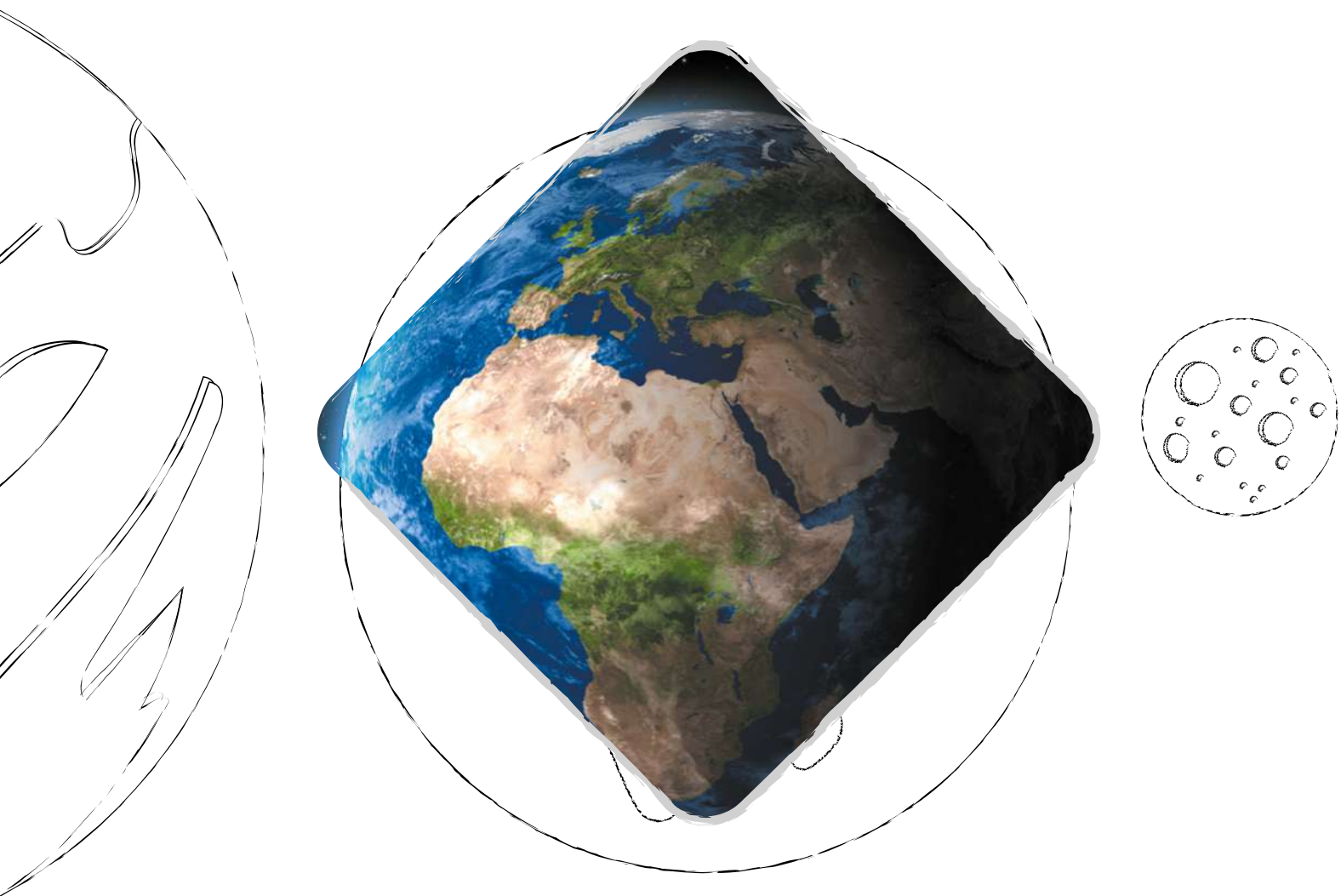


2020 SUSTAINABILITY REPORT



2020 SUSTAINABILITY REPORT



We don't want the moon.
But the earth, the one we know,
the one we want. For everyone.



Steelmaking since 1957

LETTER TO THE STAKEHOLDERS

2020 was a very complex and difficult year that we will all remember not only because of the drama of the pandemic and the mourning it caused, but also because it upended every area of our lives, from the personal to work.

It was a year that tested our limits but also gave us a chance to reinvent ourselves to overcome it and, from the company's point of view, to continue to do business in an ethical and sustainable way. After a first half-year of intense disorientation due to the necessary limitations of all our freedoms, including that of working, the situation eventually adjusted and from a productive and economic point of view we experienced a gradual yet significant rebound that allowed us to recover from a year that seemed to be seriously compromised. The climb out of the pit was made possible because all the safety and prevention measures envisaged by national and local protocols were implemented and personalised, and involved a high level of cooperation between the company, trade union representatives and workers. Despite objective difficulties, we never wavered in our belief that we would come back stronger, and indeed we have seen positive results since the recovery began in September. For us the economic result of 2020 – which is positive but very limited compared to the average of the last ten years – is, therefore, an extraordinary achievement and a source of great pride. That is because it is easy to speed along when you have the wind in your sails, but it is much harder to move forward when it is blowing against you. 2020 was therefore an exhausting yet useful and instructive year that allowed us to better internalise the values that inspire our business and our sustainability initiatives: the safety of our people without distinction of activity or category, the technical and environmental reliability of our production processes and the quality of our products. In this context, the improvement of our environmental performance has continued relentlessly, oriented towards increasingly aggressive forms of circular economy, and we are beginning to reap the first fruits as well as seeing and planning new and increasingly ambitious objectives.

A particularly important result was that of the EMAS certification of the Padua plants and initiated for all the Group's other production units.

The culture of sustainability – because it is a culture just as much as it is a quality – is increasingly permeating our planning and our actions in a dynamic way in which true added value is derived from the constructive exchange of information and experience among our various plants.

We are not resting on our laurels, as we are aware that we still have many goals to achieve, and for this reason we are also devoting great attention to ongoing and prospective innovations such as the energy transition and the digitalisation of processes.

I am convinced, in fact, that it is necessary to set even more challenging goals for ourselves, not least because **if you settle for the present, you're destined not to have a future.**

Alessandro Banzato
Chairman



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ISO9001, ISO14001, ISO50001 and IATF 16949 Certifications

Compliance with Confindustria's Charter of Environmental Sustainability Principles



HIGHLIGHTS 2020

€ 22m of investments
in plants

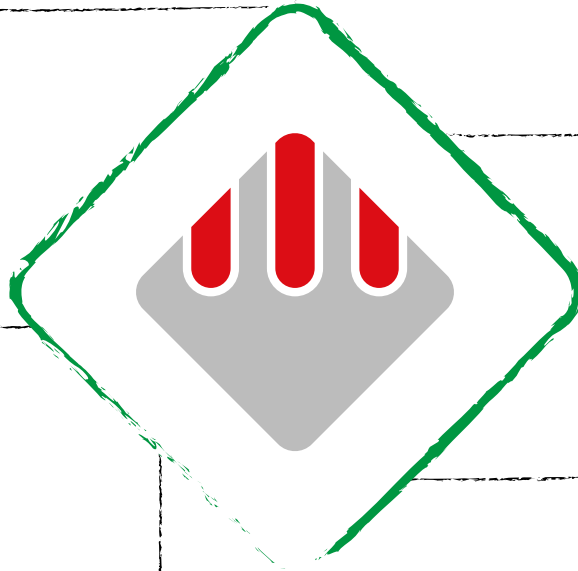
€ 750m
of value generated

97% of waste
from rolling mills
sent for recovery

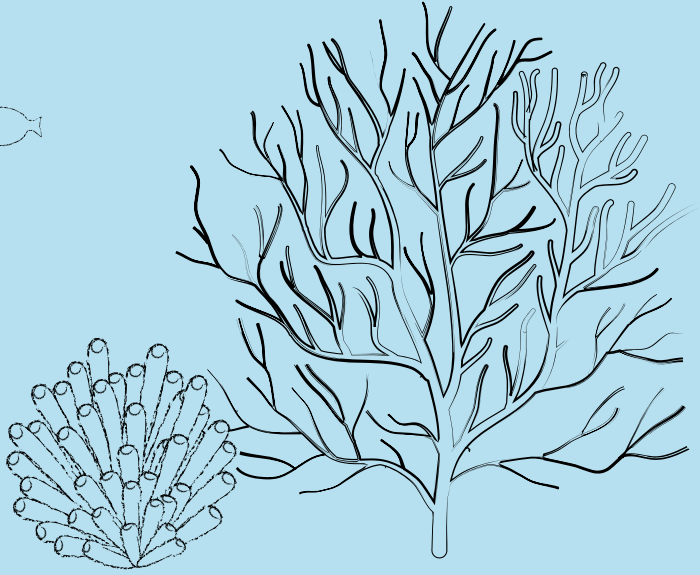
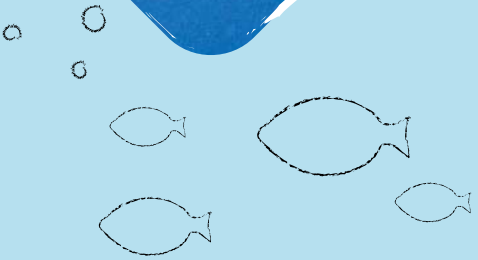
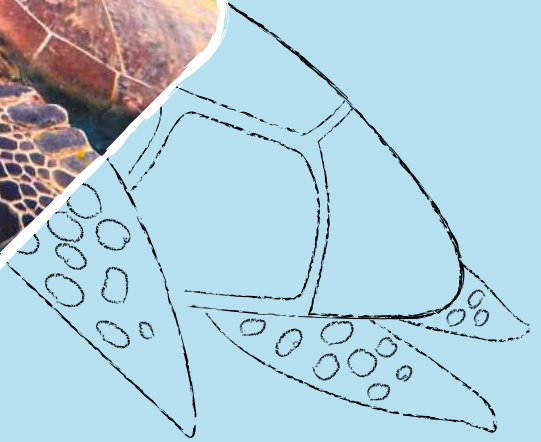
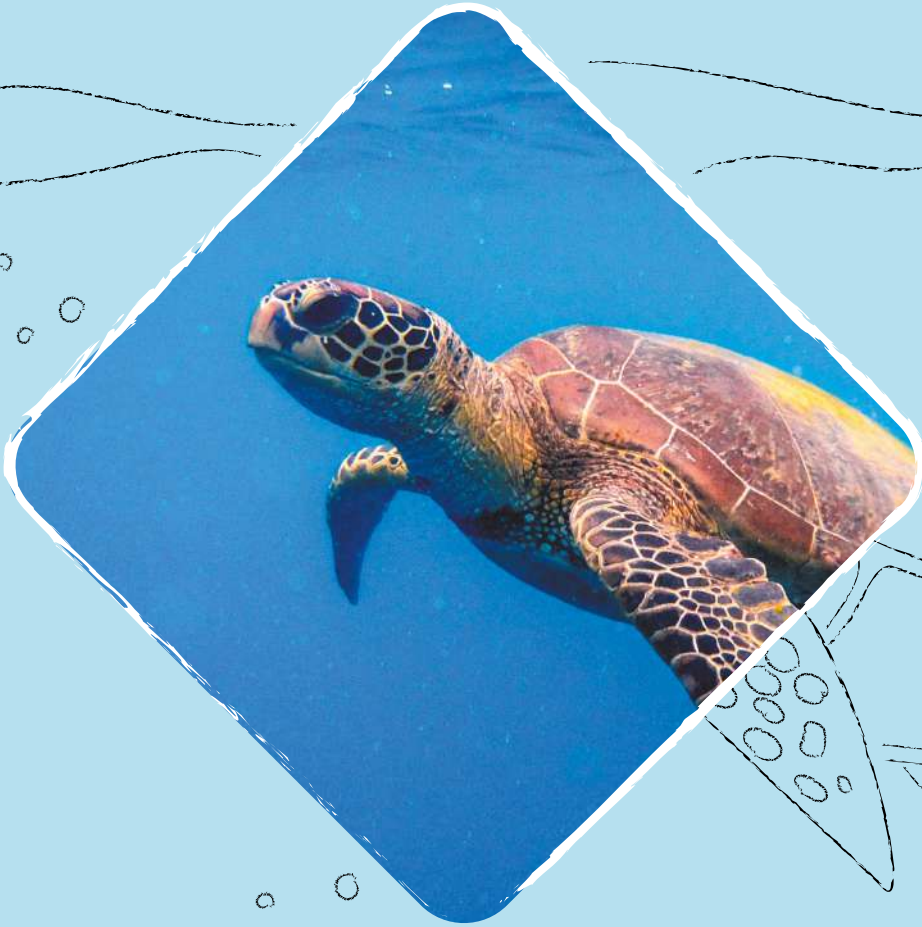
More than
1,200
fixed-term
contracts

About
1.4 million tonnes
of steel produced

1.5 million tonnes
of recycled scrap



1.
STAKEHOLDERS AND MATERIAL TOPICS



1.1 Listening to our stakeholders

Acciaierie Venete has always considered open dialogue with its stakeholders to be of great importance. Acciaierie Venete promotes this dialogue through a range of communication channels appropriate for each category of stakeholder, including business meetings, meetings between the parties and formal meetings with local authorities.

At the beginning of 2021, the company **contacted more than 80 stakeholders** with the aim of starting a broader discussion on sustainability issues and strengthening its relationships and dialogue on these issues. The process of involving stakeholders was carried out through an **online questionnaire** asking them to select the sustainability issues that most influence their decisions. The five sustainability issues that were found to be most significant for the stakeholders involved are:

- Employee well-being and safety
- Training and development of human capital
- Pollutant emissions and air quality
- Waste management
- Supporting the energy transition and the fight against climate change.

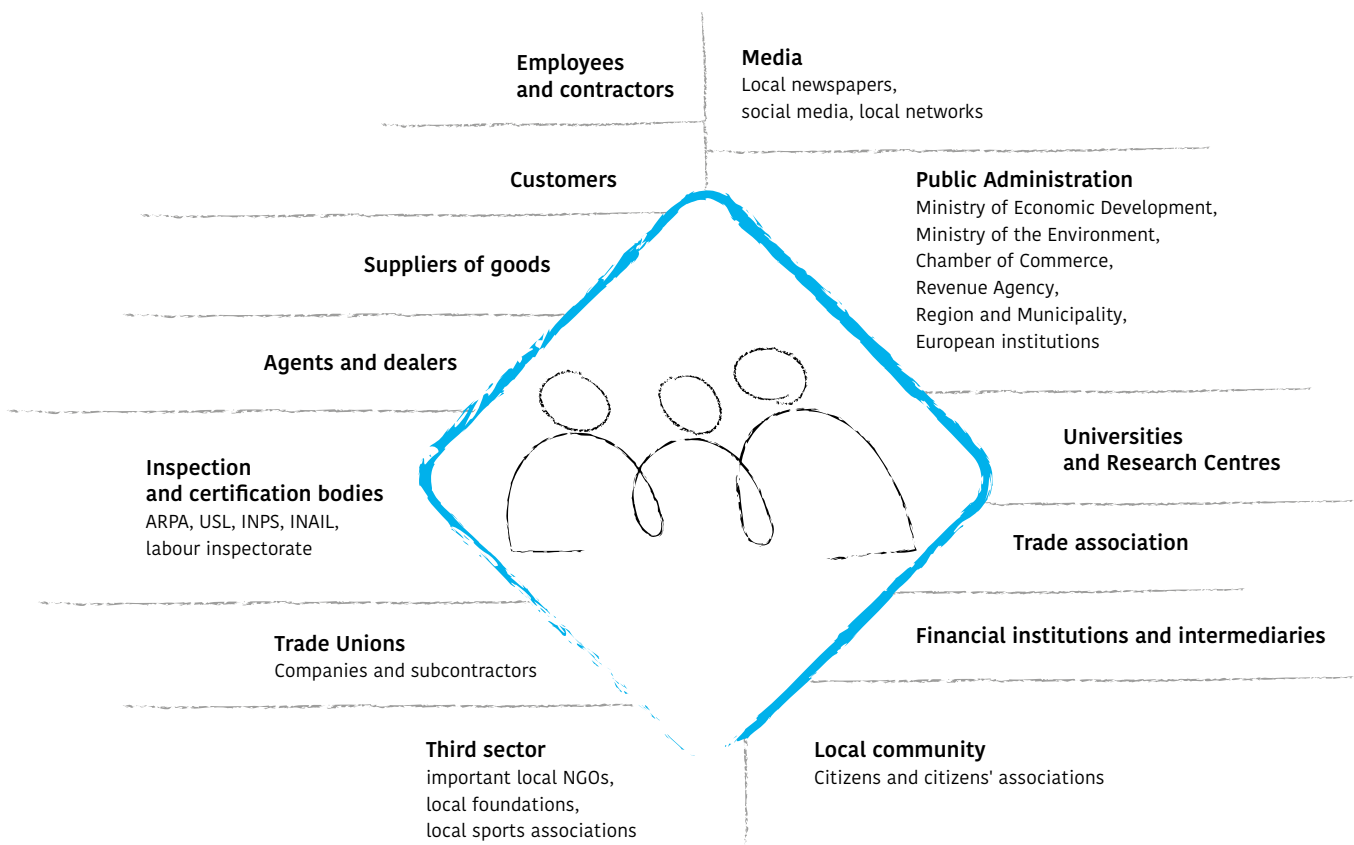
The company's top management was also involved in the process of defining the material issues through a dedicated workshop in which each company representative was able to express their views with respect to the sustainability issues considered sufficiently significant to be reported on in the Sustainability Report.

The results of the online survey, together with what emerged from the workshop with the top company management, were analysed for the definition of Acciaierie Venete's 2020 materiality matrix.

Main stakeholders of Acciaierie Venete

The main categories of stakeholders of Acciaierie Venete were identified through a survey of company documentation (such as the Code of Ethics and the documents of the Integrated Management System), an analysis of the company's business model and its interrelationships with the outside world, and through the involvement of the managers of Acciaierie Venete's various departments/functions. The company's top management then assessed these categories of stakeholders, prioritising them on the basis of their influence and dependence on Acciaierie Venete.

Main categories of Acciaierie Venete stakeholders



1.2 Material topics for Acciaierie Venete and its stakeholders

According to the GRI Sustainability Reporting Standards, adopted for the preparation of this document, a Sustainability Report should provide information on topics that substantially affect the company's ability to create value in the short, medium and long term, which reflect the significant economic, environmental and social impacts of the organisation and are of interest to the company's stakeholders.

The tool that makes it possible to define the topics that have or could have an impact on the actions and decisions of Acciaierie Venete or its stakeholders is a materiality analysis. In order to define the range of topics that require initial analysis, Acciaierie Venete conducted several internal interviews with the management, a benchmarking analysis, a study of the sustainability context and a comparison with the international sustainability standards of reference for the industry the company operates in.

Thanks to a workshop that involved the company's top management and an online survey of more than 80 stakeholders, it was then possible to prioritise the topics identified. The material topics are those that are important to both Acciaierie Venete and its stakeholders.

The material topics identified for this edition of the Sustainability Report have been divided into three categories:

Material topics

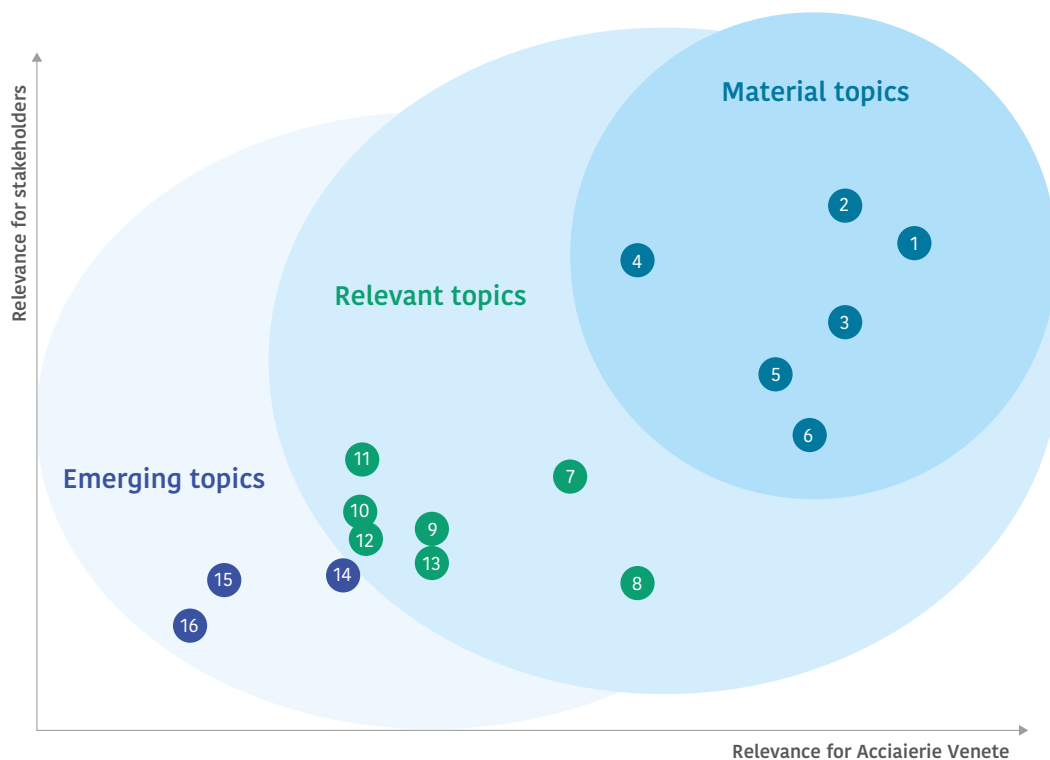
1. Pollutant emissions and air quality
2. Employee well-being and safety
3. Training and development of human capital
4. Supporting the energy transition and the fight against climate change
5. Process and product innovation
6. Circular economy

Relevant topics

7. Environmental and social compliance
8. Economic sustainability and value creation
9. Impact on local communities
10. Protection of ecosystems
11. Sustainable use and protection of water resources
12. Product quality and traceability
13. Human resources management

Emerging topics

14. Transparency and business integrity
15. Relations with personnel
16. Responsible management of the supply chain



Material topics

Topics considered material for both the company and its stakeholders, being more representative of the sustainability impacts generated by Acciaierie Venete on the environment, the economy and people.

Pollutant emissions and air quality	Monitor emissions of polluting gases generated by industrial processes and the distribution of company products, in order to reduce them.
Employee well-being and safety	Promote a welcoming, stimulating, and positive work environment aimed at ensuring psychophysical health, providing welfare programmes to all employees, and ensuring working conditions that guarantee full respect of the right to health and the protection of well-being.
Training and development of human capital	Contribute to the educational growth of its employees, as well as programmes aimed at stimulating the professional development of its workers.
Supporting the energy transition and the efforts against climate change	Promote the efficiency and reduction of energy consumption within the organisation, to also allow the reduction of emissions of climate-altering gases resulting from production.
Process and product innovation	Ensure continuous process innovation and develop innovative and environmentally-friendly products, with particular attention to quality aspects and environmental sustainability.
Circular economy	Minimise the quantities of materials used by promoting the circular economy of materials. Where possible, reduce the generation of waste and properly manage its disposal.

Relevant topics

Topics considered significant for the company and its stakeholders, being representative of the sustainability impacts generated by Acciaierie Venete on the environment, the economy and people, but whose importance is more limited than the material topics.

Environmental and social compliance	Operate in compliance with current health and safety and environmental regulations and within the limits imposed by law.
Economic sustainability and value creation	Manage business activities in order to ensure healthy economic growth and create value for stakeholders.
Impact on local communities	Where possible, manage and reduce negative impacts on the local communities where Acciaierie Venete operates.
Protection of ecosystems	Ensure the protection of biodiversity in relation to land use, selection and optimisation of raw materials, neutralising the impact of consumption on biodiversity.
Sustainable use and protection of water resources	Ensure efficient use of water resources during production and ensure that the necessary treatments are performed on outgoing water.
Product quality and traceability	Ensure a high quality of products in terms of performance and durability through the implementation of cutting-edge technologies that facilitate the tracking of the product in all phases of the process, providing the market with complete, transparent information.
Human resources management	Attract, select and manage human resources within the company, ensuring equal opportunities.

Emerging topics

Topics that, while they are less significant for the company and its stakeholders today than other aspects of sustainability, are considered as “emerging” and as such subject to attention by the company's management. These topics are not reported in the SR2020.

Transparency and business integrity	Guarantee integrity and ethical conduct within Acciaierie Venete, avoiding any possible anti-competitive and corrupt conduct. Moreover, support the development of the national economy through taxes.
Relations with personnel	Manage dealings with employees, staff and their representatives in a transparent and open manner.
Responsible management of supply chain	Evaluate the social and environmental impact of suppliers along the supply chain with the aim of spreading the culture of sustainability throughout. Also ensure the development and creation of value in local communities by sourcing from local producers/suppliers.

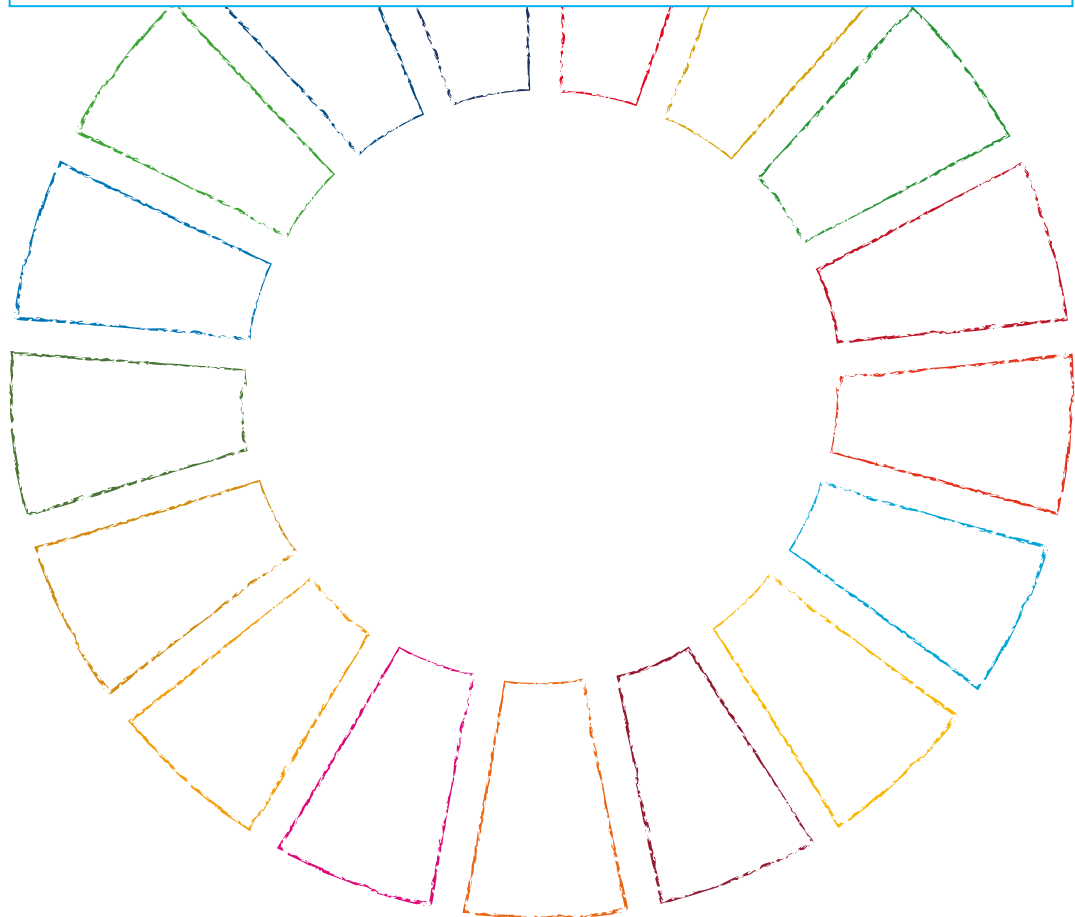
1.3 Material topics and the Sustainable Development Goals

Actively contributing to meeting global sustainability challenges is becoming the number one priority for institutions, businesses and organisations.

To show its awareness of these aspects, Acciaierie Venete has identified the Sustainable Development Goals (SDGs) and the related targets of Agenda 2030 that it considers most relevant with respect to its sustainability impacts.



In 2015, the United Nations countries approved the Global Agenda for Sustainable Development for 2030, which provides for the achievement of 17 Sustainable Development Goals (SDGs), which in turn are broken down into 169 Targets. They are based on the principle that the end of poverty must go hand in hand with strategies that build economic growth and address a range of social needs, including education, health, social protection, and employment opportunities, while at the same time addressing climate change and the protection of the environment.



Acciaierie Venete's contribution to these challenges focuses in particular on **5 of the 17 Sustainable Development Goals** and on **10 targets of Agenda 2030**, which are closely related to the material topics identified.



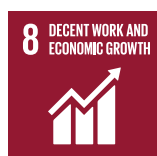
AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable and modern energy systems for all.



DECENT WORK AND ECONOMIC GROWTH

Promote lasting, sustainable economic growth, full and productive employment and decent work for everyone.



INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build a resilient infrastructure and promote innovation and fair, responsible and sustainable industrialisation.



RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable production and consumption patterns.



PEACE, JUSTICE AND STRONG INSTITUTIONS

Promote peaceful and more inclusive societies for sustainable development; provide access to justice for all and create bodies that are efficient, accountable and inclusive at all levels.

The choice of the five Sustainable Development Goals was made considering four criteria:

- i) The significance of the Goals for the sector that Acciaierie Venete operates in.
- ii) The ability of Acciaierie Venete to generate a positive impact with respect to these Goals.
- iii) The benefits to the environment, the economy and society deriving from the provision of services and from the investments made by Acciaierie Venete.
- iv) The association between the GRI aspects and the Sustainable Development Goals suggested by the GRI guide “Integrating the SDGs into corporate reporting: a practical guide”.

Each Sustainable Development Goal was associated with the material and significant topics, and the specific actions that Acciaierie Venete has implemented to contribute to their achievement in the short and medium-long term have been identified. For each of them, the correlation with the targets of Agenda 2030 has been mapped.

Material topic	How does Acciaierie Venete contribute to achieving this goal?	2030 Agenda Target
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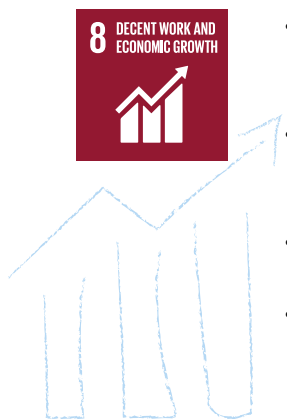


7 AFFORDABLE AND CLEAN ENERGY

- SUPPORT THE ENERGY TRANSITION AND COMBAT CLIMATE CHANGE

Acciaierie Venete has implemented the ISO 14001 and ISO 50001 Management System to manage the energy consumption and processes with the greatest environmental impact. Moreover, from 2020 it has adopted the Management and Audit Scheme (EMAS) to allow for the reduction of greenhouse gas emissions also through the purchase of guarantees of origin, and it has been part of the ETS mechanism since 2005.

7.2



8 DECENT WORK AND ECONOMIC GROWTH

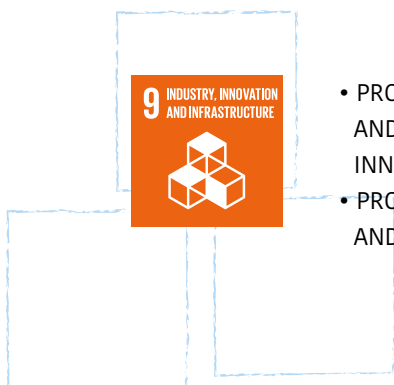
- WELL-BEING AND SAFETY OF EMPLOYEES
- TRAINING AND DEVELOPMENT OF HUMAN CAPITAL
- HUMAN RESOURCES MANAGEMENT
- ECONOMIC SUSTAINABILITY AND CREATION OF VALUE

Acciaierie Venete has a Health, Safety, Environment and Energy policy aimed at promoting safe workplaces and providing training courses focused on these issues.

Acciaierie Venete promotes the training of its employees, and in particular of young graduates thanks to the Academy founded by the company, providing the foundations for the soft and hard professional skills needed to support the business's development.

Acciaierie Venete is committed to locally purchasing almost half (47% in 2020) of its strategic raw materials, fostering the creation of economic value at the local level.

8.2
8.5
8.8



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- PROCESS AND PRODUCT INNOVATION
- PRODUCT QUALITY AND TRACEABILITY

Acciaierie Venete is committed to partnering with universities (e.g., University of Padua, Sant'Anna University of Pisa, University of Trento) to find innovative solutions to be implemented in the production processes of its plants, fostering the exchange of synergies between the industrial and scientific worlds.

Acciaierie Venete has implemented the IETF 16949 Quality Management System in the automotive field, ensuring a high quality of products in terms of performance and durability.

9.4

Material topic	How does Acciaierie Venete contribute to achieving this goal?	2030 Agenda Target
----------------	---	--------------------



- CIRCULAR ECONOMY
- SUSTAINABLE USE AND PROTECTION OF WATER RESOURCES
- PROTECTION OF ECOSYSTEMS
- POLLUTANT EMISSIONS AND AIR QUALITY

Acciaierie Venete has revised its industrial processes by redefining the entire product life cycle, which has allowed the company to recover ferrous scrap, recycling over 1,500,000 tonnes per year.

With a view to exploiting the waste deriving from its production processes, Acciaierie Venete works with the company “Zerocento” to which it supplies the slag produced at the Padua steelworks and which is then reused as a road substrate, making it an alternative to the quarried rock obtained from the erosion of hills and mountains.

Acciaierie Venete implements the best environmental management and control technologies available in its plants (“Best Available Technologies”).

In this way Acciaierie Venete is committed to minimising the environmental impacts of its production processes, with particular reference to emissions of pollutants into the atmosphere, effluents, waste management and the reduction of energy consumption.

Acciaierie Venete has adopted the necessary measures to monitor pollutant emissions from its plants to ensure compliance with the limits set by law, in accordance with the requirements of the European Pollutant Release and Transfer Register (e-PRTR), an integrated register of emissions and the transfer of pollutants.

12.2
12.4
12.5



- ENVIRONMENTAL AND SOCIAL COMPLIANCE
- IMPACT ON LOCAL COMMUNITIES

Acciaierie Venete has obtained the Integrated Environmental Authorisation (IEA), through which it communicates a summary containing the trends relating to the emissions of dust into the air.

Acciaierie Venete promotes social impact projects in the communities it operates in, providing financial support to local hospitals and sports clubs.

16.3
16.5

1.4 Reading guide

Acciaierie Venete's Sustainability Report has been drawn up based on the sustainability issues that emerged in the above-described materiality matrix. In particular, each chapter analyses the company's performance in the three-year period 2018-2020, providing a commentary on the main trends and a description of the most significant initiatives carried out by the company to reduce and mitigate the environmental and social impacts generated by the company's activities, as well as to create value for Acciaierie Venete and its stakeholders.

The introductory part briefly presents Acciaierie Venete (mission, history, corporate governance) and the main elements that make up the company's business model and the steel supply chain. This is followed by a description of the social and environmental dimensions of sustainability at Acciaierie Venete. To conclude, the final part describes the methodology behind the drafting of this document.

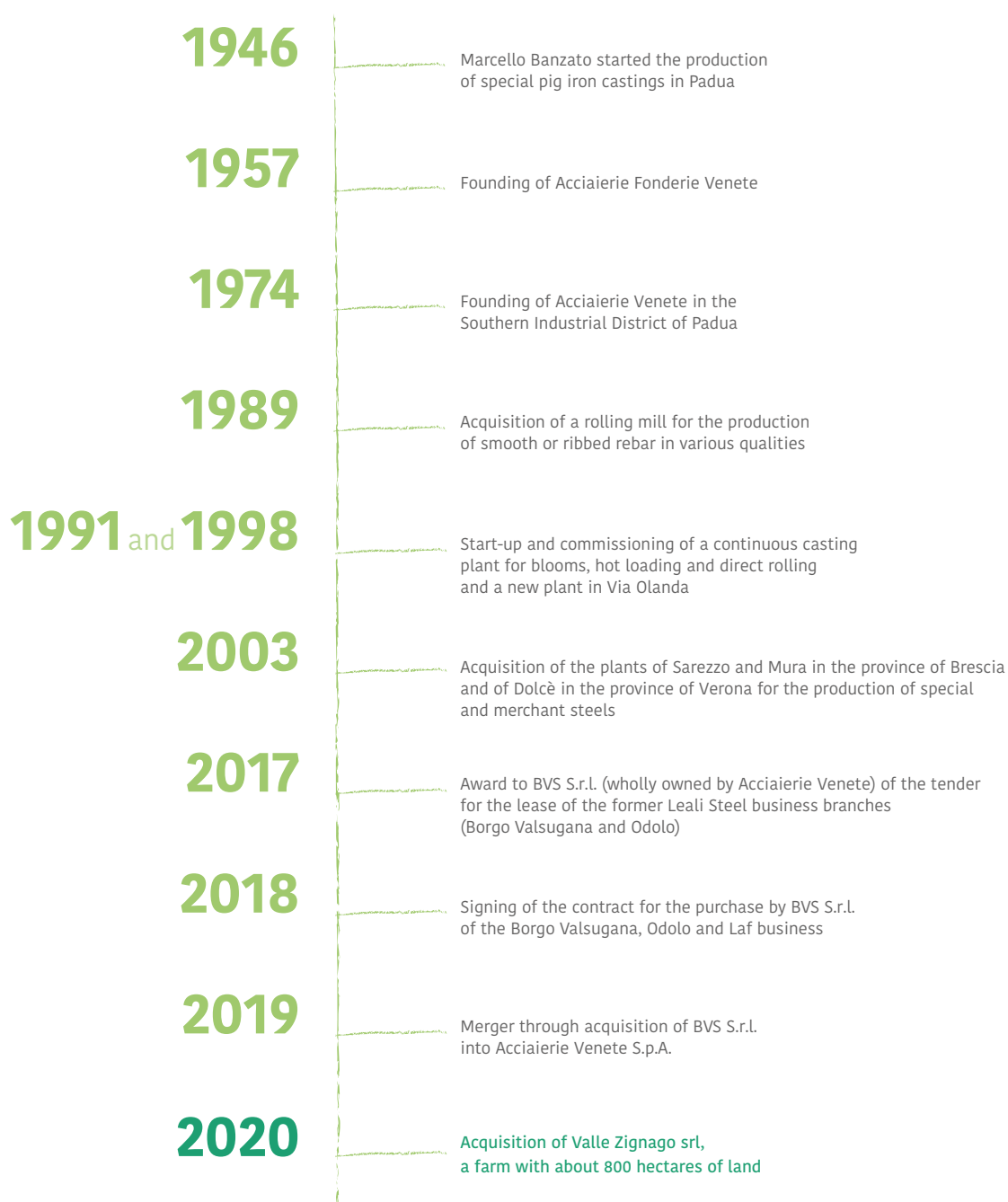
2. IDENTITY



2.1 Roots and Structure

Acciaierie Venete was founded in 1946, initiating the first castings in special pig iron. Our journey in the steel market began in 1957 with the production of the classics – reinforcing steel (rebar), ingots and billets – which would then allow the company to acquire the know-how necessary to consolidate its position in the market.

Our company took on its current name Acciaierie Venete S.p.A. in the early 1970s, transferring its headquarters to the Camin industrial estate in Padua.



In the early 1980s the organisation started a transformation process moving towards long quality steels, a process that today has made it one of the most qualified producers in the European Engineering Steel market.

The company grew internally (investing in human resources, technologies, processes and products) and externally (acquiring the Sarezzo, Mura and Dolcè plants in 2003 and the Borgo Valsugana and Odolo plants in 2018, then merged by acquisition in 2019).

Acciaierie Venete has a production capacity of 2,000,000 tonnes of steel per year, which are produced in the plants of Padua, Sarezzo and Borgo Valsugana, and are transformed into finished products at the plants of Padua, Sarezzo, Mura, Dolcè, Odolo and Buja, and for some applications further processed in the subsidiaries of Modena and Idro. The steel produced by the company is used by major industrial brands worldwide in the automotive, earthmoving and agricultural machinery, energy, mechanical engineering and construction industries.

Company structure of Acciaierie Venete S.p.A. and its subsidiaries as of 31/12/2020

VENETE SIDERPRODUKTE AG	60%	Sales of Steel products - international
PADANA ROTTAMI S.R.L.	100%	Production and sale of scrap
MALTAURO ROTTAMI S.R.L.	64,5%	
ESTI S.R.L.	100%	Production and sale of steel products
CENTRO ITALIANO ACCIAI S.R.L.	100%	Sales of Steel products - Italy
ACCIAIERIE FONDERIE VENETE S.R.L.	100%	Real estate
VALLE ZIGNAGO S.R.L.	100%	Farm

In 2017, Acciaierie Venete S.p.A. expanded its production organisation by winning the tender to lease the business branches of Leali Steel, that is, the Borgo Valsugana (TN) steel mill and the Odolo (Brescia) rolling mill. The outright acquisition of the assets was completed in October 2018 following a competitive auction. The merger by acquisition between Acciaierie Venete S.p.A. and BVS S.r.l. was completed on 1 January 2019. Also in 2019, the company's headquarters were transferred to Borgo Valsugana (TN). In 2020 the Valle Zignago farm was acquired.



A GREEN JEWEL JOINS THE FAMILY

Acciaierie Venete considers it important to protect the ecosystems it operates in, both with regard to land use and its environmental impacts, always striving to minimise them.

In order to preserve the land and the nature of a territory that is part of the cultural and geographical roots of the Group, in 2020 the company decided to buy the Valle Zignago farm, an operation that allowed Acciaierie Venete to distribute a portion of the economic value generated in the region.

Valle Zignago is situated at the northern extremity of the Caorle (Venice) valley system and consists of 400 hectares of water, sandbars (landforms typical of lagoons), embankments and farm roads, 410 hectares of cultivated agricultural land and 4.5 hectares of areas pertaining to residential and agricultural buildings.



The landscape is one of the most evocative of the entire territory of the Venetian lagoon and has a lake-like physiognomy with bodies of water scattered with wooded and cultivated islands.

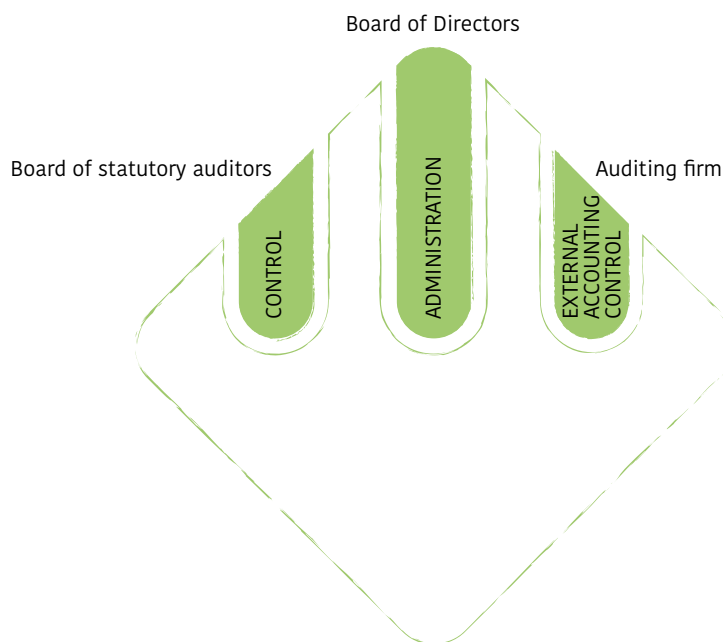
The valley's flora does not include any particular botanical rarities with the exception of the triangular club-rush, a rare species located in the eastern Venetian plain. On the other hand, the fauna is highly varied and interesting, with density and diversity reaching exceptional levels.





Photo by Claudia Loschi

2.2 Corporate Governance



2.2.1 The governance structure

- **The Board of Directors** of Acciaierie Venete is made up of five members, with one Chairman and four Directors.

Chairman

Banzato Alessandro
(company representative)

Directors

- * Beduschi Roberto
- Businari Andrea
- * Rinaldo Andrea
- * Terrin Alessandro

* independent directors

- **The Board of Statutory Auditors** consists of a Chairman, two Standing Auditors and two Alternate Auditors. It controls the company's operations in the short and long term.
- **The Independent Auditor** also plays an important role, as an external body. He is responsible for verifying and certifying that the company carries out all its operations according to the standards specified by law and by the pertinent accounting standards.

For some time now Acciaierie Venete has implemented an extensive system of powers for executives operating autonomously in their respective areas of responsibility. We deemed it appropriate to establish for specific areas specific powers of attorney to be assigned to certain company executives so that the assigned powers are clear also to third parties.

For example, individual Plant Managers are attributed the capacities of Employer Representatives and Safety and Environmental Managers, while the CFO is assigned the preparation and keeping of the accounting documents required by civil, tax and social security regulations and the timely completion of all tax obligations imposed on the company. Other specific powers of attorney are granted to the Human Resources Director, the Sales Director and the Purchasing Managers.

2.2.2 Risk management in the company

Effective risk management is a key factor in maintaining the company's value over time. In order to optimise this value, the Company has implemented an Enterprise Risk Management process, whose benefits can be summarised as follows:

- Achievement of strategic objectives.

Turnover, margin and customer satisfaction objectives are protected from unforeseen events that can have an impact on tangible and intangible assets.

- Defence of cash flows

Risk Management designs and implements solutions to ensure a predefined cash flow, minimising unforeseen events.

- Protection of tangible and intangible assets

The value of tangible assets (plants, machinery, goods) and intangible assets (reputation, relationships with customers, lenders, etc.) is protected by actions designed to prevent risk.

- Reduction of criminal liability

Responsibilities are divided and assigned to more than one person in the company so as to be managed and prevented with a bottom-up logic.

- Legal and customer compliance

The growing requirements of regulations (the system is compliant with the new ISO 9001:2015) and strategic customers can be satisfied.

- The negotiating process

The procedures and the documentation set up can be used both to improve bank rating and for the negotiation of insurance coverage.

- Optimisation of risk management

Risk Management reduces costs and increases the effectiveness of activities to manage individual business risks. For example, it supports the 231 Supervisory Body in reducing the risk of committing crimes, and supplements ISO 14000.

- Risk Management in Acciaierie Venete is based on a process aimed at integrated risk management, through systematic activities of:

- Elimination
- Reduction
- Contractual transfer
- Risk control

Risk monitoring and management are performed on an ongoing basis by the various corporate management and control bodies, as well as by the various company departments in the performance of their activities.

In line with best practices, Acciaierie Venete has identified the following risk classification:

- External risks
- Strategic risks
- Operational risks
- Financial risks

For each of these categories, the individual risks have been broken down and the organisational measures to reduce their impact on operations have been assessed. Adequate insurance policies have been taken out with the support of a leading international broker to cover the main operational risks (Industrial, Business Interruption, Cyber Security, legal disputes).

Likewise, for the Financial Risks category, policies have been taken out to cover Credit risk.

2.2.3 Code of Ethics and Supervisory Body

The Acciaierie Venete Group has adopted a specific Organisational Model and a Code of Ethics in compliance with Italian Legislative Decree no. 231/2001, which constitutes the cultural base of the company for all stakeholders inside and outside the Group. As required by regulatory developments, the Model is subject to periodic review.

The principles of conduct expressed in the Code form the basis of the corporate culture. Acciaierie Venete agrees to respect the dictates of the Code in the performance of all activities and is committed to high standards of business conduct, based on integrity and loyalty, without personal and corporate conflicts of interest. The principles of business conduct referred to in the document also refer to significant issues related to the social, environmental and economic sphere of sustainability (like the health and safety of workers, environmental protection, transparency and propriety in the management of business activities and innovation).

The Group's Organisation, Management and Control Model provides for anonymous and protected lines of disclosure of violations of the rules and the principles it contains. Furthermore, in order to protect the company's integrity, employees and external contractors may anonymously report any unlawful conduct to the Supervisory Board through publicly disclosed communication channels (mailing address and dedicated email). In order to ensure the widespread knowledge of these addresses among all employees, Acciaierie Venete has published it on its corporate website.

The Supervisory Body (SB) of Acciaierie Venete has been carrying out its activities of control and verification of compliance with the principles contained in the Organisation and Management Model, drawn up in accordance with Italian Legislative Decree 231/01, for more than 10 years. This document has been prepared by the company on the basis of the identification of areas of possible risk arising from the company's business and listed in the special parts of that model.

In order to ensure greater control of the areas mapped as being "at risk of crime", the SB is composed of three members, two of whom are external, a composition that guarantees better decision-making effectiveness than a single person. Moreover, an engineer with experience in occupational safety has been commissioned to regularly inspect the workplace and update the company's health and safety documentation.

The work carried out by the Supervisory Body, shared with the heads of the various company department, is periodically brought to the attention of the Board of Directors for its assessment and approval. In 2020 the Supervisory Body performed 12 audits that involved each of the Company's production plants at least once and the administrative headquarters twice for issues related to different predicate offences pertaining to safety and the environment. The Supervisory Body also meets periodically with the Board of Statutory Auditors to present the work it has done and to highlight any issues identified.

“ACCIAIERIE VENETE makes compliance with antitrust law a priority, convinced that this will increase its competitiveness in the market as well as the technological development and innovation of products for the benefit of more efficient businesses and end consumers”

Alessandro Banzato, Chairman and CEO

2.2.4 Antitrust compliance programme

Acciaierie Venete operates in the steel market in full respect of its competitors; its objective is to improve its position by focusing on its ability to develop and industrial expertise.

Compliance with antitrust rules is the basis of the Group's ethics, and over the years it has become increasingly aware of the issue, launching in 2017 an antitrust compliance programme.

The purpose of this document is to raise awareness among all parties regarding the topic of antitrust and to disseminate principles of conduct in accordance with current regulations.

Since 2017, the company's organisation chart has included the figure of Antitrust Compliance Officer (ACO), responsible for monitoring and maintaining all the functions performed within the system in line with the antitrust model adopted. Acciaierie Venete has also participated in a training course entitled: “antitrust and unlawful conduct”, involving 22 people, including executives, employees, the ACO and the C.E.O..

To confirm the efforts made, in 2019, after a second training meeting, an audit was performed by an external body that verified the consistency of the conduct with the model implemented.

Training and audits should take place every two years. However, given the limitations created by COVID-19, such activities have been suspended. All the same, it should be noted that the turnover of personnel exposed to risks has been very limited, and moreover there have been no significant changes with regard to the regulatory framework.

In any case, in 2020 awareness raising and training actions continued within the structure, using news reports regarding sanctions or investigations by national or European Authorities to refresh the principles studied and note the risks that the Company runs in the event of improper conduct. Furthermore, newly hired staff destined for areas exposed to antitrust concerns have been given an information kit regarding the activities performed, and customised training and awareness sessions have been held.

2.2.5 Cyber Security

The events that made 2020 a unique year in the history of the world also produced unexpected accelerations in the remote use of digital infrastructures. Models of IT system use increasingly distributed throughout the country were suddenly launched for individual employees. This sudden, violent separation of people from their usual working environment in turn amplified the request for external connections to the company, exposing it even more to attacks seeking to infiltrate its digital perimeter. While this trend had already been evident in previous years, even a quick scan of the daily news regarding companies whose businesses have been breached, damaged and interrupted is sufficient to understand the current scope of this threat.

Between the end of 2019 and all of 2020, Acciaierie Venete launched new cybersecurity initiatives of an institutional, technological and organisational nature. First, the confirmation of the memorandum of understanding with the Telecommunications Police. Then, to protect the Company, so widely present throughout the region, digital surveillance technologies were introduced based on self-learning systems that perform behavioural analyses, accompanied by monitoring and interventions 24 hours a day, seven days a week. Additional technologies were introduced to protect communications from and to the corporate network, and the access credential management system was upgraded. A further effort was made with respect to training to give the individual users of IT, business and personal infrastructures greater awareness of the threats they are subject to, and guidelines for prudent, safe behaviour. In response to this initiative, personal online training courses were scheduled on four modules, followed by final tests and certification. The training was provided to about 400 employees in the first few months of 2021.

The memorandum of understanding with the Telecommunications Police establishes and encourages the direct, periodic exchange of information on security and any events detected. It is essential that information about threats and attacks be complete and timely, and continuously updated. Moreover, it is vital that there is a direct channel with the institution so that in the event of a criminal event its investigation can begin as quickly as possible and it can detect information and clues that would otherwise be lost.

The purpose of strengthening surveillance and intervention systems is to increase the degree of protection against attacks, but also to increase sensitivity and reactivity to critical signals and resilience extended to all company infrastructures and beyond, down to the single workstation in the employee's home. Taken together, all these actions have the ultimate purpose of guaranteeing and protecting what is essential for business operations and what the attacker wants to compromise and utilize for extortion purposes: business data and continuity of service.

Awareness is security: it is essential to encourage and support safe digital mindsets and the conduct of all, as the first and most important level of protection starts with the actions of the individual employee. For this reason, training and awareness-raising are effective tools to achieve secure conduct, both at home and in the company.

2.3 The economic value generated and distributed by Acciaierie Venete

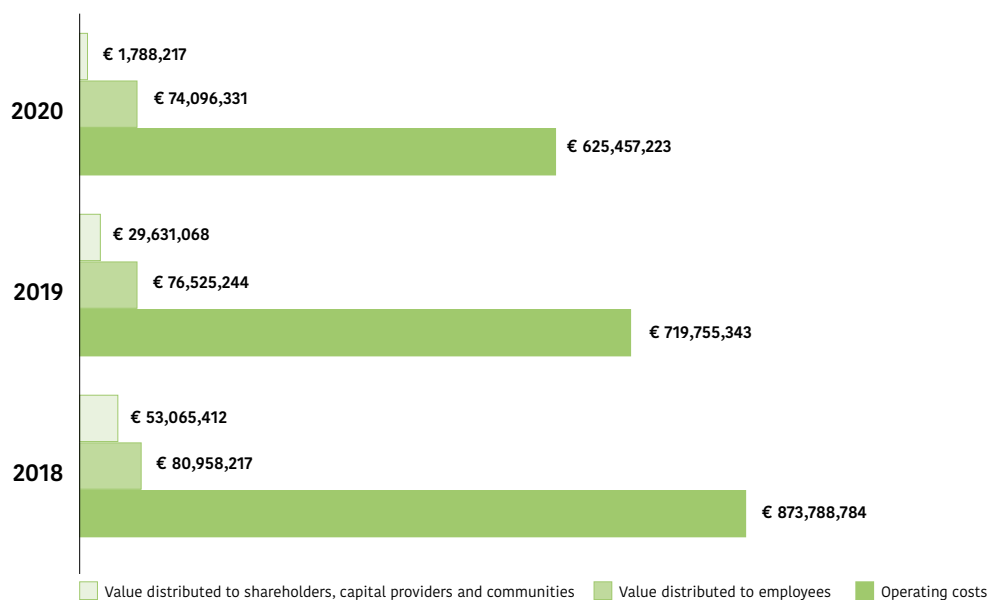
In 2020, Acciaierie Venete generated value of €749 million (production value €736 million and other positive income components €12 million), down 15% compared to the previous year (economic value of €884 million generated in 2019). Acciaierie Venete produces wealth and contributes to the economic growth of the social and environmental context it operates in. This contribution is measured in terms of value generated and distributed to stakeholders.

[€/000]	2018	2019	2020
Economic value generated	1,125,902	883,708	748,549
Economic value distributed	1,007,812	825,912	701,342
Economic value retained	118,089	57,796	47,207

The value distributed in 2020 amounted to €701,342 million, broken down as follows:

- Operating costs distributed to suppliers (mainly of raw materials) amounted to €625 million, down 13% from the previous year due to the pandemic.
- Salaries and employee benefits totalled €74 million, 3% lower than the previous year, but with a limited change with respect to the value of production.
- Transfers to the Public Administration, lenders, shareholders and the community amounted to €1,788,217, down 94%. This contraction was mainly due to the lower value distributed to shareholders to keep financial resources within the company as much as possible in a period of strong uncertainty caused by the pandemic.

Breakdown of economic value distributed

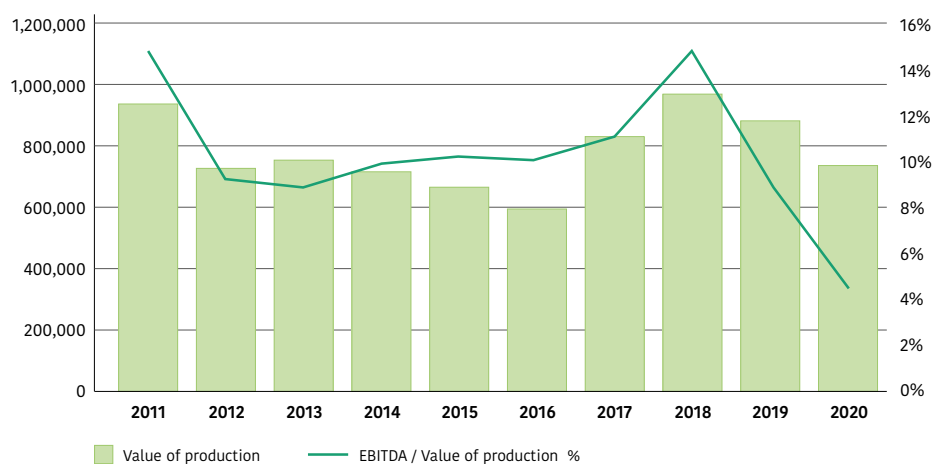


Financial Data of Acciaierie Venete

Production and Sales (T/000)											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Average 2011/20
Tonnes produced	1,274	1,088	1,205	1,169	1,209	1,205	1,381	1,254	1,415	1,378	1,258
Tonnes sold	1,203	1,004	1,125	1,123	1,113	1,132	1,322	1,316	1,343	1,284	1,196

Economic Data (Euro/000)											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Average 2011/20
Turnover	906,677	751,362	739,840	716,730	653,024	596,394	796,964	934,716	883,179	727,388	770,627
Value of production	929,310	735,213	747,656	707,352	659,649	591,314	826,781	965,858	879,557	735,990	777,868
Net Profit	73,118	33,334	27,819	38,830	34,277	34,853	55,186	84,850	45,695	14,871	44,283
EBITDA	136,184	67,792	66,398	69,136	66,309	59,544	91,315	141,300	79,590	32,660	81,023
EBITDA/ Val of Prod. %	14.7%	9.2%	8.9%	9.8%	10.1%	10.1%	11.0%	14.6%	9.0%	4.4%	10.4%

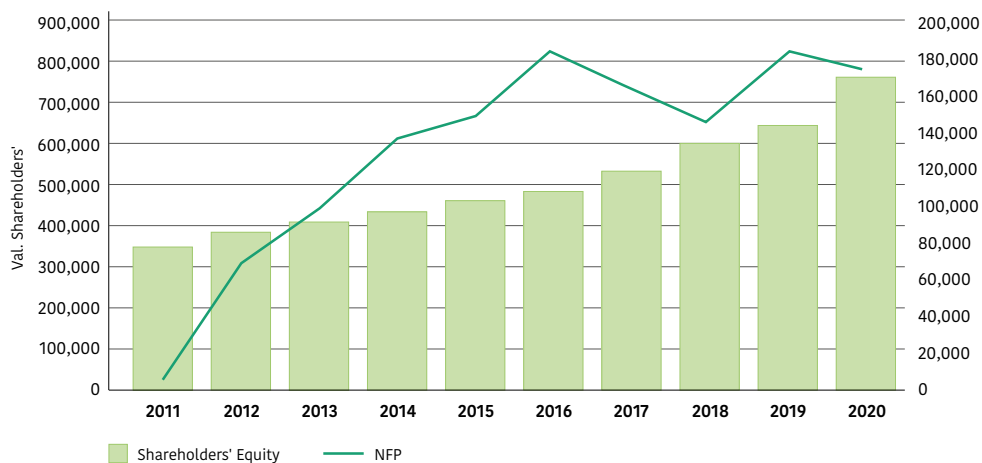
Value of production and EBITDA/Value of production



Financial Data (Euro/000)											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Average 2011/20
Shareholders' Equity	349,552	380,618	408,659	437,724	461,229	484,363	527,831	601,341	649,033	766,035	506,639
NFP*	4,729	67,942	98,745	136,722	148,316	183,800	164,986	145,265	184,197	173,025	130,773
NFP/ Shareholders' Equity	1.4%	17.9%	24.2%	31.2%	32.2%	37.9%	31.3%	24.2%	28.4%	22.6%	25.8%
NFP/EBITDA	0.0	1.0	1.5	2.0	2.2	3.1	1.8	1.0	2.3	5.3	1.6

* The Net Financial Position is positive and includes portfolio securities, bank and postal deposits net of payables to banks within and beyond 12 months and the bond loan.

Shareholders' Equity and NFP*



* The Net Financial Position is positive and includes portfolio securities, bank and postal deposits net of payables to banks within and beyond 12 months and the bond loan.

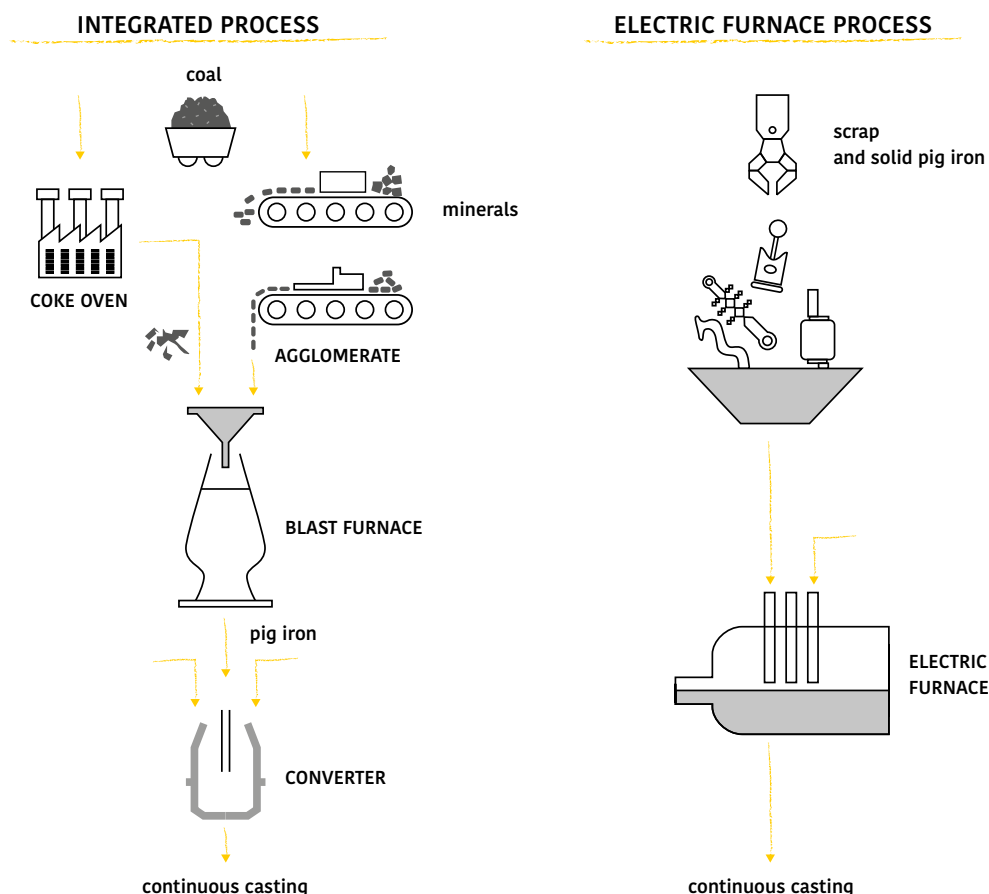
3.
WHERE OUR STEEL COMES FROM



3.1 The steel production process

Steel is an iron and carbon alloy containing less than 2% carbon, 1% manganese and small amounts of silicon, phosphorus, sulphur and oxygen. The quantity of carbon determines its hardness, while the other components, being present in variable quantities, determine its physical, behavioural and use characteristics.

Steel can be obtained from two different production processes: the integrated steel manufacturing process or the electric furnace process. The type of raw material used also varies according to the selected production process: while the former uses iron ore and hard coal as its main raw materials, the latter uses melted ferrous scrap, thereby exploiting steel's maximum recycling potential.



For steel produced using the integrated process, the raw materials are prepared in the agglomeration plant (minerals) and in the coke oven (coal) and then melted in the blast furnace forming liquid pig iron. The pig iron is passed on to the converters where, after the addition of a minimum part of scrap and the blowing of oxygen, the liquid steel is produced.

In contrast, the electric furnace process is much simpler and more compact. Using electrodes, the ferrous scrap is melted and returns to liquid steel.

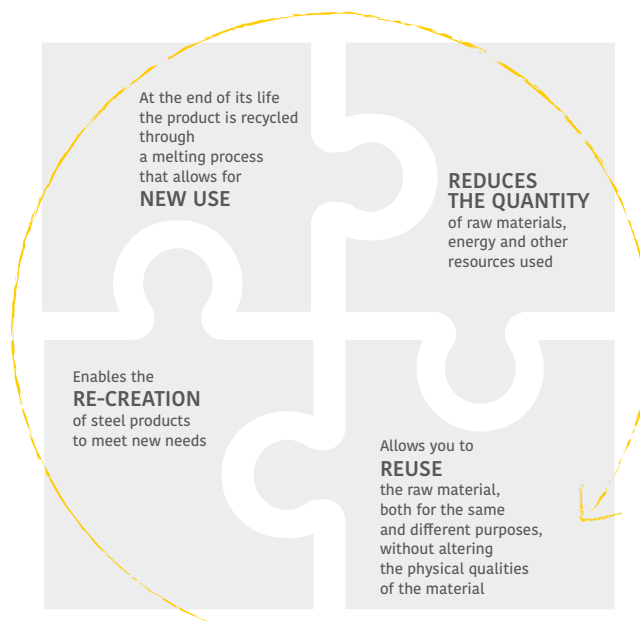
The production of steel using the integrated process began in Italy towards the end of the 19th century and developed after the Second World War thanks to the state-owned industry. For the quantity and size of the plants and raw materials that contribute to the production (mineral and fossil resources, agglomerate, coke ovens, blast furnaces, converters), the integrated process requires very large spaces close to the sea or navigable rivers, large investments, and large availability of manpower (the production per capita of the primary process is about 750 tonnes per year while the production from electric furnaces reaches almost 1,300 tonnes per year).

Private entrepreneurs started the production of electric furnace steel in Italy, mainly in the North, in the 1950s. The electric furnace is more compact, requires less space, is much more flexible and, above all, requires much smaller capital for both investments and working capital. Moreover, by concentrating the melting in a single phase and a single plant, the electric furnace has a much lower environmental impact both in terms of emissions and the production of scrap. Acciaierie Venete steel is produced by an electric furnace. This means that ferrous scrap, which is partly derived from scrap coming directly from production processes and partly from steel products that have reached the end of their life cycle, represents the main raw material used.

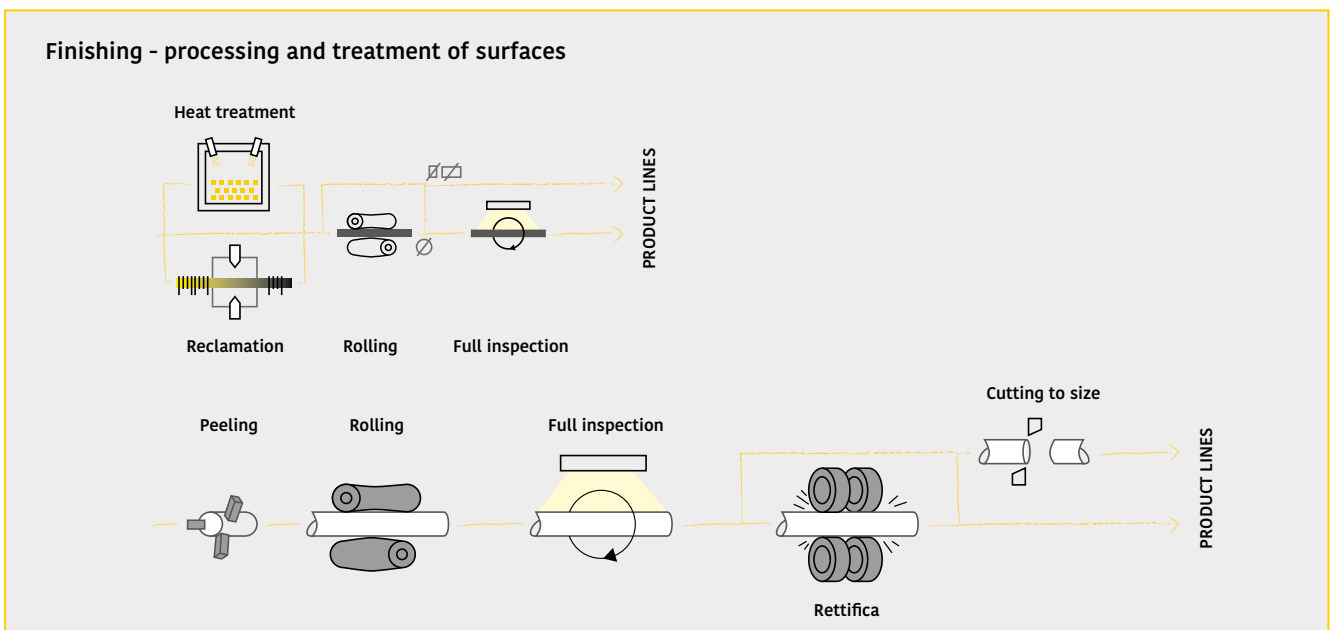
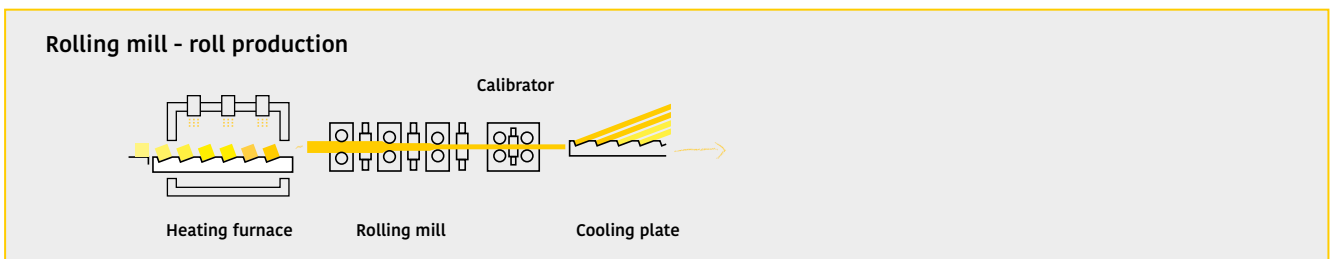
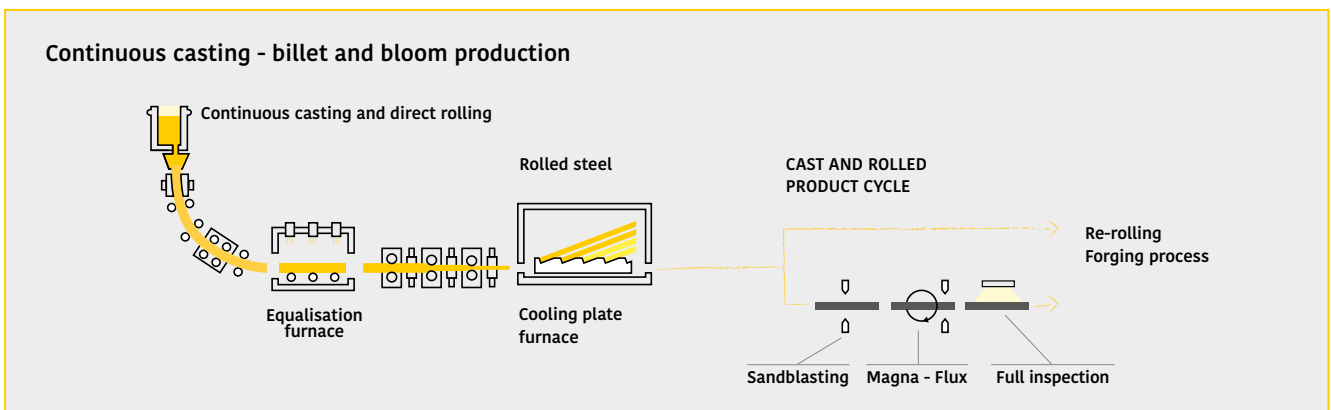
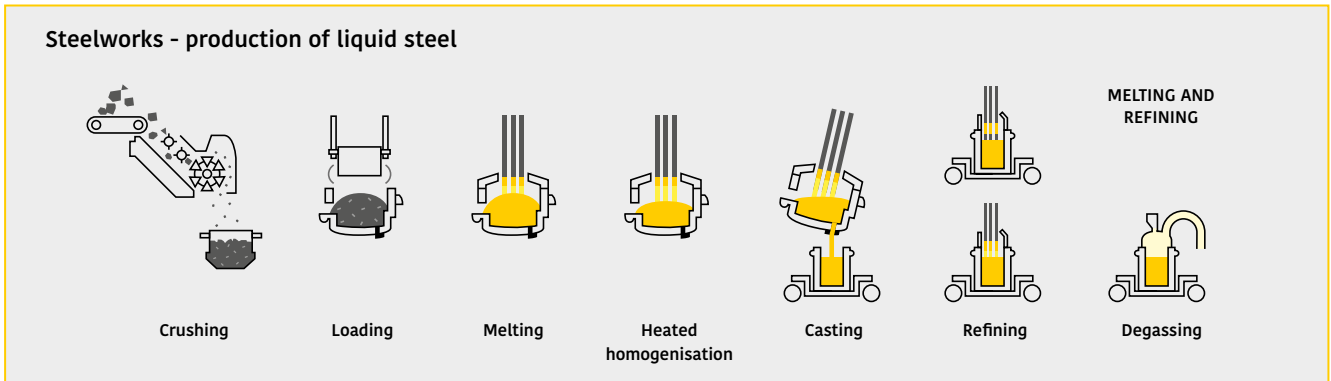
Worldwide, 1.8 billion tonnes of steel were produced in 2020, of which 73.2% with the integrated process and 26.3% with electric furnaces. In Europe the production was 139 million tonnes, with 57.6% from the integrated process and 42.4% from electric furnaces. Finally, in Italy, with a production of 20.4 million tonnes, the production from electric furnaces represented 84.7% and 15.3% from the integrated process (source: World Steel Association). This latter figure reflects the sharp decline in production of the Taranto plant, which, after the closures of Bagnoli, Genoa, Piombino and Trieste, is the last integrated process mill remaining in operation in Italy, highlighting how for years the use of electric furnace technology in our country has grown to become an example of technological and operational excellence at an international level.

With the decarbonisation processes initiated in the major European countries, it is likely that by 2030 many of the integrated process mills currently in operation will be converted to electric furnaces. In order to avoid this prospect leading to a probable shortage of scrap in Europe and the world, studies and projects are being launched to accompany the new electric furnaces with pre-reduction plants, that is, plants which transform the iron ore into DRI (hot load) or transportable HBI briquettes. Acciaierie Venete began experimenting and using this type of material some time ago, both to raise the metallurgical quality of the load and to maintain a balanced mix of raw material supply sources that therefore include scrap, pig iron and HBI.

The advantages of using an electric furnace



Acciaierie Venete's production starts with the electric furnace and is divided into the following steps:



3.2 Scrap: a durable and reusable material

Steel, which has always been considered a core product of the iron and steel industry - and of the Italian industry in particular - offers a significant level of “circularity” of use. In fact, the material is 100% recyclable for multiple cycles without losing its original properties. Indeed, unlike other materials that are considered “recyclable”, steel is a durable material that can be recast over and over again without ever losing any of its intrinsic properties like strength, versatility and formability. The ratio between the collection volumes of ferrous materials and steel packaging and those produced for consumption has recently been included among the indicators used to measure the circular economy in Italy¹.

The definition of “waste” raises the broad, structured topic of “ferrous waste”, a strategic raw material of fundamental importance for the Italian Steel Industry.

The origin of ferrous scrap can be reconstructed as follows:



The processing of “ferrous scrap waste” takes place in authorised and specialised companies, which through standard operating procedures change the status of the raw material from Waste to **“NON-WASTE”** (Reg. 333/2011 End of Waste) regenerating/recovering both an economic and productive value. This legislation aims to stimulate recycling markets within the European Union through provisions that serve to clarify the legal concept of waste.

Metal scrap should not be classified as waste as long as:

- the ferrous material is clean and safe.
- suppliers implement a quality management system.
- in compliance with the criteria specified, a declaration of conformity is provided for each consignment of scrap.

To treat ferrous scrap as “non-waste”, the necessary treatments (such as cutting, crushing, washing and de-pollution) must be performed to prepare the material for final use in melting or steel-processing plants.

The circularity of steel, as well as the containment of water consumption, the reduction of waste production and the reuse of by-products all contribute to building a sustainable economy.

The steel cycle can therefore be represented by four Rs:

REDUCE, REUSE, RECYCLE, RECOVER.

¹ Ministry of the Environment and the Protection of Land and Sea in collaboration with the Ministry of Economic Development, Circular economy and efficient use of resources - Indicators for measuring the circular economy, 2018.

3.2.1
 “Rare” raw materials - Paradoxes between Circularity and Imbalances between Demand/ Supply

Circularity, an iron and steel-making principle that has been extensively tried and tested in Europe, should enable a balance between scrap supply and demand.

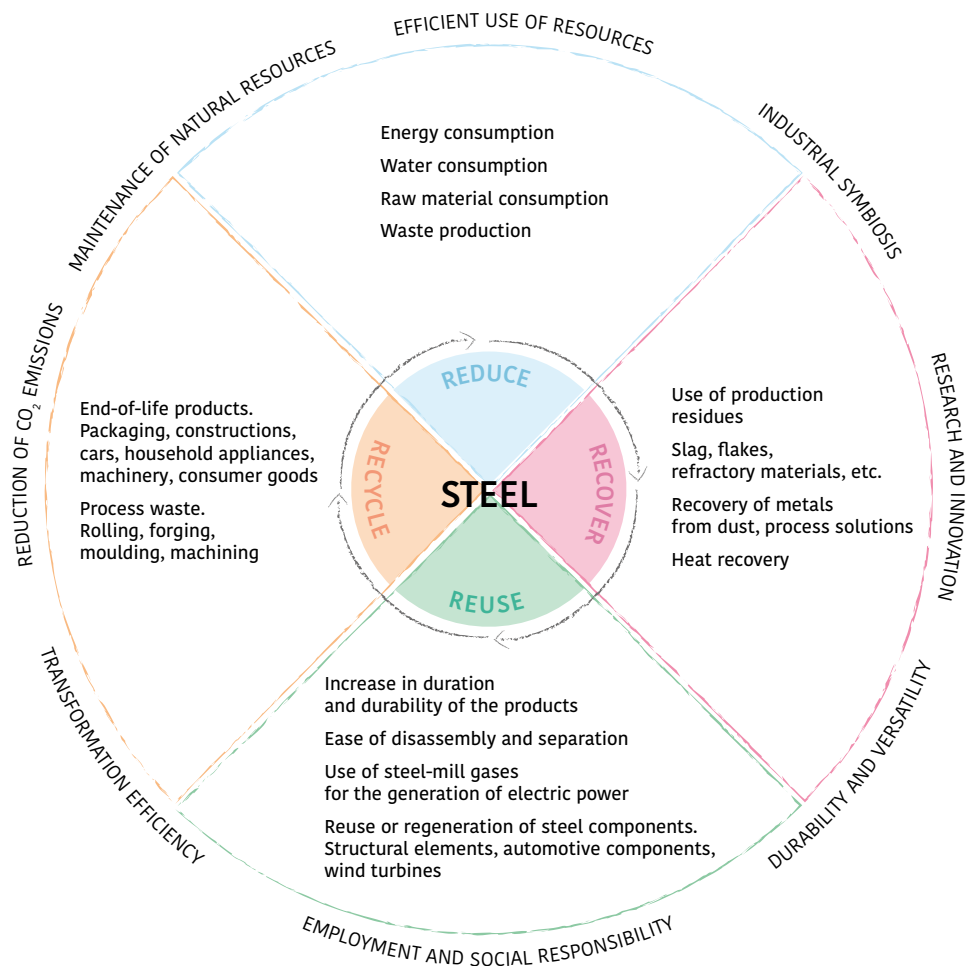
The much-needed environmental protection policies introduced in the last decade (+electric furnace, -integrated process), combined with an extreme globalisation of the market, have instead generated massive imbalances in the world of ferrous scrap (and not only).

All the initial signs of tension were noted at the end of 2020, but the worst “storms” are expected to hit in 2021.

As for our specific case, Acciaierie Venete has substantially kept purchase volumes constant during 2020 as compared to 2019; it cannot, however, be overlooked that it was a substantially weak year for the national and European steel industry, conditioned and slowed down by the COVID-19 pandemic.

In any case, the Group’s primary focus has been to sustain and maintain, as far as is practicable, maximum attention and “preference” towards the regional and territorial context of the plant, that is, prioritising local suppliers.

The logic of the four Rs applied to steel



All steel products – from those with a shorter life cycle (e.g. packaging) to those with an intermediate life cycle (motor vehicles) to those with a longer life cycle (e.g. construction products) – achieve recycling rates greater than 85%.

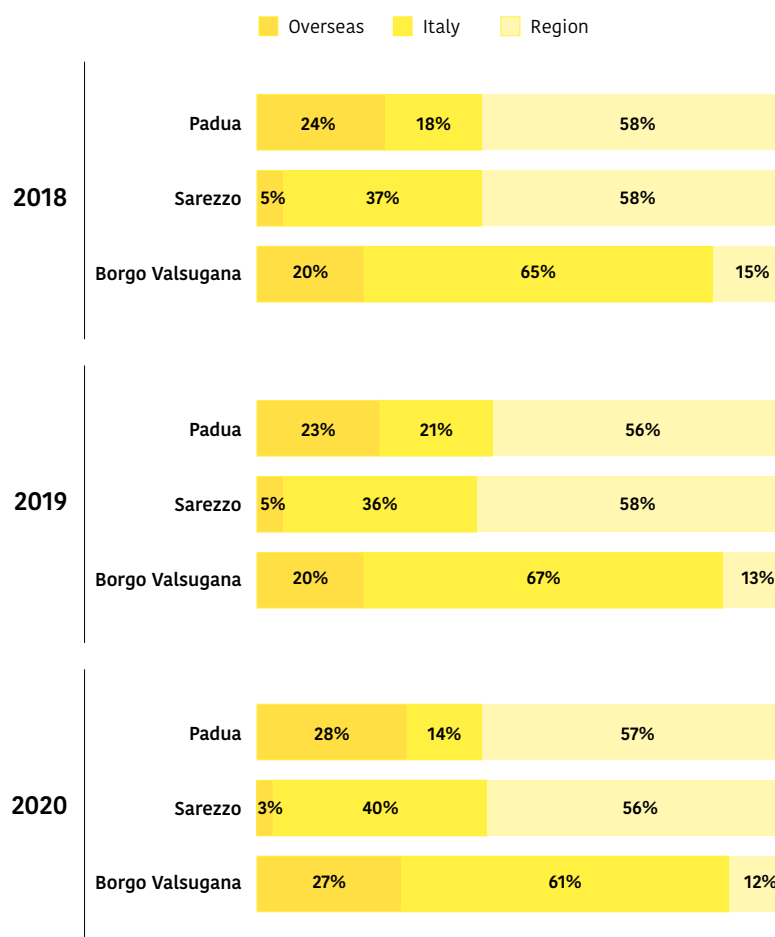
3.2.2
Scrap:
a strategic
raw material

The Group's focus is to develop and stimulate green issues of the circular economy in the steel sector.

In 2020 Acciaierie Venete recovered/recycled about 1,462,000 tonnes of non-waste ferrous scrap coming from Europe, especially Italy, a country particularly tied to “electric furnace” production. For all intents and purposes ferrous scrap is considered a “strategic raw material”. Given the importance of the resource, the European Community has decided to regulate it through the introduction of very specific rules that allow for its proper management.

A number of regulations relating to the import/export of scrap specifically relate to this material, including Regulation EU no. 837/2010; Regulation EU no. 333/2011 and Regulation EU no. 715/2013, with which the Acciaierie Venete Group fully complies. The scrap is rigorously selected on the basis of its qualitative characteristics when purchased and when entering the Group's steelworks so that it is compliant with national, European and international regulations.

The trend of the origin of scrap supplies for the last three years (2018-2020) is shown below.



Acciaierie Venete's scrap supply comes both from Italy and abroad, in 2018, 2019 and 2020 contributing to a production capacity of 2,000,000 tonnes of steel per year. Indeed, last year, for the Sarezzo (Brescia), Padua and Borgo Valsugana (Trento) plants, more than 57% of total scrap was purchased from local suppliers².

The local supplies of the steel mills in Sarezzo (Brescia) and Padua come from a dense concentration of steel and scrap producers in the regions of Lombardy and Veneto. Conversely, 12% of the local supply for the Borgo Valsugana plant is due to the scarcity of mechanical companies producing scrap in the area.

Acciaierie Venete makes use of the support of Padana Rottami Srl for the supply of over 40% of its ferrous and non-ferrous scrap. The latter is wholly controlled by the parent company Acciaierie Venete, which acts as a perfect link between the world of scrap production/collection, such as factories and collection centres, and end users, such as steelworks.

Padana Rottami S.r.l.

Profile	Founded as a spin-off of Sidemar (<i>Società Industriali Demolizioni Riparazioni Marittime</i>) in Trieste, today Padana Rottami has two production units and a company staff of about 80 employees. It purchases, processes and sells scrap in Italy and abroad.								
Business	Padana Rottami's core business is the purchasing of scrap iron, its collection with special vehicles, its transformation from waste material into a homogeneous raw material and its sale to the end customer.								
Certifications and applicable regulations	<table border="0"> <tr> <td>ISO 14001:2015</td> <td>Environmental management system</td> </tr> <tr> <td>ISO 9001:2015</td> <td>Quality management system</td> </tr> <tr> <td>Regulation (UE) n. 333/2011</td> <td>Provides criteria on when to stop classifying certain types of metal as waste as per Directive 2008/98/EC of the European Parliament and of the Council</td> </tr> <tr> <td>Regulation (UE) n. 715/2013</td> <td>Provides criteria on when to stop classifying copper scrap as waste as per Directive 2008/98/EC of the European Parliament and of the Council</td> </tr> </table>	ISO 14001:2015	Environmental management system	ISO 9001:2015	Quality management system	Regulation (UE) n. 333/2011	Provides criteria on when to stop classifying certain types of metal as waste as per Directive 2008/98/EC of the European Parliament and of the Council	Regulation (UE) n. 715/2013	Provides criteria on when to stop classifying copper scrap as waste as per Directive 2008/98/EC of the European Parliament and of the Council
ISO 14001:2015	Environmental management system								
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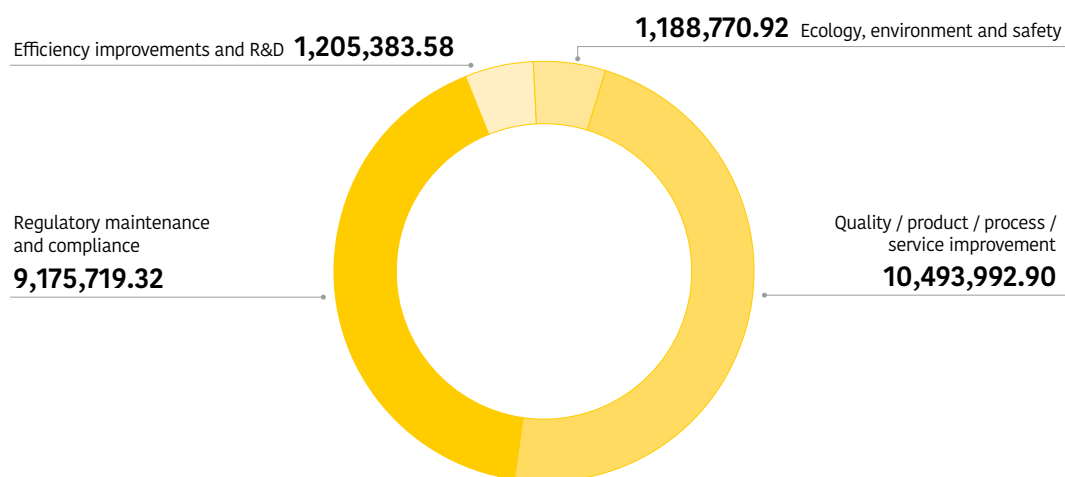
² Suppliers with registered offices in the same region as the plant in question are considered as "local".

3.3
Our plants:
100%
Italian production

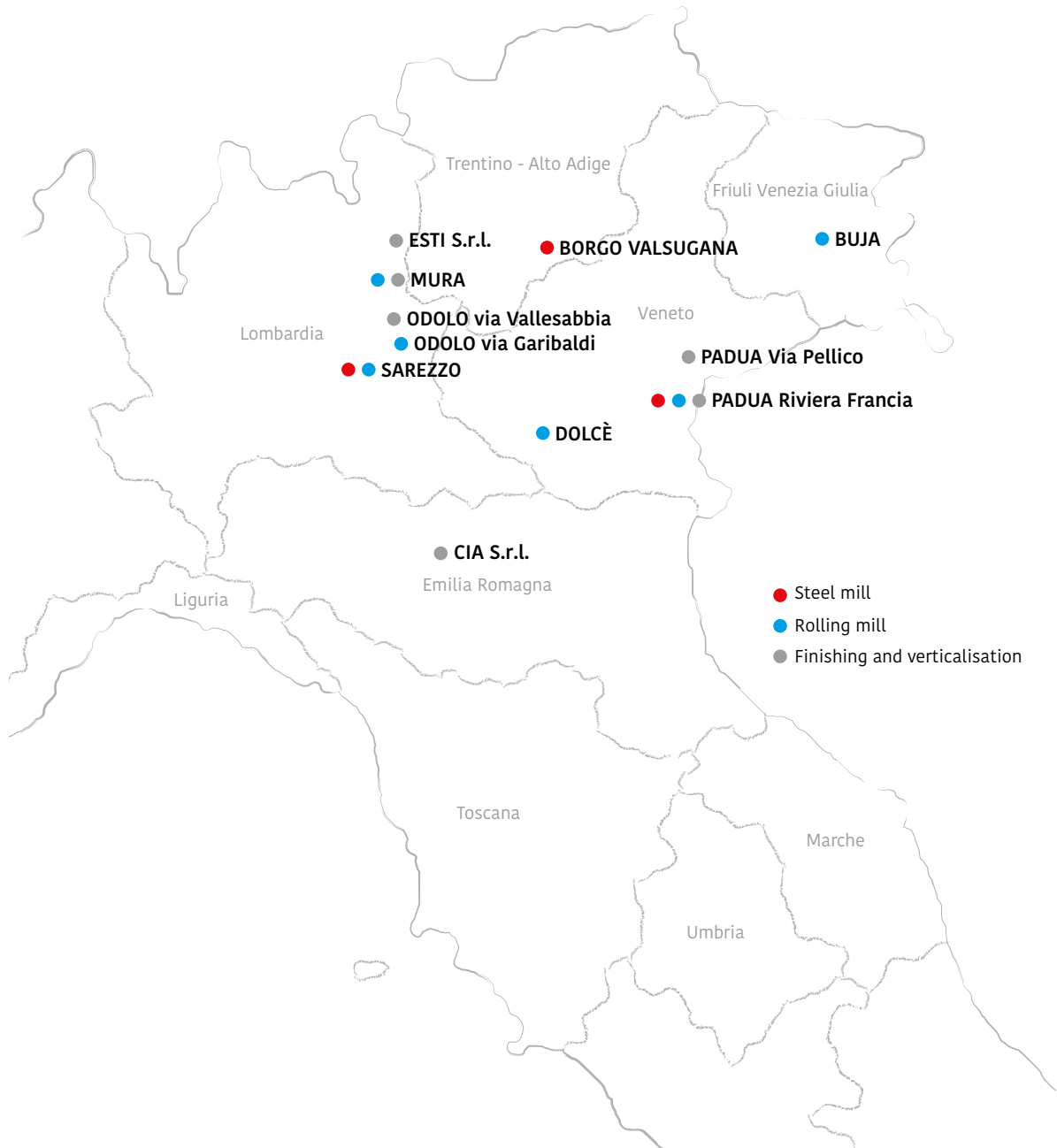
The Acciaierie Venete S.p.A. group has a total of 11 plants distributed in Northern Italy that carry out steel processing, hot forming, finishing, heat treatment and cold working. The production sites are located in Padua, Sarezzo and Borgo Valsugana. The transformation into finished products takes place in the plants of Padua, Sarezzo, Mura, Dolcè, Odolo and Buja, and for some applications further processing is carried out in the subsidiaries in Modena and Idro.

The investments made in recent years and those currently planned have enabled the Group to maintain and often increase production efficiency and process quality, especially with regard to the management of environmental aspects and occupational health and safety at the plants. Despite the operational limitations created by the evolution of the COVID-19 pandemic, which at certain times made company operations difficult, especially for third parties, **€ 22 million** were invested in tangible and intangible fixed assets, which is down compared to the previous year but in line with the overall trend of recent years. This underscores how attentive the company is to technological and sustainable progress, even in a difficult period such as the one it just went through.

Investments (2020) Total € 22,063,866.72



Acciaierie Venete production sites



Plant		
PADUA	Riviera Francia 9	Area of 448.758 m ² of which 123.240 indoor

Facilities

Electric furnace with 105 t/h nominal capacity and 70 MVA transformer

2 ladle furnaces with a capacity of 10 MVA each

2 degassing plants

3 continuous casting machines with parabolic ingot moulds:

- CC2, 4 stands, 7m radius, parabolic ingot moulds
- CC3, 3 stands, 10m radius
- CC4, 3 stands, 14m radius

2 methane heating furnaces with a capacity of 80 t/h

2 rolling lines:

- LAM 1: 1 VAI reversing blooming unit with sliding stand, 8 vertical/horizontal stands, 2 shears, 1 profilometer
- LAM 3: 1 BDM reversing blooming unit with sliding stand, 12 horizontal vertical intermediate stands, 4 finishing stands with DSD calibrator, 2 profilometers, 4 flying shears, 3 inline tanks for thermomechanical rolling

Finishing and treatments: 7 roller straighteners, 1 round bar peeling machine, 9 furnaces for sub-critical annealing, 3 of which with the possibility of forced cooling.

Cutting and packaging service: 1 disc saw, 1 static shear, 2 binders

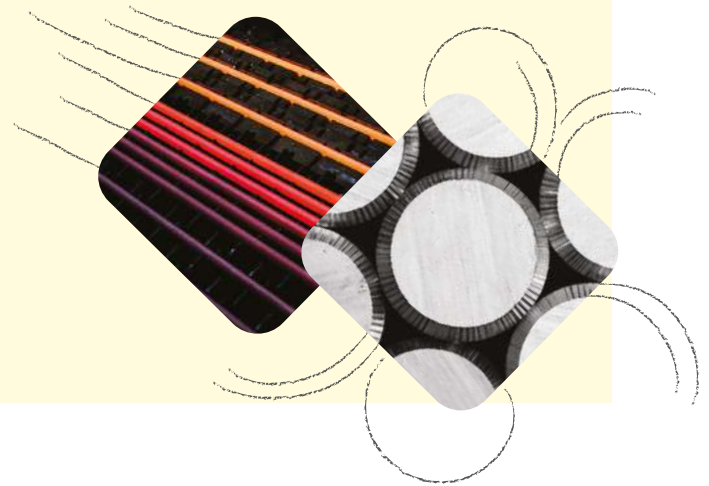
Inspections: 8 inline ultrasonic control devices, including 3 with phased array technology, 3 with rotating probes, 2 with flat and angled fixed probes; 6 in-line dispersed flow control devices, 1 in-line parasite current control equipment, 6 in-line magnetic particle control devices.

Laboratory for mechanical, chemical, metallographic, xray spectrographic and radiometric tests equipped, among other things, with 3 optical emission spectrometers, 1 X-ray fluorescence spectroscope, 1 scanning electron microscope, 2 metallographic microscopes connected to cameras, 2 Carbon Sulphur/Oxygen/Hydrogen/Nitrogen determiners, 1 automatic high-frequency ultrasound control machine (10 MHz), automatic Jominy test instruments, radiometric detection instruments, traction machine, durometers, Charpy and Bruggen pendulum impact testers.

Products

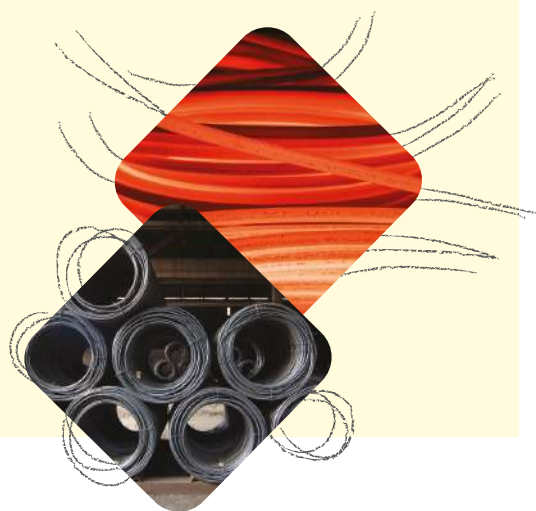
Billets with rounded edges measuring 120 and 160 mm
Round blooms 200, 240, 280, 350, 420, 500 and 600 mm in diameter

Rolled round bars 20 to 200 mm in diameter
Rolled billets measuring 30 to 200 mm
Peeled round bars 30 to 130 mm in diameter
Reclaimed round bars 30 to 125 mm in diameter.

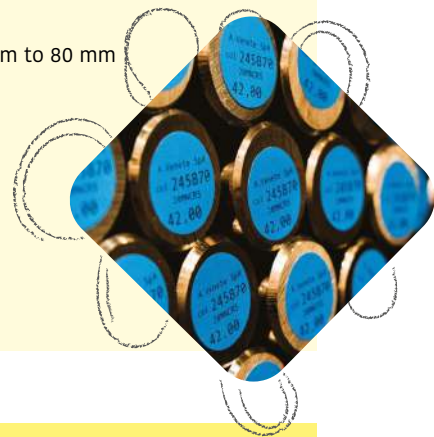


Plant		
PADUA	Via Pellico	Area of 81.852 m ² of which 33.746 indoor
Facilities	Products	
Finishing and treatments: - 2 furnaces for sub-critical annealing - hardening and tempering plant with a capacity of 3 t/h for finished products Ø28-130 mm	Round bars and annealed blooms of the entire production range Annealed billets of the entire production range Tempered round bars in diameters from 28 to 130 mm	

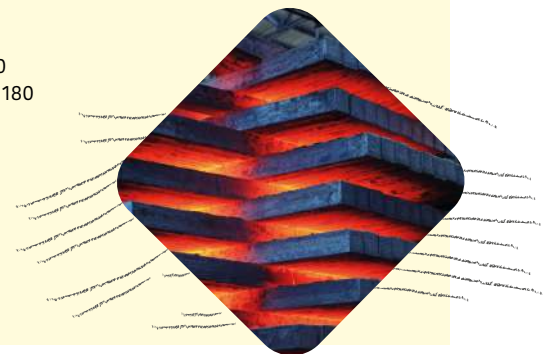
Plant		
SAREZZO (BS)	Via Antonini	Area of 89.082 m ² of which 46.680 indoor
Facilities	Products	
Electric furnace with 95 t/h nominal capacity and 70 MVA transformer Ladle furnace with a capacity of 15 MVA 2 continuous casting machines: - CCA, 4 lines, 7m radius - CCB, 4 lines, 10m radius 73 t/h walking beam preheating furnace and reheating furnace Single-line continuous rolling train with 23 tandem stands, automatic dimensional inspection, defect control with “surface check” and eddy current testing device (Prüftechnik) Coil forming facility: 2 supply lines for coilers, 2 controlled cooling boxes for each line, 2 Garret coilers, mobile walking beam tunnels and forced cooling station Bar plant: cooling bed with speed up to 18 m/s Cutting and packaging service: pendulum shear for multi-bar cutting, 2 binders Laboratory for mechanical, chemical, metallographic, x-ray spectrographic and radiometric testing.	Billets and slabs measuring 160 x 160, 160 x 220, 160 x 300 Billets and slabs measuring 160 x 220, 200 x 240, 200 x 392 Diameter from 12 to 48 mm Square section from 11 to 14 mm	



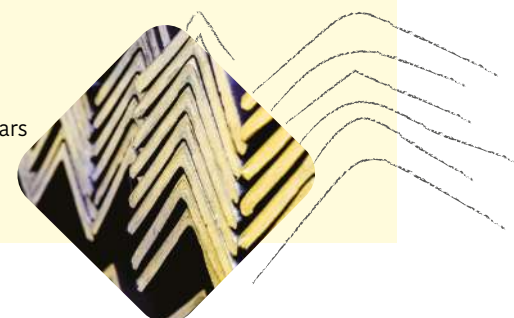
Plant		
DOLCÈ (VR)	Via Passo di Napoleone	Area of 79.590 m ² of which 34.334 indoor
Facilities Pusher furnace heating furnace with a capacity of 40 t/h Rolling train consisting of a 6-stroke reversible sliding duo bloom and a continuous 15-stand line, automatic dimensional control, defect control with "SurfaceCheck" Coil forming facility with two Garret coilers, rolling weight 1,000 kg Bar plant cooling bed with speed up to 11 m/s Cutting and packaging service: pendulum shear for multi-bar cutting, 1 packer, 2 binders. Laboratory for mechanical tests Finishing and treatments: - straightening - cutting for correction of head defects with band saws		Products Flat profiles with width from 20 mm to width 130 mm Thicknesses from 5 mm to 32 mm Square profiles from 14 mm to 32 mm Special customised profiles. Flat profiles with width from 20 mm to 80 mm Thicknesses from 5 mm to 32 mm



Plant		
BORGO VALSUGANA (TN)	Via Puisle	Area of 143.000 m ² of which 33.700 indoor
Facilities Electric furnace with nominal capacity of 100 t/h and 60 MVA transformer 2 ladle furnaces with capacity of 20 MVA each Vacuum degassing system , with dry mechanical pumps Continuous casting machine , 4 stands, 8m radius Laboratory for mechanical, chemical, metallographic, x-ray spectrographic and radiometric tests		Products Squares: 120, 140, 160 and rounds: 140 and 180



Plant		
BUJA (UD)	Via Andreuzza	Area of 138.424 m ² of which 14.003 indoor
Facilities Heating furnace with a capacity of 40 t/h Rolling train consisting of a bloom trio and then 18 continuous stands Dimensional and quality checks		Products Ordinary steel in round, square and rectangular section bars



Mura: installation of a new hardening and tempering line for flat bars initiated and order placed for the modernisation of the rolling mill

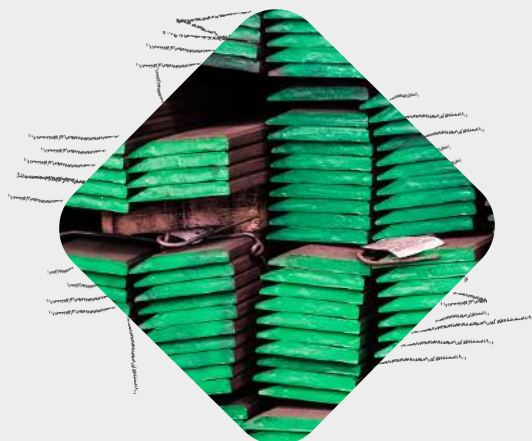
In September 2020 the installation of a new hardening and tempering line for flat bars was initiated. This facility, which has a capacity of 50,000 tonnes per year, consists of a bundle access area and, downstream of the latter, there is an “Inlet area” with a load handler equipped with six electromagnets that continues with a roller way for loading. The furnace has a series of regenerative burners that operate in several thermal zones and can reach a maximum temperature of 950°C. This is followed by an automatic tempering machine and then by the sorting, bundle formation and unloading areas.

This investment is aimed at meeting the increasingly stringent and sophisticated needs of the market for flat products for the earthmoving machinery sector.

At the end of 2020 an order was issued for the modernisation of the rolling mill finishing train.

The project includes the replacement of the eight currently used rolling stands with modern Red Ring rolling units (Series 5) that are lighter and more easily transportable from the rolling line to the workshop and vice versa. The new stands will allow a substantial reduction in changeover times and will make maintenance operations simpler and faster. The components of the Red Ring rolling stands have a higher wear resistance and therefore a longer service life. The existing cylinders and rolling guides will be reused.

The Red Ring stands supplied have a maximum working distance between the cylinders of 785 mm and a cylinder table of 1,000 mm. For one of the convertible stands a new gearbox with dual selectable output will also be provided to control the stand in horizontal or vertical configuration.

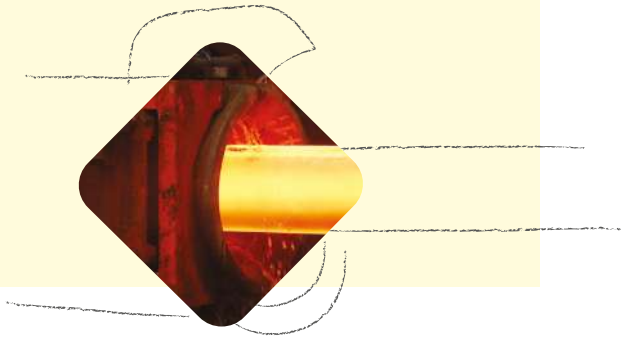




The fittings of the Red Ring units will be adapted to allow the assembly of the radial bearings used in the current stands and thus allow the reuse of the rolling cylinders. The existing rolling equipment will also be reused. To maintain the current rolling process unchanged as much as possible, it will be possible to adjust the spacing between the cylinders of the new stands symmetrically or asymmetrically with respect to the rolling axis.

In addition to the main cages, eight second stands will also be supplied, each complete with a core, container, platform for adjusting the cylinder centre distance and equipment bars. Workshop devices for preparing the stands and changing the cylinders, connecting roller benches, loop formers, components for lubrication and hydraulic handling and a series of stainless-steel pipes complete the supply.

Plant		
MURA (BS)	Località Breda	Area of 84.785 m ² of which 43.000 indoor
Facilities		Products
<p>Heating furnace with a capacity of 100 t/h</p> <p>Rolling train consisting of three parts: two-high reversing blooming mill; reversing intermediate stand consisting of two stands, one horizontal and one vertical; finishing train consisting of 8 in-line stands</p> <p>Cutting and packaging service</p> <p>Finishing and treatments:</p> <ul style="list-style-type: none"> - straightening - cutting for correction of head defects with band saws - annealing heat treatment - hardening and tempering heat treatment <p>Dimensional inspection on all production and surfaces for laminates intended for automotive use</p>		<p>Flat profiles with widths from 400 mm to 50 mm and thicknesses from 100 mm to 5 mm</p> <p>Profiles for MMT with widths from 406 mm to 110 mm and thicknesses from 60 mm to 12 mm</p> <p>Profiles for MMT Mezze Freccie (HA) with widths from 250 mm to 110 mm</p> <p>Square profiles with sharp edges from 90 mm to 40 mm</p> <p>Angular profiles with equal wings with widths from 150 mm to 100 mm</p>

<p>Plant</p> <p>ODOLO (BS) Via Garibaldi Area of 97.353 m² of which 32.019 indoor</p>		
<p>Facilities</p> <p>Mobile walking beam heating furnace with a production nominal capacity of 75 t/h</p> <p>Rolling train consisting of 17 in-line stands, an 80- metre-long cooling bed</p> <p>Cutting and packaging service</p> <p>Finishings and treatments include: three rollers for straightening round bars, a straightening line for moulding billets, a straightening line for plates and a furnace for annealing heat treatments</p> <p>Inspections: a dimensional meter has been installed on the rolling line for round bars that controls them along the entire length, and there is an induced current instrument for detecting surface defects. Two dispersed flow controls and an ultrasonic testing device are installed at the finishing line.</p>	<p>Product</p> <p>Round bars with a minimum diameter of 18 mm to a maximum diameter of 105 mm</p> <p>Billets for moulding with a minimum side of 30 mm to a maximum of 80 mm</p> <p>Plates with widths from 130 mm to 100 mm having thicknesses from 60 mm to 8 mm</p> <p>Plates with widths from 90 mm to 50 mm having thicknesses from 60 mm to 30 mm</p> <p>Square bars with sharp edges with 100 mm each side</p>	

<p>Plant</p> <p>ODOLO LAF (BS) Via Vallesabbia Area of 14.252 m² of which 7.026 indoor</p>		
<p>Facilities</p> <p>2 rollers for the double roll straightening of round bars with diameters from 22 mm up to 85 mm.</p> <p>3 saw blades for heads</p> <p>2 peeling lines equipped with rolling and checking for diameters from 20 mm to 80 mm that can process bars with lengths between 3000 mm and 9100 mm</p> <p>2 grinding lines for diameters from 20 mm to 80 mm</p> <p>1 cutting and chamfering line for diameters from 20 mm to 80 mm that can process bars with lengths between 2500 mm and 8000 mm</p> <p>Inspections: two induced current devices for detecting surface defects are installed on the peeling lines, and all material processed is checked with a portable spectrometer</p>	<p>Product</p> <p>Round bars with a minimum diameter of 20 mm to a maximum of 80 mm</p>	

3.4 Reference markets

The Acciaierie Venete plants produce a vast range of quality and special steels in all the main types and brands: carbon, low, medium and high alloyed, boron, micro alloyed, with improved machinability. These products are intended for all the main uses: hot forging, forging, cold forging, mechanical processing, drawing and peeling and a wide array of subsequent heat treatments (hardening, cementation, reclamation).

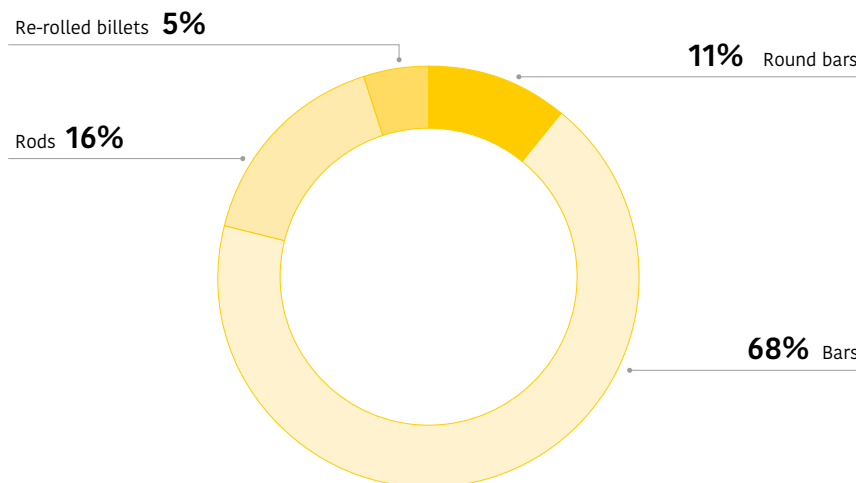
With its production of semi-finished, rolled and verticalized products, Acciaierie Venete is strongly oriented towards the so-called specialty field, designing and manufacturing steels to meet the complex engineering requirements and high-quality demands of all industries that use steel: light and heavy vehicles, earthmoving machinery, agricultural machinery, energy, oil and gas, bearings, springs, shipbuilding, construction industry and special mechanical parts of every possible type.

An extremely broad production range, both in terms of shapes and sections and in terms of steel brands, combined with a widespread commercial network, allows the company to have the world's most important industrial brands that use steel among its customers. For the three-year period 2018-2020, the automotive industry was confirmed as the top sector among all of Acciaierie Venete's main buyers.

Breaking down sales by geographic markets, Italy remains the most important customer while Germany is still by far the most significant foreign market.

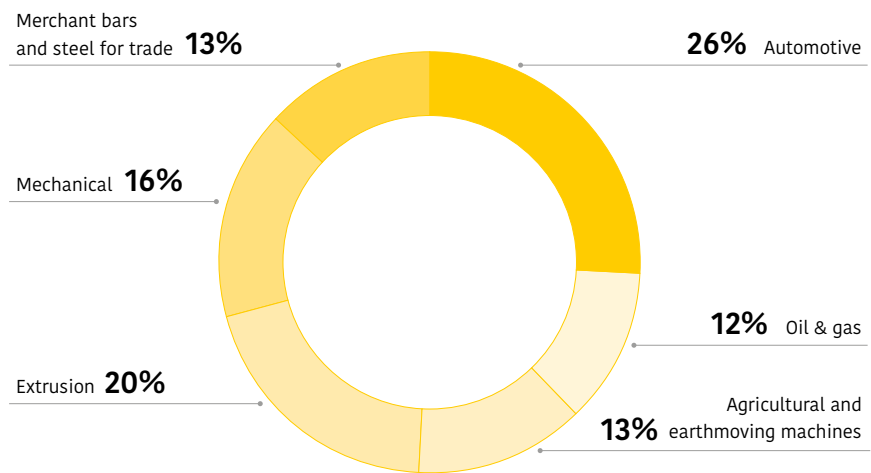
Sales by customer segment in 2020

Breakdown of sales by sector

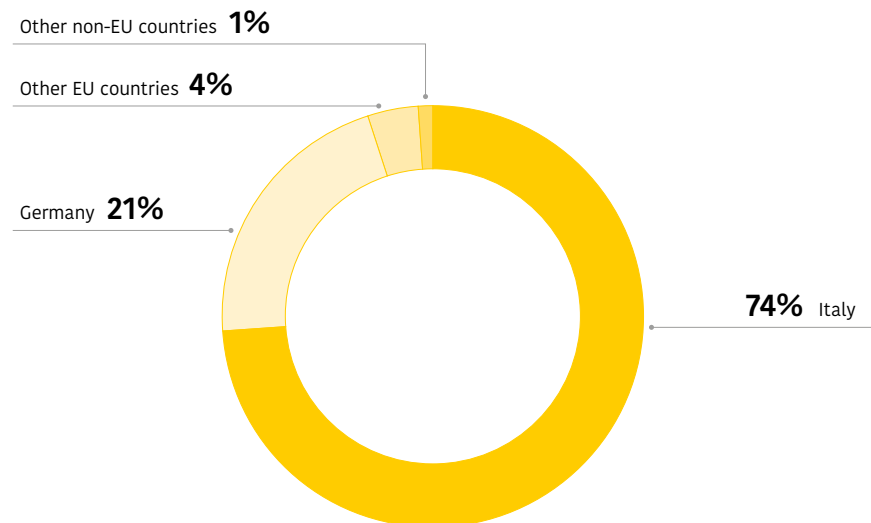


Again in 2020, production of rolled round bars represented the most important share of Acciaierie Venete's sales, followed by all other rolled products (plates, wire rods and special profiles) and semi-finished products for direct forging and rerolling (rounds, billets, blooms and slabs).

Breakdown of sales by product type 2020



Breakdown of sales by geographical area 2020



3.5 Certified quality for quality products

The decision to continuously improve processes, products and services has led the company to implement a Quality System in compliance with the requirements of UNI EN ISO 9001:2015. At the date of this document, all production units where design and production of alloy and non-alloy steel products are carried out have implemented this management system³.

Moreover, the Padua and Sarezzo sites are IATF 16949:2016 certified for the same type of activities for the automotive sector.

In November 2020 the renewal audit according to the IATF 16949 standard was performed, and the inspection to maintain the qualification of steels for the automotive and mechanical engineering industries had a positive outcome. Furthermore, 48 internal audits were carried out as per the annual calendar with an average score of 97.6 %, an improvement on the previous year. Audits were also performed out both by external entities and by Group customers.

The quality of our products, which meet top standards in the industry, make Acciaierie Venete steel one of the most qualified in the European market for engineering steels, steels designed for mechanical engineering and similar applications that require rigorous levels of technological characteristics, including ductility, toughness and fatigue strength.

The Quality department makes use of the support of the various Plant Managers, who implement the practices defined at a local level.

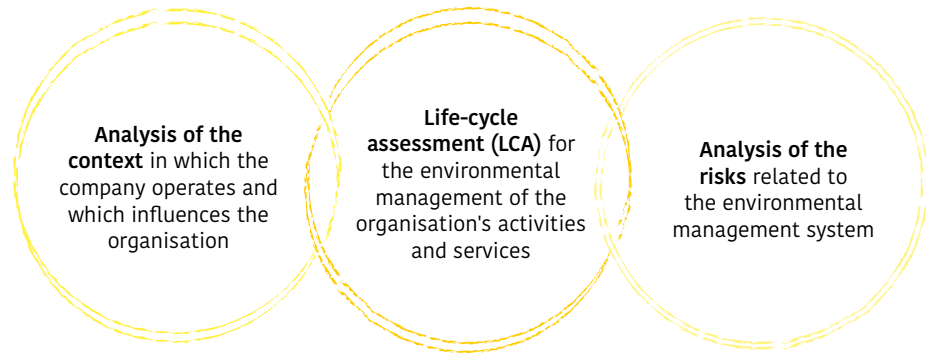
At Group level, there is a quality management manager who coordinates the laboratory tests, technical support for customers, the feasibility of orders, product certification and the technological offer. In other words, this function oversees the products' manufacturing and transformation processes, evaluating the strengths, weaknesses, threats and opportunities for each product in order to ensure customer satisfaction and protect the welfare and health of workers and customers. All products are accompanied by a test certificate that attests to the results of the quality tests conducted in the laboratory and the absence of radioactive contamination. This document makes it possible to trace the product's main production steps. Moreover, the traceability and safety of Acciaierie Venete's products is guaranteed by aluminium or plastic plates containing qualitative indications of the product, such as: the casting ID, the section, the steel brand. Over the coming years, investments are also planned in the field of digital product traceability.

Acciaierie Venete has certified the production process of its products, obtaining in 1998 the certification of its quality management systems, in 2011 the certification of its environmental management systems (compliant with the requirements of UNI EN ISO 14001:2015) and in 2014 the certification of its energy management systems (compliant with the requirements of UNI EN ISO 50001:2015).

³ Certified quality management system in the operating units of: Riviera Francia, Padua (Steelworks and rolling mill), Via Silvio Pellico, Padua (Rolling mill), Brescia (Sales offices), Sarezzo - Brescia (Steelworks and rolling mill), Mura - Brescia (Rolling mill), Dolcè - Verona (Rolling mill), Buja - Udine (Rolling mill), Odolo - Brescia (Rolling mill), Borgo Valsugana - Trento (Steelworks)

Acciaierie Venete's Integrated Environment and Energy Management System is based principally on three pillars:

The pillars of Acciaierie Venete's Integrated Management System



In order to guarantee high quality standards and support the distribution and knowledge of the Environmental Policy at all levels of the organisation, the Group continuously spreads its fundamental principles both internally, through regular meetings with department heads and internal training and auditing, and externally, with the involvement of service providers on behalf of the company.

The position of Product Safety Officer (Produktsicherheitsbeauftragten) was confirmed. This position was established on the one hand to respond to the requests of some leading customers in the automotive sector, but also to anticipate the increasingly stringent Italian, German and European regulations on product safety. The Product Safety Officer supervises production for the automotive sector at the Riviera Francia plant in Padua.

The delegated Product Safety Officer has the responsibility and power to:

- a) analyse and define production processes and set priorities for the prevention of defects during product development.
- b) work with production for the preparation and subsequent implementation of Failure Mode and Effects Analysis (FMEA).
- c) work with production to design and develop products, making use of “lessons learned”.
- d) coordinate execution, ensuring the correct implementation of periodic checks of production processes and the product itself, with particular reference to aspects relating to the safety of the product shipped to the customer.
- e) assess the likelihood of failure of safety-related aspects of defined products.
- f) verify the implementation and effectiveness of the containment measures and corrective actions implemented following any customer complaints.

The Product Safety Officer reports directly to the C.E.O., and, as part of his/her duties as Group Quality Manager, has the authority to suspend the production of the aforementioned products if there are issues that could potentially affect or reduce product safety levels or otherwise cause damage to the company's image. Therefore, the Product Safety Officer is also responsible for coordinating the controls and tests that are deemed necessary to ensure the required product safety levels. During 2020, no “non-conformities” were identified with regard to the health and safety of customers. As in previous years the achievement of the Quality Department's quality objectives was encouraged through the payment of a performance bonus linked to the quality of the work done, the production carried out and the days of absence of workers.

3.6 Sustainable innovation

The Italian steel industry is aware of the decisive role of innovation to ensure the sector's future competitiveness, and that it must therefore be properly encouraged and financed. Indeed, the sector is constantly studying the best available technologies and continuously improving processes and products in order to maintain high quality standards.

In this context, Acciaierie Venete aims to play an active role in the introduction of technologies that guarantee process quality, product innovation and improved sustainability performance in terms of environmental protection and occupational health and safety (OHS) To this end, in 2020 Acciaierie Venete continued to focus its efforts on the company's research and development, which have largely involved the Technical and Quality Departments on a number of important projects. During 2019, the company's Research and Development Centre was set up in order to deal in a structured manner with studies and independent research carried out in collaboration with qualified external bodies. In 2020, as in the past, the studies concerned certain phases of the steel production process in order to improve its quality and performance. In addition, in order to increase the sustainability of its processes and products, an experimental project continued for the production of highly machinable, lead-free, environmentally friendly steels, an activity that continued in the industrial area of one of the group's plants. Conversely, on the process side, in partnership with an industrial partner, an automatic dust extraction system activated by the detection of dust thickness thanks to a sensor system was implemented.

Below are the most significant initiatives and a number of partnerships in innovative projects.



Sant'Anna High School

Advanced simulation with digital twin models for the evaluation of energy and environmental aspects related to steel production

In 2019 an agreement was signed with Sant'Anna High School with the aim of developing an environmental impact assessment tool using advanced simulation mechanisms. The models defined in this research and development project make it possible to simulate in advance the environmental impact of production with respect to various aspects (e.g., water consumption, energy consumption, quality and quantity of fumes, dust and slag produced) and therefore to set the process operating parameters that allow a minimisation of environmental impacts. In 2020 the model arrived at its fine-tuning version.



University of Padua

Development of predictive models for continuous casting

Launched in 2018 with the Department of Computer Engineering of the University of Padua, the agreement was concluded in 2020. The activity was focused on identifying the models best suited to making use of the information deriving from the variables that govern continuous casting and hot rolling processes and the consequent impact on certain parameters that affect the quality of the final product. Specifically, through the analysis of historical, process and product data collected during production monitoring, this project had the goal of developing machine learning algorithms aimed at predicting casting quality parameters and therefore correcting any process parameters.



Industry 4.0

During 2019 the Research and Development Centre of Acciaierie Venete initiated further research into Industry 4.0. In particular, in partnership with other private sector operators, prediction and quality optimisation systems were investigated through the implementation of machine learning and big data analysis solutions focused on the flow of material from liquid steel to the finished product. In 2020 a model was defined for the prediction of hardening curves and subsequently focus was centred on the dimensional aspects of the product, correlating them with the process parameters.



Company Research and Development Centre

Application of OES-PDA techniques for determining inclusion status in real time

Thanks to recent investments in the most modern OES tools as part of the Industry 4.0 development programme, the R&D team has undertaken a structured and intensive testing plan aimed at measuring inclusion density during the various steps of the production process. The ultimate objective is to develop one or more models for taking any corrective actions necessary to be able to intervene promptly in the production process and to improve the product's final properties.

Development of production methods for steels with high purity requirements (“clean steel”)

2020 saw increased efforts in this project. This new process aims to satisfy customers operating in the steel sector with high, stringent purity requirements. The success of the first tests led to an investment plan to support the plant engineering necessary for a reliable process. In 2020, work began on the implementation of the new plants to support the industrialisation of the new production method, which are expected to become operational in 2021.

Support for the specialised education of university students

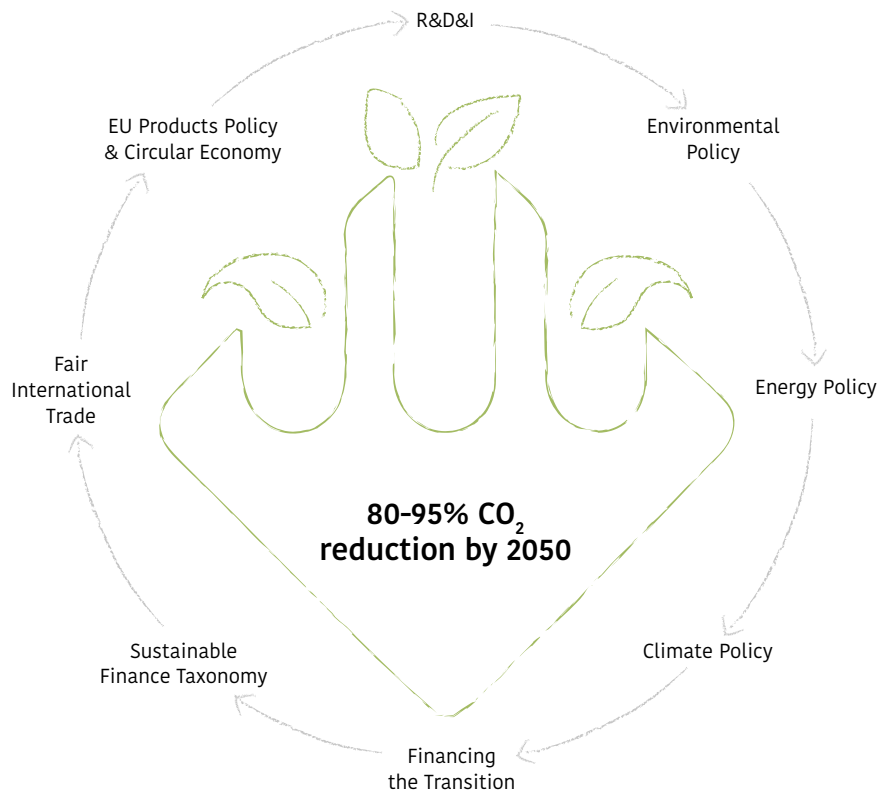
Every year since 2004, Acciaierie Venete has hosted graduate students to do thesis work. Their studies and research generally concern metallurgy or other fields closely linked to the steel industry. The staff of the R&D group assist students with these projects, thus acting as company tutors. In 2020 the most significant thesis was written on the “Abnormal growth of the austenite grain in low alloyed steels”. In 2020 activities continued remotely in order not to lose continuity despite the pandemic.



ESTEP

Participation in activities promoted by the European steel platform

At the beginning of 2020 Acciaierie Venete joined ESTEP, a platform that brings together steel producers and related technologies at a European level. The main activity in ESTEP was to work on the Clean Steel Partnership, but also several virtual meetings which were held to network between producers with the aim of creating international projects under the aegis of the European Union.



CLEAN STEEL PARTNERSHIP

Participation in the drafting of roadmaps for decarbonisation

Acciaierie Venete participated in various ways in the drafting of the Clean Steel Partnership (CSP), a document at a European level that aims to create a common front in the steel industry to raise funds as part of the Green Deal decarbonisation project promoted by the European Union. Within the CSP, producers and technology suppliers talk to each other with the aim of conceiving international projects aimed at the development and implementation of new techniques and plants that allow for the production and processing of steel while reducing greenhouse gas emissions.



HYDRA

Hydrogen as the energy vector of the future

Under the aegis of the RINA research centre, Acciaierie Venete is participating in projects aimed at switching energy sources from fossil fuels to hydrogen for the decarbonisation of the production cycle. This ambitious goal at national level leads us to interact with players in the steel world as well as technology suppliers from all over Europe.

4.
SOCIAL SUSTAINABILITY



4.1 Employees: our strength

For Acciaierie Venete, human resources are fundamental for the continuous improvement of the company's competitive advantage. Indeed, we believe that the development of people, their involvement and the company's ability to establish a strong identification process are our most critical factors of success. The Group's human resource management policies are defined based on these strategic assumptions.

Human resource management policies are defined by the C.E.O. with the support of the Personnel Department, and applied by the latter in synergistic collaboration with the plant and/or department managers.

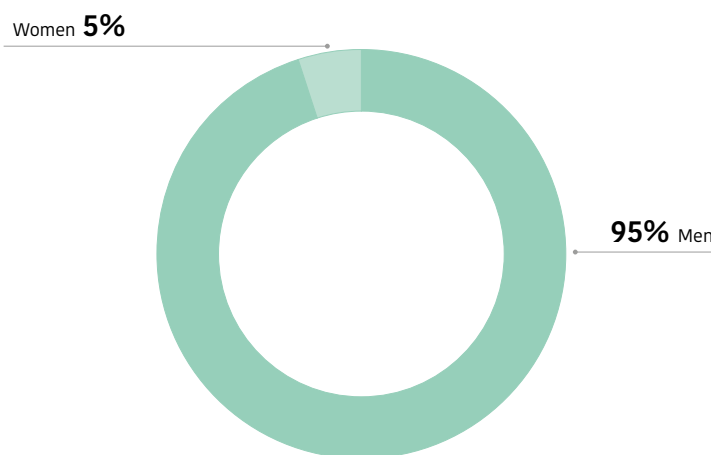
In the context defined above, a fundamental role is played by the professional skills development system, which has been structured to encourage the acquisition and consolidation of the professional skills needed both to ensure an adequate performance of the role assigned and to guarantee a foundation of skills on which to base professional development.

The development system is based on three different macro areas:

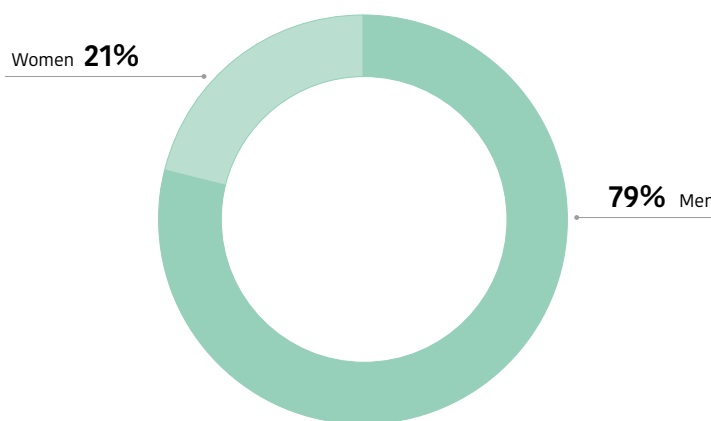
- **Safety in the workplace:** in addition to the mandatory training sessions, structured training activities will be scheduled to promote the pervasive diffusion of a safety culture at all organisational levels. A further objective is to ensure that the training provided is combined synergistically with safety improvement projects, in particular with the “zero accidents project” and the “15 minutes for safety project”.
- **Professional skills:** the development of which is guaranteed by combining training with onthe job coaching sessions and career paths.
- **Managerial skills:** one of the fundamental elements of the company's motivational system is its ability to offer human resources practical career development opportunities, ensuring – in parallel with the development of professional skills – the possibility of a related increase in levels of responsibility. These opportunities are offered through the company's Academy as well as in specific development projects, for example, the “young engineers project”, described below.

At the end of 2020, Acciaierie Venete had 1,304 employees (a decrease of 0.8% compared to the previous year due to the reduction in production as a result of the COVID-19 pandemic), of which approximately 5% were women. All employees are covered by the National Collective Labour Agreement for Metalworkers supplemented by the second-level collective bargaining system. During 2020, 23 apprenticeship contracts were signed, a number in line with the previous year (during which 21 apprenticeships were added).

Breakdown of employees by gender (2020)



Breakdown of white-collar workers by gender (2020)



Employees by geographical area	2018		2019		2020	
	Total	%	Total	%	Total	%
Brescia	533	41%	535	41%	531	41%
Verona	71	5%	69	5%	68	5%
Padua	545	42%	544	41%	536	41%
Udine	60	4%	63	5%	60	5%
Trento	100	8%	103	8%	109	8%
Total	1,309	100%	1,314	100%	1,304	100%

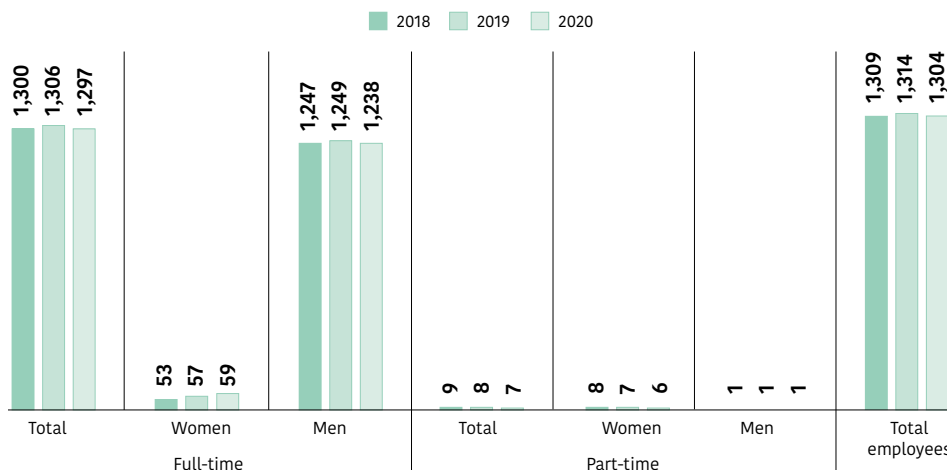
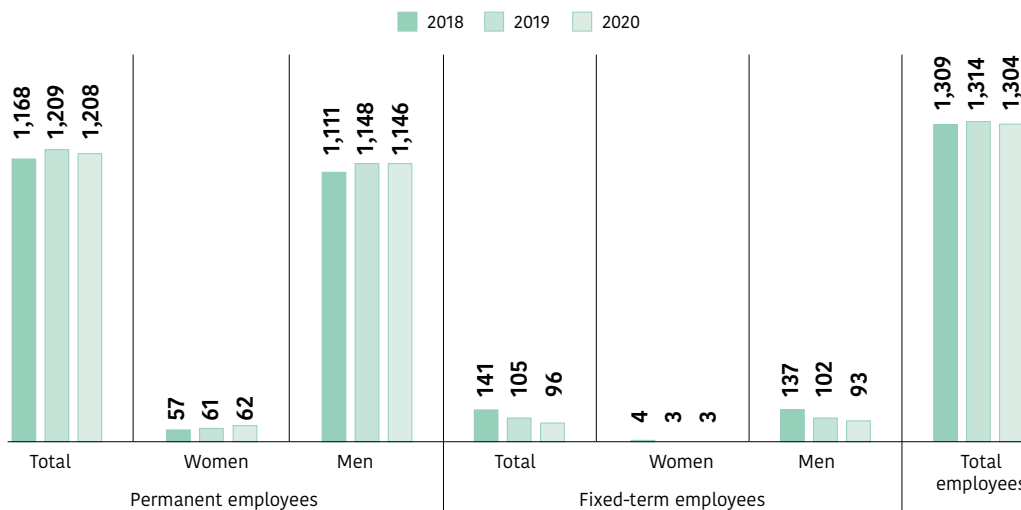
	New hires	2018	2018 rate	2019	2019 rate	2020	2020 rate⁴
MEN	< 30 years old	105	8.3%	69	5.3%	37	2.9%
	Between 30 and 50 years old	75	5.9%	35	2.7%	42	3.3%
	> 50 years old	11	0.9%	7	0.5%	8	0.6%
	Total	191	15.1%	111	8.5%	87	6.8%
WOMEN	< 30 years old	4	0.3%	3	0.2%	4	0.3%
	Between 30 and 50 years old	1	0.1%	1	0.1%	3	0.2%
	> 50 years old	0	0.0%	0	0.0%	0	0.0%
	Total	5	0.4%	4	0.3%	7	0.6%
	Total new hires	196	15.4%	115	8.8%	94	7.4%

	Number of terminations	2018	2018 rate	2019	2019 rate	2020	2020 rate
MEN	< 30 years old	54	4.3%	38	2.9%	21	1.6%
	Between 30 and 50 years old	58	4.6%	18	1.4%	20	1.6%
	> 50 years old	39	3.1%	53	4.0%	55	4.3%
	Total	151	11.9%	109	8.3%	96	7.5%
WOMEN	< 30 years old	1	0.1%	0	0.0%	2	0.2%
	Between 30 and 50 years old	2	0.2%	0	0.0%	3	0.2%
	> 50 years old	2	0.2%	1	0.1%	3	0.2%
	Total	5	0.4%	1	0.1%	8	0.6%
	Total terminations	156	12,3%	110	8.4%	104	8.2%

2020 saw a hiring rate of 7.4% (94 new hires), slightly down from the previous year, but in line with the three previous years. The company tends to employ young people under 30 years of age, an effect of its policy that prioritises the hiring of young people and encourages their internal professional growth.

⁴ The hiring and termination rate is calculated as the ratio between the number of news hires/terminations in a given category and the total number of employees on the workforce at 31/12 of the year preceding the year of reference.

Information about employees and other workers



In 2020 Acciaierie Venete maintained human resources levels within the company, stabilising the positive trend of recent years. The number of permanent contracts also remained stable, especially full-time contracts, which account for almost all the employment contracts. Corporate management policies seek to ensure a working life offering high levels of stability and safety, not to mention significant opportunities for professional development.

In order to ensure the involvement and development of human resources, a number of organisational initiatives have been put in place, including the “continuous improvement project” described below.

4.1.1 “Continuous improvement project”

In order to cope with the increasing levels of competition in its market, Acciaierie Venete has developed a competitive strategy based on the ability to combine the improvement of product quality levels with the need to increase the efficiency of production processes, as well as with the constant improvement of work safety and environmental protection levels. The project has a number of objectives, correlated to each other by elements of systemic interaction that involve the entire company, understood as a set of human resources, plant structures and, finally, company procedures and standards.

In this context, a structured system has been set up to stimulate the submission of proposals by all employees working in the company that can ensure an improvement in the company's operations.

The system is based on two concepts:

- The belief that the people directly involved in operations are able to identify the best ways to improve their organisation, method or process in a more targeted and effective way than those who are not directly involved in them.
- The consideration that the system of continuous improvement is more effective when implemented through multiple limited initiatives that, precisely thanks to their reduced scope, are more easily assimilated in the organisational behaviour of each individual employee rather than through a few large projects with an inevitably slower and less widespread adoption.

An essential element of the project is the process of providing feedback on the improvement proposals. The area manager who receives the proposal must provide feedback to the person who submitted the idea, updating them on the progress of the proposal, and, at the end of the evaluation process, letting them know the reasons why it was considered technically feasible or otherwise.

The project provides for the establishment of an internal technical committee consisting of the plant, quality and department managers as well as the HSO. The committee has the task of verifying the technical feasibility and economic sustainability of the improvement proposals, and, based on these elements, to define the amount of the bonus to be paid to the proposer. It should be noted that the bonus is paid in all cases where the proposal is considered technically feasible, regardless of the actual implementation.

Given the importance that the company attaches to the issues of safety at work and environmental protection, it was decided that proposals for improvement that impact on these issues will receive a bonus that is higher than proposals related to quality, efficiency and productivity levels.

4.2 We innovate by investing in human capital

We believe that a company that invests in the training of its human resources is a company that is making long-term plans for its organisation.

In 2020, following the decision to reduce the opportunities for the gathering of people to a minimum (in order to eliminate the risks of contagion connected to the COVID-19 pandemic), the company decided to delay some training sessions and to proceed with others using remote training systems, while for the in-person training sessions that were confirmed, it was decided to reduce the number of participants in order to guarantee social distancing.

Consequently, there was a significant reduction in the number of training hours provided per capita (4.7 compared to 11.4 in 2019). The criteria, however, to involve all professional categories, from executives to middle managers, from white-collar workers to blue-collar workers, remains.

	Average training hours per employee (by professional category and gender)								
	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives and managers	9.8	-	9.6	7.7	8.0	7.7	3	-	2.5
White-collar workers	16.4	6.7	14.5	16.6	11.6	15.6	6.3	5.1	6
Blue-collar workers	15.2	7.0	15.2	10.3	-	10.2	4.5	-	4.5
Total average training hours	15.2	6.6	14.8	11.4	11.4	11.4	4.7	4.9	4.7

For the same reasons as above, the training offered by the Academy were managed remotely. The Academy is an educational programme developed for all of the group's young university graduates. The project has a number of goals. Specifically, to offer our high-potential resources the chance to learn the basic professional skills necessary to support their career development. The design of the programme also guarantees team-building opportunities and therefore a chance to increase the team spirit of the company's future management.

The duration of the programme is five years for a total of 480 hours of training, or 96 hours per year. In 2020 three macro-areas were covered: metallography, digitisation and soft skills.

Academy, a “never-ending” path

Academy is an integrated professional growth programme, designed to offer a complete vision and cross-cutting technical skills that are relevant to the company's operational processes. It envisages a continuous flow of training opportunities correlated with work, aimed at encouraging critical analysis of the way work is done in order to improve the consolidation of the skills acquired. This project aims to foster the development of solid personal relationships and to stimulate teamwork so as to make the flow of information among the various plants and company functions more fluid.

Considerable attention is paid towards training activities relating to occupational safety and environmental protection. On the first day of work each new employee is informed by the HSO of the key principles of the company's safety system, the current safety procedures in the target area and the operating standards to be adopted in order to limit the risk of accidents. Each new employee is also provided with the safety info sheets relating to their specific tasks. Should there be an introduction of new work equipment, changes in the production process or a change of job/work, all employees concerned receive training updates.

The objective of the above training system is to provide workers with the necessary knowledge and skills to ensure that their organisational behaviour is in line with the principles of the company's safety system. The criteria for organising training sessions are also aimed at improving awareness of workplace safety issues so that safety is perceived as a constituent value of the company culture and not just as a regulatory or procedural obligation.

As noted previously, more specific training on quality, safety and operational aspects is offered during courses scheduled during the months following entry in the company.

The training needs of all personnel are established annually by the plant managers or department heads, who identify the areas and topics of the training courses necessary for the development of the personnel operating within their organisations based on various elements, including: any process/product changes, any organisational and/or development projects, any technical, qualitative or maintenance problems that may have arisen during the period; the results of the annual performance review are also used to determine training needs; finally, there is the possibility that further training needs may be identified as part of the development of career plans or replacement plans or, finally, skill mapping systems.

As far as company management systems are concerned, it should also be noted that in recent years several courses have been provided focusing on the study of management systems like ISO 50001 (Energy Management System), ISO 14001 (Environmental Management System) and IATF 16949 (Quality in the Automotive sector).

4.3 Performance assessment

The professional development of human resources is key for Acciaierie Venete and its employees. Thanks to medium- to long-term training programmes and constant performance evaluations, employees have the opportunity to grow and diversify their skills during their professional lives. The performance evaluation system is useful for reaching this objective and is designed to outline both training needs and remuneration policy.

	Employees receiving performance evaluations								
	2018			2019			2020		
	% Men	% Women	% Total	% Men	% Women	% Total	% Men	% Women	% Total
Middle managers	59%	100%	60%	100%	100%	100%	94%	100%	94%
White-collar workers	78%	82%	79%	99,6%	100%	99,7%	96%	95%	95%
Total	75%	82%	77%	99%	100%	99,7%	95%	95%	95%

Performance evaluations are conducted by each manager on an annual basis and take into account a set of indicators specific to each production area that cover both the soft and hard skills of managers and white-collar workers. For example, for the Health, Safety & Environment (HSE) function, the management skills assessed include regulatory knowledge of environmental protection, safety and quality, as well as energy saving standards. Other soft skills assessed concern the awareness of the tasks and responsibilities attributed to the role, the ability to achieve expected results, decision-making capacity, the degree of autonomy and cost/benefit optimisation, the management of human resources and of interpersonal relations.

4.4 We protect the well-being of our employees

Acciaierie Venete has always been focused on the prevention of risks that undermine workers' safety.

Acciaierie Venete's management policies require that constant attention be paid to the workplace with a view to continuously improving working conditions. For this reason, in order to ensure that each of the elements constituting the company's safety system is respected, Acciaierie Venete has adopted a procedure aimed at defining responsibilities, tasks and criteria for managing the system itself, in particular with regard to monitoring the correct implementation of current relevant regulations as well as company procedures and standards.

In more specific terms, in order to make the implementation of safety policies more effective and widespread, it has been decided to entrust the Plant Managers with responsibility for implementing them. Moreover, in order to make the prevention and protection of workers more structured, executives, managers and supervisors are responsible for constantly monitoring all aspects of safety issues, such as the use of Personal Protective Equipment (PPE), compliance with

Protecting each other

As we all know, 2020 was rocked by the spread of the Covid-19 pandemic. During the year it was necessary to implement all technically and organisationally feasible measures to prevent the risk of contagion by prioritising the protection of the health of human resources, suppliers, customers, and other stakeholders. From the beginning of the pandemic, and in some cases in advance of the regulatory provisions, technical and organisational actions were implemented aimed at preventing the risk of contagion and eliminating the causes of crowding.

The interventions involved multiple areas of action, specifically:

- In terms of **prevention**, the following measures were adopted:
 - Daily measurement of body temperature both of employees and of any visitors (staff of external companies, drivers, transporters, etc.) before entering the company premises.
 - Daily cleaning of the premises, repeated disinfection, and cleaning of the operating units (pulpits, crane cabins, forklift cabins, etc.).
 - Definition of procedures for managing the activities carried out by external personnel (e.g., the loading of vehicles) in order to eliminate the risk of contagion among the persons involved. Personal protective equipment designed to contain the risk of contagion (e.g., sanitising gel, masks, etc.) was made available to all personnel.
- Protective plexiglass barriers were installed in front of or on the side of desks.
- Opportunities for crowding were drastically reduced (e.g., movement outside the office, access to common areas such as break and smoking areas, use of elevator etc.).
- Drastic reduction (in some periods total elimination) of customer and supplier visits.
- Where operations allowed it, **remote working** methods (so-called agile work) were favoured.
- Where conversely the work required the presence of personnel, initiatives were taken to **eliminate crowding**, specifically:
 - The entry and exit times of employees were been differentiated, diluting them, avoiding gatherings both when punching time cards and in changing rooms.
 - The opening hours of the canteen were extended, thus reducing the number of people eating at the same time.
 - Rules for eating in the canteen were defined (e.g., one person per table, maintaining distancing, etc.).
 - Unfortunately, it was necessary to suspend in-person training courses, adopting alternative remote methods like audio-video conferences (webinars through virtual platforms, conference calls, online

safety procedures, attention to the protection of the working environment, ergonomic conditions, the efficiency of vehicles and systems.

Constant monitoring of these aspects is guaranteed, an approach that makes it possible to reduce risks and therefore to prevent accidents, as well as ensuring continuous improvement in levels of work safety and environmental protection.

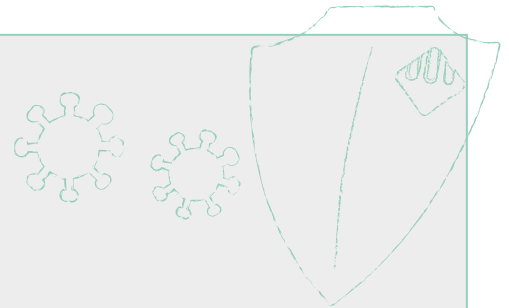
Any conditions or conduct that deviate from company procedures and practices are examined by the Health and Safety Officer in order to define the action to be taken to prevent a recurrence of such an event, giving priority to raising awareness and engaging employees.

The success of a good safety policy is also determined by the degree of involvement of its employees, and this is why, as already mentioned in the previous pages, at Acciaierie Venete all employees receive specific training and education on safety at work.

It is in this context that the “*zero accidents project*” and the “*15 minutes of safety project*” were implemented, both focused on the principles of engagement and awareness.

courses) and, where it was necessary to hold the courses in person, the number of participants was reduced.

- Drastic reduction of face-to-face meetings (for this purpose a number of videoconferencing rooms were set up at each company site).
- Drastic reduction (in some periods total elimination) of movements between the different organisational units of the group.
- **A technical committee** was also organised for each production unit, consisting of the plant management, the head of the protection and prevention service and the worker safety representative which oversaw all the prevention activities referred to above, as well as, in a more targeted manner, the following:
 - Definition of prevention methods and instruments to be adopted in order to avoid the spread of contagion.
 - Inform staff about the above methods through a targeted and widespread communication campaign.
 - Sensitise staff to scrupulous compliance with the provisions laid down by the Authorities and the procedures defined by the Company (such as maintaining social distancing, adoption of appropriate conduct with respect to hygiene, use of PPE provided by the company, prompt reporting of any suspicious contacts or physical conditions, etc.).
- Cooperation with the company physician and the public bodies responsible for the management of **tracing**, specifically:
 - Without prejudice to the fact that high-risk contact cases (and in some periods, as per the guidance of health authorities, even low-risk contacts) were reported to the health authorities so they could arrange the needed quarantines, tracing was carried out by the company even for cases that, while not high risk, could be considered possible.
 - With regard to the aforementioned situations, the stipulation of agreements with private specialised laboratories for the purpose of performing preventive tests (for example serological tests, rapid swabs, etc.) in order to strengthen the tracing system, going beyond the regulatory requirements.

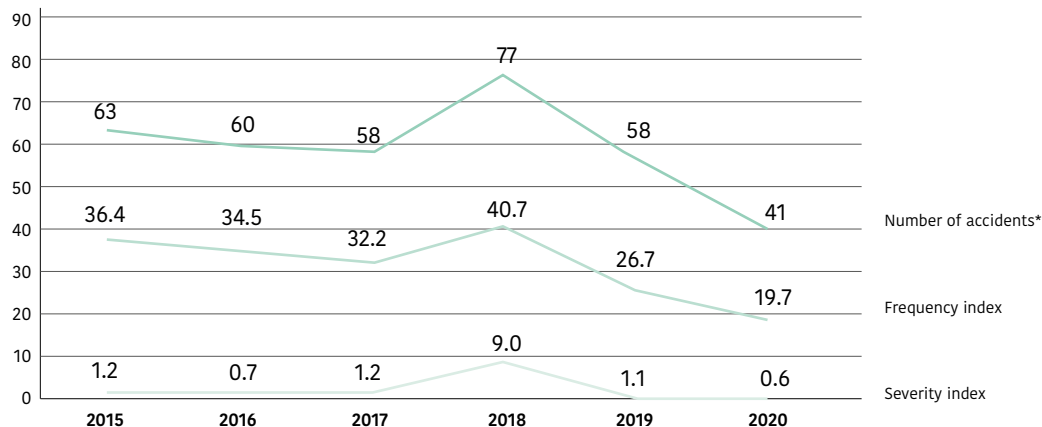


Acciaierie Venete's safety system is based on the following macro-elements:

The pillars of Acciaierie Venete's safety system

Education, information, training	Aimed at conveying theoretical knowledge and spreading a safety culture among all employees
Analysis of accidents and near misses	Accidents and injuries are analysed to identify their causes. Analysis also looks into methods, procedures, technical and/or organisational actions to be taken to eliminate the risk that caused the event, preventing the event itself from recurring
Zero-accidents project	Examines the dynamics of any accidents and near-misses to establish and disseminate a safety culture among all employees
Internal audits	Their purpose is to verify the correct implementation of company procedures in all sites
Personal protective equipment (PPE)	In all cases in which work-related risks cannot be avoided or sufficiently reduced by primary prevention measures, the necessary PPE will be made available to workers as secondary protection
Safety committee	The Safety Committee meets at least once a year and whenever requested by the management or the workers' health and safety representative

Accident rate



I.F. = No. of accidents/hours worked x 1,000,000

I.G. = Days of absence/hours worked x 1,000

*In 2020, of the 41 accidents there was 1 serious accident (3 in 2018 and 1 in 2019) that resulted in more than 180 days of absence between 2020 and 2021.

4.5 Feeling part of many communities

Acciaierie Venete has plants in nine Italian municipalities in five regions: Veneto, Lombardy Trentino Alto Adige, Friuli Venezia Giulia, and Emilia Romagna.

From a production and entrepreneurial point of view, feeling part of many communities is tied to participation in local and industry employers' associations. At a local level, Acciaierie Venete participates in the delegations of Confindustria where it is present with facilities, and at a national level the Company plays a representative role in the steel sector, as President pro tempore of Federacciai. Acciaierie Venete's membership in the Confindustria system has led the Company to adopt the values and commitments contained in Confindustria's Charter of Environmental Sustainability Principles as an integral part of its activities and production growth process.

Confindustria's Charter of Environmental Sustainability Principles 10 "PRINCIPLES" FOR 10 "COMMITMENTS"

1. **"Achievement of environmental sustainability objectives"** - Make protection of the environment an integral part of its business and production growth process.
2. **"Adoption of a preventive approach"** - Assess the impact of the business in order to manage its environmental aspects with a preventive approach and to promote the use of the best available technologies.
3. **"Efficient use of natural resources"** - Promote the efficient use of natural resources, with particular attention to the rational management of water and energy.
4. **"Control and Reduction of Environmental Impacts"** - Control and, where possible, reduce emissions into the air, water, and soil. Minimise waste production by favouring recovery and reuse. Take appropriate measures to limit the effects of the business on climate change. Promote the protection of biodiversity and ecosystems.
5. **"Centrality of innovative technologies"** - Invest in research, development, and innovation, in order to develop processes, products and services with a reduced environmental impact.
6. **"Responsible product management"** - Promote responsible product or service management throughout the entire life-cycle in order to improve product performance and reduce its impact on the environment, including by informing customers how to use and manage the "end-of-life" stage.
7. **"Responsible supply chain management"** - Promote environmental protection in supply chain management by involving suppliers, customers, and others in the sustainability policy.
8. **"Raising awareness and training"** - Promote information, awareness, and training initiatives in order to involve the organisation in the implementation of its environmental policy.
9. **"Transparency in stakeholder relations"** - Promote transparent stakeholder relations in order to pursue shared environmental policies.
10. **"Consistency in international business"** - Operate in accordance with the principles subscribed to in this Charter in all countries it carries on business.

Feeling part of many communities also means participating in the social and cultural life of regions with very different histories and peculiarities.

The city where the bond with the community is most evident is obviously Padua, where the company was founded and grew over the last 64 years.

The feeling of being part of a community in Padua is expressed in various ways, having as a common thread a deep connection with the history and characteristics of the city, ranging from initiatives in the world of sports to others related to culture, research and social commitment.

In the field of sports, the partnership with Petrarca Rugby, a team that for Padua and the Paduans is a point of reference not only for sports but also for social and cultural initiatives, is now more than ten years old. Then again rugby is a sport that closely resembles the iron and steel industry, a difficult and tiring job requiring self-sacrifice, courage, loyalty and teamwork.

Feeling part of a community in 2020 also meant offering support to help those fighting the COVID-19 pandemic, and therefore several donations were made to a number of the institutions or bodies dealing with the health and social emergency.

Again, in Padua, the partnership with the RFX Consortium for advanced research and in the social field with the *Fabbrica Attività & Relazioni Intergenerazionali* has continued for many years.

The RFX Consortium was launched in 1958 by a small group at the University of Padua, which in the 1970s became a CNR Research Centre operating within the European Programme. After various evolutions, in 1996 this small organisation turned into a consortium including the *Consiglio Nazionale delle Ricerche* (CNR), the *Ente per le Nuove Tecnologie, l'Energia e l'Ambiente* (Enea), the University of Padua, the *Istituto Nazionale di Fisica Nucleare* (INFN) and Acciaierie Venete.

The *Fabbrica Attività & Relazioni Intergenerazionali*, established by the *Fondazione Opera Immacolata Concezione* (OIC) was created to promote intergenerational relations (between the elderly and children). Acciaierie Venete acquired part of the share capital in 2013.

In 2019, on the other hand, collaboration began with the Salus Pueri Foundation of Padua and continued in 2020 in the context of activities aimed at financing contracts for young researchers and physicians entering the Department of Paediatrics, with the aim of attracting the best talent to the university.

Other initiatives of a lesser economic scope were carried out within the municipalities where the Group's plants are located, helping to support local projects to improve the urban environment and voluntary activities.

A collaboration established at the end of 2020 and implemented at the beginning of 2021 - and which is only apparently outside the many communities we feel a part of - is membership of CESDIM, the Centre for Studies and Documentation on Southern Industry established at the Department of Humanities of the University of Bari. The Centre has the dual purpose of scientifically reconstructing the history of the industrialisation of southern Italy and conducting studies on the current and future dynamics of industry in south. In this case, the broader community that we feel a part of is the Italian community from both a social and a manufacturing point of view. Participating in CESDIM means supporting those who seek to identify the means to industrial development also of southern Italy.

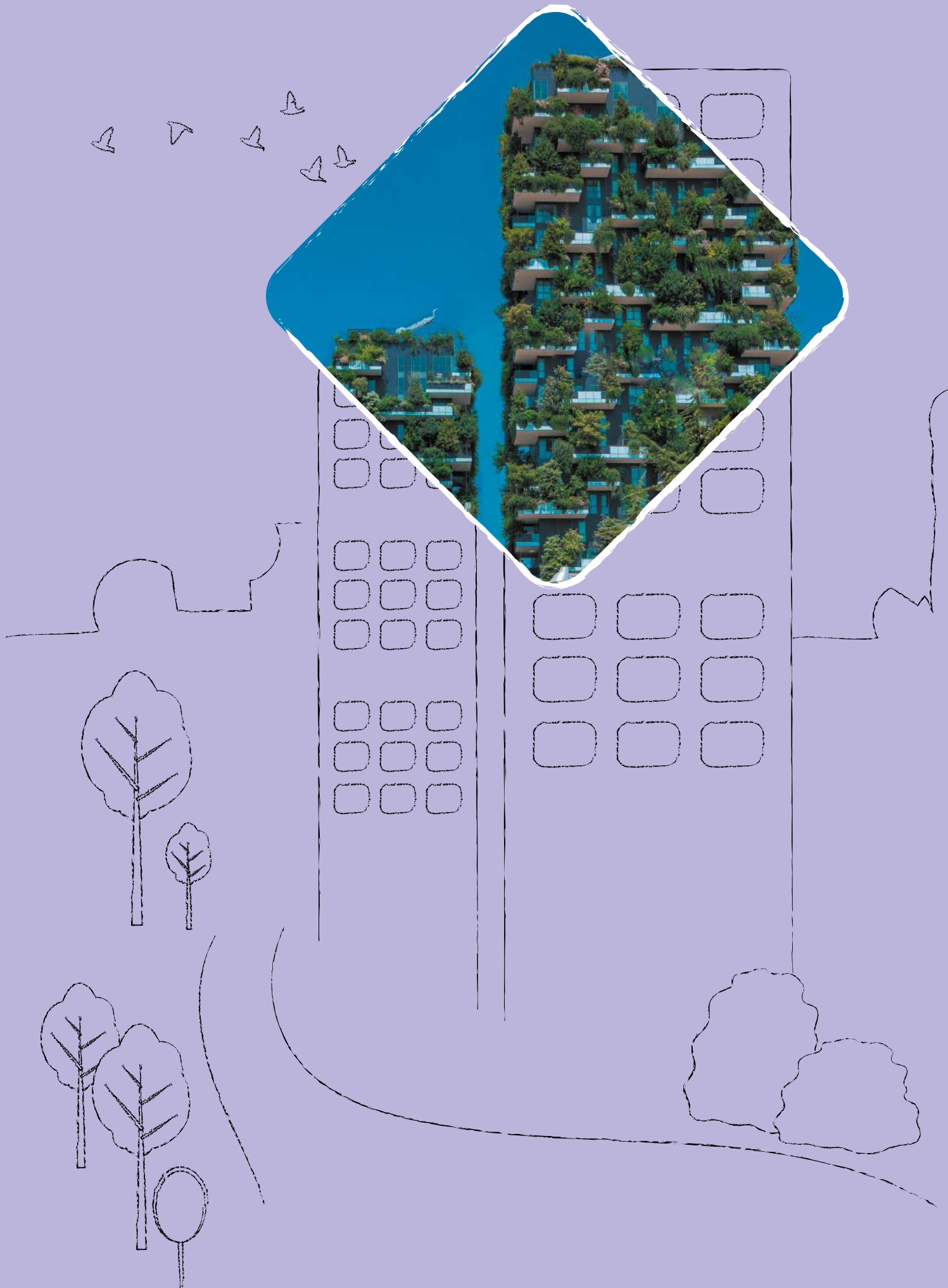
Finally, between the end of 2019 and the spring of 2020, Acciaierie Venete participated in the first edition of "A Steem for Steel", a very innovative training project promoted by the Marcegaglia Foundation.

The project involved 1,200 students from eight high schools with workshops and Innovation Camps at the companies, and then turned into an online initiative where the young people challenged each other creating video projects on the many characteristics of steel. In the final stage of the competition, students were asked to create a rap song on steel, to imagine and design a house that features this material and to show how it is possible to spend a day without steel.

The goal of "A Steem for Steel" was to underscore the positive aspects of the sector to younger generations, highlighting its still little-known sustainable and innovative sides through meetings and exchanges with leading companies that have been able to introduce technological innovation into their production processes, investing in digital transformation.

The activity continued by organising a second edition of "A Steem for Steel" held remotely between late 2020 and spring 2021 due to the limitations imposed by the persistence of the pandemic. A workshop was then organised that involved a number of speakers from Acciaierie Venete and 269 young people representing four high schools in Padua, Bassano del Grappa, Brescia and Verona.

5.
MANAGEMENT OF ENVIRONMENTAL IMPACTS



5.1 Environmental sustainability as a conscious choice

Steel is a key alloy for most industrial sectors, from transport to infrastructure and housing, from manufacturing to agriculture and energy. This central role makes it a key element in the transition to new sustainable and environmentally friendly urban and infrastructure models. In this sense, therefore, steel producers play a decisive role both in responding to sustainable production demands and in monitoring and managing the positive and negative externalities of their supply chain. Well aware of this fact, over the last 50 years the industry has implemented energy efficiency processes and employed new technologies, reducing its energy consumption per tonne of steel produced by 61%.

In the case of Acciaierie Venete, constant monitoring and control of the energy performance of its production plants made it possible in 2020 to maintain the levels of the previous year, with the aim of reducing energy intensity per unit of product and thereby increasing overall energy efficiency. The need to make the steel sector more sustainable, particularly from an environmental point of view, derives from international and European legislation and growing demands and pressure from the various stakeholders (investors and the financial community, suppliers, governments, the public and local communities, etc.), which are increasingly interested in understanding how companies in this sector are preparing to respond to the challenges posed by climate change. This is a very important industrial orientation for the whole sector now focused on sustainability, starting with the redefinition of the entire product life cycle, from the extraction of the raw material to its recycling.

This is the path that Acciaierie Venete intends to pursue and reinforce over time, in the belief that steel is the foundation for a more sustainable economic system for current and future generations.

5.1.1 Certifications

Acciaierie Venete's awareness of the importance of respecting the environment and its resources has led the company to adopt a management system certified according to **UNI EN ISO 14001:2015**. At present, this system has been applied to all the activities carried out at Acciaierie Venete S.p.A.'s production plants and is being integrated with a health and safety management system in compliance with UNI ISO 45001:2018. The Odolo and Borgo Valsugana plants, which became part of Acciaierie Venete S.p.A. in 2018, are also equipped with UNI EN ISO 14001 and UNI EN ISO 50001 Management Systems, officially certified in December 2019. In line with the requirements of the European and national Directives on integrated pollution prevention and control, in its plants Acciaierie Venete adopts the best available environmental plant, management and control techniques (BAT, "Best Available Techniques") that are economically and technically feasible. The adoption of these technologies provides an integrated support to the Group's tangible commitment to minimise the environmental impacts of its production processes, with particular reference to emissions of pollutants into the atmosphere, effluents, waste management and the reduction of energy consumption.

Sites with an ISO 14001:2015 management system



For a complete and updated view of system certifications, please see the "CERTIFICATIONS" section of the Group's website <http://www.acciaierievenete.com/it/certificazioni>

Acciaierie Venete operates in full compliance with current environmental regulations, and in 2020 the company continued to maintain the best practices applicable in all its plants.

The HSE (Health, Safety & Environment) Department is the function that promotes the actions contained in the Health, Safety, Environment and Energy Policy, ensuring compliance with the company's strategic guidelines. Specifically, an Environment and Energy Management System Manager has been appointed, who reports on the performance of the Management System and the achievement of objectives and expected results, coordinating with the top management and the operational structure.

Ensuring that the Environmental Policy is compatible with the strategic guidelines means integrating the Environmental Management System into the company business, including all those activities (production, procurement, distribution, etc.) that are fundamental to achieving the company's objectives, regardless of where they are physically executed and the entities (personnel, suppliers, outsourcers, etc.) that implement them. For the Group, therefore, the definition of environmental commitments and objectives is not limited to the "physical" boundaries of the company, but is rather an integral part of all activities according to a Life Cycle Perspective.

The audits carried out at the **Buja, Dolcè, Mura, Riviera Francia, Sarezzo, Pellico, Borgo Valsugana** and **Odolo** plants confirmed their compliance with the criteria of ISO 14001 and ISO 50001.

- **Absence of anomalies concerning legislative or related aspects**
 - **Compliant with environmental and energy regulations**
 - **Indicators consistent with the context of the Site**
 - **Constant monitoring of activities at higher risk**
-

A continuous improvement programme is drawn up for each plant, including the objectives to be achieved (with related intermediate goals), the implementation methods, the person in charge, the people involved and the related costs.

The company has identified the following macro-objectives for each individual production site:

- **Environmental objectives**
 - **Energy efficiency**
 - **Effluents**
 - **Soil contamination**
 - **Management of emissions**
 - **Fire prevention**
-

Project for the EMAS certification of all group sites

The Acciaierie Venete plants in Padua in Riviera Francia, Via Olanda and Via Pellico have obtained EMAS certification.

The registration was issued on 25 March 2021 by the Ecolabel Ecoaudit Committee - EMAS Section (Ispra) following the issuance of technical opinions by Arpav and the certifier, RINA.

Acciaierie Venete had undertaken this initiative at the end of 2020, involving all managers in the various production, administrative and management processes.

The in-depth analyses performed ensured the identification and verification of numerous company performance indicators related to the environmental aspects characteristic of the steel production cycle, ranging from the preparation of raw material (scrap) to cold processing, from steel mills to out-of-furnace treatments, continuous casting and rolling mills.

The active involvement of management and above all a firm will to constantly improve environmental performance has allowed the implementation of an extensive array of actions to demonstrate respect for health and the environment.

A detailed presentation was sent to all workers explaining the purpose and methods of the certification, as well as an exhaustive summary of the performance indicators taken as a reference for EMAS.

A similar certification process is being carried out in all other Group facilities.

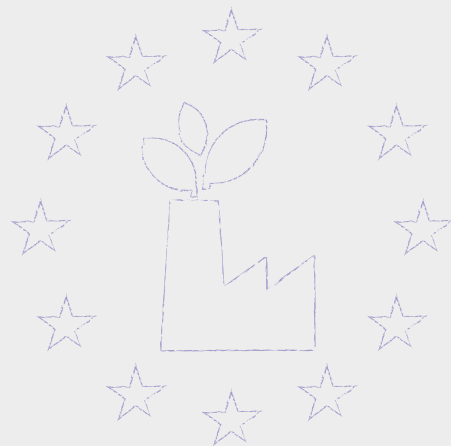
EMAS - Eco Management and Audit Scheme

The system was created with the issuance of Regulation no. 1836 of 23 June 1993 (EMAS I) by the European Union and concerns the voluntary participation of companies belonging to the industrial sector in a Community-wide eco-management and audit system.

The EMAS III Regulation, in force since 25 November 2009, defines the requirements for an organisation's **sustainable environmental management**.

The scheme, in addition to establishing the criteria for a proper setup of the Environmental Management System (EMS), has the unique characteristic of requiring verification of legislative compliance by the locally competent ARPA, and the obligation that all the results planned and achieved in the area of the environment must be made public by means of an official declaration.

Beyond the creation of a solid structure capable of systematically controlling and managing environmental impacts, the truly innovative character of the instrument



(which to date differentiates it from ISO 14001:2015) lies in the **emphasis on communication and transparency**, i.e., in the improvement of relations between organisation and control bodies, institutions and citizens.

5.2 Assessment of environmental impacts

In order to understand the impact of its industrial activities, the Group has defined the criteria for identifying and analysing significant environmental impacts under normal, extraordinary and emergency working conditions.

The identification of the aspects and the assessment of the significance of the environmental impacts is carried out specifically for each production site. The impacts considered are classified on the basis of significance criteria, which make it possible to assess the extent of interference between each individual environmental aspect and the context in which it occurs, their likelihood of occurrence, the effectiveness of existing controls and the severity of the consequences. Three types of impacts have emerged from this assessment process: **insignificant, limited and significant.**

As the significance of the impacts increases, the following aspects are defined:

- **Priorities** of upgrades and improvement of environmental performance.
- **Frequency of checks** to monitor the temporal evolution of the impact.

The aim is to ensure constant monitoring of the environmental impacts while at the same time ensuring a systemic and periodic review of the Environmental Management System. During the three-year period in question (2018-2019-2020), internal audits were conducted at all production sites thanks to which it was possible to identify, analyse and resolve the anomalies found.

5.3 Efficient energy management

The sustainability of the energy system and the new challenges of decarbonisation are a primary objective for European policies in the coming decades. To ensure greater efficiency in the use of energy resources, Acciaierie Venete has set up tools to identify and manage energy consumption, the risks associated with the Group's energy supply, and the methods for improving energy performance and related costs. All the Group's production sites are ISO 50001:2018 certified.

Sites with an ISO 50001:2018 management system



For a complete and updated view of system certifications, please see the "CERTIFICATIONS" section of the Group's website <http://www.acciaierievenete.com/it/certificazioni>

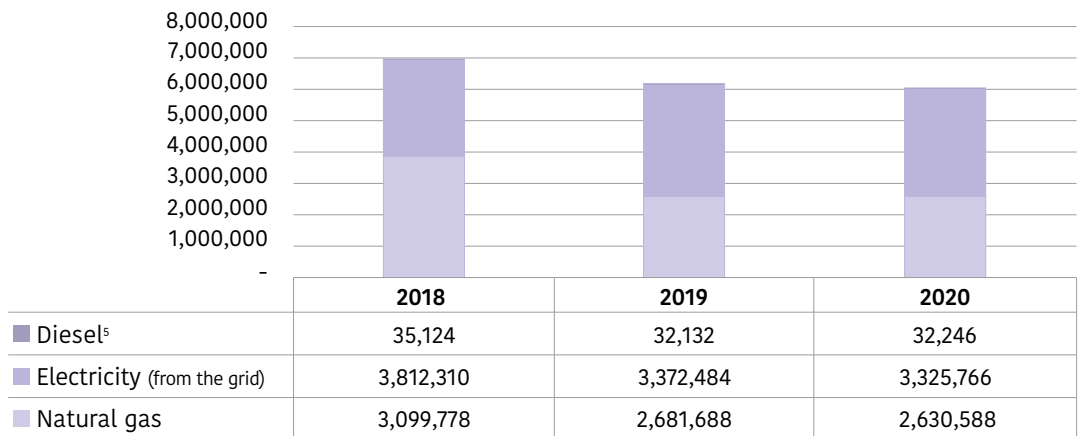
5.3.1
The energy
we consume

The consumption of energy represents a very relevant environmental indicator to be monitored, especially for energy-intensive sectors like the steel industry.

Electricity is the main energy source of the steelworks, used to ensure the proper operation of the plants and electric furnaces, as well as for lighting and air-conditioning in the summer. After electricity comes natural gas, used for the operation of production plants and services, water heating and winter air-conditioning. Finally, the consumption of diesel fuel is residual, mainly related to powering vehicles and machinery.

The energy consumption of Acciaierie Venete is shown in the chart below, in Gigajoules (GJ). It should be noted how, for the timeframe under analysis, energy consumption was directly proportional to production volumes.

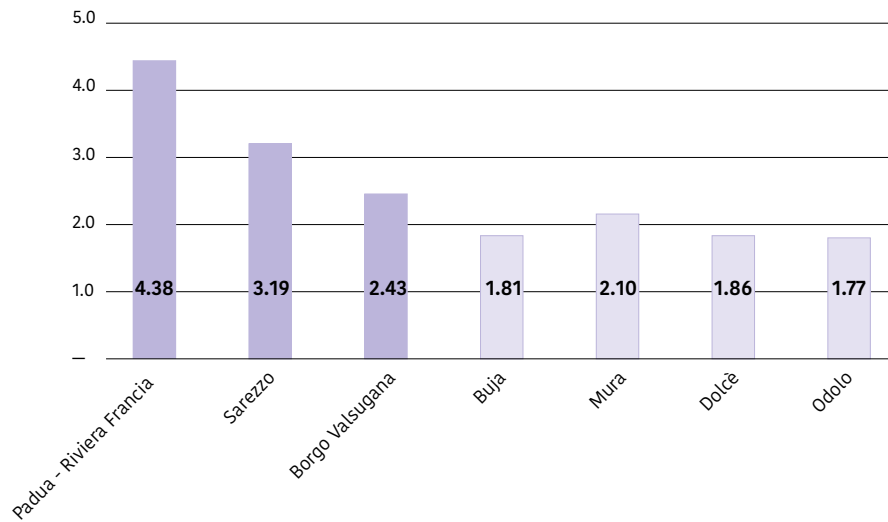
Total organisation energy consumption by energy source (GJ)



⁵ The data do not include the consumption of company cars.

Energy consumption per tonne produced at the Borgo Valsugana plant is lower than at the Riviera Francia and Sarezzo steelworks because there is only one furnace with one casting, while the other two sites have a more complete line, including the steelworks and rolling mill area.

Energy intensity (GJ/tonne produced)



Acciaierie Venete has been part of the white certificates mechanism since 2015, the main instrument for the promotion of energy efficiency in Italy set up by the Ministry of Productive Activities, in agreement with the Ministry of the Environment and Territory Protection, and which came into force in 2005. White certificates – or more properly Energy Efficiency Certificates (EECs) – are negotiable certificates that certify the achievement of energy savings by different operators through specific actions (e.g., energy efficiency). Specifically, Acciaierie Venete has qualified for the mechanism thanks to the energy savings in terms of m3 of natural gas obtained from the installation of the new heating furnace.

5.4 Materials associated with the production processes

Scrap and coke are the main raw materials used in steel production. During the four-year period the tonnes of material purchased varied. Initially there was an increase due to the incorporation of the new steel mill in Borgo Valsugana, while in 2019-2020 there was a decrease caused by a slowdown in the market.

Raw materials	u.m.	2017	2018	2019	2020
Scrap	tonnes	1,475,161	1,692,819	1,503,008	1,461,672
Coke	tonnes	18,306	20,062	18,040	19,493
Total	tonnes	1,493,468	1,706,775	1,484,813	1,481,165

The consumption of materials associated with the production processes but don't form part of the final product (e.g., refractories) and components that become part of the final product (e.g., ferroalloys and oxygen) decreased slightly in 2020, in line with the four-year trend. Related performance indicators have remained stable over the years without any significant variations.

Other materials (t)	u.m.	2017	2018	2019	2020
Ferroalloys	tonnes	39,990	42,844	37,180	36,139
Lime	tonnes	65,501	74,492	67,029	58,943
Oxygen	1000 m ³	56,628	63,352	56,240	54,793

Work in progress in Sarezzo for an increasingly circular economy

Recover, Reuse, Recycle, Reduce. These are the four Rs that we are strongly committed to in order to achieve increasingly ambitious goals.

Several projects are under way in the Sarezzo plant, managed in synergy with all the other factories and in particular with the other two plants in Padua and Borgo Valsugana, where the other two electric furnaces of the Acciaierie Venete Group operate.

These projects are not necessarily large or impressive, also because we are convinced that innovation involves a methodical attention to all phases of the process without neglecting the aspects that might be considered marginal. Being virtuous therefore means pursuing not only grand projects but also small experiments that when combined add up to very noteworthy results.

Recovery of ladle drips

At the end of casting, the ladle returns to the electric furnace to pour in the residue (white slag) which is used to heat the scrap while at the same time reducing the injection of lime.

It is therefore a **Recovery** of heat and metals **Reusing** production residues that allow a **Reduction** in both the consumption of raw materials and the production of waste.

Recovery of magnesium refractory from ladle, basket and furnace demolition

The refractories from internal demolition are screened and reintroduced into the furnace from the fifth hole. The addition of magnesite in the furnace improves the basicity of the slag and preserves are deferrised and screened. The fine material goes to another storage box from which it is taken and placed in a hopper that introduces it into the the refractory. In the past to achieve this same result 10 kg of dolomite per tonne of steel was introduced. With the new solution, already tested at the Padua steelworks, the amount of dolomite has been reduced to about 5.5 kg.

Thanks to this process, waste is also totally eliminated. The refractories, collected in a designated box,

furnace through the fifth hole. The larger pieces are sold to a company specialised in the recovery of refractories that after processing returns a part in the form of EBT grit (50% blend with Olivina) with savings of 30% compared to historical costs.

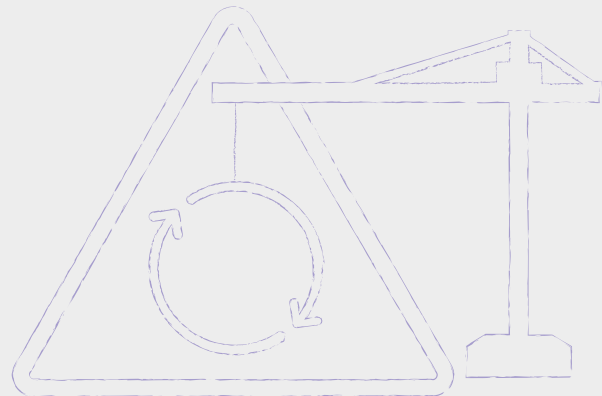
Here again, therefore, it is a **Recovery** of processing residues that, being then **Reused** in the process, result in **Reductions** in both the quantities of raw materials purchased and the waste produced.

Use of coal alternatives as recarburisers and for "foaming"

Coal is commonly used as a recarburiser additive and for the "foaming" of slag. At the Sarezzo furnace a pilot project was launched at a Group level to perform industrial tests with coal alternatives: plastic pellets from the processing of packaging from separate waste collection and very small fractions of used tyres.

The experiments will produce very interesting results especially as regards the fractions of used tyres, in a way that complies with the requirements of Ministerial Decree 78/20.

By using materials from **Recycling**, two **Reductions** are possible: the use of coal in the electric furnace decreases by about 80% with a decrease of around 30% in CO₂ emissions.



5.5
Waste
and its
disposal

The minimisation of waste – especially waste sent for disposal – is a clear demonstration that the management of incoming resources is correct and effective.

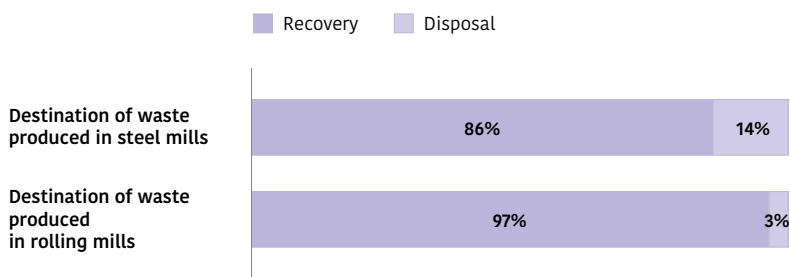
Although Acciaierie Venete's production process is virtuous in the way it reuses incoming secondary raw materials, the activities carried out at the plants generate waste as an output, like heavy waste from scrap sorting operations, black and white slag, flue gas abatement dust and rolling flakes. On the other hand, many methods of exploiting residues from steel production processes are now well-established practices among operators in the sector. To foster the circularity of the production processes, slag refined in ladles can be reused in the electric furnace to partially replace lime, exhausted refractory slag can be recovered to create new bricks and rolling flakes can be used in cement production. These practices, implemented by Acciaierie Venete in compliance with current environmental legislation, have the advantage of minimising the consumption of raw materials and allowing the recovery of materials that would otherwise become waste.

During 2020 the total volume of waste decreased by about 2% compared to the previous year and by 21% compared to 2018. This decrease is attributable to a decrease in production in the last part of the year.

Waste generated by type and method of disposal (t)									
Methods of disposal	2018			2019			2020		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Recovery	21,214	320,059	341,273	31,669	267,569	299,238	34,933	286,312	321,244
Disposal	8,449	115,101	123,551	9,971	65,885	75,856	5,183	40,928	46,441
Total	29,663	435,160	464,824	41,640	333,454	375,094	40,116	327,240	367,355

Waste sent for recovery in 2020 from steelworks reached 86% of the total and 97% from rolling mills, compared to 2019 when waste that was sent for recovery from steelworks represented 72% of the total and 96% from rolling mills, improving the environmental impact generated by the production processes.

Percentage of waste sent for recovery in 2020



5.6 How we use water resources

The focus on a sustainable use of water is a primary objective for companies operating in the steel sector. Water is a significant factor in the steel production process, in particular for the cooling of the plants. According to Federacciai,⁶ the increasing use of more efficient cooling systems (with systems that push water recirculation up to 98%) has led to a constant improvement in performance with a reduction of 1.4 m³ of water sourced per tonne of steel produced.

2020 saw a limited increase in volumes of water used per unit of product, but a number of projects aimed at containing water consumed for industrial use are being implemented. The main one concerns the Buja plant, the company's least well-performing site with an average specific consumption of 7 m³ per tonne of steel produced, for which a reduction of at least 90% is expected.

Breakdown of water consumption by source

With the exception of the Sarezzo and Mura plants, where a portion of the water sourced also comes from surface watercourses and consortium waterworks, all water supplies come from aquifers.

Water use

Source	Unit of measurement	2018	2019	2020
Surface water	1000l	74,066	68,266	63,745
Aquifers	1000l	1,544,368	1,591,460	1,805,661
Consortium waterworks	1000l	4,500	37,413*	43,400
Spring	1000l	285,993	296,490*	358,815
Total water sourced	1000l	1,908,927	1,993,629	2,271,621

Effluents

Destination	Unit of measurement	2018	2019	2020
Surface water (e.g., lakes, rivers, seas)	1000l	1,176,589	1,246,423	1,186,779
Sewerage	1000l	41,105	49,329	16,645
Authorised discharge and ground	1000l	22,537	22,537	18,086
Total water discharged	1000l	1,240,231	1,318,289	1,221,510

* The data have been validated, adjusting those of previous years in order to make an effective comparison.

⁶ Source: Federacciai, 2019 Sustainability Report.

Approximately 80% of the water sourced by Acciaierie Venete comes from aquifers (the remaining part is supplied by consortium waterworks and drainage from surface water bodies). With regards to effluents, however, after appropriate treatment and control, most of the wastewater discharged from plants flows into surface water bodies in accordance with the provisions of existing permits.

Since 2020 detailed data relating to the use of consortium aqueducts and sources have been provided, while in previous reports these data were presented in aggregate form. The improvement in the data reporting process has guaranteed the adjustment of some values in 2019 and the definition of additional performance indicators that will be broken down in future reports.

From an analysis of the data reported on the website Aqueduct, it appears that the production sites are located in areas at medium-high risk of water stress (Buja, Padua and Borgo Valsugana) and at high risk (Odolo, Mura and Sarezzo), while only the Dolcè site is in a low-risk area. Also for this reason, Acciaierie Venete intends to limit its consumption of water as much as possible through controlled use and investments in the short term.

5.7 Emissions from our production processes

5.7.1 Greenhouse gas emissions

As is well known, steel production requires high energy consumption and inevitably leads to the emission of certain quantities of greenhouse gases into the atmosphere. These emissions can be both direct, for combustion process emissions at different stages of the production cycle, and indirect, from electricity consumption. For production using an electric furnace, aside from some minor direct emissions, most emissions are primarily indirect and derive from the production of electricity that Acciaierie Venete purchases in order to melt the steel scrap inside the electric furnaces of its plants. By contrast, the emission of greenhouse gases from steel production and transformation (e.g., rolling) are mainly due to the combustion of natural gas in heating furnaces or for heat treatments.

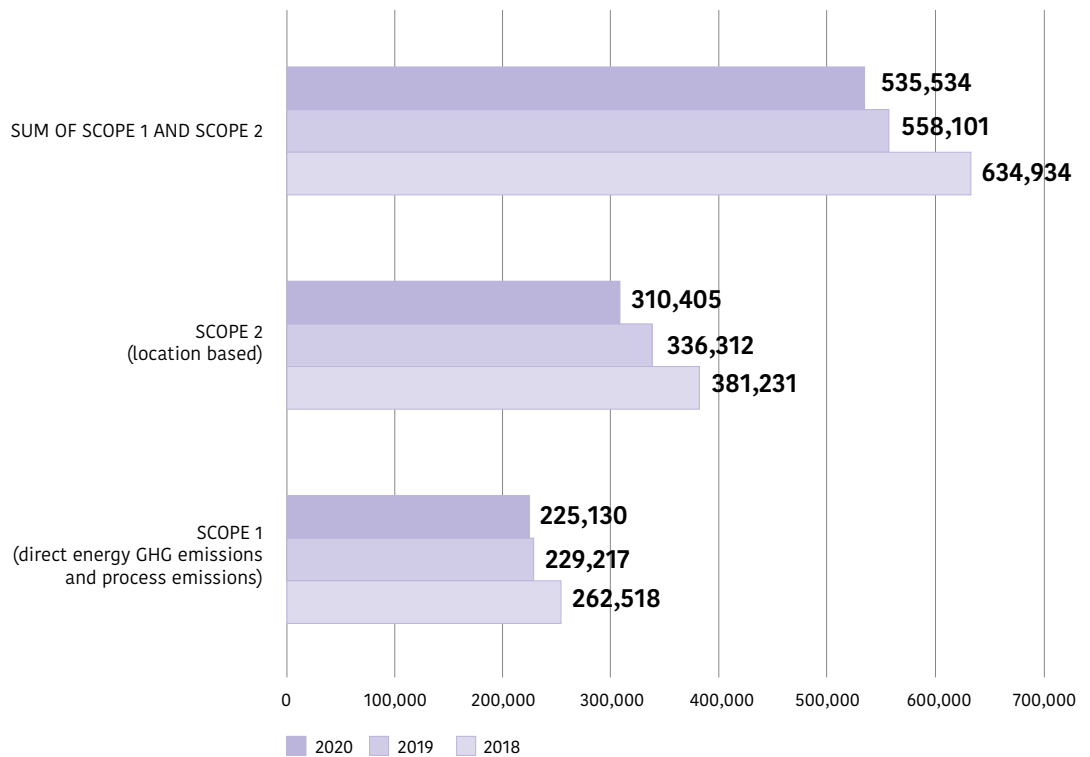
The monitoring of greenhouse gas emissions from Acciaierie Venete's production processes is an integral part of the monitoring of the Environment, Safety and Control Department. All production processes, with the exception of the Buja plant for reasons of thermal potential, are part of the Emission Trading System (ETS), an instrument adopted by the European Union in implementation of the Kyoto Protocol to reduce greenhouse gas emissions in energy-intensive sectors. As well as these emissions included in the scope 1 emissions, that is, emissions deriving from the direct combustion of fossil fuels, and mainly controlled by the organisation, there are the indirect emissions, that is, emissions deriving from the production of electricity imported and consumed by Acciaierie Venete. In this second case, the organisation is therefore indirectly responsible for the emissions generated by the supplier for the production of the electricity required.

Scope 2 emissions are generally calculated according to two approaches:

- Market-based, which considers the electricity supplied taking into account the green certificates purchased that attest to any supply by the electricity company from renewable sources and therefore do not involve emissions.
- Location-based, which considers the average emission factor associated with the national energy mix in the calculation of emissions.

The total emissions of Acciaierie Venete in 2020 considering a location-based approach were about 536 ktonnes CO₂eq (according to the market-based approach the figure would be 656 ktonnes CO₂eq in 2020, up compared to 432 ktonne in 2019), broken down in the following graph.

Direct and indirect greenhouse gas emissions in CO₂eq tonnes



From 2017 to 2018 Acciaierie Venete recorded an increase in production volumes, which in turn generated higher greenhouse gas emissions, which then subsequently dropped in the years 2019 and 2020. Overall, however, if these differences are compared to total production, there is a substantial constancy in CO₂eq emissions per unit of product (0.26 tonnes CO₂eq/product tonne in the three-year period 2017-2019), with low growth in 2020, to 0.28 tonnes CO₂eq/product tonne. Steelworks contribute more to greenhouse gas emissions than rolling mills: in fact, for every tonne of steel produced about 0.34 tonnes CO₂eq are emitted, about three times more than what is emitted by rolling mills (about 0.12 tonnes CO₂eq).

5.7.2 Pollutant emissions

Acciaierie Venete has adopted all the necessary measures for the management and monitoring of pollutant emissions from its plants so as to ensure that the concentration values of pollutants are below the limits set by law. Specifically, Acciaierie Venete is one of the parties required to file e-PRTR reports (European Pollutant Release and Transfer Register), an integrated pollutant release and transfer register that includes information both on significant releases of pollutants to air, water and soil and on the transfer of waste and has therefore put in place all the necessary measures to comply with the legislation and to ensure compliance with the limits set.

For the plant in Riviera Francia (Padua), Acciaierie Venete S.p.A. has an Integrated Environmental Authorisation issued by the Province of Padua, which requires that the Group commit to annually submitting a non-technical summary containing trends and relative comments on the concentration of dust emissions. The 2020 report shows no anomalies in consumption or emissions.

Based on site-specific data, and for some plants direct measurements through ARPA Lombardy's Emissions Monitoring System (EMS), the quantities of pollutant presented below were measured.

Polluting emissions into the atmosphere	Unit of measurement	2017	2018	2019	2020
NOx	kg	417,983	459,710	450,297	303,657
SOx	kg	64,200	170,390	230,778	277,251
Particulate	kg	4,634	9,003	11,148	4,725
CO	kg	514,434	430,143	446,571	169,524

The significant variations between one year and the next are due to the fact that these data are measured at specific times and are therefore subject to the specificity of the moment in which they are measured.

6.
METHODOLOGICAL NOTE



6.1 The principles for defining the content and quality of the Report

The Acciaierie Venete Sustainability Report aims to report on issues relevant to the company and its main stakeholders. It is prepared in accordance with the "GRI Sustainability Reporting Standards", the most recent and widely used non-financial reporting standards defined by the Global Reporting Initiative (GRI), according to the "In accordance - Core" option, which requires the reporting of at least one GRI indicator for each relevant issue.

This document has been prepared in accordance with the principles for defining the contents of the report suggested by the GRI:

- **Completeness:** the material topics covered in the report are covered in their entirety and represent the most relevant environmental, social and economic aspects for Acciaierie Venete's business, thus allowing a complete assessment of the Company's performance in the reporting year.
- **Sustainability context:** The performance of Acciaierie Venete presented in this document is part of the broader sustainability context of the Company's business.
- **Stakeholder inclusiveness:** this Sustainability Report lists the Company's stakeholders and how their interests have been taken into account in defining the report's contents.
- **Materiality:** the topics reported have been identified on the basis of their relevance for the company's business as well as for its stakeholders (refer should be made to the chapter "Stakeholders and material topics" for more information).

To ensure the quality of the information included, report quality principles have been followed in the preparation of the report as suggested by the GRI.

- **Accuracy:** the level of detail of the contents reported in this Sustainability Report is adequate for understanding and assessing Acciaierie Venete's sustainability performance during the reporting period.
- **Reliability:** the data presented in the document have been collected, processed and validated by the managers of each department.
- **Clarity:** the choice of a clear and accessible language and the use of graphs and tables to represent the Company's performance make this Report usable and easy to understand for stakeholders.
- **Comparability:** the indicators presented in the Report are reported for the two-year period 2017/2018 and accompanied by a comment on trends so as to allow comparison and comparability of Acciaierie Venete's performance over time.
- **Balance:** the contents of this document give a balanced account of Acciaierie Venete's performance during the reporting period.
- **Timeliness:** this document takes into consideration events occurring after 31 December 2018 that may be significant for the assessment of Acciaierie Venete's sustainability performance by stakeholders.

6.2 The reporting scope

This document represents the third edition of Acciaierie Venete's Sustainability Report and contains a description of the initiatives and activities for 2020, as well as the performance for the two-year period 2018-2019 for comparative purposes. The collection of performance indicators and the frequency of reporting are annual. The reporting scope includes Acciaierie Venete S.p.A. The reporting year to which the information and data included in this section refers is 2020. The description and scope of the impact of each reported issue along the Acciaierie Venete Group's value creation chain is given, specifying whether it is internal or external.

Topic		Scope		Scope reporting restrictions	
		Internal	External	Internal	External
GOVERNANCE AND COMPLIANCE					
Economic sustainability performance 2016	GRI 201: Economic GRI 204: Procurement practices	Group	-	-	-
Environmental and social compliance	GRI 205: Anti-corruption GRI 307: Environmental compliance GRI 419: Socio-economic compliance	Group	-	-	-
ENVIRONMENTAL					
Circular economy	GRI 301: Materials GRI 306: Effluents and waste	Group	-	-	-
Energy transition support and the fight against climate change	GRI 302: Energy GRI 305: Emissions	Group	-	-	-
Sustainable use and protection of water resources	GRI 303: Water and effluents	Group	-	-	-
Protection of ecosystems	-	Group	-	-	-
SOCIAL					
Human resource management	GRI 401: Employment GRI 402: Labour/Management Relations	Group	-	-	-
Well-being and safety of workers	GRI 403: Occupational health and safety	Group	Suppliers	-	-
Training and development of human capital	GRI 404: Training and education	Group	-	-	-
Impact on communities	-	Group	-	-	-
PRODUCT					
Well-being and health of customers	GRI 416: Customer health and safety	Group	-	-	-
Process innovation and of the product	-	Group	-	-	-

6.3 Calculation methods

Below are methods used for some of the main indicators reported in this Sustainability Report.

Employees

The calculation of Acciaierie Venete's personnel takes into account the number of employees as at 31 December of the year of reference of Acciaierie Venete S.p.A.

Turnover rate

The turnover rate (incoming and outgoing) is calculated as the number of hirings/terminations during the year compared to the number of people in the company on 31 December of the previous year.

Accident indices

The accident indices have been calculated as follows:

- Fatality index: number of fatal accidents / hours worked *1,000,000
- Index of accidents with serious consequences: number of accidents with period of absence from work longer than 6 months (excluding accidents that caused fatalities) / hours worked *1,000,000
- Recorded accident index: number of accidents during the year / hours worked *1,000,000

Energy consumption

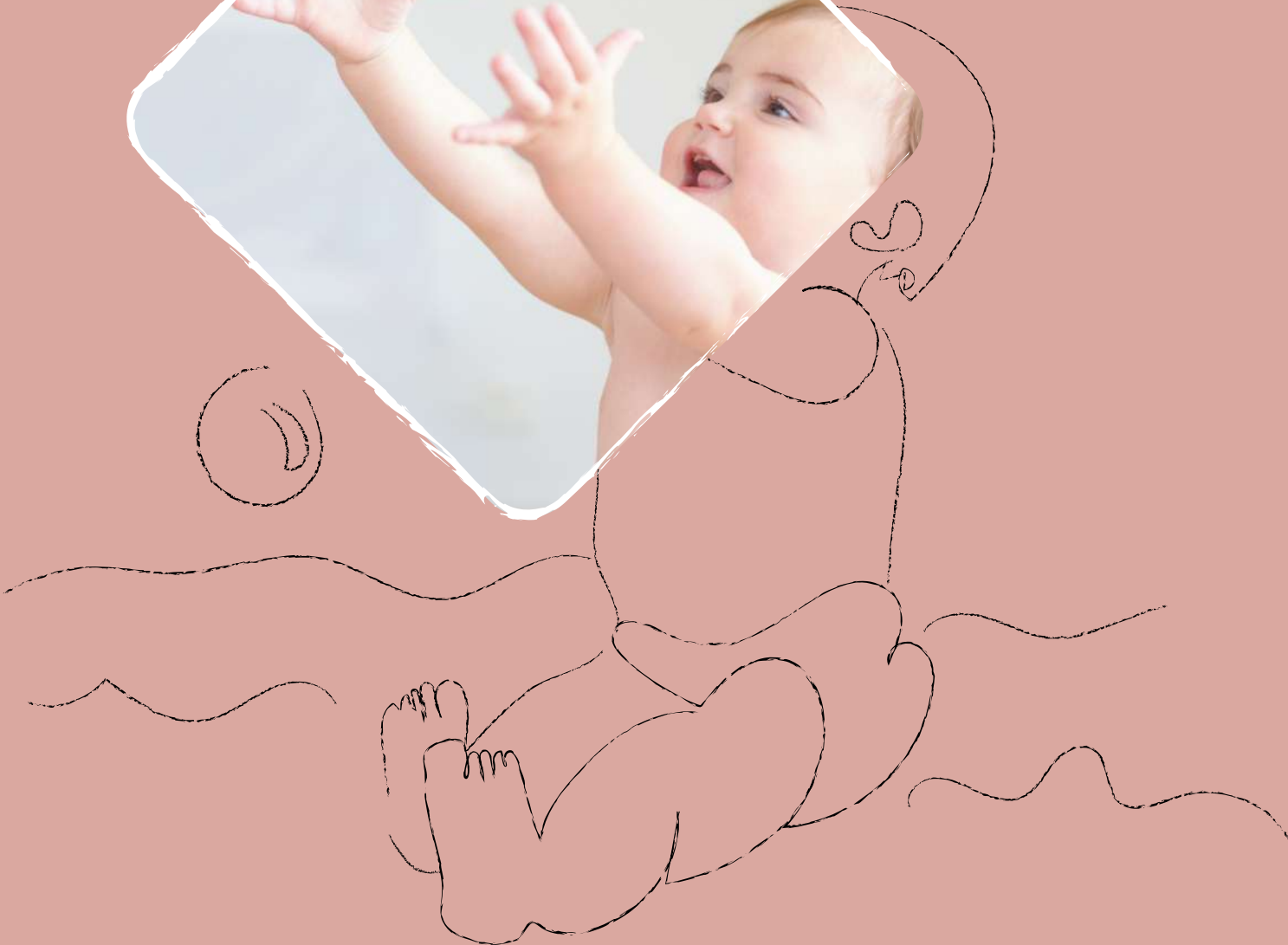
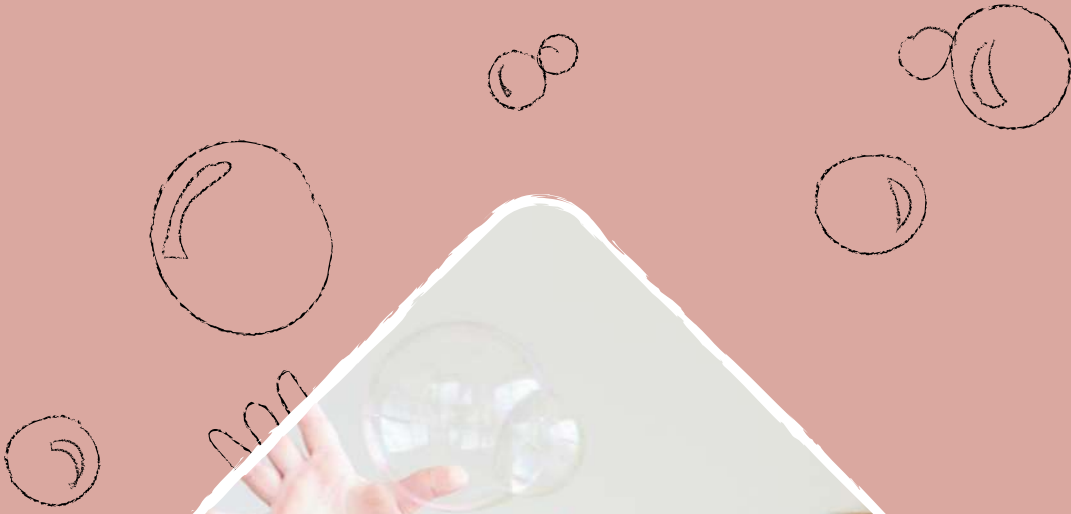
The conversion factors used to standardise energy consumption come from the table "UK Government GHG Conversion Factors for Company Reporting - Fuel properties" published by DEFRA, in the latest available version.

Greenhouse gas emissions

Greenhouse gas emissions were calculated where possible in CO₂, and the emission factors used for the calculation of CO₂ emissions were determined as follows:

- **Direct emissions (Scope 1):** the scope 1 emissions of the plants covered by the ETS system were added to the emissions related to the non-process consumption of natural gas and diesel, using as emission factors the data included in the Table of national standard parameters and published by the Italian Ministry for the Environment. The CO₂eq emissions linked to the quantities of refrigerant gases lost during the three-year period are also added to these (source: Defra).
- **Indirect emissions (Scope 2):** indirect emissions correspond to electricity consumption and have been calculated according to the location-based and market-based approaches. For the calculation of location-based emissions, the factor reported in Table 49 - Main socio-economic and energy indicators, published by Terna in the International Comparisons section, which has Enerdata as its source, was used. For the calculation of market-based emissions, the residual mixes, as reported in the document "European Residual Mixes", published by AIB, were used.

7.
GRI CONTENT INDEX



GRI Standard	Disclosure	Page number	Note / Omission
GRI 102: GENERAL DISCLOSURES 2016			
THE ORGANISATION'S PROFILE			
102-1	Name of the organisation	10	
102-2	Activities, brands, products, and services	47-52	
102-3	Location headquarters	24-25	
102-4	Location of operations	24-25	
102-5	Ownership and legal form	24-25	
102-6	Markets served	53-54	
102-7	Scale of the organisation	6	
102-8	Information on employees and other workers	62-65	
102-9	Supply chain	41-44	
102-10	Significant changes to the organization and its supply chain	24-26	
102-11	Precautionary Principle or approach		The organisation takes the prudential approach where necessary
102-12	External initiatives	73-75	
102-13	Membership of associations	73	
STRATEGY			
102-14	Statement from senior decision-maker	3	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards and norms of behaviour	29-32	
GOVERNANCE			
102-18	Governance structure	28	
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	10-11	
102-41	Collective bargaining agreements	62	
102-42	Identifying and selecting stakeholders	10-11	
102-43	Approach to stakeholder engagement	10-12	
102-44	Key topics and concerns raised	10-12	

GRI Standard	Disclosure	Page number	Note / Omission
REPORTING PRACTICES			
102-45	Entities included in the consolidated financial statements	25,97	
102-46	Defining report content and topic boundaries	96-98	
102-47	List of material topics	12	
102-48	Restatements of information	N/A	
102-49	Changes in reporting	N/A	
102-50	Reporting period	97	
102-51	Date of most recent report	October 2020	
102-52	Reporting cycle	97	
102-53	Contact point for questions regarding the report	infobds@acciaierievenete.com	
102-54	Claims of reporting in accordance with the GRI Standards	96	
102-55	GRI content index	96-98	
102-56	External assurance	108-110	

GRI Standard	Disclosure	Page number	Note / Omission
MATERIAL TOPICS			
ECONOMIC PERFORMANCE INDICATORS			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	33	
103-3	Evaluation of the management approach	33	
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	33	
ANTI-CORRUPTION			
GRI 103: Management Approach 2016			
103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	30	
103-3	Evaluation of the management approach	30-31	
GRI 205: Anti-corruption 2016			
205-3	Confirmed incidents of corruption and actions taken		No case of corruption was observed during the 2020-2021 period
PROCUREMENT PRACTICES			
GRI 103: Management Approach 2016			
103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	43	
103-3	Evaluation of the management approach	43	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	43-44	
ENVIRONMENTAL PERFORMANCE INDICATORS			
ENERGY			
GRI 103: Management Approach 2016			
103-1	Explanation of material aspects and their boundaries	12,13,14,15 and 97	
103-2	The management approach and its components	82-85	
103-3	Evaluation of the management approach	82-85	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	84	
EMISSIONS			
GRI 103: Management Approach 2016			
103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	91-93	
103-3	Evaluation of the management approach	91	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	91-92	
305-2	Indirect (Scope 2) GHG emissions	91-92	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	93	

GRI Standard	Disclosure	Page number	Note / Omission
WATER AND EFFLUENTS			
GRI 103: Management approach 2016			
103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	89-90	
103-3	Evaluation of the management approach	89-90	
GRI 303: Water and Effluents 2018			
303-3	Water withdrawal	89	
303-4	Water discharge	89	
MATERIALS			
GRI 103: Management approach 2016			
103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	86	
103-3	Evaluation of the management approach	86	
GRI 301: Material (2016)			
301-1	Materials used by weight or volume	86	
EFFLUENTS AND WASTE			
GRI 103: Management approach 2016			
103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	88	
103-3	Evaluation of the management approach	88	
GRI 306: Effluents and waste (2016)			
306-2	Waste by types and disposal methods	88	
ENVIRONMENTAL COMPLIANCE			
GRI 103: Management approach 2016			
103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	78-82	
103-3	Evaluation of the management approach	78-82	
GRI 307: Environmental compliance (2016)			
307-1	Non-compliance with environmental laws and regulations		At the Mura plant in 2020 a non-conformity of the value of €6,500 was detected.
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach			
103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	70-72	
103-3	Evaluation of the management approach	70-72	

GRI Standard	Disclosure	Page number	Note / Omission
GRI 403: Occupational health and safety (2018)			
403-1	Occupational health and safety management system	70-72	
403-2	Hazard identification, risk assessment and incident investigation	70-72	
403-3	Occupational health services	70-72	
403-4	Worker participation, consultation, and communication on occupational health and safety	70-72	
403-5	Worker training on occupational health and safety	70-72	
403-6	Promotion of worker health	70-72	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	70-72	
403-8	Workers covered by an occupational health and safety management system	70-72	
403-9	Work-related injuries	72	Number of accidents and accident rates for external workers
403-10	Work-related ill health		There were no recognised cases of occupational disease during the 2018-2020 period

SOCIAL PERFORMANCE INDICATORS

EMPLOYMENT

GRI 103: Management Approach 2016

103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	62-69	
103-3	Evaluation of the management approach	62-69	

GRI 401: Employment (2016)

401-1	New employee hires and employee turnover	64	
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LABOUR/MANAGEMENT RELATIONS

GRI 103: Management Approach 2016

103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	62-69	
103-3	Evaluation of the management approach	62-69	

GRI 402: Labor/Management Relations 2016

402-1	Minimum notice periods regarding operational changes		As required by national law
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TRAINING AND EDUCATION

GRI 103: Management Approach 2016

103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	67-69	
103-3	Evaluation of the management approach	69	

GRI 404: Training and Education 2016

404-1	Average hours of training per year per employee	67	
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GRI Standard	Disclosure	Page number	Note / Omission
404-3	Percentage of employees receiving regular performance and career development reviews	69	
SOCIO-ECONOMIC COMPLIANCE			
GRI 103: Management Approach 2016			
103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	30	
103-3	Evaluation of the management approach	30	
GRI 419: Socio-economic compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	No cases in the three-year period 2018-2020	
CUSTOMER HEALTH AND SAFETY			
GRI 103: Management Approach 2016			
103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	55-57	
103-3	Evaluation of the management approach	55-57	
GRI 416: Customer Health and Safety 2016			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no cases of non-compliance related to customer health and product safety during the three-year period 2018-2020	
NON-GRI DISCLOSURE			
IMPACT ON COMMUNITIES			
GRI 103: Management Approach 2016			
103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	73-75	
103-3	Evaluation of the management approach	73-75	
PROCESS AND PRODUCT INNOVATION			
GRI 103: Management Approach 2016			
103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	57-59	
103-3	Evaluation of the management approach	57-59	
PROTECTION OF ECOSYSTEMS			
GRI 103: Management Approach 2016			
103-1	Explanation of material aspects and its Boundary	12,13,14,15 and 97	
103-2	The management approach and its components	26-27	
103-3	Evaluation of the management approach	26-27	



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Independent auditors' report on Sustainability Report 2020

(Translation from the original Italian text)

To the Board of Directors of Acciaierie Venete S.p.A.

We have been appointed to perform a limited assurance engagement on the data and information included in the "Sustainability Report 2020" of Acciaierie Venete S.p.A. (hereinafter "the Company") for the year ended on December 31, 2020 (hereinafter "Sustainability Report").

Responsibilities of the Directors for the Sustainability Report

The Directors of Acciaierie Venete S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative ("GRI Standards"), as described in the paragraph "Methodological Note" of the Sustainability Report.

The Directors are also responsible for that part of internal control that they consider necessary in order to allow the preparation of a Sustainability Report that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for defining Acciaierie Venete S.p.A. commitments regarding the sustainability performance as well as for the identification of the stakeholders and of the significant matters to report.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of *the Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our audit firm applies the *International Standard on Quality Control 1 (ISQC Italia 1)* and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the Sustainability Report with the requirements of the GRI Standards. Our work has been performed in accordance with the principle of "*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International*

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Sede Legale: Via Lombardia, 31 - 00187 Roma
Capitale Sociale Euro 2.525.000.00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891251003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10931 del 16/7/1997

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Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of procedures in order to obtain a limited assurance that the Sustainability Report is free from material misstatements.

Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the *ISAE 3000 Revised ("reasonable assurance engagement")* and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgment and included inquiries, primarily with the Company's personnel responsible for the preparation of the information included in the Sustainability Report, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the process relating to the definition of material aspects included in the Sustainability Report, with reference to the criteria applied to identify priorities for the different stakeholders' categories and to the internal validation of the process outcomes;
2. comparison between the data and information of an economic-financial nature reported in paragraph 2.3 "The economic value generated and distributed by Acciaierie Venete" of the Sustainability Report and the data and information included in the Company's financial statement;
3. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the Sustainability Report.
4. In particular, we have conducted interviews and discussions with the management of Acciaierie Venete S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the department responsible for the preparation of the Sustainability Report.

Furthermore, for significant information, considering the Company's activities and characteristics:

- at Company level
 - a) with reference to the qualitative information included in the Sustainability Report, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for the Sarezzo plant (Brescia), which we selected on the basis of its activities, its contribution to the performance indicators and its location, we have carried out meetings during which we have had discussions with management and have obtained evidences, on a



sample basis, regarding the appropriate application of the procedures and calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Acciaierie Venete S.p.A. for the year ended on December 31, 2020 has not been prepared, in all material aspects, in accordance with the requirements of the GRI Standards, as described in the paragraph "Methodological Note" of the Sustainability Report.

Other matters

The comparative data reported in the Sustainability Report in relation to the year ended on December 31, 2018 have not been subjected to assurance activities.

Padova, September 9, 2021

EY S.p.A.
Stefano Marchesin
(Auditor)

This report has been translated into the English language solely for the convenience of international readers

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