



2023

SUSTAINABILITY
REPORT

Non-Financial Information Statement

Sustainable steel made for you

TABLE OF CONTENTS

CHAIRMAN'S LETTER



Flexibility and ability to adapt – our competitive advantages to conquer positions in the market

We reached the end of a year – 2023 - in which economic activity was beginning to show signs of weakening. In our sector, these signs began to be especially visible in the second part of the year. However, we closed the financial year with - taking into account this general context - good economic results.

In 2024, Sidenor will continue to advance at maximum speed on the path towards decarbonization. We were the first company in Spain to sign a State-guaranteed renewable PPA, through CESCE (Spanish Export Credit Agency). In 2023 as well, we invested, in collaboration with the Basque agency EVE, in the acquisition of eight photovoltaic parks in Catalonia that guarantee green origin and price stability in a significant part of our electrical supply.

Thus, in 2025, all the electrical energy consumed by Sidenor will be of a renewable origin. In addition, we aspire to be the first special steel producer in Europe to achieve zero net CO2 emissions. We are driven to reach this objective by our commitment to society, as well as the strategic will to turn this challenge into a decisive competitive advantage.

The 2024 financial year, following the trend of recent years, will undoubtedly be characterised by great uncertainty at all levels: global geopolitical tensions, instability in the Spanish political scenario, high interest rates and the general evolution of the economy have turned the art of forecasting into an extraordinarily complicated discipline.

In this sense, we believe that flexibility and the ability to adapt to this scenario of uncertainty are going to be top-priority qualities in the relationship with our customers, especially with regard to production and service capacity. We think that the best actors in this field will be able to conquer positions in the market despite the adverse context; we want to be one of those winning companies and, for this purpose, our entire organization is working to improve our capacity to react and adapt to the market.

Sidenor basically depends on its sales to the European automobile market. Here as well, the uncertainty is extreme: on the one hand, the demand for vehicles is affected by an uncertain general economic evolution and, on the other, the challenges faced by this industry (energy transition, development of the electric car...) make it very difficult to predict the evolution of automobile demand, even in the short term.

However, we are optimistic about this new year's results. Without a doubt, the geographical and product diversification of our sales, with a clearly export-oriented character – as in most Basque companies – will be a factor that will decisively play in our favor. Furthermore, our commitment to ESG and, especially, the steps that we have taken in the decarbonization of our processes already constitute a clear advantage over the majority of our competitors, which will translate into an increase in our market share in Europe and our profitability.

We believe that complicated times, far from being a source of difficulties, will help us further improve the image we project towards our customers.

José Antonio Jainaga
Chairman of Sidenor

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MAIN FIGURES

2023 achievements





January

- ◆ We implement the new Auditing System within the Integrated Management System for Security, Environment and Quality, increasing the participation of the entire management line in workshop audits.

March

- ◆ We conclude an agreement with CPL Industries for the supply of biocarbon (e-coke), a material that will partially substitute the use of anthracite and incorporates biomass in its composition, thus reducing CO2 emissions in the melting process.
- ◆ We close our first Equality Plan, which has been in effect for five years. Based on the work of the Negotiation Committee, the second Plan is currently undergoing negotiation with the unions regarding the Company situation analysis.

February

- ◆ We incorporate around 60 students for internships in our various production centers.
- ◆ Within the framework of the Innovation HUB – Sidenor 612, we sign an agreement with INNOLAB, an open innovation platform connecting companies and technology in order to find solutions to digital challenges.

April

- ◆ We celebrate the World Day for Safety, focusing on training our team in Cardiopulmonary Resuscitation (CPR).
- ◆ On April 4th and 5th, we attend the 'Green Steel World Expo & Conference', in Essen (Germany), a major conference on environmental sustainability in the world of steel, with our own stand.



May

- ◆ Over 600 suppliers are managed through the GoSupply platform, which represents 90% of our turnover. This platform enables the real-time risk follow-up in our supply chain in terms of ESG criteria.
- ◆ We maintain the certifications under ISO 9001 (Quality Management System) and IATF 16949 (Quality System in the Automotive sector) in all plants.
- ◆ We maintain the ISO 45001 certification on Safety and Health at Work for the sixth year in a row, integrating all plants, as well as the 14001 Environment and 50001 Energy certifications, obtaining excellent control, follow-up, participation and involvement results in these three certifications.
- ◆ We attend the Made in Steel conference in Milan (Italy).

June

- ◆ Our Chairman, José Antonio Jainaga, receives the prize that acknowledges our good practices in terms of Corporate Responsibility at the fourth edition of the José Ignacio Arrieta Business and Society Prizes, organized by Estrategia Empresarial, Fundación BBK - Obra Social y Petronor.
- ◆ Sidenor R&D gives in Düsseldorf (Germany) the lecture 'Ecological and economic waste management of the ladle refractory bricks by implementing circular economy criteria' at the sixth edition of the ESTAD Conference.
- ◆ We launch the Contura Line 6 in the MCD (Mecanizados de Cremalleras de Dirección) plant.
- ◆ Sidenor's Sagunto plant obtains the same certifications as the other plants of the Group in its first year working with us.
- ◆ We sign a new Collective Agreement which concerns the MCD (Mecanizados de Cremalleras de Dirección) plant, located in the industrial site of Jándiz, Vitoria.



July

- ◆ With the aim to strengthen its growth and diversification strategy, Sidenor Special Steels welcomes to its Advisory Board Luis Atienza Serna and José Vicente de los Mozos. They join Carmen Gómez de Barreda, with over 30 years of experience in the energy sector.
- ◆ We obtain the ISO 20400 certification in Sustainable Purchase, which acknowledges our commitment to sustainability.
- ◆ Our Executive Committee approves a commitment according to which the Group's electrical consumption will be of 100% renewable origin from 2025 on.
- ◆ Finalization of the first promotion of the Steelers program, aiming at fostering a culture of innovation at Sidenor and knowing the various agents that are part of the open innovation ecosystem.



August

- ◆ We make the commitment to investing 40 million euros in the purchase of eight solar parks in Catalonia – an unprecedented milestone in the industry, through which we become the first steel producer in Spain to directly acquire energy generation installations.
- ◆ Creation of the Technology Cluster, a new Management Center which will centralize the areas of R&D, T&Q and CTA. It aims at optimizing transversality among all areas of Sidenor (Industry, Sales, IT, Improvement and Innovation...) while seeking continuous improvement, closely in line with our strategy.

September

- ◆ We attend the 18th edition of the UNITECR 2023 Conference in Francfort (Germany). This is the greatest reference event at international level, which focuses on refractory materials and, in recent years, waste management. Sidenor R&D gives the lecture 'Latest advanced developments in the implementation of Circular Economy strategy in the refractory waste management'.





October

- ◆ We celebrate the Day of Families with steelwork guided tours, sustainable workshops and activities for the youngest.
- ◆ We participate in the Steel Tech Congress, an international reference event for the steel sector, at which we present our sustainable steel solutions catalogue.
- ◆ We launch the following sustainable steels: Sidenor Sustainable Steel and Sidenor Neutral Steel.



November

- ◆ We celebrate the "Zero accidents at Sidenor" awards ceremony in our Basauri, Vitoria, Azkoitia and Reinosa plants.
- ◆ We participate in the "II Technical Forum on Trends in Cold Stamping and Hard Metal" with the presentation entitled "Sustainable steel for fastening elements".
- ◆ We launch a Climate Survey in order to know the degree of satisfaction of our staff and their ideas about improvements.








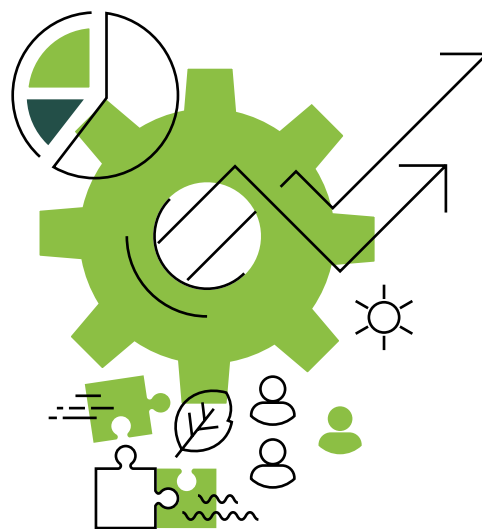
December

- ◆ Our work clothing USOA awards us a special distinction for our collaboration in the inclusion of people with disabilities.
- ◆ We sign an agreement with REVENANT for the remanufacture of two mobile devices which operate in our Basauri plant. The vehicles, which are the property of Raloga y Bergé, will thus be equipped with biogas engines, as part of our commitment to decarbonization.
- ◆ After the proposal evaluation process for 'RFCS European Projects', Sidenor R&D will participate in 8 of the 21 proposals approved in the steel sector. This represents a highly positive balance which allows us to keep being one of the reference partners within this program.
- ◆ We acquire the scrap company Miguel Martín S.L., located in Fuenlabrada, Madrid.
- ◆ We complete the execution of the Strategic Capex (11 millions) of the steering racks project in our Vitoria plant.



Main figures of the year

COMPANY	2023	2022
 Employees (end of the year)	1,840	1,829
 Turnover (million euros)	938	1,067
 Sales (kTn of steel)	640	654
 Training (hours provided)	77,850	71,000
 Investments implemented (million euros)	11	20



Environment



33% reduction of **CO₂/t steel emissions** since 2021

Recycling of around **800,000 t scrap** per year

Recovery of **81%** of the **waste** generated

ECONOMIC RESULTS	2023	2022	23 vs 22
Turnover (M€)	938	1,067	-12.1%
Sales volume (KT)	640	654	-2.1%
EBITDA (M€)	61	103	-40.7%
Main investments (M€)	11	20	-45%

TAX INFORMATION	2023	2022
Benefits (M€)²	23	62
Profit taxes paid¹	0	0
Public subsidies received (M€)	12.1	9.1

(1) Due to the application of tax credits arising from losses from previous financial years and deductions, the year's actual payment amounts to 0.

(2) Such benefits are almost exclusively generated by Spanish companies, as the sole foreign companies are the offices, which incorporate a very residual benefit.

SIDENOR: INNOVATION AND SUSTAINABILITY

We build a sustainable tomorrow so as to continue being a reference in the sector

Towards the future



Together, we build the sustainable future of steel

We are Sidenor, leaders in the production of special types of long steel and a major supplier of calibrated products in the European market.

In order to perform our activities, we have production centers in the Basque Country, Cantabria and Catalonia as well as sales offices in Germany, France, Italy and the United Kingdom. It is worth noting that our highly specialized facilities are capable of providing ideal solutions to all industrial sectors requiring steel with high service and quality requisites.

Our steel production capacity, which is close to 900,000 tons, is mainly intended for the manufacture of parts and components for the automobile sector, energy, machinery and capital goods, naval and civil construction,

defense, railway, mining and the petrochemical sector, among others. In all these sectors, Sidenor's special steel is used to produce highly reliable products.

Throughout this process, our staff is a crucial vector – a human team, consisting of 1,840 people, to which we maintain a strong commitment in order to provide them with an attractive place to work and develop their careers, while constantly looking out for their safety, which is a priority for us.



Constant innovation

In our path towards continuous growth, we make significant investments in innovation, which is doubtlessly one of the pillars of our activity. In fact, our R&D center is one of the largest in the European steel sector, enabling us to develop new technologies and products that help us meet the needs of our customers. Along the same lines, we are transforming Sidenor so as to become a reference with regard to Industry 4.0, improving and digitizing our production processes for higher efficiency, safety and quality in order to become increasingly competitive.



Our **steel production** capacity is close to **900,000 tons**



We have a human team formed by **1,840 people**



WE ARE LEADERS IN
THE PRODUCTION
OF SPECIAL
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From a sustainability perspective

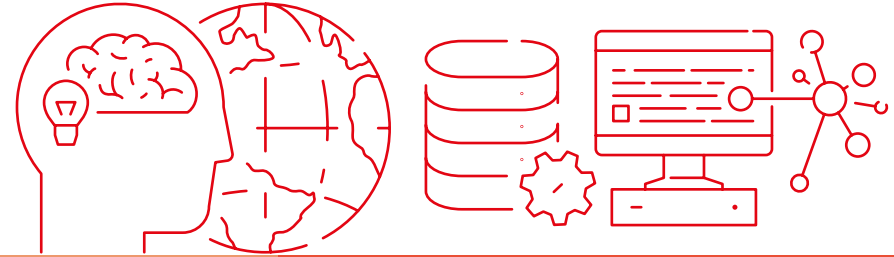
With the aim to minimize the amount of resources used and to reduce emissions, we develop our activity according to the principles of circular economy. Thus, we are constantly seeking intelligent alternatives to reduce, reuse and valorize the waste generated during steel production. Such a philosophy enables us to maintain a socially responsible behavior towards investors, suppliers, customers, as well as the society and communities in which we develop our activities.

We are thus building, in collaboration with all actors of our value chain, a path towards achieving business excellence in order to continue growing in a sustainable way and secure our future.

In addition, as part of our ambition to be a reference with regard to Industry 4.0, we also make every effort to ensure that the processes we use are more efficient, safer and of higher quality.



Mission, vision and values



MISSION



To **sustainably** generate **value** in the special steel business

VISION



To be a reference in product and process **innovation**

VALUES



To meet **customer** needs
Respected and committed **people**

Safety of people

Innovation in all we do

Focus on **results**

Economic, social and environmental **sustainability**



OUR MISSION, VISION AND VALUES DEMONSTRATE OUR COMMITMENT TO SOCIETY AND HOW WE WANT TO IMPACT IT POSITIVELY



ESG strategy

For years, sustainability has been integrated in the entire value chain, because we do not only pay attention to what we do, but also to how we do it. We therefore support projects and initiatives which generate responsible practices and bring value to the society.

For this purpose, we work on sustainability in a transversal way in all our value chain, processes and operations, focusing on people, environment, society, ethics and business transparency.

In 2021, we therefore adopted a challenging environmental positioning, with concrete objectives and working plans linked to two axes: the fight against climate change and the commitment to circular economy.

Regarding social aspects, we are strongly committed to Human Rights and talent as a main asset, promoting people's safety and equality.

Last but not least – corporate governance plays a key part in our Management, which integrates sustainability in all its decisions and manages risks in a cautious and active way, in addition to promoting transparency.



Commitment to the Global Compact and the



As part of our commitment to sustainable business practices, we have adhered to the Principles of the United Nations Global Compact, the UN initiative which leads business sustainability worldwide. Through this global initiative, we join over 23,800 entities in over 160 countries and close to 70 local networks around the world.


In Spain, over 1,650 organizations have joined the Global Compact, an alliance which promotes fundamental values in the areas of Human Rights, labor regulations, environment and the fight against corruption. Our adhesion in 2022 reaffirms our strong commitment to ethical principles and corporate responsibility.

Our sustainable development goals

We are proud to contribute to the UN Sustainable Development Goals - a compass for a sustainable future that addresses global challenges.


Due to the peculiarity of our activity, we actively focus on and contribute to six SDGs:

3 GOOD HEALTH AND WELL-BEING




Ensure healthy lives and promote well-being for all at all ages: Improving the safety and health of the people who work in our premises is a priority for Sidenor. In order to promote healthy habits which improve our health, we have implemented the Healthy Company Project, through which we propose simple actions contributing to a healthier life.

4 QUALITY EDUCATION



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all: We promote the training and talent of our employees and young people in our surroundings regarding key skills both for our activity and future work requirements.

5 GENDER EQUALITY




Achieve gender equality and empower all women and girls: Our policies enable us to offer equal chances to all people and reject all types of discrimination based on gender, race or religion. In 2018, this approach led to the signature of Sidenor's first Equality Plan, which is currently being renewed for another four years.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE




Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation: We have implemented our Innovation Hub, which is under the responsibility of the IT Department and aims at advancing the company's digitization, as a gateway for open innovation in collaboration with startups and a seedbed for innovative initiatives.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Ensure sustainable consumption and production patterns: We apply the principle of continuous improvement in favour of a responsible use of raw materials, and we recover an increasing percentage of the waste we generate.

13 CLIMATE ACTION



Take urgent action to combat climate change and its impacts: We are committed to reducing our carbon footprint and entering into measurable commitments.

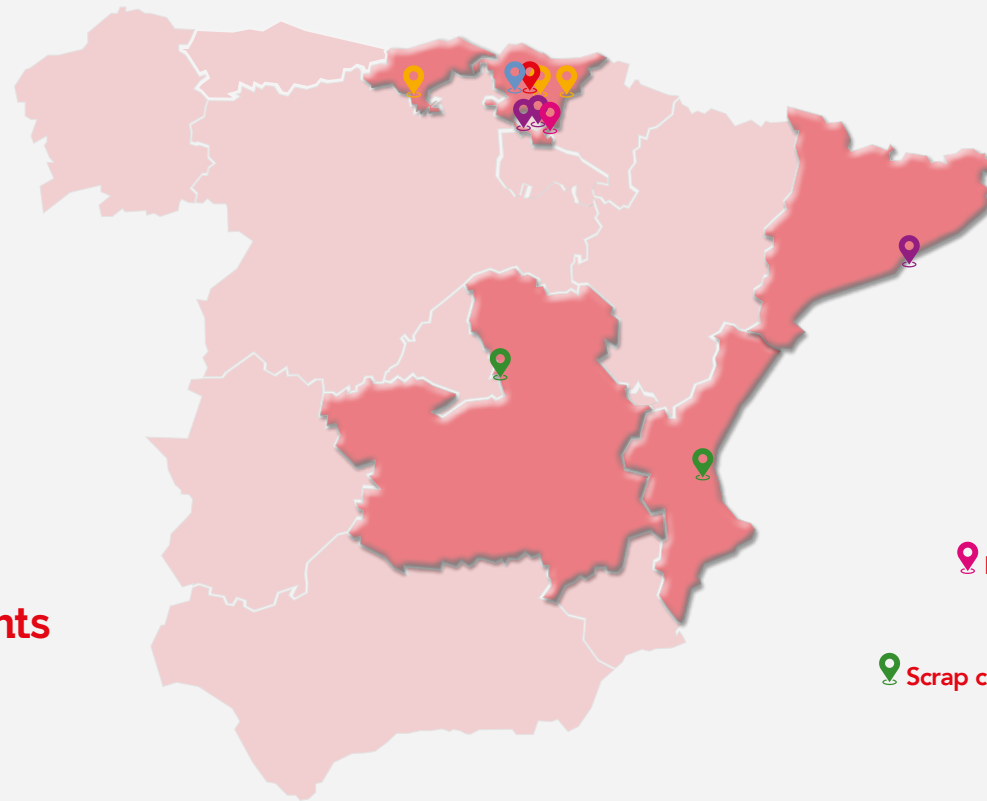
Our commitment to these SDGs demonstrates our dedication to build a better world, promoting significant changes in areas we consider crucial for a sustainable future.

Business model

At Sidenor, we work to create value in a sustainable way throughout the entire steel life cycle: from collecting scrap, which we use as a raw material to manufacture our entire range of products, until these become scrap again.

Innovation and continuous improvement are present in everything we do, with the aim to obtain products which meet the functional and quality needs of our customers. This philosophy also leads us to implement best business practices that help us optimize efficiency by generating less waste and minimizing the use of natural resources. Accordingly, our production centers are highly specialized and fitted with state-of-the-art equipment and technologies.

Plants



General offices
Basauri (Biscay)

Sidenor R&D
Basauri (Biscay)

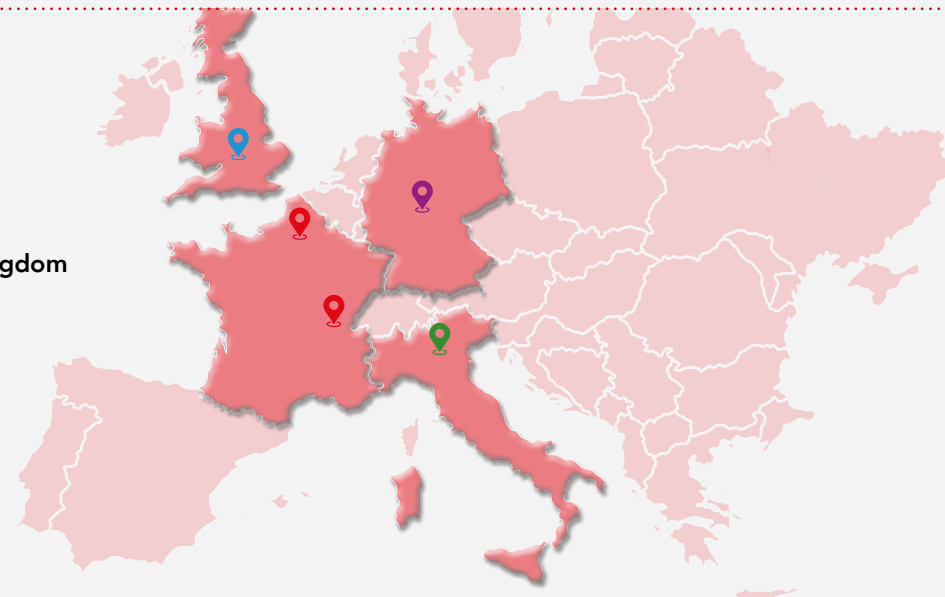
Steel production
Azkoitia (Gipuzkoa)
Basauri (Biscay)
Reinosa (Cantabria)

Sidenor Bright Steels
Vitoria (Araba)
Legutiano (Araba)
Polinyà (Barcelona)

Mecanizado Cremalleras de Dirección, S.L.U.
Vitoria (Araba)

Scrap collection and processing
Sagunto (Valencia)
Fuenlabrada (Madrid)

Sales offices



Sidenor United Kingdom

Sidenor Germany

Sidenor Italy

Sidenor France

Steelmaking in Spain

(Source of data: Unesid 2022)

In order to understand our business model, it is first necessary to know the situation in the sector. Our country is currently one of the main Steel producers in Europe and worldwide.

Spain has 22 steel production plants and 50 rolling and first processing facilities. They are concentrated along the Cantabrian coast, mainly in Asturias and the Basque Country, although the industry is widely extended, with plants in eleven of the Autonomous Communities. Thanks to this situation, the sector employs over 60,000 people, to which a further 20,000 jobs related to scrap collection must be added, and has an overall turnover of around 17,400 million euros.

The sector annually produces 11 million tons of steel and clearly focuses on exports, its products being sent to close to 160 countries. Its strategy is defined by concepts such as innovation, efficiency, sustainability and occupational safety and it is a key actor in the transition to the circular economy model. The industry recycles around 8.9 million tons of scrap

each year. Furthermore, it makes an efficient use of resources and valorizes nearly 80% of the waste and by-products generated in the process.

Sidenor is the main producer of special steels in Spain – a high value-added product whose manufacturing is very demanding.

In the short and medium term, Sidenor expects to continue leading the national sector thanks to the significant investments it has carried out in order to improve its performance, extend its range of products and increase its production capacity. Some of the factors which could affect the pace of business are decreasing sales, mainly with regard to exports, increasing raw material and energy prices or possible changes in the environmental legislation.



“ WE ARE THE MAIN SPECIAL STEEL PRODUCER IN SPAIN – A PRODUCT OF GREATER ADDED VALUE AND DEMANDING MANUFACTURING ”



We turn scrap into steel

Our production process is based on scrap recycling. Each year, we turn around 800,000 tons of scrap into steel products of the highest quality. This responsible model is in line with our commitment to circular economy, environment and society; it starts with scrap purchase and continues at Basauri steelworks, where the raw material is processed.

In addition, we have two collection sites located in Azuqueca de Henares (Guadalajara) and Sagunto (Valencia). We also have the resources necessary to develop the supply value chain and ensure the quality of the material used. In this respect, we foster long-

term relationships with our scrap suppliers so as to make sure that the raw material provided meets adequate standards.

We see all our suppliers as strategic allies, as they are directly linked to the quality of our products and services, as well as to safety in work areas and sustainability in the production chain. Their practices must be responsible, in line with Sidor's policies. In order to ensure that this condition is met, we have monitoring mechanisms in place and conduct regular visits in order to check the state of their installations, their quality and the stocks available.

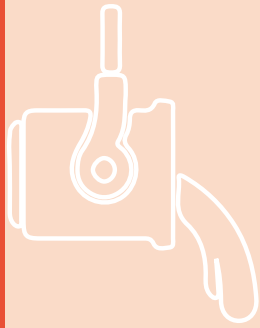
“
EACH YEAR, WE TURN AROUND
800,000 TONS OF SCRAP INTO STEEL PRODUCTS
OF THE HIGHEST QUALITY
”

Our business lines

We develop and manufacture a wide range of top-quality products that meet the needs of the most demanding customers in many sectors. Our activity is focused on the following:

Special steel sales by sector





Special steels

We are one of the major manufacturers of special types of steel in Europe. The update and improvement of equipment and processes in our production centers allow us to market innovative products which comply with the most demanding efficiency and quality requirements of our customers.

Sidenor Bright Steels

Sidenor Bright Steels is the result of Sidenor's global growth strategy in terms of calibrated products. We are currently the largest Spanish group in the calibration sector.


PRODUCTS

 **Semi-finished products:**
continuous casting billets, blooms (rectangular and round) and continuous casting slabs

 **Rolled bars:**
round bars, billets and tires

 **Bright bars:**
turned, drawn and grounded

MAIN APPLICATIONS

 **Automotive sector:**
parts for transmission components, combustion engine, electric motor, transmission, gearbox, suspension, steering, etc.

 **Wind sector**  **Oil&Gas**

 **Off-highway**

 **Railway**  **Mining**

 **Capital goods**

PRODUCTS

 **Wire rod and drawn wire**

 **Bright bars:** turned, drawn and grounded

 **Blanks** for the manufacture of steering racks

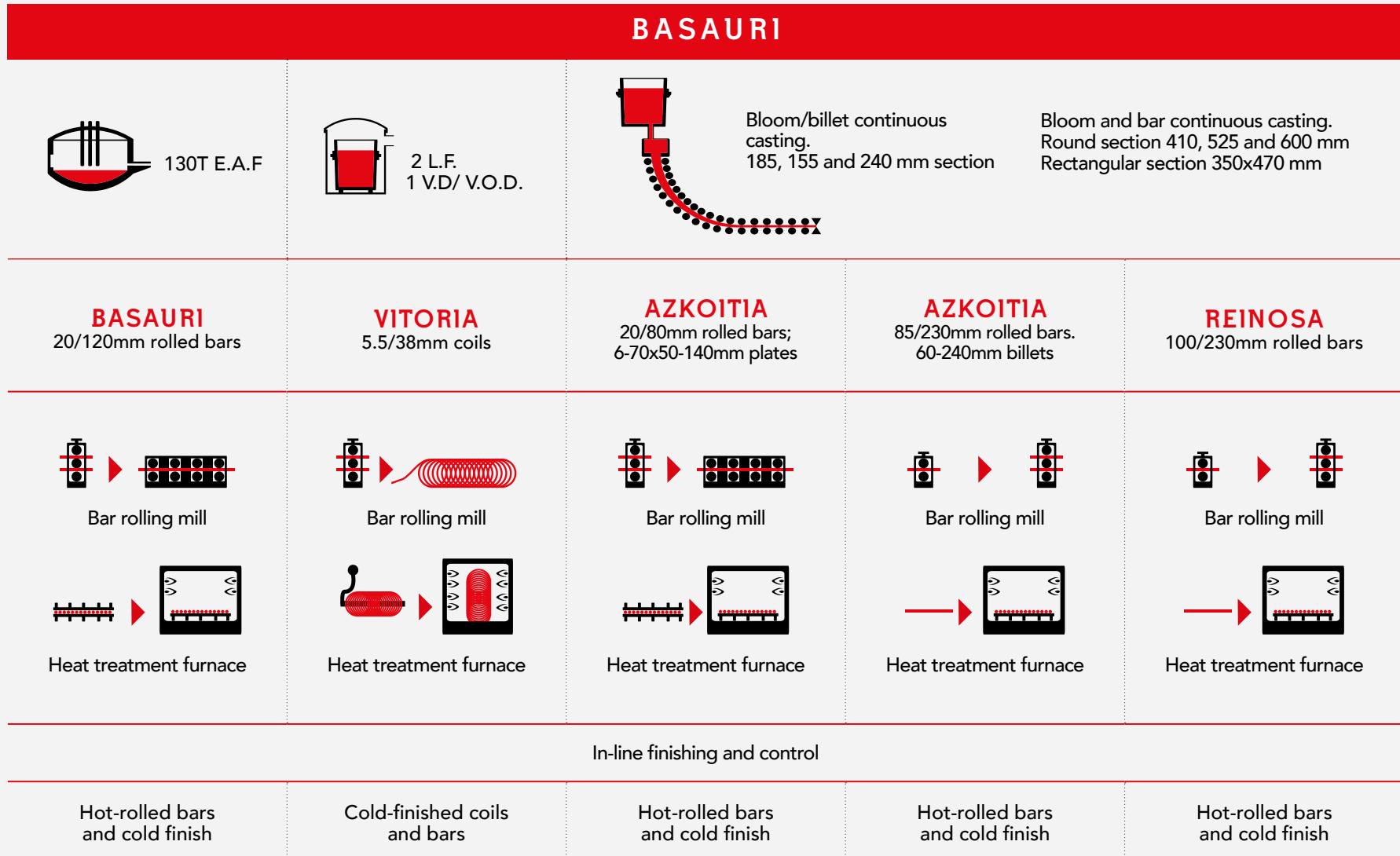
MAIN APPLICATIONS

 **Automotive sector**

 **Energy**

 **Capital goods**

A strong working process



Diversification as a way to move forward

Within the framework of our **Innovation Project**, we bet on diversification both in the steel operating business and on the corporate side.

Regarding our activity, our long-term strategy is to go beyond the car sector in order to, first, mitigate the decrease in steel consumption induced by the progress of electric cars and, second, be leaders in terms of sustainability, quality, costs and services in the car sector.

We have been following this path for five years already and, today, we are further advancing in the development of new products, approvals and, above all, changes in our usual way of working. The sectors in which we are already present include energy generation (both wind energy and oil&gas), railway, mining, defense, tool machinery, etc. In order to access these sectors, we had to perform relevant investments, such as the manufacturing of continuous casting

round bloom formats of 410, 525 and 600 millimeters in diameter.

In this respect, the support of our Sidenor R&D center, which developed ad hoc steel qualities to cover and even exceed new needs, has been instrumental. In line with the constant market analysis that we carry out, we achieved significant progress in 2023 in the maritime sector, the manufacture of lifts, forklift trucks, rail manufacturers, etc.

Likewise, we are studying the development of new products such as rolled round bars that are of higher quality than the current range, new continuous casting bloom sections and more demanding steel qualities, both in special steel and stainless as well as tool steel.

In addition, we are continuing our corporate diversification process, including alliance and purchase processes with other companies searching for synergies with our business.



Good results

In 2023, we recovered and increased the pre-pandemic sale rates for cars once the successive events that had impacted the normal activity of our sector in recent years were overcome. The consolidation of new investments in Basauri facilities allowed us to once again increase flexibility in a sector that requires fast answers as well as a flexible and quality service.

It should be noted that the finalization of the investment process together with our commitment to innovation in all Company activities allow us to face with optimism the most important challenges in our sector, such as the new mobility models (electrification) and decarbonization of the industry.

In addition, we continue to focus our activities on the priority positioning of the Company with respect to new components resulting from the electrification expected in the short

and medium term, as well as on the diversification of activities compared with traditional sectors linked to the internal combustion engine industry.

On the other hand, and together with the required decarbonization of industrial processes, we continue to lead environmental policies that allow us to move towards process and product neutrality, with emissions that are well below the sector average. At the same time, we accompany our customers in their own decarbonization processes by adding low-emission steels to their offer, together with the processes themselves and the use of renewable energy, as the latter are key factors in our customers' purchase strategy determination.



Diversification

The diversification process is one of the key points in our company's strategy for the coming year, and steps are being taken to achieve the objectives set. We have significantly expanded our range of products with new formats and sizes, we have incorporated new steels that are in line with the new sectors' needs, and we have obtained the necessary approvals to supply new steels to the customers who require such products.

This is a long-term task, in which the entire team of Sidenor is involved with enthusiasm.



Stainless

Consolidation of stainless steel fusion from 100% selected stainless scrap, thus reducing the carbon footprint compared with other ways of manufacturing.



Approval

In parts for the steering set (racks and pinions) and for the suspension and shock absorber set. In addition, we are in the process of obtaining approvals regarding new electric car components, such as electric motors and reducers, where we wish to become market share leaders in Europe.

We generate value for our customers

Our mission is to generate value for our customers in a sustainable way – a challenge that would be impossible to meet without offering a technically flawless product, that leaves no footprint on the planet.

In order to achieve this ambition, it is necessary to have a team that is able to listen to the customer and come up with solutions. As an answer to this need, we have established, for many years now, a **Customer Technical Assistance Department (CTA)** whose main objective is to serve as a point of contact with the customers and cover all their needs regarding the technical performance of the product that we supply as well as its environmental performance

The CTA Department thus performs two types of customer services:

1 Pre-sales service, with two priority activities:

- ◆ Most suitable design of Sidenor's

product in favor of better performance and optimal adaptation to customer processes.

- ◆ **Management of approvals:** documentation, audits, initial samples...
During 2023, over 75 audits were performed (car sector, energy, wind energy...) and over 500 documented approval applications were managed.

2 After-sales service, focused on:

- ◆ Integral management of complaints
- ◆ Product optimization (enhanced performance, decrease in costs...)
- ◆ All types of technical queries

”

OUR CTA SERVICE IMPLIES A DIFFERENTIAL VALUE, AS IT ALLOWS US TO ACCOMPANY OUR CUSTOMER IN THEIR PROCESS OF CONTINUOUS IMPROVEMENT AND BOOST THEIR COMPETITIVENESS WITH PRODUCTS THAT MEET THEIR NEEDS

”

In order to perform its tasks, the CTA Department relies on a team of highly experienced professionals in the field of metallurgy, heat treatments as well as special steel products and processes, which are fully dedicated to customer service.

Two Sidenor product attributes are essential to our customers' competitiveness:

1 Innovative products. Sidenor has a R&D department which is adapted to current technology requirements and is available to our customers so that they can offer products with differentiating competitive advantages.

2 Sustainable products. Sidenor's environmental strategy guarantees the supply of sustainable steels with

neutral CO₂ footprint, that are ecodesigned and approved by European certifications.

In both cases, the CTA Department serves two purposes: to bring our customers in contact with Sidenor's technical and human resources, and to help understand their specific needs.

At Sidenor, we comply with all requirements and specifications provided by our customers, among which health and safety requirements, and no end consumer complaints linked to these needs were received in 2023 or 2022.

”
THE CTA DEPARTMENT HAS A DOUBLE FUNCTION:
TO BRING OUR CUSTOMERS IN CONTACT WITH
SIDENOR'S TECHNICAL AND HUMAN RESOURCES,
AND TO HELP UNDERSTAND THEIR SPECIFIC NEEDS
“

Innovation: the driver of sustainability and competitiveness

Since the beginning of 2020, we have been engaged in a process that aims at strengthening our sustainability strategy, improving competitiveness and promoting diversification in a sector marked by environmental guidelines and the transition to electric vehicles.

The steel industry plays a fundamental role in promoting sustainability and reuse, mitigating environmental impacts and fostering responsible practices. As part of our commitment to achieving this goal, we work to reduce carbon emissions, adopt circular economy, valorize resources and minimize our environmental footprint.

The automotive sector and mobility are constantly changing, bringing along new mobility models which affect a significant part of our traditional customers and products. In view of this panorama, we need to be flexible and adapt to change by developing new products and promoting diversification.

Accordingly, during 2023, we reached two important milestones with the creation of the **Technological Cluster Management and the Innovation HUB**.

- ◆ **Tecnological Cluster:** It integrates our technology resources (T&Q, R&D and CTA) under a single management, promoting efficient and business-oriented collaboration. This new Management unit works transversally in all Company areas (Industry, Sales, IT, Improvement, Finance...); it promotes continuous improvement, develops a vision for the future and helps us remain technology and innovation leaders in the market.
- ◆ **Innovation HUB:** Led by the IT Department, the HUB aims at advancing the digitization of the Company and being a gateway for open innovation in collaboration with startups, as well as a seedbed for innovative initiatives.

We are one of the main European special steel suppliers for the automotive sector, as well as other sectors such as energy generation, oil&gas, heavy machinery construction and capital goods. Our performance relies on the fundamental support of our subsidiary Sidenor Investigación y Desarrollo S.A., a non-profit company which has been working to foster our competitiveness and sustainability for over 35 years, including a laboratory of excellence and is a metallurgical and technological reference both for the Group and our customers.



WE ARE ONE OF THE MAIN EUROPEAN
SPECIAL STEEL SUPPLIERS FOR THE
AUTOMOTIVE SECTOR



Sidenor R&D is centered both on product development and processes, which allows us to, on the one hand, anticipate market needs and, on the other hand, be a safer company that is more efficient, competitive and environmentally-friendly.

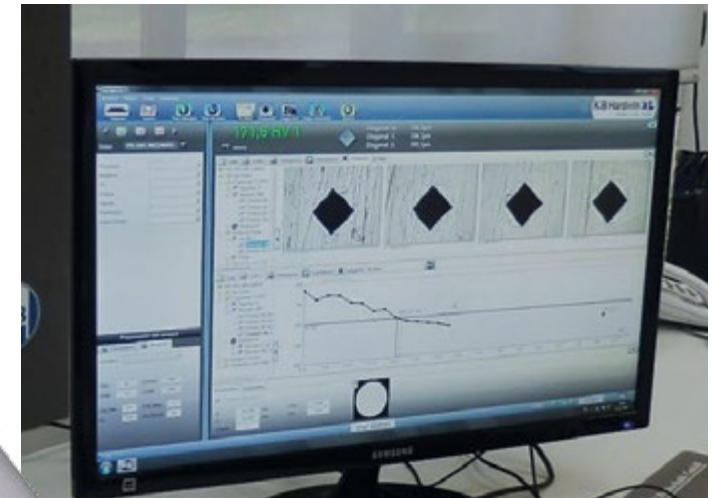
In the **area of Product Development**, we strengthened collaboration relationships with our key customers in order to consolidate their position in their reference markets, combining new high-performance steels and optimizing transformation costs.

In the area of **Process**, we further improved in terms of quality, costs, productivity and circular economy, always considering customer satisfaction our priority.

We actively participated in the "European Steel ecosystem", as another important line of work in the area of R&D&i, collaborating in European multi-partner projects in order to be at the forefront of emerging technologies and best industrial practices, such as the RFCS (Research Fund Coal and Steel) program or Horizon Europe. In addition, we collaborated with the technology

institutions of the steel sector and major customers in the markets where we operate.

Likewise, we are part of the national technological environment and collaborate with all relevant actors in our industrial area, as well as customers from the automotive and energy sectors.



Innobars, our innovation brand

Innobars is our innovation emblem. It allows us to identify and promote our most advanced products and processes, in addition to ensuring that they comply with the most demanding quality, safety and sustainability standards.



Towards Industry 4.0

Throughout 2023, we advanced in the actions and projects contemplated in our digitization plan, under the perspective of Industry 4.0 and innovation. We thus consolidated our innovation model management processes, establishing mechanisms to link the various departments.

In the area of management processes, the following achievements can be highlighted:

- ◆ **Finalization of the BI Portal centered on quality:** We finalized the integration of a new Business Intelligence (BI) portal with a specific focus on the quality area. This portal joins the already existing platforms, such as the Balanced Scorecard (BSC) and the sales system.
- ◆ **Further deployment of CAMM (Computer-Assisted Maintenance Management):** Implementation in the factories of Azkoitia and Vitoria,

which allowed us to consolidate the solution of Máximo as a maintenance management software in all our plants.

On the other hand, and with the aim to strengthen the development of 4.0 projects in the industrial area, we established two new areas:

- ◆ **Automation and Industrial Digitization Cell:** It will be in charge of designing and leading the integration of automation systems in new projects, ensuring the standardization and sustainability/maintainability of the solutions. In addition, it will manage the integration needs of new digitization projects in the areas of IT, Industry, IoT and Energy Management & Control.

During 2023, we focused on the design of a relationship map between the industrial automation & digitization area and internal customers, and on the development of digitization projects in

steelwork processes and standardization of Scada systems (Basauri rolling mill, Basauri steelworks, Central Maintenance).

◆ **Innovation and intra-entrepreneurship HUB:** Initiative oriented towards knowledge exchange for the development and implementation of projects within the framework of innovation and Industry 4.0. Its main objectives include:

- ◆ Creating an organized and structured innovation process.
- ◆ Generating a seedbed for data projects/Artificial Intelligence/new technologies.
- ◆ Strengthening open innovation processes (Venture client and Corporate venture) and the relationship with the startup ecosystem.
- ◆ Seeking financing for and designing innovation projects.

- ◆ Creating a Transformative Learning Laboratory to generate a culture of innovation among people.

During 2023, the HUB team was involved in projects such as 'Scraptec' for the optimization of scrap consumption, 'Modelan' for casting sequence optimization, and 'Datuetan IA' to improve model performance, in addition to collaborating in the 'Room4steel' program through the development of an integral safety monitoring system.

In addition, we started works for the physical space of Sidenor 612 and various virtual spaces with the aim to facilitate interaction in the innovation ecosystem. We also need to highlight our special focus on cybersecurity within the area of Information Technology, with a continuous monitoring of new vulnerabilities and the implementation of new security mechanisms such as the SIEM platform for security information event management.



”

WE CONSOLIDATED SIDENOR'S INNOVATION MODEL MANAGEMENT PROCESSES, ESTABLISHING MECHANISMS TO LINK THE VARIOUS DEPARTMENTS

”

Technology in constant evolution

2023 has been a year of consolidation of the large strategic projects launched earlier. All factories, in particular Basauri and Vitoria, are now consolidating the investment objectives that, due to their significant size and technical complexity, need some time before stabilizing.

Among the various actions carried out, the most outstanding within the technological renovation Capex was the following:

- ◆ We started the construction of a new double reverse osmosis plant to replace the old demineralization chain in the continuous casting mould water circuit in steelworks. This plant aims at improving both the capacity to generate demineralized water and its quality,

in order to comply with the strict water quality standards in casting moulds and ensure their optimal operation.

- ◆ We completed the second and last phase of a 100% automatic 3D laser scanning system of the scrap storage area in Basauri steelworks, in order to monitor the volume of each silo and type of scrap, improve the area management and maintain a reliable and permanent inventory control.
- ◆ We set a new electric arc furnace regulation system in order to monitor the operation of electrodes and optimize the electric consumption of Sidenor's main electric energy consuming facility.



- ◆ We incorporated a new system for the automatic coupling of argon hoses and ladles in the tipping cart in order to avoid risk exposure of workers by eliminating a manual operation close to the ladles containing liquid steel.
- ◆ In all plants, we invested in non-destructive testing equipment for surface and internal quality control through various techniques such as induced currents and ultrasounds (Circographs, phased array, etc.), with the aim to improve the capacity to detect failures and update the equipment at the highest level possible in the market.
- ◆ We implemented new MES (Manufacturing Execution Systems) department systems in various production areas, modernizing and automating the quality of production reports, computer equipment renovation and data networks, which are the responsibility of the Information Technology Department.
- ◆ We provided all factories with the necessary resources to complete the actions identified in the Quality

Strategic Project, including various actions focused on improving process capacities, the Quality Management System, laboratory testing devices, etc., always with the aim to strengthen processes and improve the real quality of the products supplied, as well as the quality perceived by our customers in terms of service, documentation, management, etc.

- ◆ Thanks to Capex 2023, we finalized a three-year project, which focused on improving the management of the internal scrap generated throughout Sidenor's processes and in all our plants, and optimizing systems for the classification, report and shipping to Basauri's scrap storage area, so as to optimize alloy content use and thus reduce ferroalloys consumption in the steelwork process.

It should be noted that we continue to seek improvements in terms of Safety, Quality, Efficiency, Energy and Productivity, according to our strategic lines of work regarding sustainability, decarbonization and technology leadership in the sector.



Material topics of Sidenor

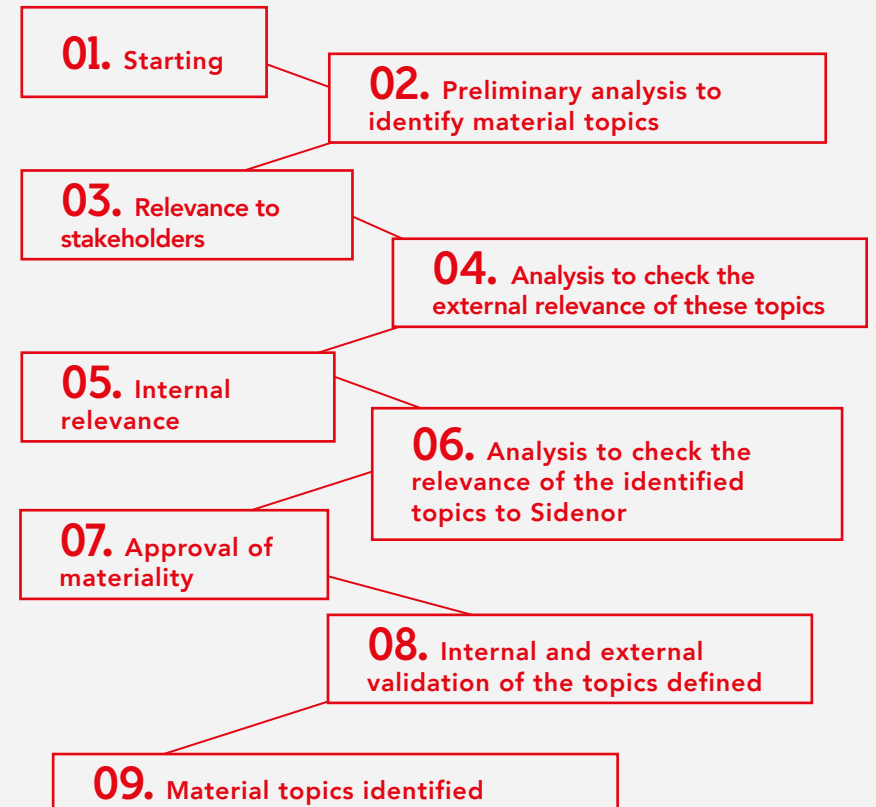
This report is intended as a useful consultation tool for all our stakeholders and the society in general on the good governance, environmental, social and economic topics which, together with them, we have deemed relevant.

In order to identify these topics, we have carried out a materiality analysis which has enabled us to prioritize them, with the aim to incorporate them into our management strategy, serving both our interests and the society's in general.

These material topics are, besides, the basis for this report.

This process is based on principles such as inclusiveness, with a view to maintaining a constant and fluent dialogue with our stakeholders; relevance, so as to emphasize the most important aspects from the point of view of demands and expectations; and responsiveness, which aims at developing an effective strategy for each aspect identified.

Our materiality analysis has allowed us to determine the aspects of major importance for the stakeholders and for Sidenor, which influence our ability to create value and are of interest to the people and groups we interact with. This study included different phases:



Stakeholders



Sectoral and business associations



Universities, business schools and training centers



Third sector



Employees



Customers



Government and public administration



Suppliers

Material topics identified

ENVIRONMENTAL MANAGEMENT

- 1 Energy consumption efficiency
- 2 Water management
- 3 Greenhouse gas emissions (GHG)
- 4 Waste management
- 5 Environmental management

HUMAN RESOURCES MANAGEMENT

- 6 Equal opportunities
- 7 Occupational health and safety
- 8 Talent recruitment and retention
- 9 Development of our employees

ETHICS AND GOOD CORPORATE GOVERNANCE

- 10 Compliance with the Code of Ethics and Corporate Policies
- 11 Risk management and control system
- 12 Fight against corruption and bribery
- 13 Good corporate governance
- 14 Reputation and image

SUPPLY CHAIN

- 15 Integrated supplier management
- 16 Responsible supply
- 17 Business development
- 18 Responsible investment

CUSTOMERS

- 19 Customer protection and satisfaction
- 20 Cybersecurity
- 21 Quality and efficiency
- 22 Management of the brand / reputation

OTHER COMMITMENTS TO SOCIETY

- 23 Technological development and new solutions for the market
- 24 Innovation
- 25 Commitment to the local community

Fields	● Less important	● More important
ENVIRONMENTAL MANAGEMENT		2 1 3 4 5
HUMAN RESOURCES MANAGEMENT	9	8 7 6
ETHICS AND GOOD CORPORATE GOVERNANCE	14 12	13 11 10
SUPPLY CHAIN	18 17	16 15
CUSTOMERS	22 21	20 19
OTHER COMMITMENTS WITH THE SOCIETY	25	24 23

Topics such as actions to fight food waste, the impacts caused by activities or operations in protected areas or incidents of violations involving rights of indigenous people are not material topics for Sidenor.

Risk management

The Company Management has identified the main risks, associated with internal or external factors, to which the organization is exposed, and has a Risk Control and Management Policy which establishes

a general framework for action, in order to reasonably ensure that all risks identified (Operations and Infrastructure, Strategy and Planning, Governance) are prevented, evaluated, submitted to continuous follow-

up, and reduced to the assumption and tolerance levels defined by the Management.

The main non-financial risks identified at Sidenor are the following:

Operations and infrastructures



TALENT

Managing the growth and sustainability of the Company requires the strengthening and development of people. Working conditions must be able to attract the best professionals. To this aim, we design plans and implement internal development as well as external recruitment strategies.



SUCCESSION

It is necessary to identify people who are key and with potential in the Company, in order to ensure its continued existence and the maintenance of know-how. To this aim, we design constantly evolving succession plans and maps.



CYBERRISKS

Information systems may fail, be damaged or attacked, thus jeopardizing the Company's activity as well as affecting or hindering its normal operation. A significant effort is thus necessary in order to better secure systems and to plan how to act in case of a cyberattack.



QUALITY

In the market in which we operate, it is essential to maintain high quality standards; otherwise, the Company's image might be affected, and the organization might suffer a loss in customers or an increase in its costs.



Strategy and planning



CYCLICAL BUSINESS

Changes in market tendencies might occur; for this reason, the Company needs to be flexible and prepare for such changes, especially in the automotive sector.



M&A

Risks associated with M&A operations which aim at the growth and diversification of the Company.



NEW COMPETITORS

We operate in a highly competitive environment and, in order to maintain or increase our market share, we need to be prepared to compete with potential new competitors.

Governance



CULTURE AND ORGANIZATION

The implementation of the Company's Strategic Plan requires the culture and values of Sidenor to reach all areas of the organization.

Within the framework of our Risk Control and Management Policy, the Company Management regularly updates the risk map of the organization and performs constant monitoring in order to promptly detect risks to the business and act fast so as to minimize their impact. The risk map, which was reviewed and updated in 2023, includes risks such as the following:



ENERGY

The continuous increase in gas and power prices which had started in the last months of 2021 worsened in March 2022 due to the war in Ukraine, reaching all-time highs in the European markets and generating a high volatility in the prices of such supplies, which are essential to our process.



SUPPLY CHAIN VULNERABILITY

This problem, which was mainly due to the imbalance between offer and demand resulting from the COVID-19 pandemic as well as existing logistics problems at world level, was aggravated by the war in Ukraine and the geopolitical tensions generated by this armed conflict.



REGULATORY RISK

Derived from legislative changes, which were intense and continuous in 2023.



ENVIRONMENT

Due to the impact of climate change on our business, we initiated a process to analyze the risks and opportunities derived from climatic transition, as explained below.

In front of such a situation, we have been working to search for alternatives and adopt measures which might enable us to minimize or avoid the impact of such risks on business.

ENVIRONMENT

Committed to the
future of the planet

We act with
responsibility
and with the
ambition to involve
the society in a
commitment to a
sustainable future



Heading for sustainable steel

Sidenor applies its environmental management integrally and transversally to all our operations and teams in order to continuously improve our performance and thus reduce the environmental impacts of our activities and products.

We have a totally decentralized **Management System** that is implemented transversally across the entire organization, complies with ISO 14001 and ISO 50001 standards and contemplates the analysis of all our industrial activities.

By means of this System, we ensure the evaluation, planning and environmental follow-up of our entire process. Among the risks identified, we also monitor environmental noise and light pollution as part of our own operational control of the

environmental management system according to ISO 14001.

From the perspective of a steel life cycle analysis, we apply environmental criteria in all production phases: design, selection of suppliers, raw material optimization, reduction in energy consumption, waste management as well as process improvement.

Besides, in the area of greenhouse gas emission reduction and the fight against climate change, we took in 2023 a major step in the contribution to the objectives of the Paris Agreement, committing to the SBT (Science Based Targets), on the way to decarbonize our operations and become a company with zero net emissions.



Steel life cycle



01. STEEL DESIGN PHASE

Through our R&D&i department and in collaboration with our entire value chain, we work from the design stage of new steels in order to create increasingly sustainable and efficient products and processes.



02. RAW MATERIAL

Our main raw material is recycled and reused scrap. We thus contribute to the recycling of around 800,000 tons of metallic waste per year.



03. PRODUCCIÓN PROCESS

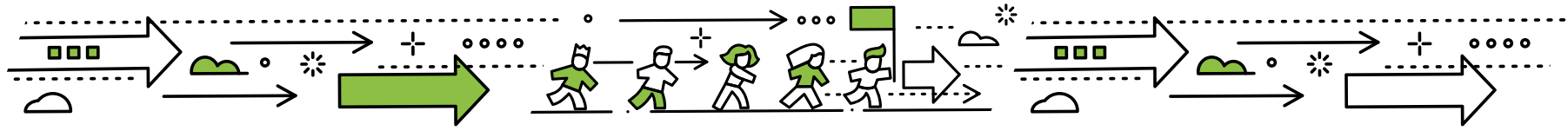
We invest time and resources in order to:

- ◆ Improve energy efficiency and optimize raw material and natural resource consumption.
- ◆ Search for new ways of recovery and reuse for all resources.
- ◆ Optimize the production process and logistics.

04. END OF LIFESPAN

Steel is a 100% recyclable product.





Our roadmap Optimizing process efficiency and energy use Developing more sustainable steels

2021

438 KgCO₂/t steel

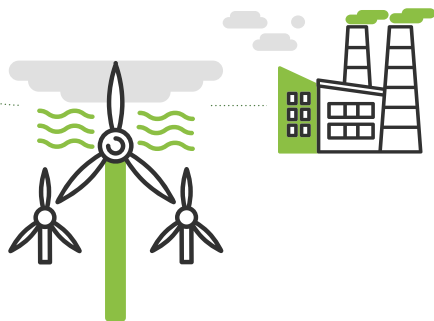
SBT (Science Based Targets) reference year

2023

294 KgCO₂/t steel

Verified by an independent third party according to the Greenhouse Gas Inventory (GHG) of direct (scope 1) and indirect (scope 2 and 3) emissions, as defined by the GHG Protocol standard

- ◆ 75% renewable energy consumption
- ◆ Approval of new SBT climate change objectives



2024

- ◆ Process electrification so as to reduce dependence on combustion processes
- ◆ 100% replacement of fossil coal
- ◆ Technical validation of hydrogen use in combustion processes
- ◆ Recovery of 95% of the waste generated

2025

- ◆ Commitment of 100% renewable electrical energy consumption
- ◆ Recovery of 90% of the waste generated

2030

- ◆ Starting operation of the photovoltaic parks acquired by Sidenor
- ◆ New own environmental footprint calculation tool
- ◆ PAS 2060 Neutrality in carbon emissions

2033



TARGET date for achieving climate change objectives, according to SBT

2040

Replacement of 50% natural gas with renewable gases (H₂, biomethane) in combustion processes.



2050

Climate neutrality

2024-2040

Optimization in process efficiency and energy use

Design of more sustainable steel

Climate change

For years, scientists have been warning about the dangers of climate change as a result of the accumulation of greenhouse gases in the atmosphere. Nowadays, its effects are becoming increasingly evident.

As consequences become more tangible, it is more urgent to take measures in order to reduce our carbon footprint. This involves searching for alternatives to fossil fuels, improving energy efficiency and optimizing our production systems – in essence, undertaking a gradual, structured and planned decarbonization process, which might allow us to:

- ◆ Comply with our internal commitment to continuous improvement, which is enshrined in our **Integrated Health and Safety, Environmental, Quality, Energy and Information Security Policy**.

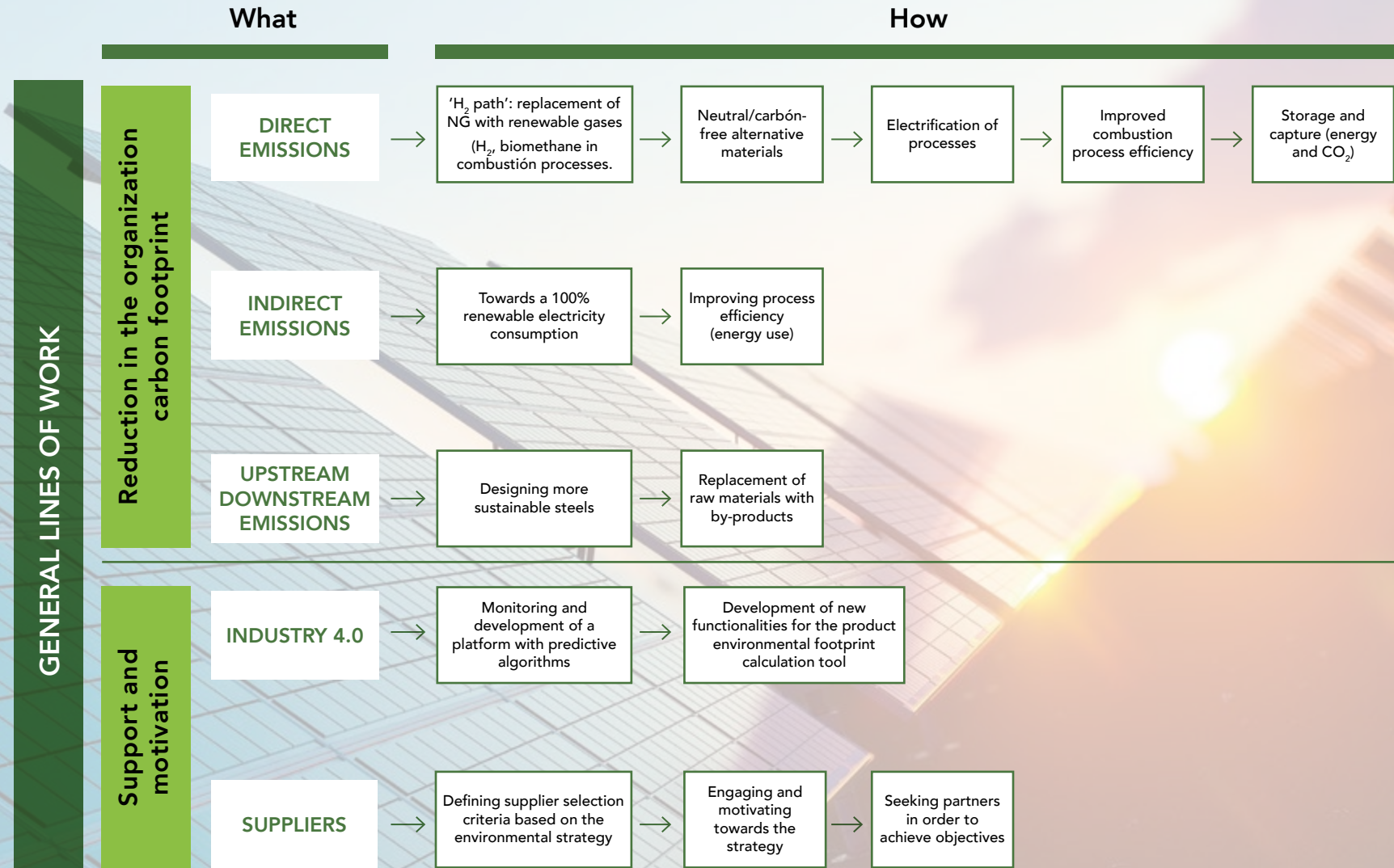


- ◆ Anticipate and adapt to climate risks which affect our activity.
- ◆ Seize the opportunities brought by the coming changes.
- ◆ Measure the financial impacts of climate change according to various possible scenarios.
- ◆ Meet the expectations of the current society, which requires real solutions.
- ◆ Meet the expectations of our stakeholders in terms of climate information and transparency, mostly required by our customers.
- ◆ Manufacture sustainable and environmentally friendly products.
- ◆ Improve our competitiveness in a business context that increasingly values sustainability and environmental responsibility.

An example of this commitment is the **Annual Climate Change Plan**, which we have been developing for several years and which identified 357 actions in 2022.

“
AT SIDENOR,
WE HAVE
AN ANNUAL
CLIMATE
CHANGE
PLAN THAT
GUIDES US
FORWARD IN
THIS AREA
”

Decarbonization strategy



The route to carbon neutrality

Facing the challenge to achieve the decarbonization of the economy by 2050, companies are called to act as soon as possible in order to change our production processes, as well as in the entire life cycle of our products.

SBT, key objectives

In 2023, in order to systemize and impulse this transformation, we took the commitment to contributing to the Science Based Targets (SBT), a set of targets aiming at establish a clear path towards greenhouse gas emission (GHG) reduction, in line with the Paris Agreement of 2015.

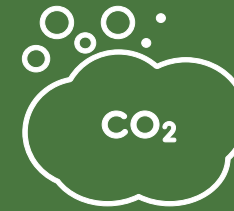
For this purpose, we submitted a series of targets to reach to the Science-Based Targets Initiative, an association providing SBT methodologies and criteria. In January 2024, the objectives were approved and validated by this organism, marking a significant step towards our commitment to sustainability and climate change mitigation.



Our milestones for 2033

Scope 1 & 2

Reduction in **absolute emissions** by **61.5%** in 2033 compared with 2021 as a base year.



Scope 3 objectives

Reduction in **absolute emissions** by **32,5%** compared with 2021.



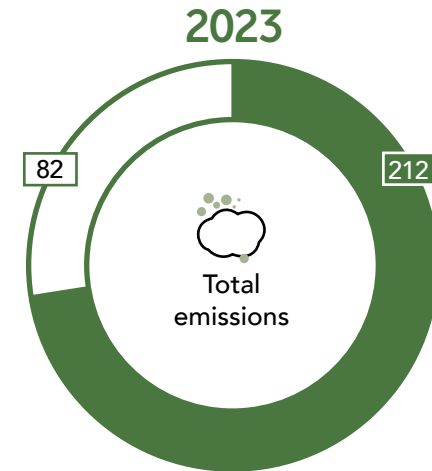
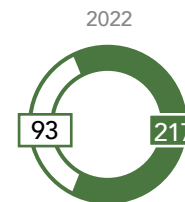
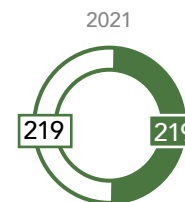
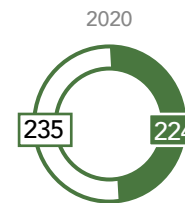
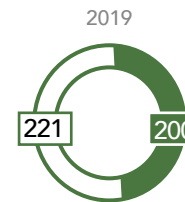
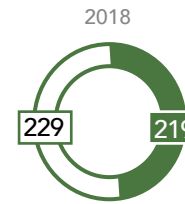
CO₂ emissions index

Internally, we use the CO₂ Emissions Index, defined as follows: KgCO₂ Scope 1 + Scope 2 / tons of steel produced, as a base indicator to assess performance in terms of emissions.

In 2023, we achieved a significant reduction in this Index thanks to the implementation of energy efficiency measures and our decision to contract energy from renewable sources.

Emissions evolution (Kg CO₂/t steel)

2018	2019	2020	2021	2022	2023
448	421	459	438	310	294



co₂

Scope 1
Direct greenhouse gas emissions
Emissions deriving from combustion in heaters, furnaces, vehicles, etc., which are the property of or controlled by the concerned entity.

Scope 2
Indirect greenhouse gas emissions
Linked to the generation of electricity acquired and consumed by the organization.

■ Direct emissions □ Indirect emissions

*Emission figures in Kg CO₂ /t steel

Our carbon footprint

As part of our efforts to measure GHG emissions, we perform each year the calculation of our carbon footprint. In 2021, we focused on collecting data for the calculation of Scope 3, setting it as a base year for future comparisons and finalizing calculation in 2022.

During 2023, we calculated the carbon footprint for the period between January 1st and December 31st, 2022.

Each year, the organization’s carbon footprint results as well as the calculation process are verified by an independent third party. In November 2023, we verified our 2022 data, according to the Greenhouse Gas Protocol.

During the audit process, the 2021 referenced emissions were recalculated, due to the fact that the discrepancies identified exceeded 5% of GHG emissions, that is, the threshold defined by Sidenor to proceed to the recalculation of base year emissions.



IN NOVEMBER 2023, WE HAD OUR 2022 FOOTPRINT DATA SUCCESSFULLY VERIFIED BY AN INDEPENDENT THIRD PARTY, ACCORDING TO THE GREENHOUSE GAS PROTOCOL

Carbon footprint (t CO ₂ e)	2023	2022
Scope 1: Direct GHG emissions (*)	155,263	160,748
Scope 2: Indirect GHG emissions from imported energy (*)	53,855	69,387
Scope 3: Other GHG emissions (*) (**)	-	584,522

* Emissions currently updated and verified according to the GHG PROTOCOL.

** Scope 3 considers GHG emissions corresponding to: 3.1 Purchase of goods and services; 3.2 Capital goods; 3.3 Combustion and activities related to energy (market based); 3.4 Upstream transport and distribution; 3.5 Waste; 3.6 Business travel; 3.7 Commuting; 3.9 Downstream transport and distribution; 3.10 Processing of sold products; 3.12 End of life of sold products.



OUR ENVIRONMENTAL FOOTPRINT CALCULATION TOOL ENABLES US TO ASSESS THE ENVIRONMENTAL PROFILE OF OUR STEEL PRODUCTS FROM A LIFE CYCLE PERSPECTIVE



Product environmental footprint

In 2019, we became the first Company in the State to implement its own certified system to calculate the environmental footprint of our products, based on Life Cycle Analysis principles.

In 2021, we extended the calculation scope to all our plants, which has enabled us to assess the environmental impact of over 800 types of steel and over 35,000 product references since then.

The environmental product declaration process on which our environmental footprint calculation tool is based is verified by an independent third party, according to the 'EPD® System' and the product carbon footprint management system in line with the UNE-EN ISO 14067:2019 standard and the product category rules 'PCR

2015:03 Basic iron or steel products & special steels, except products v2.0'.

This tool enables us to assess the environmental profile of our steel products. This process considers five environmental impact categories, among which global warming potential, as well as 12 indicators on resource consumption and waste generation.

In 2024, we intend to improve the functionalities of our product environmental footprint calculation tool and enable our customers to reduce their own footprint. For this purpose, we will include the possibility to simulate processes with a lower impact and design new steels, in collaboration with our R&D department.



Sustainable Steel and Neutral Steel

We are one of the main suppliers of special steel with low carbon footprint and apply a life cycle vision to reduce the environmental footprint of our products. In addition, we give our customers the possibility to acquire Sustainable Steels and Neutral Steels.



- We progress towards a more sustainable future by marketing a steel manufactured in an electric arc furnace from 100% recycled scrap and produced with 100% renewable electricity.



- In addition to sustainable steel attributes, this steel includes the neutralization of the CO₂ emissions that could not be eliminated through the acquisition of carbon credits in voluntary markets.

The renewable origin of the electricity used in the manufacturing process is certified by means of guarantees of origin.

Levers to trigger change



Hydrogen, a sustainable source of energy

In order to reach the objectives defined within our climate change strategy, it is necessary to search for alternative energy sources to natural gas, hydrogen (H2) being the favorite energy carrier in the decarbonization of combustion processes.

In this respect, we participate in various technological research projects, with the aim to:

- ◆ Convert all its combustion processes of Sidenor to H2.
- ◆ Eliminate 100% of natural gas combustion emissions.
- ◆ In 2025, carry out industrial trials using hydrogen for ladle heating in our facilities.



H-ACERO project

- ◆ **Objective:**
To contribute to the decarbonization of the steel sector by using hydrogen as an alternative energy source at various stages in the steel production process.
- ◆ **Project duration:**
3 years.



DESKAR30 project

- ◆ **Objective:**
To replace carbon coal consumption with alternative materials such as biochar or biomasses in order to decarbonize steel mill processes.
- ◆ **Project duration:**
3 years.



IS2H4C project

- ◆ **Objective:**
To reduce natural gas consumption in ladle heating combustion processes by using oxygen / gas or green hydrogen as a combustible.
- ◆ **Project duration:**
4 years.



Towards more biogenic products

We are currently using around 8,500 tons of carbon in the various steel mill processes, which represents more than 10% of our total emissions.

In 2023, we reached an agreement regarding the supply of carbon containing at least 30% of renewable biomass. In addition, we have a plan to test various products of biogenic origin by 2024, with the aim to switch to 100% emission-neutral materials by 2030.

Renewable energy supply

In order to meet our environmental commitments, we designed in 2021 a green energy supply strategy which will guarantee sustainability in the long term and contribute to reducing Scope 2 emissions.

In 2023, we committed to a 100% renewable electrical energy consumption by 2025. Our strategy to reach this objective is based on three lines of action:

- ◆ Signing long-term renewable energy agreements or PPAs (Power Purchasing Agreement).

- ◆ Purchasing Green Energy Certificates or Guarantees of Origin.
- ◆ Acquiring photovoltaic parks that guarantee renewable energy supply.

The measures implemented in these areas allowed us to significantly reduce Scope 2 emissions in 2023, getting each time closer to our target of reaching an electricity consumption entirely based on renewable energy by 2025.

Green energy and CO ₂ emissions avoided	2023	2022
Green energy (MWh)	450,029	417,336
Green energy vs. total consumption (%)	75	68
Emissions avoided (tCO ₂)	119,257	110,594



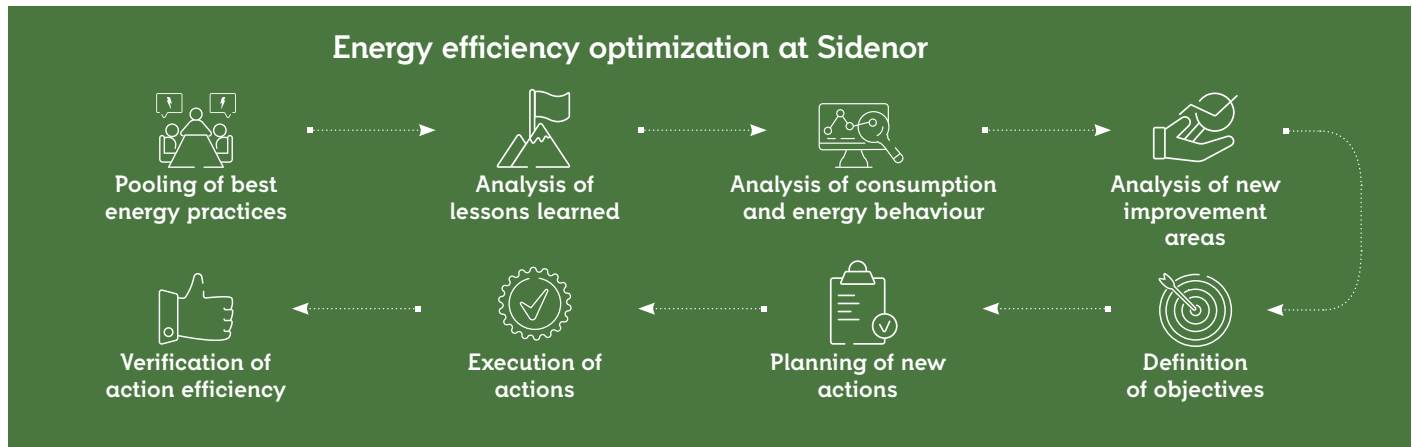
Energy efficiency

In the current context, in which we are facing an unprecedented energy crisis, the implementation of efficiency programs is a priority element in order to ensure the industry's competitiveness. For us at Sidenor, this aspect is one of the fundamental pillars of our decarbonization strategy.

Within the framework of our Annual Climate Change Plan, we identified a series of actions aiming at improving energy efficiency under 6 perspectives:

- ◆ Enhanced equipment and installations.
- ◆ Digitization in order to ensure day-to-day management and improvement.
- ◆ Ensuring product quality so as to avoid unnecessary refusals and reprocessing.
- ◆ Production planning: improvement regarding the saturation of facilities, optimization of productive routes, etc.
- ◆ Process review and redesign.
- ◆ Management tools to ensure maintenance, deviation management and process analysis.

The efficiency plan **development and implementation process** is summarized in the following table:



Energy	2023	2022
Electrical energy consumption (MWh/year)	598,277	618,069
Efficiency (MWh/t produced)	834	848
Natural gas consumption (MWh/year)	609,259	621,967
Efficiency (kWh/t useful steel)	850	854

Examples of energy efficiency

Source of energy	Type of measure	kWh reduction
EE	Enhanced equipment	7,785,114
	Planning	44,685
	Enhanced processes	4,898,021
NG	Management tools	277,319
	Planning	1,820,570
	Enhanced processes	11,192,023

Circular economy integrated in our processes

At Sidenor, we see circular economy as a fundamental tool to improve our competitiveness by minimizing the impacts of our products and production processes.

Our strategy is based on the concept of steel life cycle, which takes into account all supply chain aspects, from the development, production and efficient resources consumption to the recycling of the product at the end of its useful life, in order to:

As part of this commitment, we have adhered to the Circular Economy Agreement, promoted by the Ministries of Agriculture and Fisheries, Food and Environment as well as Economy, Industry and Competitiveness, which aims at involving the main economic and social players in Spain in the transition towards a new economic model.



Manufacture products with a smaller environmental footprint.



Combat climate change.



Improve economic results by reducing.



Open new markets and financing sources.



Ensure the supply security of essential resources.



WE ARE PART OF THE CIRCULAR ECONOMY AGREEMENT, PROMOTED BY THE MINISTRIES OF AGRICULTURE AND FISHERIES, FOOD AND ENVIRONMENT AS WELL AS ECONOMY, INDUSTRY AND COMPETITIVENESS



Steel is 100% recyclable

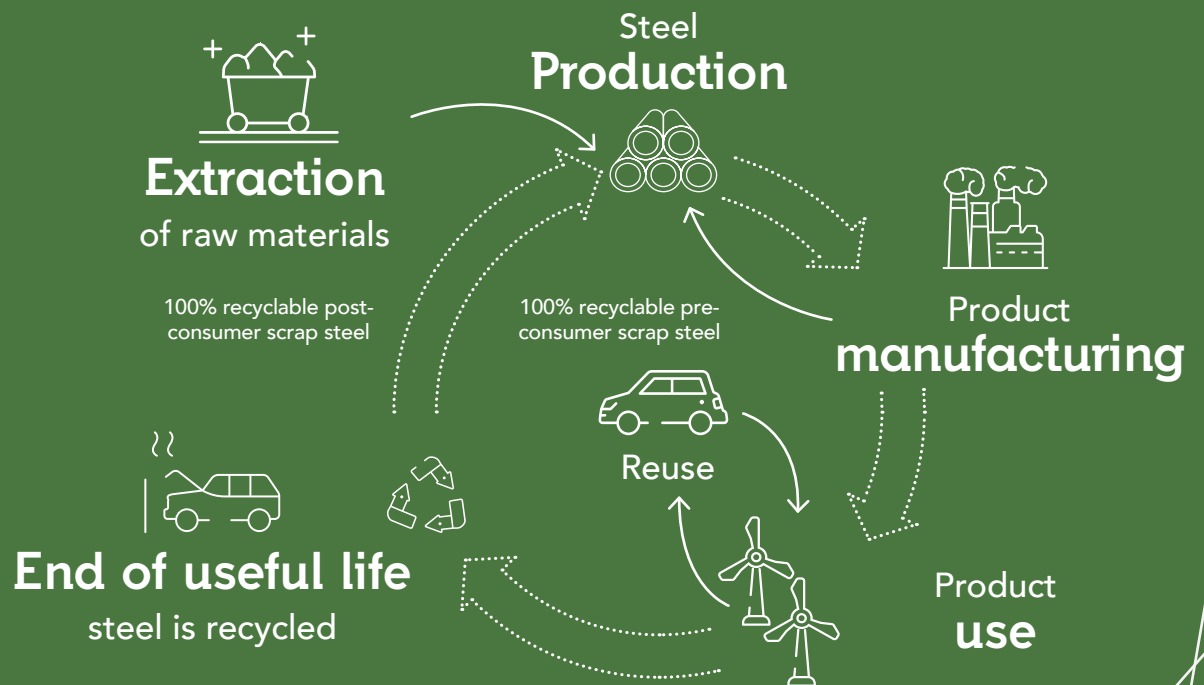
Sidenor produces 100% of its steel from scrap. We recycle metal waste from downstream industries and products at the end of their lifespan in order to save energy, reduce emissions and preserve natural resources. We are an outstanding example of circular economy, as steel can be endlessly recycled without losing any of its properties. This way, we maintain and extend the value of this product.

Thanks to our processes, we have become one of the main recyclers of ferrous waste, with a consumption of over 800,000 tons of used materials in 2023 (910,235 tons in 2022).

We have endorsed the Radiological Surveillance Protocol, which aims at establishing radiological surveillance requirements so as to prevent incidents resulting from the presence of radioactive materials in recycled metal materials.



Recycling process





Waste management

We have implemented a circular economy model based on responsible management practices for the segregation, reuse, recycling and recovery of our waste.

Thanks to this model, we have been able to valorize a large part of our waste. For example, white slag is used in cement production processes, black slag is turned into aggregates, steel mill dust is used in the zinc recovery industry; and mill scale and sewage sludge are used to manufacture counterweights in industrial machines.

The total waste recovered amounted to 166,500 tons (160,300 tons in 2022).



Total amount of **waste recovered** in 2023:
166,500 t

Major waste recovered

Waste (t)	2023
Black slag (steel aggregates)	92,483
White slag	23,852
Mill scale	16,545
Steel mill dust	15,654
Refractories	4,801
Metallic powders	1,023



Azkoitia and Vitoria
% recovery > 95%

Objectives and challenges

Recovery of:

90%
or our waste
by **2025**



95%
or our waste
by **2030**

Committed to circular economy

95% of our waste is recovered in Basauri plant, as this facility has the major impact. The recovery trend decreased in 2023 due to the fact that stainless slag could not be recovered.

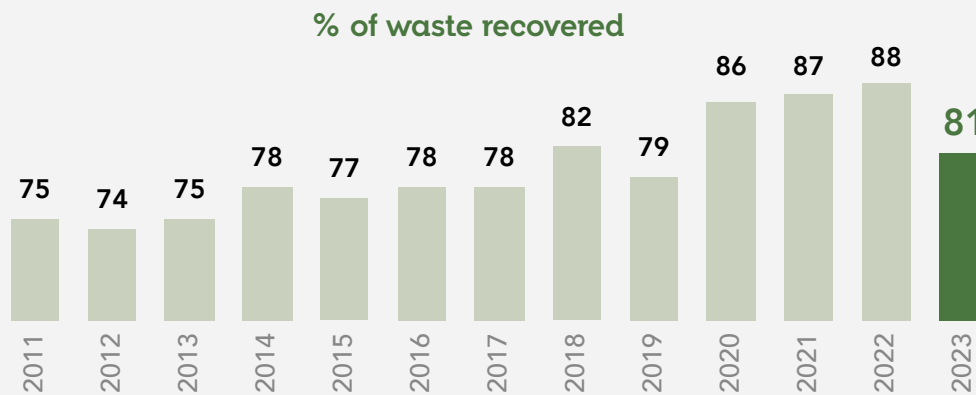
Throughout 2024, we will work to find ways to use this waste and thus get back on a positive waste recovery path.

206,529 tons of waste were generated in 2023 (182,309 tons in 2022), out of

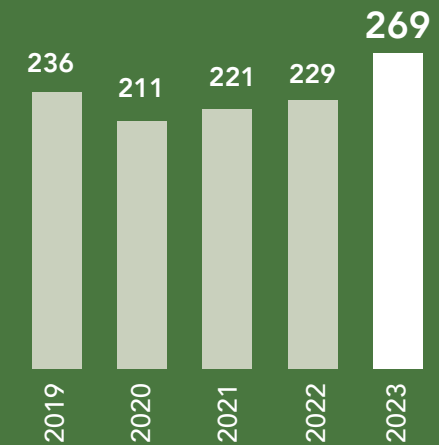
which 188,617 tons correspond to non-hazardous waste and 17,912 tons to hazardous waste.

49% of the total amount of non-hazardous waste correspond to black slag recovered as steel aggregates. For this product, we have various CE marking certificates which encompass its use as granular layers, bituminous mixtures and concretes.

Waste	2023	2022
Non-hazardous waste (t)	188,617	165,002
Hazardous waste (t)	17,912	17,307



Waste management index (WMI)
Kg of waste generated among tons of liquid steel



Water consumption

Water plays a key role in steel production; it is used as a cooling agent both for production equipment and the product itself. For this reason, we have been working for years to ensure its preventive and responsible use. We have therefore integrated the three lines of action considered by the European Union to be the best available environmental techniques into our processes:

- ◆ Separating direct cooling (dirty) water circuits from indirect (clean) ones.
- ◆ Implementing closing circuits so as to be able to reuse most of the water.
- ◆ Optimizing water purification systems in order to avoid polluting the receiving environment and facilitate its internal reuse.



In the last 10 years



Investment
M€6



Reduction in landfilling
360,000 m³

Water management	2023	2022
Specific water consumption (m ³ /t.a.l)	1.60	1.57
Water consumption (m ³)	1,227,957	1,213,340
Specific water discharge (m ³ /t.a.l)	1.10	1.01
Water discharge (m ³)	842,944	807,261

Examples of efficient water use

As we need water to carry out our production processes, our main production centers are located on river banks. Water is the most valuable natural resource on Earth – it is vital for the existence of all living beings on our planet. For this reason, we actively work to use water in an efficient manner in our production.

In 2023, in our plant of Vitoria, we further worked to improve water use in our processes and managed to reduce discharges by close to 60,000 m3 in one year. The measures that contributed to this result mainly included the elimination of direct and indirect cooling water circuits blends.

Emissions

Sidenor's special steel production plants have modern smoke vacuum and purification systems, which highly efficiently capture the particles generated during the production process. This filtered material, which was before intended for landfill, is now a by-product that is used as a raw material in the zinc recovery industry.

In order to ensure environmental control and performance, we have gauges which continuously measure particles in the main steel mill emission points. They are connected to the Basque Country's surveillance network, which enables us to constantly and accurately monitor our emissions and ensure compliance with the most demanding environmental standards.

Use of chemical products

We have implemented a management system which includes the use of chemical substances throughout the organization, with the aim to reduce the use of hazardous substances in all production processes and ensure their proper storage.

The system encompasses the purchase, use, storage and management of waste.



Smoke emissions



Investment
M€1.6



Steel mill dust
15,600 t/year
(zinc recovery)

Protecting biodiversity

In addition to taking care of the natural environments where we are present (none of which is protected), we develop initiatives aimed at their recovery, especially if they are of ecological, landscape, scientific or cultural interest. We thus provide the

society with new areas for recreation and enjoyment.

The recovery and conversion of the Basauri heap into a 45,000 square meter park, carried out at the end of 2017, is a clear example of the recovery performed by the Company in this field.

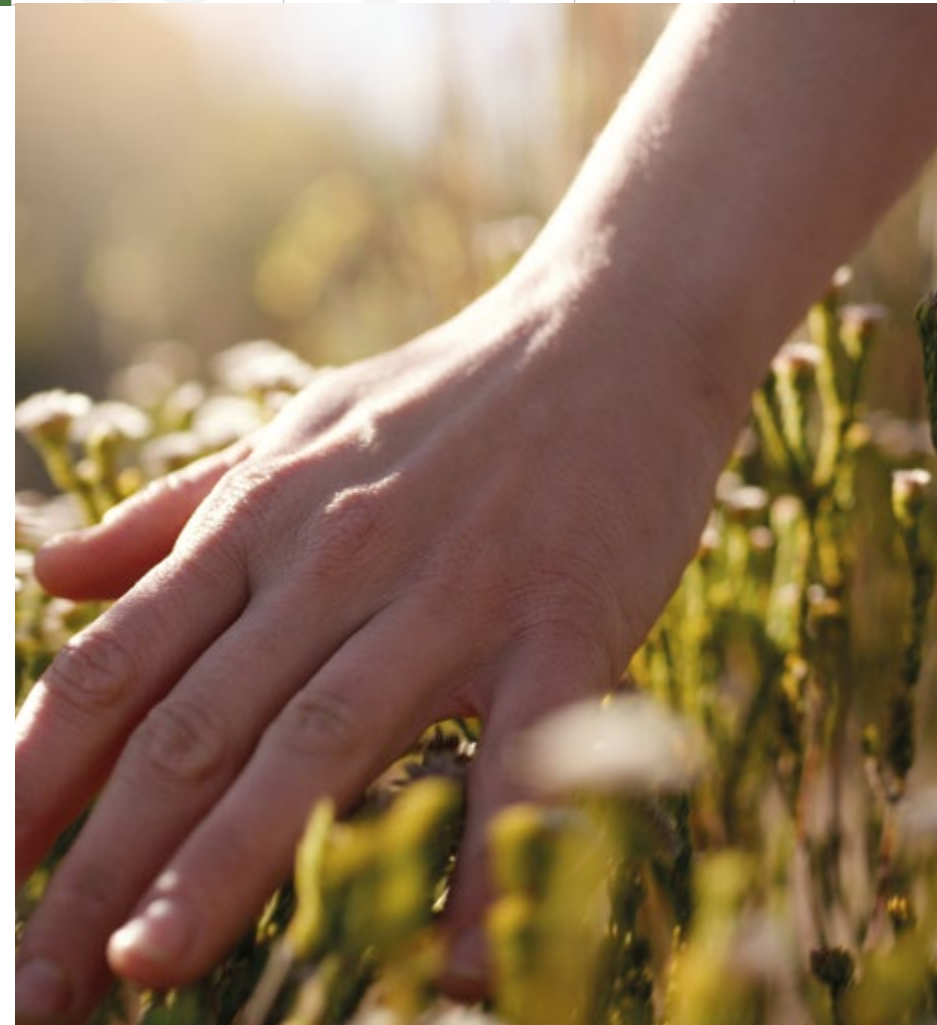
Environmental management and energy system

Through the implementation of the ISO 14001 and ISO 50001 standards, we have developed a Management System in order to measure and mitigate the environmental and energy impacts of our activity.

The ISO 14001 standard allows us to identify, evaluate and monitor the environmental aspects of our operations. The ISO 50001 standard helps us continuously improve energy efficiency and reduce our carbon footprint. Together, these standards facilitate

compliance with environmental and energy regulations, while promoting a culture of continuous improvement and sustainability in all our activities.

During the first quarter of each year, our Environment and Energy department organizes specific meetings with each production area in order to establish the annual action plan, according to the results obtained and the ones expected for the new financial year.



Environmental program and monitoring (no.)	2023	2022
Environmental plan actions	1,232	1,102
Circular economy plan actions	239	128
Climate change plan actions	217	357
Internal audits	110	151
External audits	19	17

Awareness-raising and training

The deployment of our environmental action requires the involvement of the entire organization – and therefore a strong training process.

Following a strategy of continuous improvement, each department reviews annually the training needs for each position profile, as well as the compliance level of each worker. These needs enable us to structure the Company’s annual training plan, thus ensuring the professional development and update of the entire staff.

Our training actions have the following objectives:

- ◆ To improve the environmental and energy performance of positions whose tasks might directly or indirectly impact these two aspects.
- ◆ To raise awareness and motivation regarding environmental and energy matters.
- ◆ To foster culture and alignment with the organization’s environmental policies and objectives.



Training hours (no.)	2023	2022
Awareness training for new employees	349	351
Specific training in environmental management for Sidenor’s professionals	224	353



Resources intended for environment and energy

Our commitment to environmental and energy improvement is reflected in the time, people and economic resources we dedicate to this end. Over the last ten years, we have invested more than 40 million euros in environmental and energy efficiency initiatives. This effort aims not only at optimizing our performance and improving equipment and processes, but also at strengthening our organizational culture by developing training and awareness-raising programs at all company levels.

We do not have provisions for possible environmental risks, as we do not consider that any significant contingencies related to disputes, compensations or other concepts are present.

Likewise, the entire value chain shows increasing interest in sustainable and resilient solutions, opportunities and business models. For this reason, following the TFCF (Task force on Climate-related Financial Disclosures) methodology, we initiated in 2022 the analysis of the risks and opportunities derived from climatic transition

and affecting our business – a process we further carried out in 2023. This initiative aims at properly managing such risks and opportunities and is centered around four areas: governance, strategy, risk management as well as metrics and objectives, in order to:

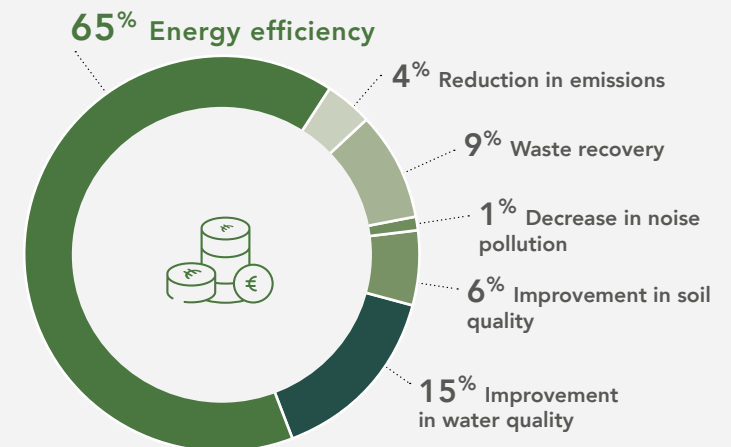
- ◆ Anticipate and adapt to the climatic risks which affect business, as well as seize the opportunities that might arise.
- ◆ Measure the financial impacts of climate change according to various scenarios and possible futures.

Besides, as we are also concerned by Law 26/2007 on Environmental Responsibility, we provided the administrations with the relevant risk analyses and responsible statements in order to establish financial guarantees for priority-2 installations. We also have a civil and environmental liability insurance so as to mitigate the consequences of any incident which might derive from our activities.

In 2023, just like in 2022, no complaint was received, and no procedure was initiated against Sidenor which might entail a liability of the Company in environmental matters.



Investment distribution



EU taxonomy

The EU Green Deal has established an ambitious goal of reaching CO2 neutrality in Europe by 2050. For this purpose, the European Commission has defined a series of measures as part of the action plan "Sustainable Finance" in order to channel capital flows towards environmentally sustainable activities.

The EU Regulation (EU) 2020/852 ("Taxonomy Regulation"), which entered into force on July 12th, 2020, classifies economic activities as environmentally sustainable if they contribute to one of the European Union's six environmental objectives, without causing any significant harm to any of the other five objectives.

Evaluation of eligibility

The European Commission, in its Delegated Regulation (EU) 2021/2139 supplementing Regulation (EU) 2020/852, establishes the technical

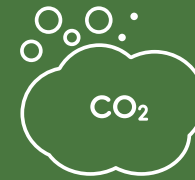
screening criteria to define the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and whether that economic activity causes no significant harm to any of the other environmental objectives.

Sidenor: NACE 24.10 code

The manufacturing of iron and steel in electric arc furnaces belongs to the eligible activities (defined as activities which might be environmentally sustainable).

According to the technical criteria, our activity is deemed to contribute to climate change mitigation if the scrap input in the furnace is not lower than 70% of the production of high allow steel. Sidenor largely complies with this threshold.

EU environmental objectives



Climate change mitigation



Adaptation to climate change



Sustainable use and protection of water and marine resources



Transition to circular economy



Contamination prevention and control



Biodiversity and ecosystems protection and recovery

SOCIETY

We believe in diversity, equality, inclusion and solidarity - for this reason, we promote these values not only among our workers, but also in the society in general

The value of people



Our people

For Sidenor, people are the priority. Aware of their great value, we strive to prioritize the needs of the workers who are part of our staff in order to provide them with a

safe, attractive and comfortable place of work. In addition, we focus on promoting diversity, equality, inclusion and solidarity not only among our professionals, but in the society in general.



A great human team

At Sidenor, we are proud of all people who are part of our staff – a team which, at the end of 2023, was made up of 1,840 professionals (1,829 in 2022). All of them, thanks to their commitment, responsibility and talent, help us be the company we want to be.

As part of our endeavour to continue advancing together, we focus on providing them with the best possible place to work. To this end, and taking into account the characteristics of our activity, we focus on the prevention of

occupational risks, constantly reviewing and updating the security systems of the centers and the activities performed in them, in order to ensure the integrity and health of the staff.

In our conviction that the integrity of human beings is more important than the other objectives and priorities of a Company, we advocate for the prioritization of the health and safety of people, the protection of the environment and the quality of products and services, where no emergency

situation, production or result may jeopardize these values. To ensure this, we implement a Prevention Plan in accordance with the Human Resources Plan.

In addition to health and safety, we also promote equality: our corporate policies enable us to provide all people with the same opportunities and exclude all types of discrimination based on gender, race or religion. In fact, we are already negotiating a second Equality Plan, as the first one ceased to be in force in 2023.

“ WE ARE ONE OF THE TEN COMPANIES WITH THE BEST CORPORATE REPUTATION IN THE BASQUE COUNTRY ”

Likewise, well-being and training are also a priority for the Company. Regarding this aspect, we provide our professionals with careers plans and continuous training, so that they may develop their full potential and continue growing. We also implement succession plans so that senior professionals might pass on their knowledge and experience to young hires.

We also maintain various channels of communication and dialogue with all our staff, both directly – through notice boards, information panels, the Intranet, face-to-face meetings, events and the complaint channel – and through union representatives in bargaining commissions.

Thanks to all these elements, we are now one of the ten companies with the best corporate reputation in the Basque Country – even if we are proud of this achievement, we do consider it is not enough and intend to further improve.



Our staff in figures*

	2023		2022	
	N°	%	N°	%
Spain	1,840	100%	1,829	100%
Permanent contracts	1,562	85%	1,546	85%
Temporary contracts	278	15%	283	15%
Women	188	10%	172	9%
Men	1,652	90%	1,657	91%
Full-time contracts	1,708	93%	1,698	93%
time	132	7%	131	7%
Age category below 30 years	141	8%	107	6%
Women	32		17	
Men	109		90	
Age category between 30 and 50 years	1,192	65%	1,174	64%
Women	126		122	
Men	1,066		1,052	
Age category above 50 years	507	28%	548	30%
Women	30		33	
Men	477		515	

* Employment at Sidenor at the end of 2023 and 2022.

Average employment at Sidenor

	2023		2022	
	N°	%	N°	%
Spain	1,906	100%	1,876	100%
Permanent contracts	1,567	80%	1,508	80%
Temporary contracts	339	20%	368	20%
Women	192	10%	172	9%
Men	1,714	90%	1,704	91%
Full-time contracts	1,770	93%	1,753	93%
Part-time contracts	136	7%	123	7%
Age category below 30 years	142	7%	100	5%
Women	32		15	
Men	110		85	
Age category between 30 and 50 years	1,234	65%	1,202	64%
Women	129		120	
Men	1,105		1,082	
Age category above 50 years	530	28%	574	31%
Women	32		36	
Men	499		538	



Eight dismissals occurred during 2023: one on disciplinary grounds and seven on objective grounds, while three dismissals on disciplinary grounds were registered in 2022.

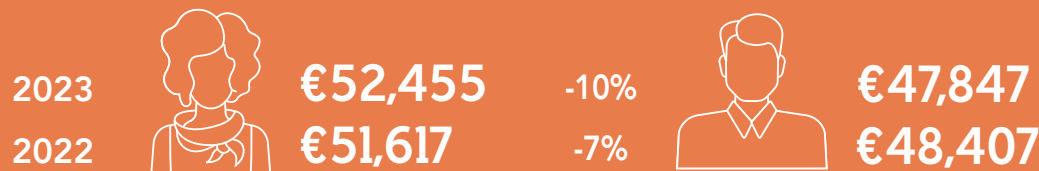
Remuneration

The remuneration of Sidenor workers is defined by the collective agreements in force; basic salary differences are not based on gender or age, but on category or length of service.

Salary gap and average gross annual salary

All our production centers implement a policy of pay equity between men and women. This is reflected in the collective agreements, in which salary scales per category are the same for both genders.

Salary gap* / Average annual Salary



* The percentage of gender salary gap was calculated by dividing the difference between men and women salary by men salary.

Integration of disability

At Sidenor, we employ nine people who present some form of disability (the same figure as in 2022).

In addition, as a demonstration of our commitment to diversified employment, we work together with special employment centers in order to promote social integration policies.

In 2019, this commitment allowed us to receive the certificate of compliance with Royal Decree 364/2005 of April 8th, renewed in December 2022 for three years. Among these special employment centers are the Fundación Lantegi Batuak, Taller Usoa Lantegia, Soemca Empleo S.L, Alares Social, S.A and Ilunióin Bigaderies de Catalunya.



Collective bargaining

In 2023, we negotiated and signed a new Collective Agreement concerning the MCD (Mecanizados Cremalleras de Dirección) plant, located in the industrial site of Jundiz, Vitoria.

We now have collective agreements in all our centers, which cover 85% of our professionals (86% in 2022).

The agreed working conditions provide this plant with the necessary stability to most reliably face the future and ongoing fast-developing projects, in addition to recognizing the work and efforts made by the staff over the past years.

Climate survey

At the end of 2023, we launched a Climate Survey to, first, know the degree of satisfaction among our staff and, second, allow them to bring ideas for improvement. Thus, from November 22d to December 22d, the entire staff were provided with a digital platform and a questionnaire which addressed various topics of interest: organization and processes, leadership, people management as well as communication and image of the Company, among others. It was possible to complete the survey from any personal device (computer, mobile phone, tablet), in the computers provided for this purpose in the working centers, as well as in a training room adapted to this end.

”
IN 2023, WE CARRIED OUT A CLIMATE SURVEY IN ORDER TO KNOW THE STAFF'S SATISFACTION AND THEIR IDEAS FOR IMPROVEMENT
”

With this measure, we aimed at optimizing the existing as well as future resources, so that all of us who are part the Group feel listened to and comfortable at our workplace.

We believe in equality

In March 2023, five years after it entered in force, we closed our first Equality Plan, a pioneering document in the metal sector and source of pride in our entire team. Since then, we have been working on our second Plan. Thus, and based on the works of the Equality Plan Negotiation Committee, formed by two members of the staff with gender and equality background and experience, this second Plan is now in the negotiation phase with the unions regarding the Company situation analysis.

This negotiation will provide conclusions for the definition of new measures and the continuation of the existing ones, so as to promote better equality between women and men in our working environment.

So far, we have already launched some of the measures agreed in the previous Equality Plan. The "Equality awareness" initiative, which was disseminated

among all staff in all plants of Sidenor, online or face-to-face, is worth highlighting.

This awareness-raising initiative shows so far a 60% participation, a figure we are particularly satisfied of as we reached it in three months. It is a clear example of our perseverance and ambition to have a staff that is aware of equality, as reflected in our Training Plan and, of course, in our daily work.

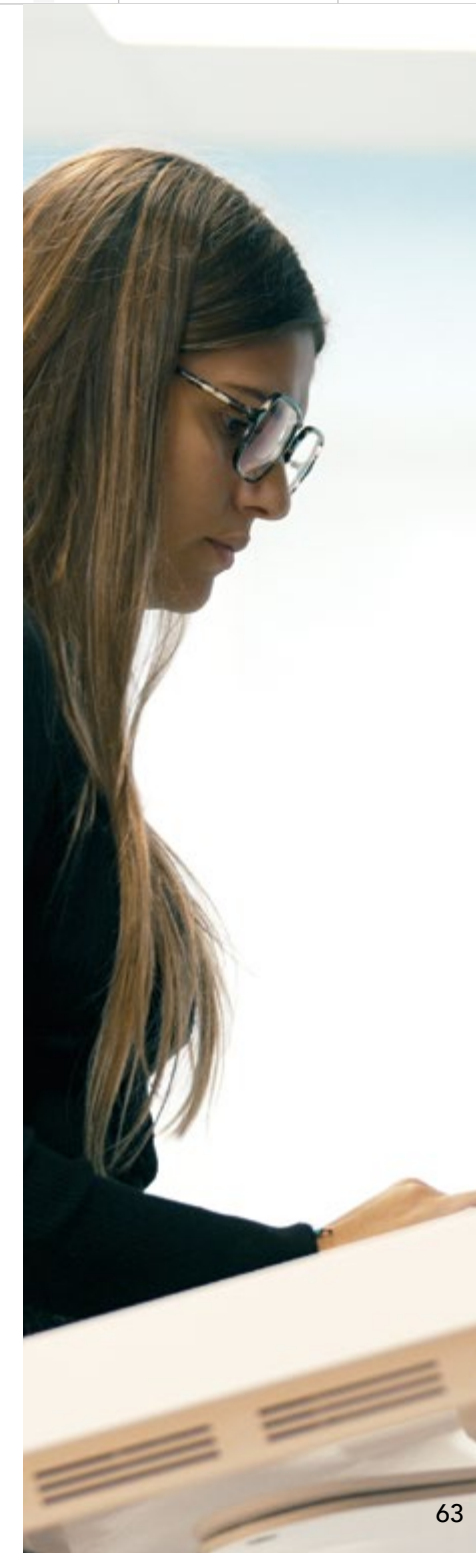
In the same field, but in an external context, Sidenor participates in a project promoted by the University of Deusto: 'Inspira STEAM'. This initiative consists in mentoring in education centers and encourages new generations of women to study subjects related to technology and, thus, increase their position in these fields.

In addition, in terms of SCR, we also collaborate in Cáritas Bizkaia's project 'Ekin', which aims at offering the

possibility, through workshops and courses, to acquire or strengthen knowledge, skills and behaviours related to self-development and the efficient execution of tasks and responsibilities linked to positive parenting.

In the field of sponsorships, we commit to women's sport and sponsor Basauri's local women's football team: Basauriko Kimuak. We thus show clearly that we are aware of the need to value and promote sport among women.

All test actions allow us to strengthen our involvement in equal opportunities as well as a working and life environment that is free from bias and discrimination. We know that we have just started a long-distance race – but we also know that we will reach our goal.



We work in favor of well-being

With a view to offer good working conditions to the members of our staff, we implement various initiatives,

among which the following can be highlighted:



Life insurance

All team members have a life insurance, which reflects the fact that they are Sidenor's major asset.



Canteen

At the Basauri plant, the staff has access to a canteen service with very flexible opening times, so as to allow for work-life balance.



Education aid

At some of our worksites, like those in Reinosa and Vitoria, we encourage the development of our professionals' children by means of an aid/scholarship program.



Flexibility

80 % of our staff work in shifts (morning – afternoon – night) and do not perform any job duty outside this shift. The remaining 20%, which work part time, have flexible entry and exit times.



Personal benefits

Our Vitoria plant is associated with the San Prudencio foundation, which enables the people hired in this center to access services and activities that bring added value in a large variety of circumstances. At our Reinosa plant, the Corporate Group organizes trips, excursions and different activities so that this center's professionals and their families can get the best out of their leisure time.

Besides that, it should be mentioned that we have not implemented any disconnection-from-work policy yet.



WE OFFER VARIOUS WORK BENEFITS TO OUR PROFESSIONALS, SUCH AS LIFE INSURANCE, FLEXIBLE WORKING HOURS AND EDUCATION AID FOR FAMILY MEMBERS, AMONG OTHERS



Skills and qualification

At Sidenor, we remain committed to training as the best vehicle for the qualification and development of people who are part of the organization.

Based on the high development capacity of the Avanza Plan, we are shaping agreed individualized action plans which will allow us to personalize training according to industrial needs, in agreement with the people concerned.

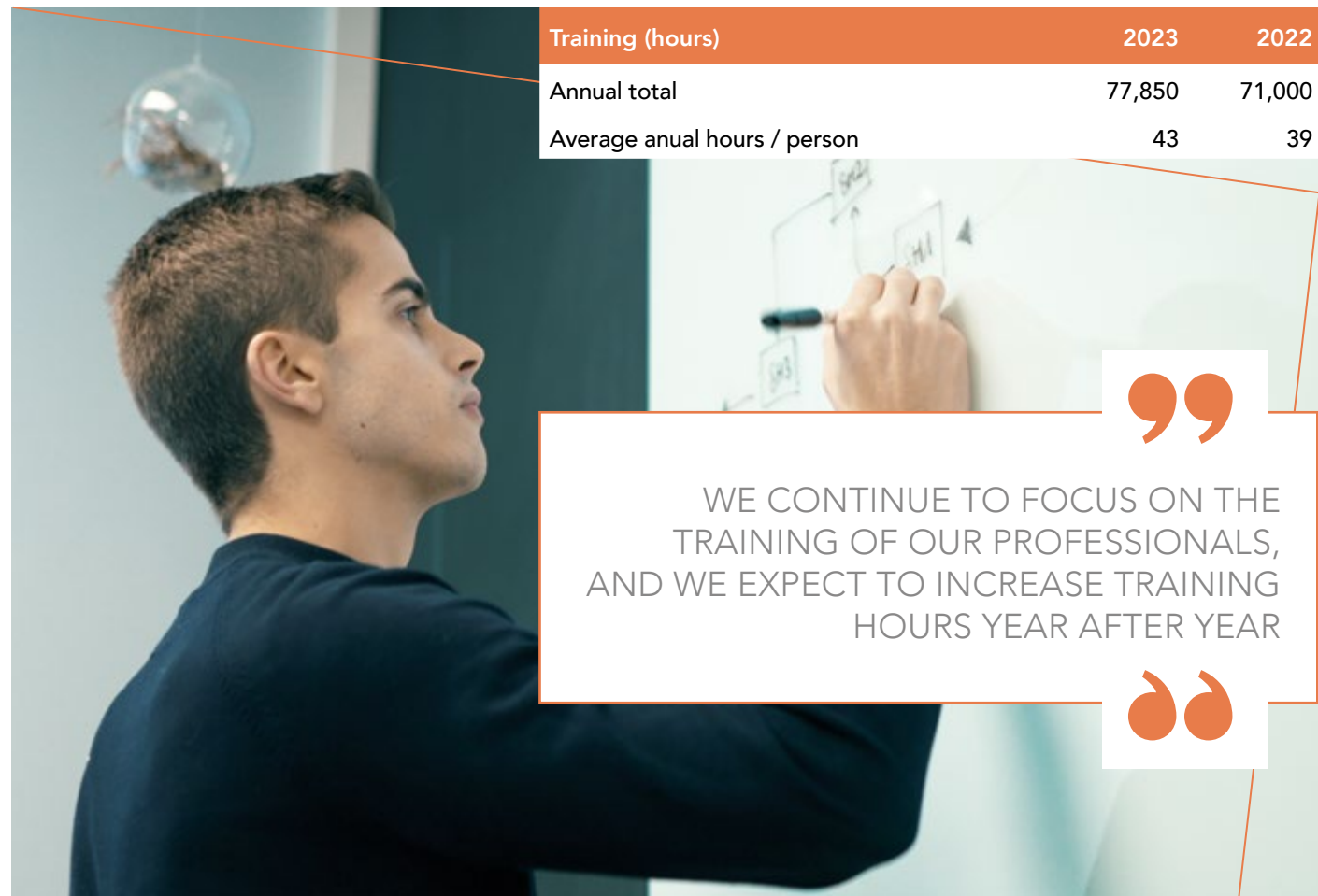
This ambitious project is led by the Human Resources department and supported by all production department managers.

The trainings provided mainly focused on topics related to prevention, quality and environment, without forgetting the integration of new employees as well as more technical training actions aiming at covering the needs of the departments.

We thus closed the year with very satisfactory data in terms of training, and we intend to further increase the number of training hours offered to our staff year after year, in line with the improvement trend observed between 2022 and 2023.



77,850 training hours
in 2023. 10% more than in 2022



Training (hours)	2023	2022
Annual total	77,850	71,000
Average anual hours / person	43	39

“ WE CONTINUE TO FOCUS ON THE TRAINING OF OUR PROFESSIONALS, AND WE EXPECT TO INCREASE TRAINING HOURS YEAR AFTER YEAR ”

Dual training

We continue to clearly commit to dual training – both at professional and university level. We collaborate with public and private centers and perform a selection process among students. This selection goes along with a training and evaluation process that allows us to launch action plans for the development of people who opt for dual training and to create a reservoir of future professionals which can cover organizational needs in the competitive environment we will face in the short and medium term.

We are aware of the fact that establishing links between the Company and the educational field is essential to attract and retain talent. To this end, we generate collaborative environments, participating in the various programs designed by universities and professional training centers. In addition, we actively attend the employment fairs organized by educational institutions in order to pursue our recruitment process.

In essence, we are a company that bets on the capacity and professionalism of people at educational stage, as well


as their professional development. In addition to giving value to people who receive certain educational formats, we grow thanks to their innovative and fresh contributions at their work positions – dual training is definitely essential for Sidenor’s positioning.

Polyvalence

Polyvalence was among Sidenor’s training objectives in 2023. We continuously work with department managers to detect training needs and achieve the highest degree of polyvalence which allows us to adapt to the circumstances and contingencies of each situation.

Using the ILUO Polyvalence Matrix, we can detect and develop the teams’ technical and personal abilities, with the final aim to reach operational excellence by developing the organization’s human capital. Such development is achieved through an analysis and reflexion process between Human Resources and the relevant departments, leading to the implementation of the necessary action plans.

We distinguish ourselves from the usual orientations within the industrial world. And our staff deserves it, as having professionals who are skilled to adapt to different projects, working positions, departments and teams is essential to further follow the line of excellence that characterizes us.



“ WE STRONGLY COMMIT TO DUAL TRAINING, WORKING WITH PUBLIC AND PRIVATE EDUCATIONAL CENTERS AND LAUNCHING CONCRETE ACTIONS IN THIS FIELD ”



Avanza > Plan

We commit to improving talent management as well as to maintaining the spaces for communication and recognition provided by the Avanza Plan. In 2023, we thus worked on two main axes:

On the one hand, we worked to ensure the proper implementation of this process in the groups launched at the end of 2022, supporting the objectives' achievement and carrying out the relevant improvements:

-  In talent management..
-  In maintaining communication spaces for the recognition of well-done work.
-  In the identification of development and improvement opportunities.
-  In obtaining competitive level data.

On the other hand, we continued to implement this skills evaluation process in some factories where it had not been carried out so far - in this case, our factory in Reinos. In June, we launched the Avanza Plan for the maintenance team and reached 18 participants and one facilitator who joined this process for the first time.

The Avanza Plan is rapidly growing and, little by little, bringing results and nurturing our Company in terms of polyvalence, discipline and tools to carry out job functions. This Plan helps us grow, progress, advance.

Our vision of talent

“At Sidenor, talent resides within people who are committed to the Company, its values and sustainable objectives and who have the capacity to reach and defend them, working in a team”. This is our definition of talent, which highlights three key dimensions: capacities, commitment and action.

Capacities include knowledge, skills, attitudes and competencies that we intend to develop among our co-workers. To this end, we promote an environment where they can acquire the proper skills to grow and put their talent into practice.

We see commitment as each person’s degree of involvement in the Company and the objectives we pursue. We believe that mutual commitment and team work are essential to reach success and create a nurturing work environment.

However, talent is not only about having capacities and showing commitment, but also about taking action.

We believe that it is essential that all people materialize their capacities

in concrete actions that contribute to achieving tangible results which, in turn, impact their own integral development.

At Sidenor, we strongly believe in the importance of promoting professional growth. To this end, it is necessary to facilitate all conditions. This way, we seek to provide a motivating atmosphere as well as appropriate knowledge tools and to promote the generation of habits that enable the development of each person.

We are convinced that motivation is the driver to enjoy work and acquire knowledge – which in turn translates into effective actions and the creation of beneficial habits both for each person and the Company in general.

Along the same lines, we want to integrate individual talent in organizational talent, as we believe that both are complementary and essential elements. We consider that individual talent is closely linked to collective talent and that it is only by working together that we can reach a common purpose and successfully meet our goals.

”

WE PROVIDE A MOTIVATING ATMOSPHERE AS WELL AS APPROPRIATE KNOWLEDGE TOOLS AND GENERATE HABITS ALLOWING EVERYONE TO FULLY DEVELOP

“

Definition of talent



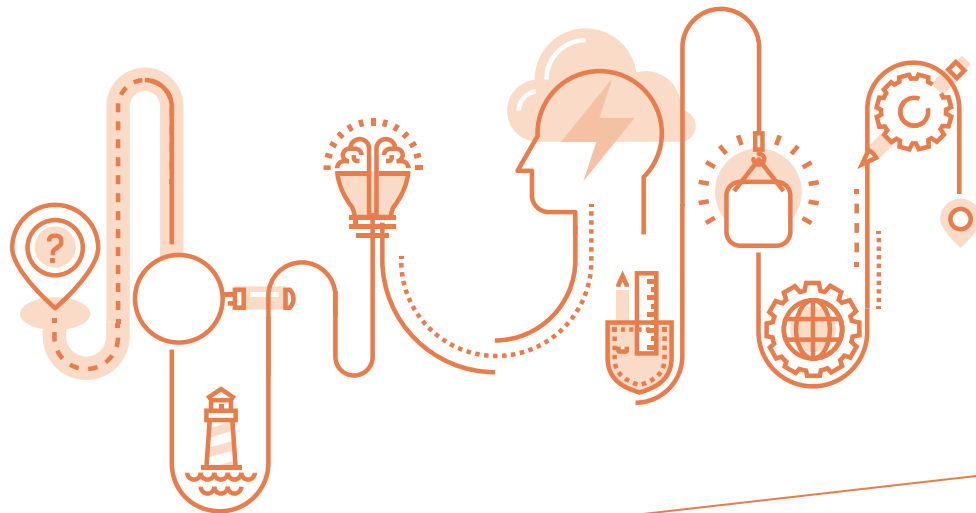
Talent management

People are our main asset. For this reason, talent management becomes a strategic priority which involves planning, organizing, leading and supervising the various activities performed by our team.

We seek to promote an efficient collaboration that goes beyond hierarchy and allows us to reach both organizational and individual objectives. We are aware that, in order to achieve our purpose, it is essential to take care of the people, who are the driver

and the main movers of organizational efficiency. For this reason, we at Sidenor work to establish development and careers plans that provide growth opportunities, as well as succession and on-boarding plans that improve employees' experience and contribute to their motivation.

In addition, we foster continuous training in order to promote their knowledge as well as learning tools that contribute to their professional development – which in turn translates into a significant motivation factor and fosters excellence in all their actions.

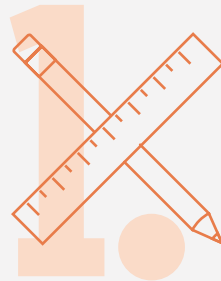


Employer branding

At Sidenor, we want to make further progress in terms of talent attraction and loyalty – a key aspect for our activity – and thus become their company of choice. In 2023, we therefore launched an Employer Branding Project with the aim to work on the reputation of our talent brand and promote a positive and attractive image as employers.

Within the framework of this process, we defined the Employee Value Proposition of Sidenor in order to effectively explain what makes us different and why working in our organization is unique and meaningful. We designed this Proposition based on a co-creation process through focus groups established in the plants of Basauri, Vitoria and Azkoitia, collecting perceptions from co-workers representing various departments, with different lengths of service and experience.

The Employee Value Proposition is composed of four positively valued attributes that will help us generate brand awareness:



A large project

We are a strong company that continues to answer industrial challenges. “Be part of our large project and you will have the opportunity to work in a dynamic and challenging environment, backed by a renowned brand in the industry”.



Discover our development opportunities

We provide a dynamic and inspiring environment of continuous learning. “We invite you to explore new opportunities and take on challenges that foster personal and professional growth”.



We are a human team

We are proud to have a team that takes care of the relationships between people. “We are part of a close and collaborative environment which contributes to motivation and well-being at work”.



Safety above all

And of course, safety matters more than anything else to us. We consider that human beings are of greater value than any other objective of the organization. “We work to be a company that is safer and healthier every day”.

This Proposition will be implemented in strategies including talent attraction and developed in external communication, job offers, social network publications and as an advertisement so as to attract possible candidates who would like to be part of Sidenor, in addition to optimizing the corresponding Web section.

Likewise, we have developed various programs aiming at promoting talent fostering training, such as:



Steelers

Derived from the creation of the Innovation Hub 612, the STEELERS program was launched in collaboration with Mondragon Unibertsitatea. This training has the following main objectives:

- ◆ To train people in skills linked to innovation.
- ◆ To offer a global vision of what will be done within the framework of the Hub and facilitate participation in it.
- ◆ To provide tools that enable people to become innovation actors at Sidenor

The program consists in five morning sessions. So far, we have celebrated two editions, with a total of 80 participants



and representation from almost all departments.

Thanks to the success of this program, a new edition will soon take place.



Learnability

This training took place at the beginning of the year. It is intended for young people of the Company and aims at developing the ability to “learn to learn”, in order to encourage critical thinking and the use of digital tools. In addition, it served as an encounter space, where workers had the opportunity to get to know other colleagues. The event consisted in two sessions, which were

attended by a total of 25 people from the junior talent collective of all plants.



Sidenor Digital Academy

In February 2023, we launched the Sidenor Digital Academy, an online learning platform for all members of the organization. This project was born out of the need for training in very specific internal aspects linked to business, and to spare resources implied by face-to-face courses.

By means of this initiative, we contribute to the accessibility of knowledge within the organization. We also favor the existence of a PLE (Personal Learning





Environment), fostering self-learning among people with initiative. In addition, we offer the possibility to design customized training itineraries for the various departments.

Many of the courses available are specific to the Company and delivered internally by our professionals. The courses are available online, 24 hours, and each person can follow them at the most convenient time. They also include evaluation tests that measure progress and course achievement certificates.

Over 25 courses linked to Process and Product, Soft Skills, Continuous Improvement, Digital Improvement...are currently available. More courses will be added according to the needs detected.

Bideratu program

In 2023, we celebrated the third edition of this program intended for Company facilitators, that seeks to provide them with the necessary skills to proactively participate in the management and leadership of their teams within the Industry 4.0 environment. During six months, the participants work in team to develop different types of projects

to which they bring solutions according to their function and responsibilities. The program intends to highlight and strengthen the importance of the role of facilitator within Sidenor.

Leadership program

The objective of this initiative is to share our distinctive leadership style by identifying some of its recognizable features and promoting its anchoring among participants. This program aims at developing and strengthening the fundamental habits that stand behind the skills required for Sidenor's leadership, through an integral focus that is based on awareness and training for action.

The Leadership Program is intended for various profiles, regardless of whether they carry out team management tasks or not. In our view, leadership is not limited to interaction with direct co-workers only, which is why we foster a wide and practical understanding of this skill at all levels. As a complementary activity for those who want to deepen their reflexion on this aspect, we offer coaching sessions once the project is finalized.

Training "pills"

These three-hour online sessions deal with various topics of general interest and focus on the development of the soft skills that we have identified as necessary. These sessions, or "pills", are carried out once a month and encompass various topics such as Conflict Management, Customer Orientation, Communication Skills and Efficient presentations, among others.

Open training meetings

This year, at the request of workers who wished to receive a more exhaustive training in soft skills, we established a new face-to-face training format. At these encounters, which take place bimonthly in our Basauri central office, expert speakers provide training sessions and give conferences related to the skills mentioned before. The following topics were selected for the encounters: Global Vision, Transformative Leadership, Social Intelligence to Build Efficient Relationships, Adapting to Change, Communication and Persuasion.



Training catalogue

Each month, we provide a training catalogue including trainings offered by various providers, with the aim to cover detected training needs. The catalogue is designed in such a way that the workers themselves directly sign up for the trainings they are interested in, which gives them the autonomy and power to decide which training they wish to receive and thus promotes a personal learning environment.

The catalogue includes a broad range of training options offered by various providers, in an online or face-to-face format, according to the needs of each person.



IDP (Individual Development Plan)

Our Individual Development Plan (IDP), en inglés is based on detecting existing gaps between the position and the person occupying it in order to provide everyone with a training adjusted to the needs of their position. Gap detection is carried out by means

of a personalized evaluation which provides key information to establish an ad hoc action plan. It is an ambitious project that is reviewed every year and adapted to the changing needs and training options at any time. In addition, it serves as a starting point to analyze succession plans and career curves.



Collaboration with Universities

At Sidenor, we support the development of young talent and have established collaborations with renowned educational institutions. We thus work together with the Master Degree in Strategic Management of People's Talent delivered by the University of Mondragón, providing challenges related to the Human Resources area. We also work with the University of the Basque Country (UPV/EHU), offering young engineers the opportunity to do their internships and end-of-degree or master projects in our organization. In addition, we participate in university Job Days in order to make ourselves known to young talents and make them discover our value proposal.





Sidenor Te Reconoce

In 2023, we launched "Sidenor Te Reconoce" (Sidenor recognizes you), an initiative aiming at recognizing the individual and group efforts and performance of the people who have notably contributed to reaching the results and objectives established by our Company.

This program gives all workers of Sidenor the opportunity to nominate their colleagues for this recognition, based on the following criteria:

- ◆ Savings in time and costs, process improvement (optimization)
- ◆ Improvement in working conditions
- ◆ Innovation
- ◆ Digitization
- ◆ Impact on customers (delivery times, quality)
- ◆ Environmental improvements, energy efficiency

Nominations undergo various validation processes before a committee created for their approval finally rewards the people who deserve special recognition.



We commit to safety

Taking care of the safety of the people is vital for the Company. Led by our Management and with the support of our workers and Prevention services, we thus work to be a Company that is every day safer and healthier and to reach the objective of zero accidents and occupational illnesses. This commitment is illustrated in Sidenor's own Integrated Policy, which indicates that no production or economic emergency situation may compromise the integrity of our workers.

Under this guideline, we foster a culture based on prevention and safety, where the involvement of all is essential, and promote strict compliance with the applicable health and occupational safety legislation, as well as the requirements we set ourselves as a company.

In addition, in line with our philosophy of continuous improvement, we learn from the most outstanding practices in the sector and implement them systematically in our centers and activities, maintaining regular contact with other companies so as to know their methodologies in this area.

We also provide the entire staff with specific prevention training so as to raise their awareness on the importance of this issue and align them with Sidenor's strategies and objectives, as well as to fulfil legal and training requirements according to the regulations which are adopted year after year.

COVID-19

In 2023, we removed the existing control measures related to COVID-19, as administrations considered it was a disease like others, which could be treated and supervised in community outpatient services.

We only maintained the restriction that, should a worker show symptoms or be tested positive, she/he must attend work with a mask, as illness leaves no longer apply. The obligation to use masks during medical service visits has also been removed, as is the case in hospitals and other medical centers.



“ WE PROMOTE A CULTURE BASED ON PREVENTION AND SAFETY, WHERE THE INVOLVEMENT OF ALL PEOPLE IS ESSENTIAL ”

A strong Prevention Plan

Risk prevention and occupational health are fundamental principles in the organization. In fact, the commitment to the integrity of human beings is a value that is above the other objectives and priorities of the Company – something that characterizes us and combines the efforts of all people who are part of Sidenor.

For this reason, the Company and its union representatives established in 2022 a negotiation table which, in 2023, worked on an agreement in principle with a view to defining a new Prevention Plan for all the Group. Within the framework of this negotiation table, the Safety and Health Management System was analyzed in order to further enhance the policies, tools and practices to prevent occupational accidents and illnesses.

This negotiation aims at boosting people's involvement and belief

in the possibility to commit to a greater integration, participation, and update of the system, so that it might incorporate new resources and challenges related to the technological and social changes to which the entire organization needs to adapt, as well as its way to prevent work-related accidents and illnesses.

Within the framework of this negotiation table as well, we reached an agreement to acknowledge the areas in the various plants where no accidents involving leaves occurred in the past two years – an aspect which we celebrated as a milestone in 2023's final phase.

This group will further work to develop a Healthy Company Plan that is applicable to all Company plants and contemplates actions to be implemented in 2024.

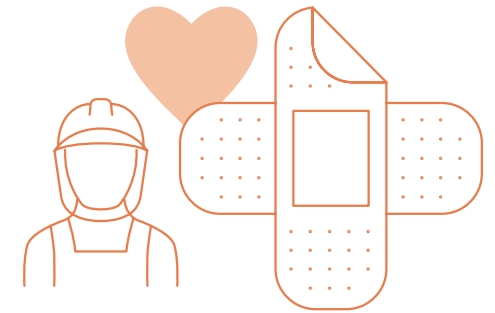
Accidents and absenteeism

The data on accidents at work detailed in the following table are not disaggregated by sex. The risk profile is defined according to each work position, as gender is not a relevant topic in terms of occupational safety for the Company, given that, besides, men account for more than 90% of the workforce. Thus, Sidenor does not consider occupational accidents according to gender but to the risk inherent to each position.

Besides, we use the most prudent version of absenteeism, considering each absence from work as absenteeism, including

absences resulting from occupational or non-occupational accidents, long-term sick leaves or maternity or paternity leaves, except holidays.

In 2023, the absenteeism rate reached 10.5%, with a global computation of 325,689 hours (including 15,882 hours corresponding to paternity and maternity leaves). In 2022, a year that was further impacted by COVID-19 in all our facilities, the absenteeism rate amounted to the same figure, 10.5%, with a global computation of 322,707 hours (including 18,700 hours corresponding to paternity and maternity leaves).



Accident rate indicators	2023	2022
Total of accidents	190	200
Accidents with leave	81	78
Frequency rate(*)	28.84	31.33
Severity rate(**)	0.43	0.5
Severity rate(**)	4	12

(*) The frequency rate considers all accidents with leave that occur in Sidenor's various plants and is calculated as (no. of accidents / no. of hours worked) x 10⁶

(**) The severity rate is calculated as (no. of days lost or not worked) / (no. of hours worked) x 10³



Training, awareness-raising and digitization

Over the course of 2023, we carried out all campaigns and projects scheduled in the field of occupational risk prevention, prioritizing all campaigns that favor the health of our employees and are related to a healthy company.

Among the projects that were carried out in this year, based on the interest and benefit they meant for the Company, the following (among which many are a continuation of those initiated in previous years) can be highlighted:

- ◆ **Occupational Risk Prevention Training.** Taking advantage of the recent approval of the 3d State Metal Convention, by which we are bound as a Company belonging to the metallurgical sector, we organized over 584 trainings related to prevention in 2023. In total, 15,325.5 hours were intended for 72% of the plant (14,895 hours intended for 75% of the plant in 2022).

This significant increase was made possible thanks to the joint effort

made both by industrial areas and all support areas which delivered the required trainings, under the leadership of the Human Resources and Prevention teams.

- ◆ **Digitization of the Quality and Environment integrated security auditing.** Thanks to this project, all tasks previously performed on Excel (which resulted in an action plan developed separately, involving increased working hours for administration employees) were simplified and can now be carried out through a mobile application, with the information available in one single file, thus facilitating the rating of the area's workshop part. In addition this audit is not performed anymore by the Prevention, Environment and Quality audit team only. Plant and department managers, even some facilitators, now also participate this process, as well as directors and managers from other areas who participate each Monday in the weekly leadership inspection.

IRIS project

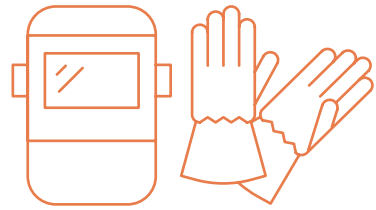
IRIS is a software for the digitization of Sidenor's integrated management systems. It is currently implemented in all company in order to carry out process maps, evaluate each position's tasks, develop detected Critical Tasks analyses, and define the Failure Mode and Effects Analysis (FMEA) and control ranges. We were thus able to standardize a sole work system and extract information directly.

This development also allows us to tie to Meridian – or any storage system established by Sidenor for documentation control – the processes generated as a result of the above-mentioned analyses, and to eliminate administrative steps.

Within the framework of this project, we also started performing all accident investigations through this application, which resulted in improvements such as having a single management point, with actions being followed-up from a single site, always linked to Sidenor's action control system (SPAD), allowing for direct traceability.

This preliminary step aims at further digitizing our Management System's processes and, in the future, integrating the entire auditing activity into IRIS.





Certifications that endorse our work



In 2018, we became the first Spanish steel company to obtain the certification according to ISO 45001, the international standard

for safety and health management systems at work. Since then, have been maintaining our commitment to safety, complying with internal standards and procedures, as well as all legal requirements applying to our companies.

In 2023, we successfully obtained the recertification under this norm – an acknowledgment to the work done in terms of prevention and health improvement for all our workers, This year as well, we have included Sidenor’s Sagunto plant, which was integrated in the Group one year ago and is now part of our organization, in the scope of this certification.

REGLAS GENERALES DE SEGURIDAD SEGURTASUNEKO ARAU OROKORRAK

-  1. OPERAR O AUTORIZADO
1. EKIPOETA BANAGO BA
-  2. MANTENER SIEMPRE A DISTANCIA SEGURA DE LAS CARGAS SUSPENDIDAS.
2. BETI ESEKITA DAUDEN KARGETATIK DISTANTZIA SEGURUAN MANTENTZE
-  3. BLOQUEAR TODOS LOS PUNTO DE INTERVENCIÓN ANTES DE INTERVENIR.
3. ENERGIA-ITU DAUDEN MAKIN MENDUAN MAURETIK.
-  4. MANTENER EL MOVIMIENTO CONTROLADO EN TODO MOMENTO.
4. ESKUAK MUGIMENDUA HARRAPATZEKO MANTENTZEA.
-  5. INGRESAR EN EL AREA AUTORIZADA.
5. SA
-  6. ...

“ WE HAVE OBTAINED THE RECERTIFICATION UNDER 45001 FOR OUR COMMITMENT TO SAFETY AND HEALTH AT WORK ”



Healthy Company

The Healthy Company project, launched in 2017, allows us to go beyond strict compliance with legal requirements and achieve a healthy work environment that benefits our workers, as well as the community and the environment.

This Project includes the Internal Health and Well-being Policy and the Health and Well-being Management Manual, which are both encompassed in the guidelines of the Spanish Association for Standardization and Certification (AENOR).

The International Health, Safety and Well-being Policy includes the following commitments:



Taking care of people's health and well-being in a responsible manner, including the commitment to protecting and promoting healthy work environments.



Promoting health in the environment at work and outside work, according to the epidemiological characteristics at community group level.



Promoting the active participation of workers in such actions for their optimal development.



Developing a continuous improvement process as a healthy Company, promoting the active participation of all organization members, both internally and at community level.



Complying with the legal provisions and standards in terms of health, safety and well-being as well as the ones the organization subscribes to regarding healthy work environments.



Ensuring the maximum level of knowledge, understanding, development and update of this policy among the entire staff.



Within the framework of the Healthy Company Project, the following actions were carried out in 2023:

Internal communication campaigns for enhanced health



Flu vaccination

Objective: To encourage workers' vaccination at their work place and during their working day, so that they do not need to go to their health center, thus fostering their protection.



World Day of Ictus

Objective: To identify ictus symptoms, as it is vital to act fast in such a case so that the affected person might recover entirely.



Cardiopulmonary resuscitation

Objective: To explain the technique of cardiopulmonary resuscitation, which is vital in case of an emergency due to heart attack or suffocation.



Stop smoking

Objective: To encourage workers to give up this habit which is harmful to their health and that of their colleagues. This campaign should be repeated over the next years.

Awareness-raising campaigns



Time machine, with the support of Mapfre

Objective: To know our life habits and examine their positive and negative impact in the years to come - an entertaining and participative way to raise people's awareness and generate healthier habits.



Blood campaign in all plants

Objective: To participate in our society by donating blood for health centers and hospitals.



Toys collection

Objective: To foster awareness on workers' participation and integration in the society in which we live by helping those who are most in need.



At corporate level and within the framework of the Healthy Company program, we agreed with the IMQ service on an economic price for taking the Private Medical – Seguro IMQ Azul–, exclusively for interested members of our staff.

The staff's health is very important for the Group. For this reason, we make sure that all people, regardless of their department, can access a quality and unlimited medical service.

Committed to social development

We are part of the community

We are strongly committed to the regions in which we operate. In fact, through job creation and cooperation with local suppliers, we significantly contribute to the wealth of the places in which we carry out our activities, thus strengthening our position as a key partner in their development.

Accordingly, our responsibility goes beyond economic results, as we feel as an important part of society and, therefore, commit whenever possible to cooperating with local entities, fostering initiatives that promote training, care for the environment, sports and support to the most vulnerable sectors.

In order to carry out this social work, we develop a continuous dialogue with local communities, which helps us understand their needs. We organize yearly visits to our worksites for customers, suppliers, educational institutions and training centers, as well as communication meetings and activities aiming at fostering collaboration and generating synergies.

In addition, we carry out various sponsorship actions to support the work of various organizations. We support cultural, sports and educational entities which share our values regarding training, solidarity and team work, which are essential in our corporate social responsibility policies.



A sustainable purchasing process

Efficient process

The Purchasing Management channels the procurement processes of materials, transports, services and equipment required for our activities.

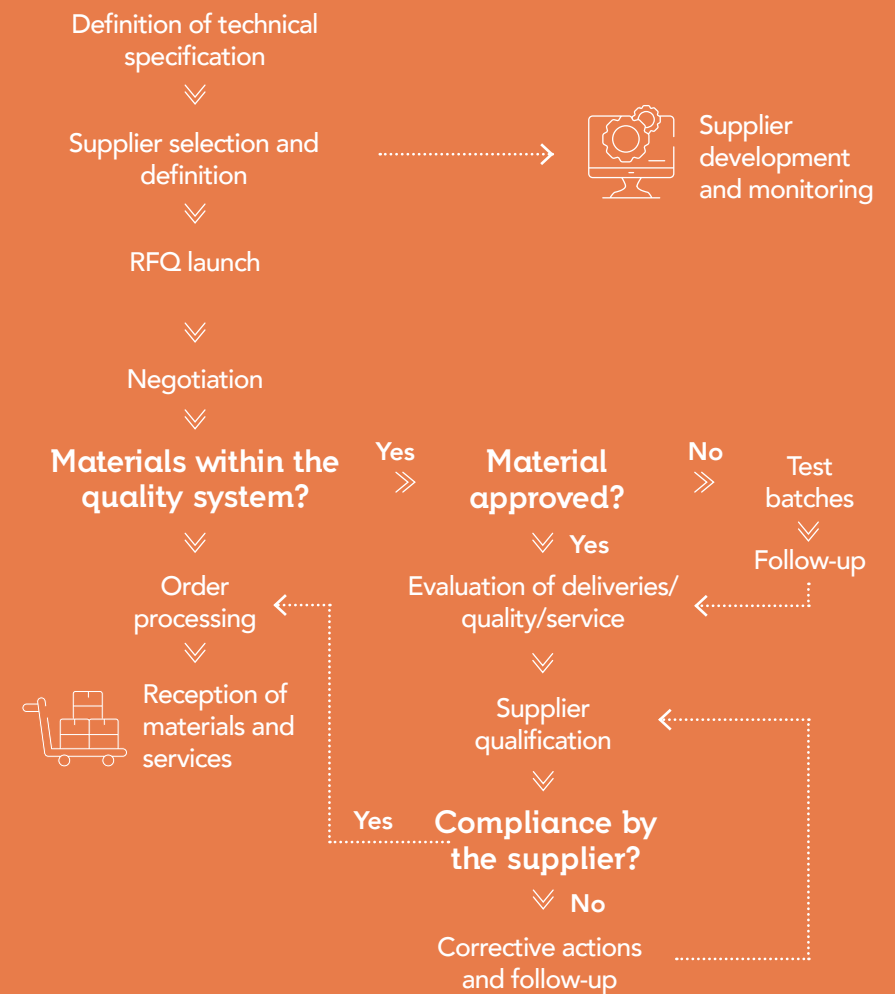
The main objective of this area is to acquire the goods, services and equipment under the best possible quality, service and cost conditions, while ensuring strategic alignment with the specifications required by the internal customer, as laid down in our Purchasing Policy, available on the Web.

At Sidenor, we apply the highest ethical principles and values, which are stated in our Code of Ethics, also available on the Web. The General Conditions of Purchase sent in the orders extend the acceptance of the Code of Ethics to all our suppliers. As we see suppliers as key strategic partners in our value chain, we promote their development by means of a long-term business relationship based on growth as well as mutual benefit and respect, responsibility, honesty, quality and transparency, which help fulfil the objectives of the Company.

“ WE SEE OUR SUPPLIERS AS KEY STRATEGIC PARTNERS IN OUR VALUE CHAIN, WHICH IS WHY WE ENCOURAGE THEIR DEVELOPMENT ”

Sidenor's purchasing process

(Production and non-production Material, Services, Logistics, Investments and Metals)



Approval of suppliers

At Sidenor, we have a continuous evaluation plan for suppliers of raw materials, ferroalloys and steel auxiliary materials. These materials are a major part of the value chain in steel production.

Evaluation Plan

In 2019, we implemented the supplier portal, which enables us to advance in the development and approval of suppliers. By the end of 2020, all ferro material, steel auxiliary material, MRO and service suppliers were already registered in the portal.

Through an online platform accessible from the Company corporate website, the portal serves as a single repository for the 100% updated information on all our suppliers. All current and potential suppliers can register by providing information and their approval. The registration phase on the platform consists of two parts:

- ◆ The first, informative registration of general data on the company and its activity. In addition, the supplier shall endorse our Corporate Social Responsibility (RSC), which lists our commitments in terms of child labor, forced labor, equality, safety and environment. In 2021, we included the Security Code on Information to Suppliers in the portal, which shall also be endorsed by each supplier in the registration process, as well as by all suppliers who have already registered.
- ◆ Once the suppliers have accepted the previous points, they will be required to provide detailed information so that we might get an updated picture of them, including indications such as ISO9001, ISO14001, sector-specific certificates, financial information, compliance with the legislation on data protection (GDPR) and supplier CSR.



The portal is a communication channel with suppliers, where material or services non-conformities are also dealt with. By evaluating the information provided within the framework of the approval process and the quality of service according to non-conformities, we obtain a qualification for all suppliers.



Lines of progress in 2022

2021 and 2022's main challenge consisted in consolidating the negotiation platform, which allows us to integrate the entire purchasing activity in a virtual environment: from the definition of the need and design of the request for quotation to supplier selection, comparison of quotations, support in negotiation and purchase order award management. We are thus able to reach the highest productivity and efficiency rates in the negotiation and award of purchase orders with suppliers, as well as to ensure transparency in the whole process.

Due to the pandemic, volatility and uncertainty, which were already present in the previous years, grew exponentially. Supplier risk management, flexibility and agility are fundamental factors which must be considered when designing a strong supply chain.

In June 2022, we launched a platform to monitor the risk level in our supply chain in terms of ESG criteria, managed by the company GoSupply. Subsequently, we issued a communication to all our suppliers, informing them of the start of the process, as well as the obligation to register in order to participate in future tenders.



Lines of progress

2023

In 2023, we completed the GoSupply platform process, with over 600 suppliers registered, and were therefore able to perform a continuous monitoring of the risk level and ESG compliance of our supply chain. This figure represents 90% of our turnover and 100% of our critical suppliers.

2024

In 2024, we will further improve the GoSupply platform by including a new module to give suppliers more visibility regarding their ESG criteria score, and we will work together with each of them on the necessary action plans to improve their score and minimize the risk in our supply chain.



Audits

Supplier quality audits allow us to ensure that the supply chain is reliable and aligned with our quality objectives. To this end, according to our Supplier Development, Selection and Registration Procedure, we regularly hold meetings and visit our suppliers, in order to foster a good relationship and encourage their growth development.

Furthermore, we perform regular audits of our material suppliers who are included in the Quality system without being ISO 9001 and IATF16949-certified and encourage them to obtain such certifications.

According to the Supplier Audit section of the Supplier Development, Selection and Registration procedure, our Purchase Department sets out an annual supplier audit plan based on criteria such as turnover, materials within the quality system, critical nature or lack of alternative, suppliers with non-conformities and suppliers which supply materials or services

that might affect Sidenor's product or process. On the basis of these criteria, we define an annual audit plan so that, within a period of three years, we audit the main suppliers according to the criteria set in the procedure. Accordingly, we audited 43 suppliers with a satisfactory result, without recording any serious non-compliance, in 2023. We are planning 38 further audits for 2024.

“
 QUALITY SUPPLIER
 AUDITS ALLOW US TO
 ENSURE THAT OUR
 SUPPLY CHAIN IS RELIABLE
 AND IN LINE WITH OUR
 OBJECTIVES
 ”



Responsible suppliers

We promote social and ethical development among our suppliers through our Corporate Social Responsibility (CSR) Policy.

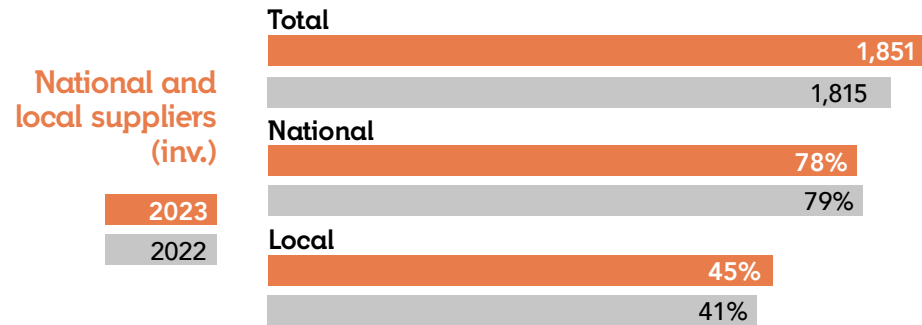
This Policy, implemented in 2019, strengthens our values and the commitment to our stakeholders. It also promotes compliance with the International Labor Organization's (ILO) fundamental principles, and sets stronger commitments in areas such as safety and health at work, respect for the environment, fair competition and business integrity.

Our suppliers commit to complying with our CSR Policy as part of our collaboration.

We favor local purchasing

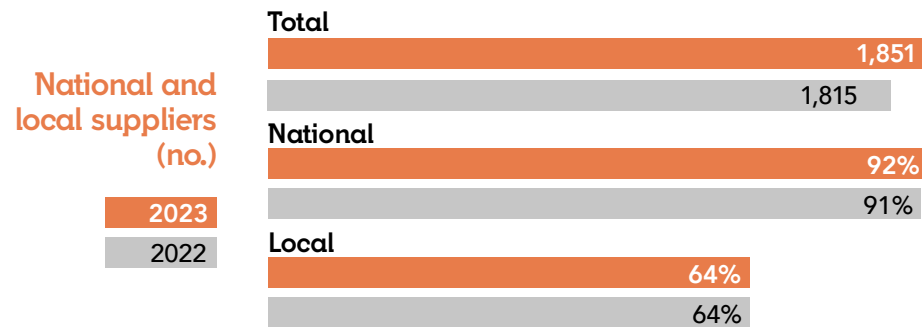
We are committed to the economic and social development of the regions where we operate. In 2023, 45% of our suppliers, in terms of

invoicing, were local suppliers, from the provinces where we have production centers, and 78% were national suppliers.



In 2023, 64% of the suppliers were from the provinces where we have production

centers, while 92% were national suppliers.



If we compare the amounts invoiced and the number of national suppliers, we observe that 78% of the amounts invoiced come from 92% of the national suppliers.

This difference is mainly due to the fact that some raw materials with a high price such as ferroalloys are produced and marketed in foreign countries.

From a sustainability and responsibility point of view, we foster the improvement of our suppliers' environmental, ethical and social profile. For example, Sidenor is a reference and a pioneer in the minimization and use of refractory waste by means of joint projects with suppliers.



Commitment to the local community

Our commitment to sustainability includes the community in which we operate. We strongly believe in corporate social responsibility and intend to positively contribute to the well-being of those who are in our surroundings.

Through initiatives and programs designed to address local needs and improve the quality of life, we establish significant links to our surroundings. From supporting educational projects to participating in voluntary activities and collaborating with non-profit organizations, we strengthen our links to our community.

Sustainability and strategic associations

On our path towards sustainability, we recognize the importance of establishing strategic associations that enhance our positive impact. Collaborating with other companies, associations, foundations and key actors allows us to benefit from synergies and address sustainability challenges more effectively.

Through these associations, we seek to exchange knowledge, implement best practices and co-create innovative solutions. By joining forces with organizations that are committed to similar values, we amplify our capacities to address environmental, social and economic issues.



We believe that we can achieve much more by working together. Our strategic associations are a fundamental pillar to build a more sustainable and equitable world. The following section includes some of these associations:



The Asociación Clúster de Siderurgia (steelmaking cluster association) is a non-profit entity which aims at improving the sector's competitiveness by carrying out actions together with companies and other actors in areas such as internationalization, technological and business innovation, as well as defending the interests of its associated companies.

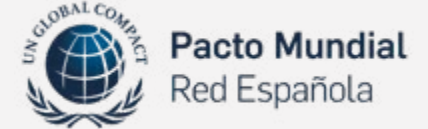
Confederación Empresarial Vasca
Euskal Entrepresarien Konfederakuntza

ConfeBask

This organization integrates, on a voluntary basis, thousands of private companies from the Autonomous Community of the Basque Country, regardless of their territory, dimension and activity sector. We are a partner through our plants in Basauri, Azkoitia and Vitoria, of Confebask's three member associations: the Employers Association of Gipuzkoa (ADEGI), the Biscay Business Confederation (CEBEK) and SEA Empresarios Alaveses (SEA).



The Federation of Metal Companies of Biscay (FVEM) is the sectoral organization that encompasses Biscay's iron and steel companies.



This organization encompasses the Spanish entities that have adopted the United Nations Global Compact. The Global Compact is the biggest voluntary corporate social responsibility initiative worldwide.



The Union of Iron and Steel Companies (Unión de Empresas Siderúrgicas, UNESID) is the association of companies producing steel and steel primary processing products in Spain.



This non-profit organization aims at fostering the industrial fabric's competitiveness. It currently includes 200 companies and entities.



Close to our surroundings

Our mission goes beyond being merely an economic actor in the region. Indeed, we want to be an agent of positive change. Working hand in hand with the community, we seek to build a sustainable

and prosperous future for all. This commitment is a fundamental part of our business view and shows that business success and community well-being can and must coexist.

We bet on the talent of the future

Industria Erronka, in collaboration with the Federation of Metal Companies of Biscay (FVEM)

Born in the heart of the industry, this initiative fosters future talent and challenges stereotypes associated with the sector. It is an answer to technological transformation, which seeks to show the industry as an attractive destination and promote the participation of women. This project intends to attract and retain talent, and thus strengthen a sector that is key to Euskadi's economy.

Inspira Steam project, in collaboration with the University of Deusto

This pioneer project promotes technological and scientific vocation among

girls. It is based on awareness-raising and orientation actions led by women professionals in the areas of research, science and technology. This is the first time that the group mentoring technique is used in a project to promote STEAM (Science, Technology, Engineering, Arts, Mathematics) among primary school students.

Room4steel project, in collaboration with SIDEREX

Room4steel is the steelmaking business seminar promoted by SIDEREX at the Engineering School of Bilbao, which focuses on steelmaking knowledge areas and promotes the implementation of projects and activities in a historically significant sector for the Basque industry.

Contribution to the community



Contributions from Sidenor to foundations and non-profit entities

€150,000 in 2023

€151,900 in 2022



Sponsorships

€276,000 in 2023

€283.100 in 2022



STARTInnova (El Correo) project

This initiative fosters the development of entrepreneurship among high school or professionally training young people aged 16-17. This project offers a platform allowing professional experts to reach young people and share their perspective as well as the necessary methods and tools to develop business, social or other projects. Sidenor participates in this initiative as a mentor and welcomes senior high school students from the IES Urizarri in its premises, where they can explore and develop their entrepreneurial potential.



Training courses for ADP

The Association for Managerial Progress (Asociación para el Progreso de la Dirección – APD) is an independent, non-profit organization whose wish is to help build a more prepared and united community which is deeply aware of the trends that are changing the world. In 2023, we organized over 12 training courses.

We boost innovation



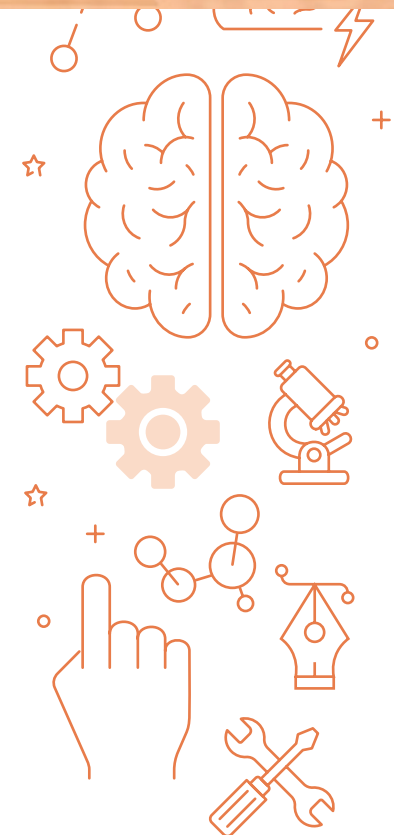
Bind 4.0 project

As in previous years, we participated in this public-private intelligent industry open innovation platform, which was created by the Department of Economic Development, Sustainability and Environment through the SPRI Group and its platform UpEuskadi and has become an international reference program since its foundation in 2016. Each year, the platform attracts the interest of technology startups from all over the world, whose main objective is to accelerate their entry into the market with the help of reference clients, while promoting innovation and the digital transformation of Basque companies.

With this seventh edition, the platform is asserting itself as one of the benchmark initiatives in this field. This success model now encompasses over 160 accelerated startups and over 240 developed projects, with a turnover exceeding 7 million euros.

Innolab Bilbao

In this open innovation space, talent and technology join to search for new solutions to current corporate and social challenges. Its objectives are to promote technological innovation, improve business competitiveness, create qualified jobs in Euskadi, be a place for technology prototyping and recognize women leaders in science and technology.



Our solidarity perspective

Adecco Foundation

As part of our commitment to diversity and inclusion, our Chairman, José Antonio Jainaga, has joined the initiative promoted by the Adecco Foundation and the CEOE Foundation, #CEOPorLaDiversidad. This alliance aims at supporting the top management of the main companies in our country in building, in a collaborative manner, missions and strategies which respond to the interests of the society.

Likewise, we work to encourage the integration of everyone in the society, and we do so in a responsible manner, seeking alliances with suppliers who bring added value to the activity they perform. As part of our endeavor to promote the employability of vulnerable groups, we work together with entities such as Fundación Lantegi Batuak, Taller Usoa Lantegia, Soemca Empleo, Alares Social, whose mission is to provide disabled people with stable and standard job opportunities that enable both their social and personal development.

Bakuva

We collaborate with this non-profit association which has been fostering the social integration of children from the district of Bilbao la Vieja since February 2007. It aims at taking care of school-aged children by promoting their integration in a society and culture of cohabitation through sports, leisure and educational activities.



DalecandELA

We work with this non-profit association which aims at collecting funds for the research on amyotrophic lateral sclerosis and supporting people with this illness.



UNICEF

This United Nations Agency, based in New York, provides humanitarian and development assistance for children and mothers in developing countries.

Fundación Why Not

A small foundation and a big project: to improve the quality of life of people with mental disease/disorder and their family members.

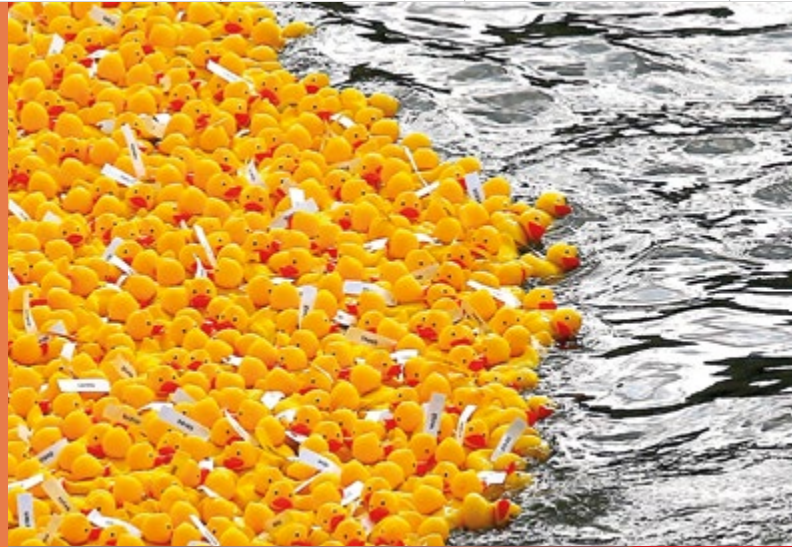
Food bank of Biscay

In 2023, we worked together with this organization and discovered its premises as well as the great work performed by volunteers throughout the year.

Caritas Diocesanas de Bilbao

Founded in 1947 by the Spanish Episcopal Conference, Cáritas Española aims at carrying out the Church's charity and social actions in Spain through its confederated members. They promote the integral development of people and villages, especially the poorest and most excluded. This year, we contributed to the toy collection campaign for disadvantaged children.





In favor of research and science



The Walk On Project (WOP)

In 2023, we participated in the 'Estropatada', an original race of geolocated 'wopatos' which has taken place since 2013 in the Ría of Bilbao and is broadcast in streaming with the aim to foster its foundational purposes: financing research projects for therapies in neurodegenerative diseases, disclosing the reality of neurodegenerative diseases and enhancing social awareness in favor of research and science.

San Prudencio Work Foundation

From our plant in Vitoria, we collaborate with this non-profit entity, a leader in the development of corporate social responsibility (CSR) in the companies of Álava. Around 400 companies are associated with this Foundation, which provides services and activities for the benefit of around 30,900 workers who, together with their family, represent around 80,000 people in this province.



Sustainable sports: a set of commitment and resilience

Through initiatives ranging from sports events to the adoption of innovative technologies, we strive to lead the way towards a future where physical activity and sustainability live together in harmony. This focus reflects our strong belief that the drive towards an active and healthy lifestyle must go hand in hand with the preservation of the environment. This combination of commitment and resilience illustrates our comprehensive vision of a healthier and more sustainable future for all. Among these sponsorships are the following:



5+11 Fundazioa

This non-profit entity fosters healthy life habits among the children of Álava through actions linked to football and basketball, by disseminating positive values such as a healthy life, sportsmanship, efforts, overcoming and team work.

Sociedad Deportiva Amorebieta

We have renewed our agreement to be the main sponsor of the sports society Amorebieta during the 2023-2024 season. Founded in 1925, the club will compete in the second Spanish football division, the LaLiga2, in the facilities of the Athletic in Lezama (Bizkaia).

Bilbao Basket

We have also renewed the agreement according to which the Company will sponsor the club during the 2022-2023 season. The Bilbao Basket aims at participating in professional basketball sports competitions as well as promoting and developing basketball sports activities derived from basketball.



OUR COMPREHENSIVE VISION IS BASED ON A HEALTHIER
AND MORE SUSTAINABLE FUTURE FOR ALL



Baskonia

Saski baskonia S.A.D. is currently one of the most important clubs in the State, as illustrated by its double victory in the 2001/02 season, where it reached the final four at the Copa del Rey and the Liga ACBo

Club Deportivo Anaitasuna

Anaitasuna is a sports club of the town of Azkoitia which was founded in 1934. Its football section currently includes nine teams, seven male teams and two female teams, composed of over 200 young people.

Club Deportivo Basconia

This is one of the historic football clubs in Biscay. An affiliate of the pro Athletic Club, this entity founded in 1913 trains different teams of boys and girls from Basauri of all ages. We sponsor the various sport activities of the C.D. BASCONIA during the 2023-2024 season.

Atlético Basauri Balonmano Club

The Atlético Basauri Balonmano Club is a non-profit organization which aims at promoting and organizing activities and competitions for the dissemination of handball. It is mainly composed of women's teams, but also includes mixed teams and one male team. The club organizes a Solidarity Handball Day to collect funds for various NGOs such as the Multiple Sclerosis Foundation Euskadi, the Association of Parents of Children suffering from Cancer of Bizkaia, etc.

Club Portugalete

This football club located in Portugalete, Vizcaya, was founded in 1909 and currently competes in the third RFEF division. It works with grassroots

and federated football teams on the organization of regular competitions and tournaments, as well as social and sports activities with the Portugalete town hall office of sport.

Bizkaia Bizkialde Foundation

This public and privately-funded institution coordinates the economic efforts of sports sponsors in order to make their investments profitable, help promote Biscay and contribute to the proper and effective organization of sports events.





Women's rowing team Kaiku

We participate in the activity developed in the club rowing school in its various sports categories: child, cadet and junior-senior, under the new drive of a youth squad female trawler. This season's team consists of 23 junior-senior female rowers, whereby the number of components has doubled, providing a solid basis to support Kaiku's female trawler.

Club Sociedad Pelotazale Bide-Bieta

Created in 1981, it is the first club in Biscay to provide services for people with intellectual disabilities in a specific Basque pelota section.

Indartsu Club

This club includes mixed teams and female coaches for these team. It promotes equality and has the following main objectives: the search for stability, quality, women's football and parity in the club's management.



Local sports in Azkoitia

We promote local sports by collaborating directly with other clubs and institutions, such as:

- ◆ The Zubi Berri Gimnastika Kirol Elkarte rhythmic gymnastics club.
- ◆ The Zubiarre Igeri Kluba swim club.
- ◆ The Irarurgi Saski Baloia basketball club.
- ◆ The Oteiza Pilota Taldea pelota club.
- ◆ Azkoitri, a team that trains local triathletes who compete at national level.
- ◆ We also sponsor athletics events such as the Azkoitia Azpeitia Maratoi Erdia or the San Andres Herri Lasterketa; the chess tournament; football events such as the AZPEITIA CUP; and the Travesía Xabier Ortiz de Luzuriaga which takes place each year in the HEGIALDE district of Legazpi.

We support culture



ABAO

At Sidenor, we support entities that are rooted in the society, such as the Bilbao Association of Friends of the Opera (ABAO), one of the main collectives in the Basque and national cultural sector. Throughout the year, we draw tickets among Sidenor's employees, so that they may attend its events, as well as the other cultural and sporting activities that we sponsor.

Choral Society of Bilbao

The Choral Society of Bilbao is a

non-profit organization which aims at promoting music in general, and choral music in particular. We participate in the development of the 'Eskolan Kantari' socio-cultural project, at the CEIP Basozelai of Basauri, an initiative which aims at bringing choral training to general education centers where there are no choirs or musical activity.

Herriko Taldeak

This association organizes and carries out Basauri's festivities (Sanfaustos) and other activities related to the promotion of culture in the town. It includes 16 crews which represent over 5,000 people.



GOVERNANCE

Our actions are ethical
and sustainable

We prioritize quality, security and integrity in all our actions. This commitment is supported by a proactive corporate governance which bases its decisions on long-term sustainability criteria

04

A solid structure

Our Executive Committee consists of:



José Antonio Jainaga Gómez
Chairman



Marco Pineda Gómez
Corporate Managing Director



Maite Echarri López
Director of Economics, Finance and IT



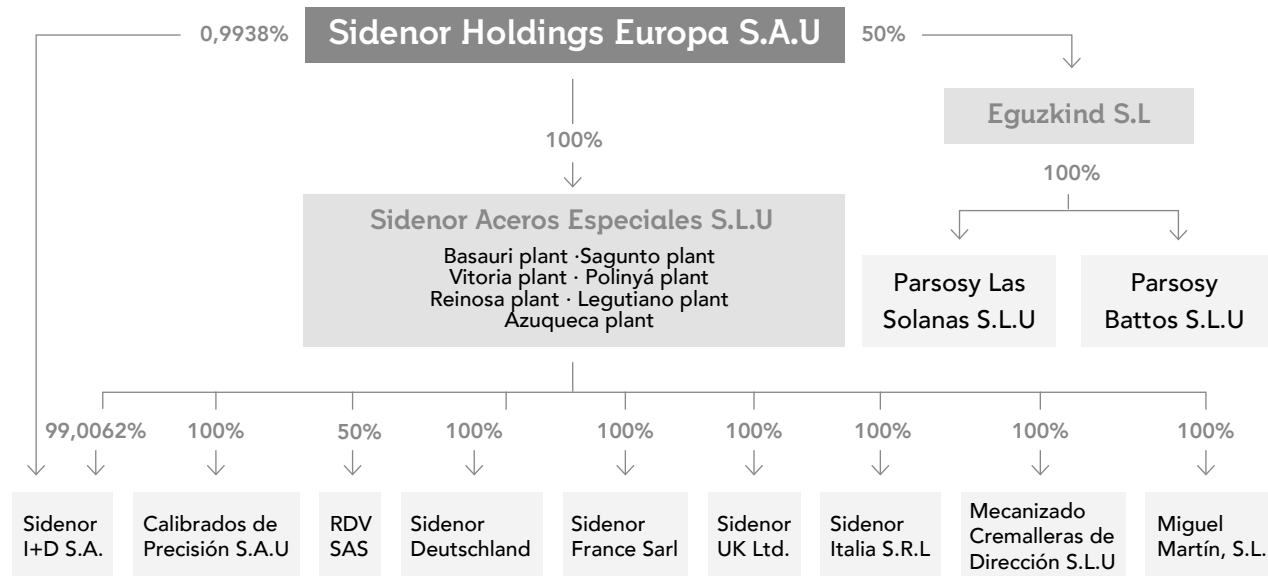
Íñigo Molero Gurruchaga
Director of Sales



Enrique Canal López
Director of Industrial Affairs

The Executive Committee is backed by an Advisory Board that aims at strengthening its growth and diversification strategy. This advisory body consists of three independent advisors, who are all experts of recognized standing in sectors that are relevant to our organization, such as energy and cars.

Corporate structure



We act with integrity

Our Code of Ethics sets out the principles and values that govern our performance. This document is key to the successful management of our business, and reflects the Management's objective to strengthen the ethical standards and principles applied in the Company, as well as foster a work environment in which integrity, respect and equity are promoted. Some of its essential points are the following:

Law observance

Corporate and professional activities shall be developed in strict compliance with the current legislation wherever we carry out our activities

Ethical integrity

The corporate and professional activities of the Group and its employees shall be based on the value of integrity. Likewise, they shall be developed according to the principles of honesty, avoidance of any form of corruption as well as respect for the

specific circumstances and needs of all individuals involved.

Accordingly, we promote, among our employees, the recognition and appraisal of behaviours that comply with the principles defined in the Code of Ethics and the corporate guidelines.

Respect for Human Rights

All activities of the Company and the staff shall strictly respect the Human Rights and civil liberties included in the Universal Declaration of Human Rights.

Commitment to the prevention and eradication of child labour

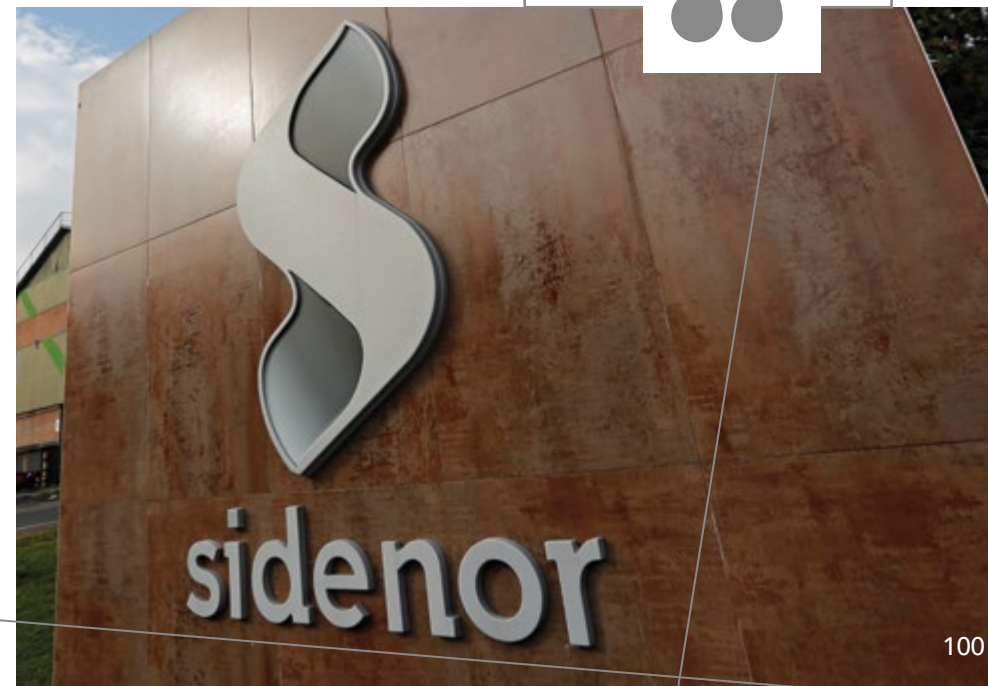
At Sidenor, we are aware of the importance of respecting the personal and emotional development of minors and the enjoyment of their rights; we therefore rigorously comply with the applicable law which, pursuant to the Statute of Workers

Rights, prohibits the admission to employment of minors under the age of sixteen as well as overtime, night work and/or work activities or positions which are subject to recruitment limitations, according to Law 31/1995 of November 8 on the prevention of occupational risks and to the applicable regulatory provisions.

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OUR CODE OF ETHICS SETS OUT THE MAIN PRINCIPLES AND VALUES THAT GOVERN OUR PERFORMANCE

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In addition, our Management has developed some of the principles contained in the Code of Ethics through various corporate policies:

- ◆ Policy against corruption and fraud (explained in detail in the "Corruption and Bribery" section).
- ◆ Human Rights policy (explained in detail in the "With Human Rights" section).
- ◆ Conflict of interest policy It aims at establishing patterns of behaviour to be followed in the Group in order to prevent or deal with conflicts of interest which any staff member might face regarding the Company, and to avoid any situation where her/his personal, professional, financial or other relationships might interfere with her/his objectivity or loyalty due to private interests that differ from the Company's interests.
- ◆ Competition law compliance policy It aims at establishing action principles to avoid any

action entailing unfair competition practices, promotes compliance with competition protection laws and prohibits all conducts that are contrary to free competition.

These corporate policies are mandatory for the entire Group. In addition, we promote their application among the companies and third parties with which we maintain a business or collaboration relationship. All policies are available not only to the staff, but also to any third party, and their content can be accessed on our Webpage.

Besides these standards, we continue to develop the following other policies:

- ◆ Integrated policy. It encompasses the principles to which we commit in terms of Health and Safety, Environment, Quality, Energy and Information Security, as we consider our activity as a whole.
- ◆ Healthy Company policy. It defines our line of work in favor of workers

health, as indicated by the World Health Organization, with a view to generating a better atmosphere in the Company and, thus, benefits for all parts.

- ◆ Purchasing policy. It defines the basic principles for the purchase of goods and services that are necessary to develop our business under the best possible quality, service and cost conditions, and contains our staff's commitment to performing all its tasks in a friendly, transparent and honest manner.

Ultimately, in order to maintain a work environment that is free from any discrimination and any conduct involving personal harassment, we have established an Equality Plan (described in Chapter 3: Society), as well as a Protocol of action in case of allegations of harassment or violence at the workplace through a Channel of Ethics.

In 2023, no complaint was issued by means of this channel (as in 2022).

Corruption and bribery

Our Code of Ethics establishes that the business and professional activities performed by the Company and our workers shall be based on integrity and developed according to the principles of honesty, avoidance of any form of corruption and respect for the specific circumstances and needs of all persons involved. This principle is developed, in particular, in the Policy against corruption and fraud, which establishes anti-corruption and anti-fraud guidelines for all staff members, whereby they should not receive any benefit based on a business or conduct that is unlawful or contrary to the provisions of the Code of Ethics and the corporate policies that develop it.

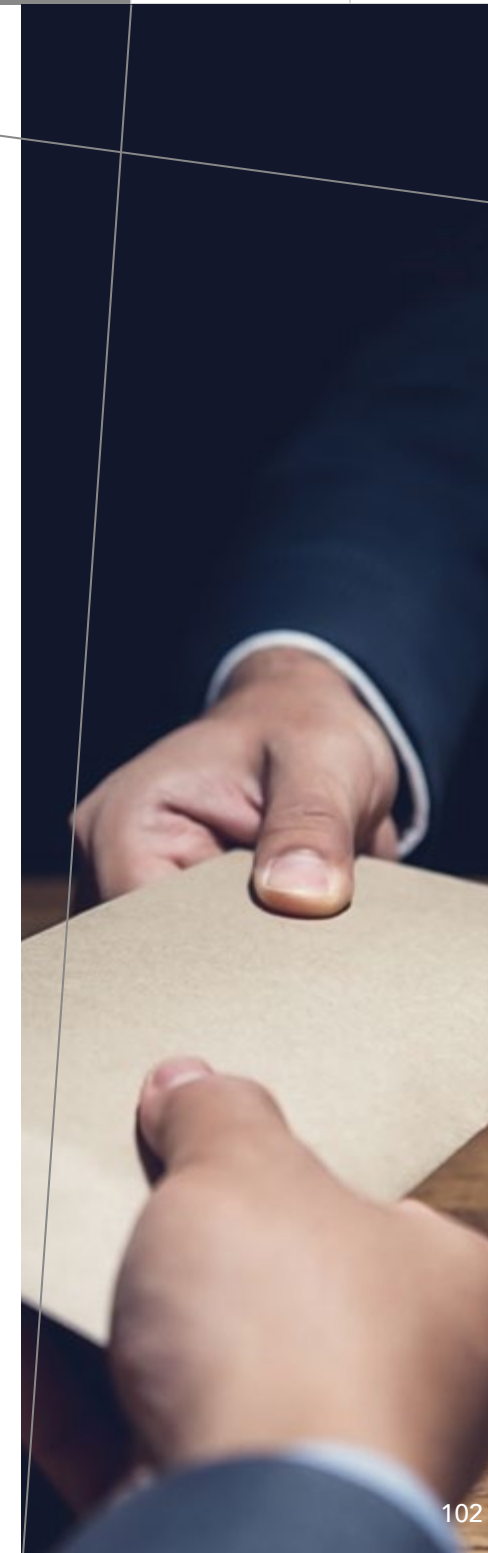
In line with the principle of ethical integrity, our Code of Ethics and the corporate policies proscribe bribes paid to authorities and public officials and prohibits our members from giving to or receiving from third parties undue payments of any kind, presents, handouts or favors that are outside the realm of the market or

that, due to their value, characteristics or circumstances, might condition or seem to condition the making of decisions in favor of Sidenor or might lead to suspect possible preferential treatments, either perceived or real.

According to the provisions of said documents, where an employee has grounds for suspicion or becomes aware of any non-compliance with the defined guidelines, she/he shall immediately communicate them to her/his superior or to the Human Resources manager of her/his worksite. This can also be made anonymously or confidentially. Indeed, we provide our staff and/or third parties with an email account (codigoetico@sidenor.com) and the communication channel on our Webpage so that anyone might, in good faith, make non-compliance inquiries and notifications. In 2023, none of the Group companies received any complaint related to cases of corruption, bribery or money laundering.

Besides, in 2016, we also implemented a criminal risk prevention program, whose objective is to provide the Company with a system aimed at reducing the risk of offence commission in the execution of its business and professional activities. After analyzing the criminal risks that might affect the Company and identifying potential offences, including corruption, bribery, traffic of influence and money laundering, the internal control system seeks to prevent and mitigate their commission, completely or partially, through periodic controls.

Since its implementation, the program has been regularly updated and adapted to the changes occurring in the organization, new business circumstances and the result of the review and analysis of processes which are exposed to the risks of offence commission stipulated in the reference standard.



With Human Rights

In 2023, we renewed our Human Rights policy – these rules set out our commitment to the respect for Human Rights and civil liberties included in the Universal Declaration of Human Rights, with the aim to establish the action principles and patterns that we shall

follow in all our activities, as well as with respect to the staff and third parties.

In order to meet the objectives and commitments indicated in this Policy, we adopt and promote the following ten basic principles:

Avoiding discriminatory

We commit to providing a workplace that is free from any discrimination based on gender race, ethnic origin, religion, age, disability, party or trade union membership, sexual orientation, nationality, civil or socio-economic status, as well as any conduct involving personal harassment.

We fully adhere to the importance of the principle of equal treatment and opportunities between women and men. The renewal of our Equality Plan (2023-2027) illustrates this commitment.

Promoting diversity

We commit to providing a work environment in which diversity and an enriching international culture are valued.

Rejecting forced and child labor

We commit to ensuring that no cases of forced labor or child labor exploitation occur in any of our activities.

Offering decent work and fair working conditions

We commit to remunerating our workers in a decent way, according to their skills and knowledge.

Likewise, we commit to complying with the labor legislation wherever we operate, guaranteeing our staff's right to rest and promoting work-life balance through reconciliation measures. All people shall enjoy equal chances to develop their professional career. We commit to maintaining a policy of investment in the learning as well as personal and professional training of our staff.

Protecting people's health

We commit to providing a safe and healthy work environment that strictly complies with legal requirements applicable to occupational health and labor risks prevention.

Respecting the environment

The protection of the environment and natural resources, the fight against climate change and the contribution to sustainable economic development are important factors in the planning, execution and development of our activities. For this reason, we commit to highly respecting the environment while developing our activities and minimizing their possible negative effects.

We will contribute to the preservation of natural resources and the spaces with of ecological, landscape, scientific or cultural interest, respect the ownership and use of land as well as the right to natural resources, including water, which we will use in a reasonable and sustainable manner.

Facilitating collective bargaining and the freedom of association

We respect the right of association in trade unions and collective bargaining.

We promote a constructive atmosphere in the relationship with the staff's union representatives, in order to continuously improve labor relationships.

We will, as far as possible, enable people to gather and talk freely about relevant issues related to their employment.

We will protect people, interests, goods and knowledge.

Rejecting violence

This principle is based on risk analysis and the implementation of mitigation measures to protect people, their interests, goods and knowledge, avoiding the use of arms and force while ensuring security.

Guaranteeing the right to privacy

We commit to requesting and using exclusively the data necessary for efficient business management or whose recording is required under the applicable legislation. Likewise, we will take all necessary measures to preserve the confidentiality of personal data and ensure that their transmission, when required for business reasons, is adapted to the current legislation.

Promoting the commitment to Human Rights throughout the value chain

We will disseminate our commitment to Human Rights throughout the entire value chain. Likewise, we commit to communicating this policy to supplying companies, contractors, partner companies, customers and third parties, promoting and incentivizing the development by the various parts of the value chain of their own policy in this respect and, in case they do not have one, their adherence to Sidenor's policy.

Security of information

Cybersecurity is more than a preventive measure, it is a commitment to trust and integrity. In fact, the constant threat of cyberattacks highlights the importance of staying a step ahead. As a company, we ensure information security by means of recognized certifications which demonstrate our commitment to international standards and establish a strong management framework.

These credentials not only strengthen the Company's position regarding security, but also build trust among customers and partners. In essence, investing in cybersecurity and obtaining relevant certifications not only protect digital assets, but also build a strong basis for safe and reliable trade relationships.

Accordingly, Sidenor has obtained the Information Security Management

System Certification ISO 27001, an international standard that harmonizes requirements related to the implementation of information security management systems within organizations. In parallel, we maintain our TISAX certification, an exclusive standard in the car sector related to information security within organizations. It is worth noting that we received the maintenance certification in February 2023, and intend to undergo the same audit next year, including MCD.



In 2023, and under the claim 'Cybersecurely', we launched various awareness-raising campaigns on the importance of cybersecurity in our daily work in order to stay alert and reduce.



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WE WORK TO PROTECT INFORMATION,
REGARDLESS OF HOW IT IS SHARED,
COMMUNICATED OR STORED, AS WELL AS
THE ASSETS OR SYSTEMS ASSOCIATED TO
ITS PROCESSING

”

Report profile

With this Corporate Report, we want to share our corporate, social, environmental and economic performance during the 2023 financial year with all our stakeholders as well as society in general. We thus express once again our commitment to transparency, value creation and fluent communication.

Our main activity, based on turnover and number of professionals, is focused in Spain. For this reason, this report does not include data on our international sales offices (Germany, France, Italy and the United Kingdom), which only deal with the commercialization of our products, so that the related data are therefore outside the scope of this document. The information related to the company purchased in the last part of 2022,

Mecanizado Cremalleras de Dirección S.L.U., as well as Miguel Martín and Eguzkin, acquired in 2023, has not been included in this document either, as these new elements show little materiality.

By issuing this Report, which is part of the 2023 Management Report of Sidenor Holdings Europa S.A.U., Sidenor complies with Article 49 of the Commercial Code as regards disclosure of non-financial information, by virtue of the amendment effected by Law 11/2018, of December 28th.

The herein contained information has been collected and is presented according to Sidenor's principles of transparency, clarity, comparability and reliability.

Company



Country

Spain

Period covered

2023


Frequency


Annual

Registered office

Barrio Ugarte s/n. 48970 Basauri (Vizcaya- Biscay)

More information

 communication@sidenor.com

 +34 94 487 1500

 www.sidenor.com



ANNEXES





Annexes.

Reference table with regard to Law 11/2018 requirements

Content index according to the requirements of Law 11/2018 as regards non-financial and diversity information

Areas	Contents	Chapter/s*
General matters		
Business model	<p>Short description of the Company's business model, including:</p> <ol style="list-style-type: none"> 1. Its business environment. 2. Its organization and structure. 3. The markets where it operates. 4. Its objectives and strategies. 5. The main factors and tendencies which might affect its future evolution. 	(Chairman's letter); GRI 2-22. (Chapter 1: Sidenor: innovation and sustainability); GRI 2-1, GRI 2-6. (Chapter 4: Governance); GRI 2-9.
Policies	<p>Description of the policies pursued by the company in relation to those matters, including:</p> <ol style="list-style-type: none"> 1. Due diligence processes implemented for the identification, evaluation, prevention and mitigation of significant risks and impacts. 2. Verification and control procedures, including the measures adopted. 	(Chapter 1: Sidenor: innovation and sustainability). (Chapter 2: Environment). (Chapter 3: Society); GRI 3-3 Management of material topics - each area within the Economic, Environmental and Social dimensions.
Short-, medium- and long-term risks	The principal risks related to those matters linked to the Group's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas.	(Chapter 1: Sidenor: innovation and sustainability); GRI 3-3 Management of material topics - each area within the Economic, Environmental and Social dimensions, GRI 2-12.
Environmental matters		
Global environment	<ol style="list-style-type: none"> 1. Detailed information on the current and foreseeable impacts of the company's operations on the environment, and, as appropriate, on health and safety as well as environmental evaluation and certification procedures. 2. Resources dedicated to the prevention of environmental risks. 3. Application of the precautionary principle, quantity of provisions and safeguards for environmental risks. 	(Chapter 2: Environment); GRI 3-3 Management of material topics - each area within the Environmental dimension (Chapter 1: Sidenor: innovation and sustainability); GRI 2-23.
Pollution	<ol style="list-style-type: none"> 1. Measures for preventing, reducing or remedying carbon emissions which seriously affect the environment 2. Consideration of any form of specific air pollution of an operation, including noise and light pollution. 	(Chapter 2: Environment); GRI 3-3 Management of material topics - Emissions/Biodiversity.

* Reference to GRI 2021 if not otherwise indicated.

Areas Contents Chapter/s*

Environmental matters

Circular economy and waste prevention and management	Circular economy.	(Chapter 1: Sidenor: innovation and sustainability), (Chapter 2: Environment); GRI 3-3 Management of material topics - Effluents and Waste, GRI 301-2 (2016).
	Waste: Prevention, recycling, reuse measures and other forms of waste recovery and disposal.	(Chapter 2: Environment); GRI 3-3 Management of material topics - Effluents and Waste, GRI 306-2 (2020).
	Actions against food waste.	No material given the Group's activity.
Sustainable use of resources	Water consumption and supply according to local limitations.	(Chapter 2: Environment); GRI 303-3 (2018).
	Consumption of raw materials and measures taken to improve raw materials use efficiency.	(Chapter 2: Environment); GRI 3-3 GRI 3-3 Management of material topics - Environment, GRI 301-1 (2016), 301-2 (2016).
	Direct and indirect consumption of energy, measures taken to improve energy efficiency and the use of renewable energies.	(Chapter 2: Environment); GRI 3-3 Management of material topics - Energy, GRI 302-1 (2016).
Climate change	Important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces.	(Chapter 2: Environment); GRI 3-3 Management of material topics - Emissions, GRI 305-1 (2016), 305-2 (2016).
	Measures taken to adapt to the consequences of climate change.	(Chapter 2: Environment); GRI 3-3 Management of material topics - Emissions.
	Voluntarily established reduction targets in the medium and long term to reduce greenhouse gas emissions and means implemented to this end.	(Chapter 2: Environment); GRI 3-3 Management of material topics - Emissions.
Protection of biodiversity	Measures taken to preserve or restore biodiversity.	No material, as Sidenor worksites are not located in areas that are relevant in terms of biodiversity.
	Impacts caused by activities or operations in protected areas.	

Social and employee-related matters

Employment	Total number and distribution of employees by gender, age, country and professional category.	(Chapter 3: Society); GRI 3-3 Management of material topics - Employment, 2-7, 405-1- (2016). The information provided is not disaggregated by professional category.
	Total number and distribution of labor contract modalities.	(Chapter 3: Society); GRI 2-7.
	Annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional category.	(Chapter 3: Society); GRI 2-7, 405-1 (2016). The information provided is not disaggregated by professional category.
	Number of dismissals by gender, age and professional category.	(Chapter 3: Society); GRI 401-1 (2016). The information provided is not disaggregated by professional category, gender or age.
	Average wages and their evolution disaggregated by gender, age and professional category or similar value.	(Chapter 3: Society); GRI 405-2 (2016). The information provided is not disaggregated by professional category, gender or age.

Reference to GRI 2021 if not otherwise indicated.

Areas	Contents	Chapter/s*
Social and employee-related matters		
Employment	Wage gap, remuneration for equal working positions or on average in the company.	(Chapter: Society); GRI 3-3 Management of material topics – Employment, 405-2 (2016).
	Average wage of executives and directors, including variable remuneration, allowances, compensations, payments to long-term savings pension systems, and any other payments disaggregated by gender.	Information omitted.
	Implementation of disconnection-from-work policies.	(Chapter 3: Society); GRI 3-3 GRI 3-3 Management of material topics – Employment.
	Employees with disabilities.	(Chapter 3: Society); GRI 405-1 (2016).
Organization of work	Organization of working time.	(Chapter 3: Society); GRI 3-3 GRI 3-3 Management of material topics – Employment.
	Number of absence hours.	(Chapter 3: Society); GRI 403-9 (2018).
	Measures aimed at facilitating conciliation and fostering its jointly responsible enjoyment by both parents.	(Chapter 3: Society); GRI 3-3 Management of material topics - Employment.
Health and safety	Health and safety conditions at work.	(Chapter 3: Society); GRI 3-3 Management of material topics - Health.
	Occupational accidents, in particular their frequency and severity, disaggregated by gender.	(Chapter 3: Society); GRI 403-9 (2018). The information provided is not disaggregated by gender.
	Occupational diseases, disaggregated by gender.	(Chapter 3: Society); GRI 403-10 (2018). The information provided is not disaggregated by gender.
Social relationships	Organization of social dialogue, including processes aimed at informing, consulting and negotiating with the staff.	(Chapter 3: Society); GRI 3-3 Management of material topics - Labor-management relations.
	Percentage of employees covered by collective agreements by country.	(Chapter 3: Society); GRI 2-30.
	Assessment of collective agreements, notably in the field of health and safety at work.	(Chapter 3: Society); GRI 403-4 (2018).
	Mechanisms and procedures available to the company in order to promote workers' involvement in company management, in terms of information, consultation and participation.	(Chapter 3: Society); GRI 3-3 Management of material topics - Labor-management relations.
Training	Policies implemented in the training field.	(Chapter 3: Society); GRI 3-3 Management of material topics – Labor-management relations.
	Total quantity of training hours by professional category.	(Chapter 3: Society); GRI 404-1 (2016). The information provided is not disaggregated by professional category.
Universal accessibility of people with disabilities		(Chapter 3: Society); GRI 3-3 Management of material topics - Diversity and Equal opportunity + Non-discrimination.
Equality	Measures taken to promote equal treatment and opportunities between women and men.	
	Equality plans (Chapter III of Organic Law 3/2007, of March 22, for effective equality between women and men), measures taken to promote employment, protocols against sexual harassment and harassment on grounds of sex, integration and universal accessibility of people with disabilities.	(Chapter 3: Society); GRI 3-3 Management of material topics - Diversity and Equal opportunity.
	Policy against all forms of discrimination and, when applicable, diversity management.	

* Reference to GRI 2021 if not otherwise indicated.

Areas Contents Chapter/s*

Human Rights

Application of due diligence processes in terms of human rights. Prevention of risks of human rights violations and, when applicable, measures aimed at mitigating, managing and redressing possible abuses.	(Chapter 3: Society), (Chapter 4: Governance); GRI 3-3 Management of material topics - Human Rights Assessment and Non - discrimination.
Complaints regarding human rights violations.	(Chapter 4: Governance); GRI 406-1 (2016).
Promotion of, and compliance with the fundamental conventions of the International Labor Organization on freedom of association and the right to collective bargaining.	(Chapter 3: Society); GRI 407-1 (2016) (Chapter 4: Governance); GRI 2-23.
Elimination of discrimination in employment and occupation	(Chapter 3: Society), (Chapter 4: Governance); GRI 3-3 Management of material topics - Non-discrimination, GRI 406-1 (2016).
Elimination of forced or compulsory labor.	(Chapter 4: Governance); GRI 409-1 (2016).
Effective eradication of child labor.	(Chapter 4: Governance); GRI 408-1 (2016).

Corruption and bribery

Measures taken to prevent corruption and bribery.	(Chapter 4: Governance); GRI 3-3 Management of material topics - Non-discrimination, GRI 2-23, 2-26, 205-2 (2016), 205-3 (2016).
Measures against money laundering.	(Chapter 4: Governance); GRI 205-2 (2016).
Contributions to foundations and non-profit entities.	(Chapter 3: Society); GRI 413-1 (2016).

Society

Company commitments to sustainable development	Impact of the company's activity on local employment and development.	(Chapter 3: Society); GRI 3-3 Management of material topics - Local - Communities and Indirect Economic Impacts, GRI 413-1 (2016.)
	Impact of the company's activity on local populations and in the region.	(Chapter 3: Society); GRI 413-1 (2016).
	Relations with local community actors and modalities of the dialogue with them.	(Chapter 3: Society); GRI 2-29.
	Partnership or sponsorship actions.	(Chapter 3: Society); GRI 2-28.
Subcontracting and suppliers	Inclusion of social, gender equality and environmental issues in purchasing policy. Consideration, within the framework of relations with suppliers and subcontractors, of their social and environmental responsibility	(Chapter 3: Society); GRI 2-6, GRI 3-3 Management of material topics - Procurement Practices, 204-1 (2016), 308-1 (2016), 414-1 (2016).
	Monitoring and audit systems and their results.	(Chapter 3: Society); GRI 3-3 Management of material topics - Procurement Practices.
Consumers	Measures in favor of consumer health and safety.	(Chapter 1: Sidenor: innovation and sustainability); GRI 3-3 Management of material topics - Consumers.
	Grievance systems, complaints received and resolution thereof.	(Chapter 1: Sidenor: innovation and sustainability); GRI 3-3 Management of material topics - Consumers.
Tax information	Benefits obtained country by country.	(Main figures), (Chapter 1: Sidenor: innovation and sustainability); GRI 3-3 Management of material topics - Economic Performance.
	Profit taxes paid.	(Chapter 1: Sidenor: innovation and sustainability); GRI 3-3 Management of material topics - Economic Performance.
	Public subsidies received.	(Main figures); GRI 201-4 (2016).

* Reference to GRI 2021 if not otherwise indicated.



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