standards: double security certification in accordance with ISO 27001, state-of-the-art encryption algorithms, high-security data centres and manual penetration testing.

Befesa has a policy called the "Whistleblowing Channel Protocol & Whistleblower Protection Policy". Befesa will not, in relation to the reporting of any incident under the policy, permit any form of retaliation or reprisal (including discharge, demotion, transfer, suspension, threat, intimidation, harassment or any other form of discrimination) by any person or group, directly or indirectly, against any whistleblower, witness or interviewee who, truthfully and in good faith, reports an incident in accordance with this policy.

Befesa has a structured and comprehensive process to investigate business conduct incidents, including cases of corruption and bribery, with promptness, independence and objectivity.

Key aspects of Befesa's investigation procedures include:

- **Confidentiality and anonymity:** All reports are treated as confidential, and whistleblowers' identities are protected to the extent permitted by law.
- **Independent oversight:** The Compliance Officer oversees the whistleblowing channel and ensures investigations are conducted without conflicts of interest.

• **Thorough investigation process:**

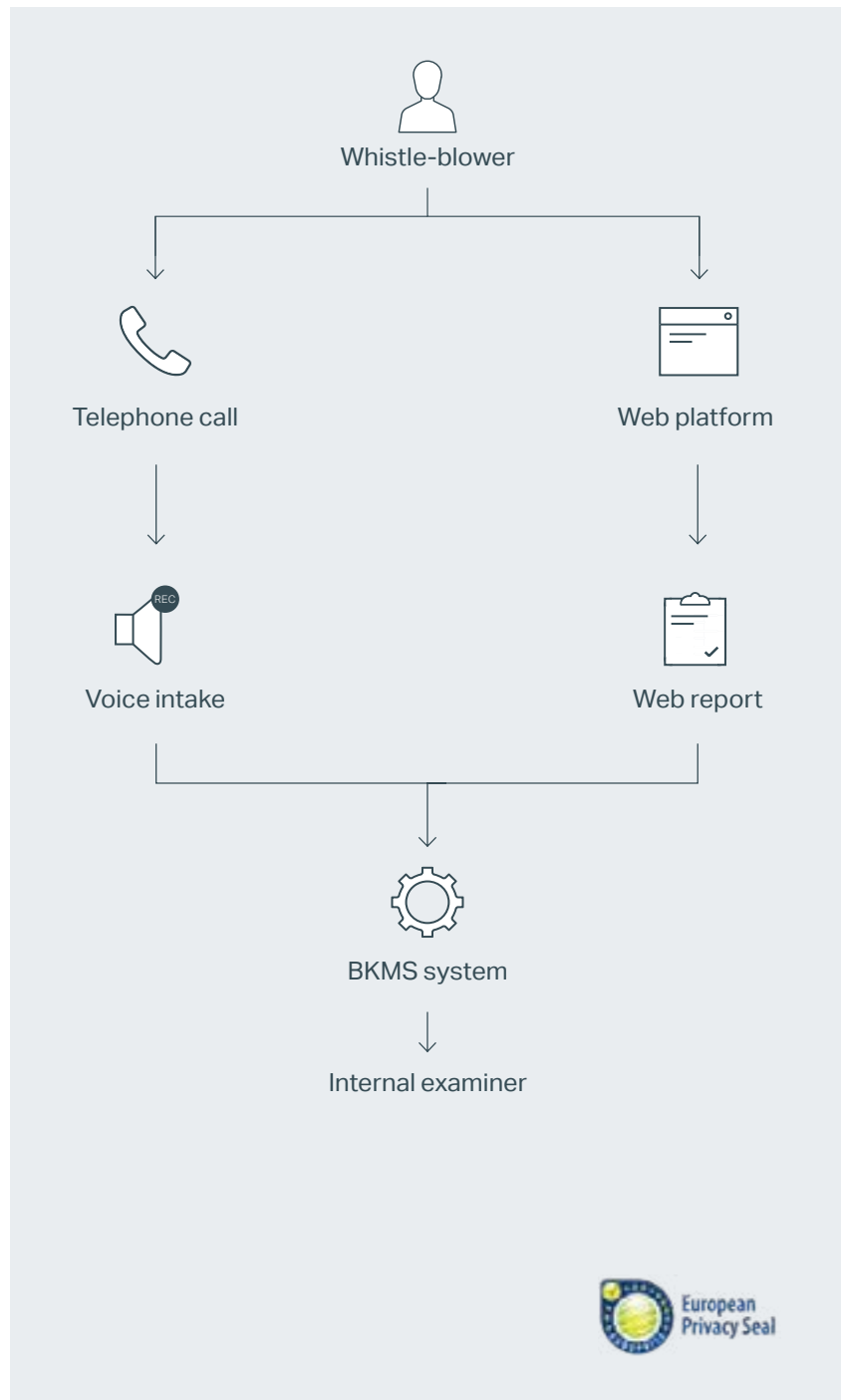
1. Reports are classified and analysed to determine the need for an investigation.
2. If required, additional information is gathered from the whistleblower and relevant parties.
3. Investigations may be conducted internally or with external specialised resources, ensuring impartiality.

• **Decision-making and corrective actions:**

Findings are reviewed by management or the Board of Directors, which determines appropriate actions.

The training within the organisation on business conduct is detailed in section G1-3 of this report.

In terms of risk regarding corruption and bribery, the functions with higher risks are: plant managers, purchases & sales areas employees, employees in the financial areas, corporate directors and managers. Basically those employees that have relationships with third parties. That is the reason why, together with the remaining white collars employees, they have 2 specific compliance and business conducts online training courses every year.



### G1-3 Prevention and detection of corruption or bribery

The process that Befesa has in place to prevent, detect and address allegations or incidents of corruption and bribery is the following:

- **Preventive measures:** A CMS and all policies and procedures previously detailed. All of them are available to all employees on the intranet and the website. In addition, training is provided annually.
- **Detective measures:** Befesa has an Internal Audit Department that carries out an annual audit programme in all subsidiaries, supervised by the Audit Committee. Internal controls and processes included in Befesa's internal control matrix cover financial and non-financial information. Its compliance is audited by Befesa's Internal Audit Department following an annual audit plan approved by Befesa's Audit Committee. Befesa's Internal Audit Department conducts audits of all significant operations every year and at least once every two years for all other operations.

Integrated audits conducted by Befesa's internal audit team provide Befesa's investors and stakeholders with additional confidence regarding the financial and non-financial information published every quarter.

These audits cover:

- Befesa's consolidated and subsidiaries' stand-alone financial statements
- Company processes and policies
- Compliance, ESG policies and ethical standards

In 2024, a total of 29 audits (2023: 26 audits) were carried out following this internal control matrix.

Among others, these include:

- The definition of proper criminal compliance policies of Spanish entities (UNE 19601);
- Training for employees on compliance policies, the code of conduct and IT security;
- Internal approvals for key actions;
- Anti-money laundering, payments and collections, and cash destinations and origins;
- Powers of attorney and compliance with the "four-eyes" principle;
- Negotiations with suppliers, customers and other business partners, in addition to existing contracts;
- Compliance with Befesa's supplier code of conduct;
- The recruitment and hiring of staff;
- Training and compensation of employees;
- Donations and sponsorships; and
- Health and safety.

Befesa's internal audit team is also involved in investigations concerning complaints received through the Company's whistleblowing channel. The results and progress on internal audit works are reported to Befesa's Audit Committee every quarter.

#### Whistleblowing channel:

As it was previously mentioned, in addition to the preventive and detective measures, Befesa has the aforementioned whistleblowing channel where every employee or third party can send potential irregularities. In every investigation carried out, the investigators are independents and separated from the people investigated.

No convictions, incidents or fines for violation of anti-corruption and anti-bribery laws have been taken place in Befesa.

#### Corporate review:

Compliance culture in Befesa is implemented in a top-down approach. The CMS of Befesa was initially approved by management and the Board of Directors. After that, a monthly follow-up is carried out by both bodies. Communication and promotion are key for a positive development of the corporate culture through the organisation.

As it has been mentioned, corporate culture in Befesa is mainly covered by the Befesa CMS. The CMS is reported and reviewed internally in three different ways:

- a) Internal meetings: On a monthly basis, the Compliance Officer and the Executive Chair have a meeting where all significant aspects of the CMS are analysed, reviewed and approved.
- b) The CMS plan and status are reviewed in every Board meeting as a regular part of the agenda.
- c) Audit Committee: A more detailed CMS status is presented in the Audit Committee. Its members supervise the compliance tasks and CMS performance, including whistleblowing reports.

### Training and engagement:

Befesa has implemented four tools to guarantee that everyone in the organisation has access to the latest compliance initiatives: quarterly newsletters, training, conduct guidelines and QR compliance posters.

In addition to these tools, all the compliance information is available to all employees in the Befesa intranet. Also for third parties, Befesa webpage

has a compliance section where compliance documentation can be found.

### Quarterly newsletters:

Every quarter, one specific compliance topic is shared with all Befesa's employees. These topics are agreed upon with management and are circulated via email throughout the organisation.

### Training:

The continuous training of Befesa's employees is key for the future and the development of the organisation. Compliance is an important aspect for the Company.

Befesa has therefore developed annual training for employees, including part-timers; the training courses and training tests are updated on an annual basis with the latest compliance-related contents. All the topics included in the Befesa CMS are covered by the training tool, including policies regarding business conduct.

During 2024, two specific compliance training courses were launched to all employees on the CMS and the code of conduct. Both training courses were included in a specific online training tool, supported by live interactions and questionnaires.

Befesa divides its employees into two groups:

- **White collar employees (roughly 800 employees):** Every employee with a company email is included in the annual corporate compliance online training through the KnowBe4 training tool. There are two training courses every year that cover business conducts: Compliance Management System (H1) and Code of Conduct (H2). The CMS training covers the theory and practical exercises relating to the Befesa compliance policies and requirements. In the CMS training, anti-corruption and anti-bribery topics are covered, among others. The code of conduct training is a specific and deeper training covering the contents of the Befesa Code of Conduct. The Compliance Department has a follow-up of the percentage of accomplishment of the training. We understand that white collars employees have higher risks in terms of corruption and bribery, so this is the reason why they have two specific compliance and business conduct online training courses every year.



- **All employees (blue collars and white collars)** receive a printed brochure with the guidelines of conduct. These brochures are available in the eight languages of Befesa. In addition, every plant and office of the Group has compliance posters with QR codes. In these QR codes, all compliance and business conduct policies and procedures are available to employees.

All training courses are reviewed by the Compliance Department to make sure that every employee has accomplished the training requirements, and a final summary is shared with management. One hundred per cent of employees with functions at risk are covered by training programmes, and it is controlled with the Befesa training platform.

Management receives same compliance training as the remaining employees. Board members do not receive specific compliance training, but they are informed about the compliance topics in the Board and audit meetings.

**Brochures on conduct guidelines:**

Printed brochures on the conduct guidelines are in place and have been sent to all Befesa's employees. These brochures are available in the eight languages of Befesa. The brochure

covers the main aspects of Befesa's code of conduct and CMS in a visual format that can be easily checked by all personnel.

**QR compliance posters:**

With the goal of strengthening communication with employees, Befesa has designed printed posters with QR codes. These posters are available in eight languages and are at all the Befesa plants, so that every employee can scan the QR codes of the posters to find direct access to the following:

- Code of conduct
- Complementary-specific compliance policies
- Compliance training
- Procedures tool
- Whistleblowing channel

**G1-4 Confirmed incidents of corruption or bribery**

There have not been convictions or fines for violation of anti-corruption and anti-bribery laws, so no actions for addressing breaches have been needed.

# Independent auditor's report



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## **Limited Assurance Conclusion**

We conducted a limited assurance engagement on the Sustainability Statement of Befesa S.A. (“the Group”) included in section Sustainability Report of the Management Report (the “Sustainability Statement”) as at 31 December 2024 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the accompanying Sustainability Statement is not prepared, in all material respects, in accordance with:

- article 29(a) 4 of EU Directive 2013/34/EU (“Directive”);
- the European Sustainability Reporting Standards (“ESRS”), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the “Process”) is in accordance with the description set out in note IRO-1 Double Materiality Analysis;
- the disclosures in subsection “The EU Taxonomy” within the environmental section] of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”);

altogether the “Criteria”.

## **Basis for Limited Assurance Conclusion**

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (revised) (“ISAE 3000”), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, established by the International Auditing and Assurance Standards Board (“IAASB”) as adopted for Luxembourg by the Institut des Réviseurs d’Entreprises (“IRE”).

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the *Responsibilities of réviseur d’entreprises agréé’s* section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (“ISQM”) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements as adopted for Luxembourg by the CSSF and accordingly maintains a comprehensive system of quality control including the design, implementation and operate a system of quality management, of audits or reviews of financial statements, or other assurance and related services engagements.



### **Emphasis of Matter - New sustainability reporting standards**

We draw attention to the section “General disclosures” of the Sustainability Statement. Subsection “Basis for preparation” sets out that the Sustainability Statement has been prepared in a context of new sustainability reporting standards requiring entity-specific and temporary interpretations and addressing inherent measurement or evaluation uncertainties. The disclosures in the subsections “GOV-4 Statement on due diligence”, “GOV-5 Risk management and internal controls” and “IRO-1 Double materiality analysis” in section “General disclosures” of the Sustainability statement explain possible future changes in the ongoing due diligence and double materiality assessment process. Due diligence is an on-going practice that responds to and may trigger changes in the Group’s strategy, business model, activities, business relationships, operating, sourcing and selling contexts relevant for stakeholders as a group. The double materiality assessment process may also be impacted in time by sector-specific standards to be adopted. The Sustainability Statement may therefore not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder may consider important in its own assessment.

Our conclusion is not modified in respect of this matter.

### **Emphasis of Matter - Data limitation**

We draw attention to the fact that the Group encountered data availability limitation when measuring Scope 3 emissions across its locations and value chain. Details regarding material estimation uncertainties and the plan to address data availability and estimation challenges for Scope 3 measurement are provided in Disclosure E1-6.

Our conclusion is not modified in respect of this matter.

### **Other Matter**

The corresponding information in the Sustainability statement and thereto related disclosures with respect to previous years have not been subject to limited assurance procedures.

Our conclusion is not modified in respect of this matter.

### **Responsibilities of for the Board of Directors for the Sustainability Statement**

The Board of Directors of the Group is responsible for:

- the preparation of the sustainability information in the Sustainability Statement in accordance with the Criteria,
- designing, implementing and maintaining such internal control that determines is necessary to enable the preparation of the sustainability information in the Sustainability Statement, in accordance with the Criteria, that is free from material misstatement, whether due to fraud or error.

This responsibility includes:

- developing and implementing a process to identify the information reported in the Sustainability Statement in accordance with ESRS and for disclosing this process in note IRO-1 Double Materiality Analysis of the Sustainability Statement.
- understanding the context in which the Group’s activities and business relationships take place and developing an understanding of its affected stakeholders;



- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

The Board of Directors of the Group is further responsible for the preparation of the Sustainability Statement, which includes the information identified by the Process, in accordance with the Criteria.

### ***Inherent limitations in preparing the Sustainability Statement***

In reporting forward looking information in accordance with ESRS, the management of the Group is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcome is likely to be different since anticipated events frequently do not occur as expected. Forward-looking information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the achievability of this forward-looking information.

In determining the disclosures in the Sustainability Statement, the management of the Group interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

The references to external sources or websites are not part of the sustainability information as included in the scope of our assurance engagement. We therefore do not provide assurance on this information.

### ***Responsibilities of the réviseur d'entreprises agréé***

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000, we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- performing procedures, including obtaining an understanding of internal control relevant to the engagement, to identify risks that the process to identify the information reported in the Sustainability Statement does not address the applicable requirements of ESRS, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;



- designing and performing procedures to evaluate whether the Process to identify the information reported in the Sustainability Statement is consistent with the Group's description of its Process as disclosed in note IRO-1 Double Materiality Analysis.

Our other responsibilities in respect of the Sustainability Statement include:

- performing risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control;
- designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### **Summary of the work performed**

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The procedures performed in a limited assurance engagement vary in nature and form, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The nature, timing and extent of procedures selected depend on professional judgement, identification of disclosures where material misstatements are likely to arise in the Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect of the Process, we:

- obtained an understanding of the Process by performing inquiries to understand the sources of the information used by management and reviewing the Group's internal documentation of its Process; and
- evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in note IRO-1 Double Materiality Analysis .

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement;
- evaluated whether all material information identified by the Process is included in the Sustainability Statement;
- evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the Criteria;
- performed inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- performed substantive assurance procedures based on a sample basis on selected disclosures in the Sustainability Statement;
- where applicable, reconciled selected disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and management report;



- evaluated selected methods, assumptions and data for developing estimates and forward-looking information;
- analysed, on a limited sample basis, relevant internal and external documentation at the level of the Group for selected disclosures
- obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement;

#### **Other information**

The management of the Group is responsible for the other information. The other information comprises information included in the consolidated Annual report 2024 but does not include the Sustainability Statement and our assurance report thereon.

Our conclusion on the Sustainability Statement does not cover the other information and we do not express any form of assurance conclusion thereon.

Luxembourg, 29 April 2025

KPMG Audit S.à r.l.  
Cabinet de révision agréé

A handwritten signature in black ink, appearing to read 'S. Lego-Deiber', is written over a faint, stylized signature line.

Stephan Lego-Deiber



# Disclaimer

This report contains forward-looking statements and information relating to Befesa and its affiliates that are based on the beliefs of its management, including the 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.

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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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Published: 30 April 2025

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