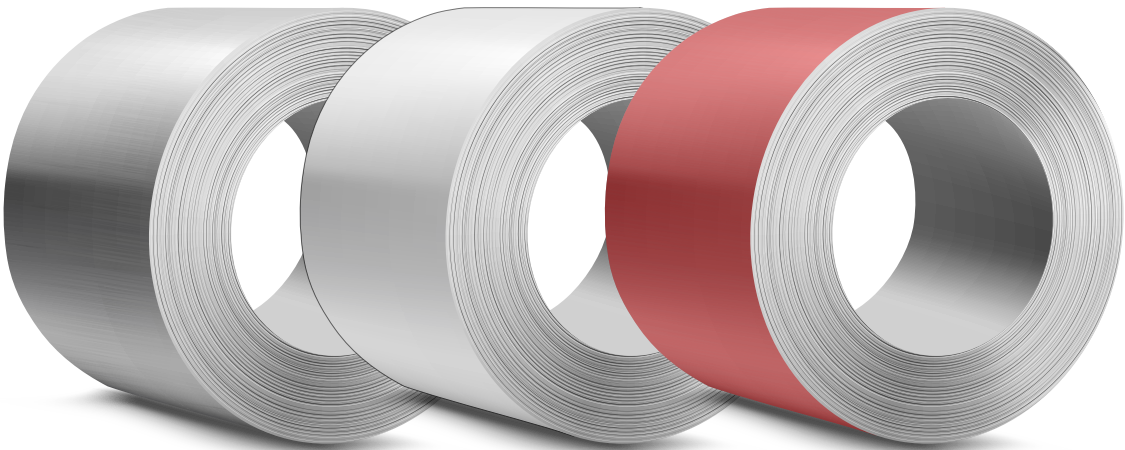




we Are SOLUTIONS

2022
SUSTAINABILITY REPORT



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ABOUT

Building our sustainability journey



Picture: Official opening of León Coated Solutions production facility.

About this document

This document comes from the commitment made of Network Steel's industry division with the clear objective of giving visibility and transparency to our sustainability plan.

Responsibility to our customers, partners, investors, and the society we live in and generate an impact through our activity. The document covers the operations performance of the industry division's facilities from 1st of January 2022 to 31st of December 2022.

Coated Solutions and Eco Steel Solutions show a great engagement as a company with sustainability and product, for this reason, all facilities have ISO certifications.



WHY WE ARE SOLUTIONS?

Past, present and future of the company



Picture: NSR's headquarters, Madrid

Coated Solutions is part of industry division inside Network Steel Resources (NSR). Since 2011, the NSR Group has successfully embarked on an industrialisation strategy focused on the transformation of flat steel products. It has managed to develop a significant industrial business, offering high value-added products, including pre-painted and eco-pickled coils.

The Group's expertise and experience in steel procurement supports both the development of the trading business and the evolution of the industrial business. Knowledge of the markets, through the trading business, drives the evolution of the industrial business, achieving better margins in the procurement of raw

materials for the Group's companies.

The acquisitions of Plafesa (2018) and Aveiro Coated (2019), increased the Group's strategic position and size in terms of revenue, geographical presence and diversification of the customer portfolio.

Todoaceros facility in 2021, renamed Eco Steel Solutions by introducing new machinery, the EPS (Ecological Pickling System), unique in Europe, EPS pickling that achieves the product with greater advantages for the customer. The strategy defined for the period 2019-2022 of the NSR Group is characterised by the objective of achieving greater vertical integration.

The business plan consists of the construction of an industrial plant in León through the company León Coated Solutions S.L. (LCS), which will enable the group to offer a wider range of flat steel products. This project includes three production lines: hot pickling (start-up in 2021), cold rolling (start-up in 2022) and galvanising (start-up in February 2023). In this way, the process starts with hot roll steel coils, to obtain hot dip galvanised coils, used as raw material from pre-painting industry.

The NSR Group will thus be able to adapt its production to changes in demand and will be able to supply itself with essential products for its industry.

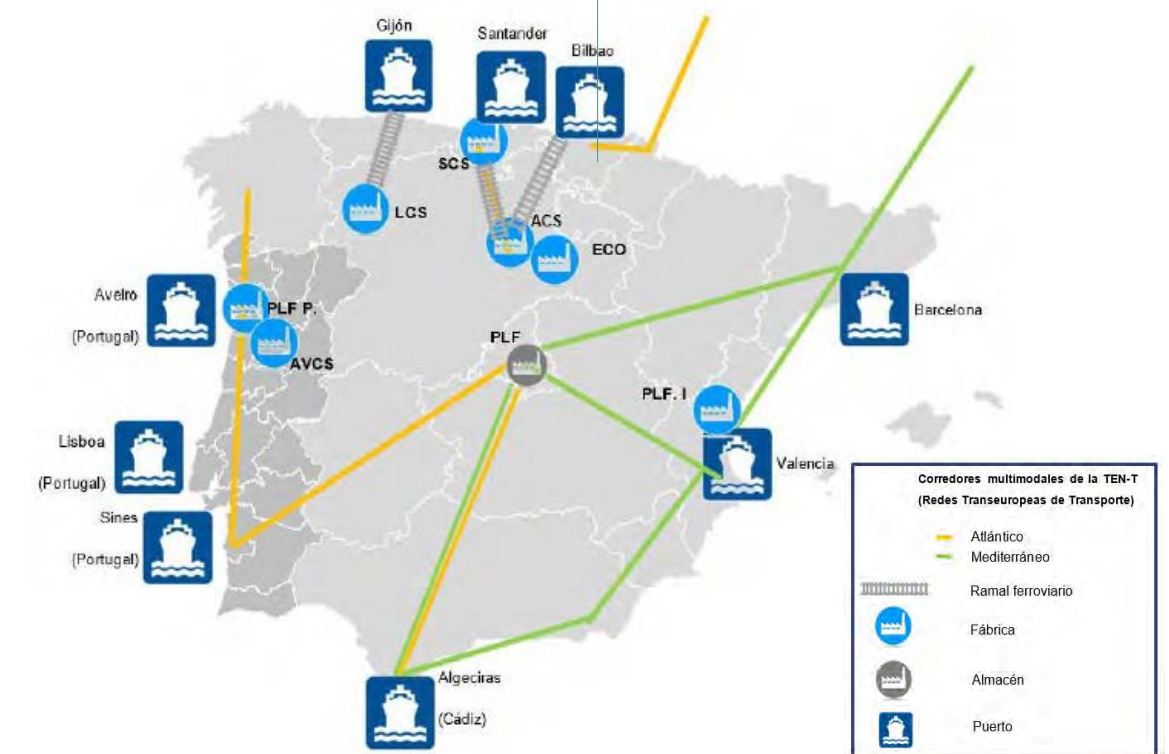
In terms of trading, the Group is continuing to develop and consolidate its business activities on the north of African continent with the creation in 2019 of Network Steel Africa S.L.

(NSA) and consolidating its position on the Northern European market with Network Steel Suisse AG (NSS), which has been developing its business since 2015.

The Group holds a leadership position in the Iberian Peninsula regarding industrial facilities and production capacity for the manufacturing of pre-painted coils.

This position was strengthened in 2019 with the addition of a third pre-painting plant located in Aveiro, Portugal, which complements the two existing ones in Spain (Aranda de Duero and Santander).

NSR has been undergoing a phase of expansion and growth in its production capacity in recent years, through a business industrialization strategy, supported by a prominent investment policy that has enabled both organic and inorganic growth.



WHAT ARE OUR VALUES?

Values for people and environment

We are not only steel, we are people committed with sustainability



Environmental responsibility

Steel industry is a significant contributor to global greenhouse gas emissions and energy consumption. The company is fully aware of the environmental impact of its activities, and is implementing various

measures to mitigate the organisation environmental impact. A key elements to mitigate in this were carbon reduction, energy efficiency, and circular economy.

Social responsibility

Fostering a culture of social responsibility by prioritizing the well-being and fair treatment of employees, promoting diversity and inclusion, and actively engaging with communities to address social challenges.

Employee engagement

Encouraging employees to actively participate in sustainability initiatives, providing training and resources, and fostering a culture of sustainability.

Ethical conduct

Upholding high ethical standards in all business operations and decision-making processes, including transparency, integrity, and accountability.

Transparency and accountability

Practicing transparent reporting of sustainability performance, sharing relevant information with stakeholders, and being accountable for actions and outcomes.

Collaboration and partnerships

Recognizing the importance of collaboration and partnerships with stakeholders, including suppliers, customers, NGOs, governments, and local communities, to drive collective action and achieve sustainability goals.

Long-term thing

Emphasizing the importance of long-term thinking and considering the potential impacts of decisions on future generations, rather than focusing solely on short-term gain.





Continuous improvement

Committing to continuous improvement in sustainability performance by setting ambitious targets, monitoring progress, and seeking opportunities for innovation and optimization.

Innovation and adaptability

Encouraging innovation and embracing new technologies, practices, and approaches that promote sustainable development and address emerging environmental and social challenges.

Sustainable supply chain

Promoting sustainable practices throughout the supply chain, such as responsible sourcing, fair trade, and supplier diversity.

SUSTAINABILITY GOALS

2050 horizont



Decarbonising the steel industry

Companies shall lead the transition for a most sustainable products and practices to ensure that the needs of the present generation are met without compromising the ability of future generations to meet their own needs. Set goals by individuals, organizations, and governments to achieve balance economic growth, social development, and environmental protection.

For make this goals a global target EU Commission set a large legislation package to address sustainability as a global issue, not only for EU members.

In **December 2015** at the United Nations Framework Convention on

Climate Change (UNFCCC) Conference of the Parties (COP 21) held in Paris, was adopted **The Paris Agreement**.

It aims to address the global challenge of climate change by establishing a framework for global cooperation and action to reduce greenhouse gas emissions, adapt to the impacts of climate change, and support developing countries in their efforts.

The key objective of the **Paris Agreement** is to limit global warming to well below 2 degrees Celsius above pre-industrial levels, while pursuing efforts to limit the temperature increase to 1.5 degrees Celsius. To

achieve this, countries have committed to submitting their own voluntary national climate action plans, known as nationally determined contributions (NDCs), outlining their efforts to reduce emissions and enhance resilience.

To achieve this climate change challenge, in **2019** born **The Green Deal**. the **Green Deal** is a growth strategy by the European Commission aimed at addressing climate and environmental challenges. It outlines a roadmap to achieve a sustainable economy and make Europe the first **climate-neutral** continent by **2050**.

This new growth strategy for the EU aims to create a more equitable and prosperous society, with a clean, circular, resource-efficient, and competitive economy.

In **July 2021**, European Commission launch **Fit for 55**, a package of legislative proposals and initiatives, to aim is to accelerate the European Union's efforts to reduce greenhouse gas emissions and achieve its climate goals under the **Paris Agreement**. The name **Fit for 55** is derived from the target of reducing net greenhouse gas emissions by at least **55% by the year 2030** compared to 1990 levels.

The package includes various measures across different sectors, such as energy, transport, buildings, industry, and land use. Some of the key proposals include:

Strengthening the EU Emissions Trading System (EU ETS):

The **EU ETS** is a cap-and-trade system that puts a price on carbon emissions. The proposal aims to extend the scope of the **EU ETS** to include new sectors and tighten the emissions cap to ensure a more significant reduction in emissions.

Increased renewable energy targets:

The package proposes raising the EU's renewable energy target to 40% by **2030**, meaning that at least 40% of the EU's energy consumption should come from renewable sources.

Energy efficiency improvements:

The proposals include measures to improve energy efficiency in buildings and encourage the use of energy-efficient technologies and appliances.

Promotion of electric vehicles:

The package aims to accelerate the adoption of electric vehicles by introducing stricter CO₂ emissions standards for cars and vans and expanding the charging infrastructure.

Carbon border adjustment mechanism (CBAM):

The package includes the introduction of a **CBAM**, which would place a carbon price on certain imported goods to prevent carbon leakage and ensure a level playing field for EU industries.





Listening the voices of the people

Obtaining stakeholder feedback is crucial for the organization as it helps us understand the expectations and perspectives of different stakeholders. It allows the company to identify key issues, risks, and opportunities, and informs decision-making processes related to sustainability. Stakeholder feedback can come from a wide range of sources, including customers, employees, investors, local

communities, NGOs, regulators, and suppliers. The company has gathered feedback through various methods such as surveys, interviews, focus groups, public consultations, and social media monitoring. Engaging with stakeholders on an ongoing basis fosters transparency, trust, and accountability while enables the organization to improve its sustainability performance.

Once, feedback was gathered, we materialised the most relevant environmental, social, and governance (ESG) issues. Material issues are those that can influence the assessments and decisions of stakeholders, impacting the organization's ability to create value over the short, medium, and long term. Materiality assessments are typically conducted through stakeholder engagement, desktop research, benchmarking against industry peers, and expert opinions. The outcome is a materiality matrix or report that highlights the key ESG issues based on their significance and

urgency. These material issues then guide the organization's sustainability strategy, reporting, and disclosure policies.

Both stakeholder feedback and materiality assessments are essential components of a robust sustainability management approach. Stakeholder feedback helps organizations understand stakeholder perspectives, while materiality assessments enable organizations to focus their efforts on the most significant sustainability issues that matter to their stakeholders and their own long-term success.



Identification of real and potential impacts

Derived from the activities of the group, real and potential impacts on the economy, environment, and people are identified, resulting from the organization's activities. Real impacts are those that the activity generates, while potential impacts are those that could happen but have not occurred yet. These impacts can be positive or negative, short-term or long-term, localized or general, and reversible or irreversible.

In the process of identifying impacts, information from different sources has been used. The impact of our economic activity at regional and national levels has been taken into account, as well as the impact on the people where our activity is based and possible impacts on the surrounding environment. Considering the legal and regulatory framework in financial, anti-corruption, and occupational health and safety matters. When determining impacts outside the organization resulting from our activities, it is important to be aware of the activities of our clients and suppliers in order to get a clear picture of the impacts throughout our value chain. Through close collaborations and periodic interviews, aspects that can be considered as impacts are shared.

Main topics:

Air quality (particle emissions, pollution, toxic fog, etc.)

Circular economy: raw material efficiency and waste management (reduce, reuse, repair, recycle, by-products, zero waste, valorization, disposal, etc.)

Climate change (carbon footprint, reduction of CO2 emissions, low-emission products, etc.)

Environmental certifications (environmental certifications, environmental product declarations, etc.)

Energy: Renewable energy and energy efficiency (energy consumption and intensity, energy from alternative sources or fuels, etc.)

Water resource management (water footprint, water consumption, etc.)

Sustainable mobility (sustainable mobility for people and goods, etc.)

Diversity, inclusion, and gender equality (age group, ethnic minorities, gender, etc.)

Employee training and development (training and education, talent retention, etc.)

Risks identified within our management systems have also been taken into account, helping to identify future potential risks. Since the company is a living organism, constantly changing and growing, we cannot forget about those new impacts resulting from technical and social evolution.

MATERIALITY MATRIX

Our classified impacts

Ethics, integrity, and transparency (anti-corruption policy, fair trade, good governance, financial reporting, etc.)

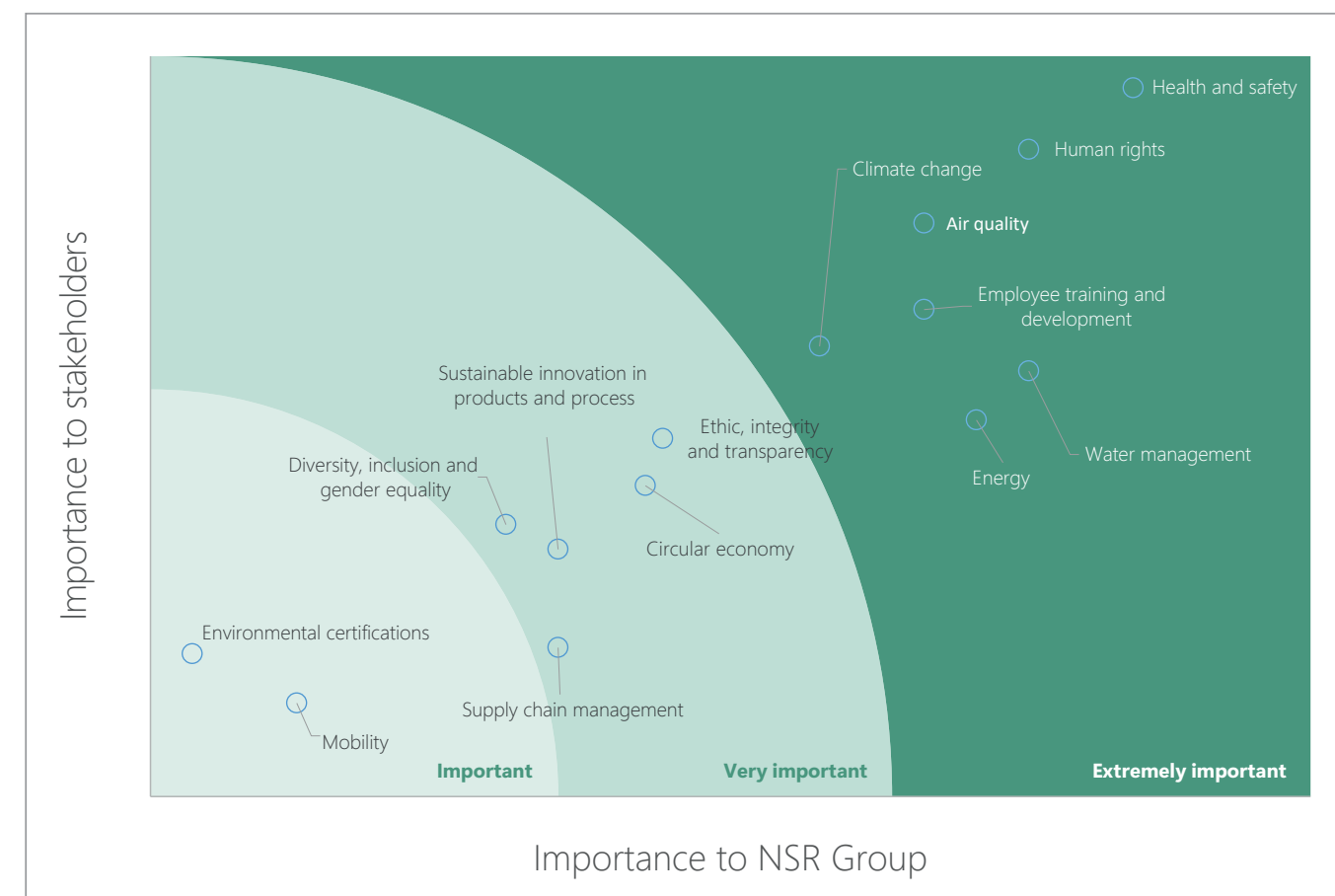
Human rights (child labour, forced labour, etc.)

Sustainable innovation in products and processes (research, development, best available techniques, etc.)

Employee safety and health (safe working environments, working conditions, etc.)

Supply chain management (responsible sourcing, supplier code of conduct, life cycle, etc.)

For the creation of the subject matters and the materiality matrix, those stakeholders have been chosen from among all interested parties who represent and are most affected by the impacts. To carry out the materiality matrix, a survey was conducted among the previously selected interested parties, with a response rate of 35%, out of more than 100 surveys. Among these stakeholder groups, the survey was directed towards: customers, suppliers, financial institutions, public entities, shareholders, employees, and management, who prioritized the material topics on the company's part.



GOVERNANCE ENGAGEMENT

Sustainability commitment

Leadership in the sustainability field starts at the top of the management pyramid. The commitment begins with the vertical integration of our manufacturing process, investing in modern production lines to achieve total control of the value chain for the final products. The company understands the market and the needs of users, pushing its suppliers to have the same level of engagement, providing, strategic direction and guidance.

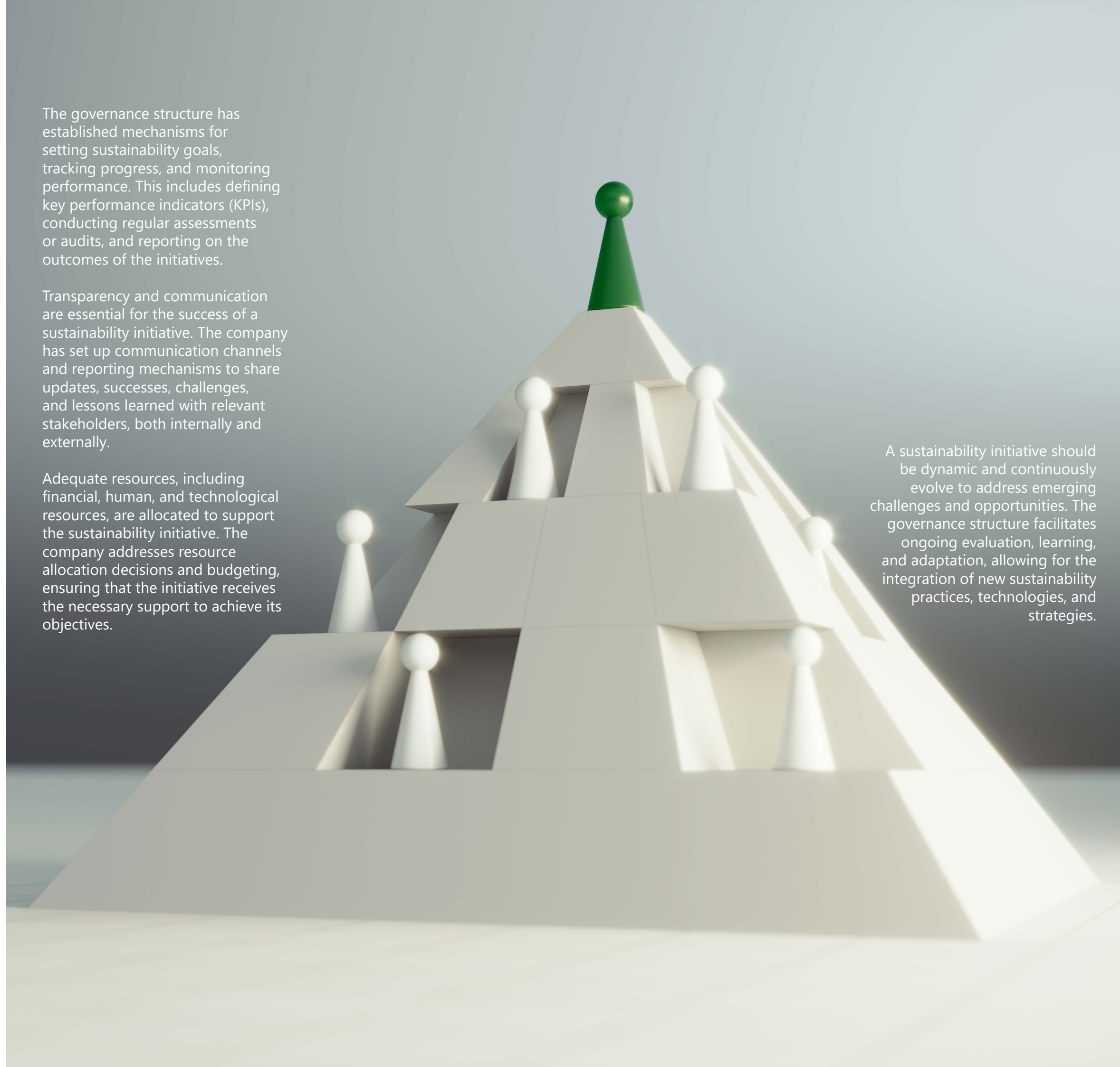
For the control of sustainability evolution, it is evaluated monthly within the industrial committee. Sustainability topics, such as environmental issues, energy consumption, health and safety, employment training, etc., are addressed. To promote collaboration and comprehensive decision-making, it is important to have cross-functional representation on this committee. This involves representatives from different departments or areas of expertise within the organization, such as sustainability, health and safety, finance, human resources, and maintenance. Each member of the management structure has clearly defined roles and responsibilities related to the sustainability initiatives, ensuring accountability and effective coordination among team members.

The governance structure has established mechanisms for setting sustainability goals, tracking progress, and monitoring performance. This includes defining key performance indicators (KPIs), conducting regular assessments or audits, and reporting on the outcomes of the initiatives.

Transparency and communication are essential for the success of a sustainability initiative. The company has set up communication channels and reporting mechanisms to share updates, successes, challenges, and lessons learned with relevant stakeholders, both internally and externally.

Adequate resources, including financial, human, and technological resources, are allocated to support the sustainability initiative. The company addresses resource allocation decisions and budgeting, ensuring that the initiative receives the necessary support to achieve its objectives.

A sustainability initiative should be dynamic and continuously evolve to address emerging challenges and opportunities. The governance structure facilitates ongoing evaluation, learning, and adaptation, allowing for the integration of new sustainability practices, technologies, and strategies.



Organisation's ethical framework

NSR group have a common ethical framework for all business division. This ensure compliances with the moral principles and values of the company for those who be a member of the work team. Ethical and conduct code fight against corruption, anti-competitive practices and poor management of information. The actions, decision-making processes, and behaviours of GRUPO NSR and its professionals will respect the most fundamental ethical principles (such as respect for life and human dignity, honesty, and justice), as well as incorporate particular values and principles to achieve its objectives.

Economic Responsibility

The purpose of the company is to generate economic resources that allow it to remain economically sustainable over time, while equitably rewarding the different economic agents involved in its activities.

Social Responsibility

The management of the company, in the legitimate pursuit of its economic objectives, will take into account the principles of social and environmental sustainability, aiming to have a positive social impact

Legality

Compliance with the law will be ensured in all areas of management and activities.



Quality

NSR group will work to meet the needs of its customers by offering products that comply with all applicable standards, as well as providing the best commercial and logistical service.

Respect

Interactions with people will be conducted in a dignified and tolerant manner while performing their duties, being respectful of the rights, freedoms, and inherent qualities of human beings.

Integrity and Trust Building

Work will be carried out with honesty, always adhering to the truth, fostering credibility and trust with all the institutions, organizations, companies, and individuals with whom the company interacts.

Management Commitment

The management of NSR group assumes a series of commitments regarding ethical and socially responsible management, which will involve all members of the organization and collaborators.

Assuming leadership in implementing this Code of Ethics in the company, being responsible for informing, training, and promoting compliance with the code's rules, ensuring that all individuals are aware of them and integrating them into the day-to-day business activities.

Refraining from encouraging, ordering, or in any way suggesting that NSR group employees make decisions or engage in behaviours that contravene the provisions of this code.

Maintaining good relationships with all individuals within NSR group, acting with fairness and justice in case of conflicts.

Establishing and maintaining coordinated channels of information within the organization based on honesty and transparency, allowing employees to become involved and participate in the company's actions.

Providing the necessary means to resolve professional problems that may arise among the company's staff.





Sustainability policy

The creation of a sustainability policy as a commitment within the company's values was the first step in creating a sustainability master plan (PDS), aligned with the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs), it was approved by the Network Steel Resources Management Committee in January 2021.

Key aspects such as corporate governance, the environment and climate change, energy management, policy with investors and customers, safety and health, social policy, and innovation and quality are the points in the action plan to achieve these goals.

The 2030 Agenda for Sustainable Development is a plan of action for people, planet, and prosperity. It seeks to strengthen universal peace in larger freedom and aims to eradicate poverty in all its forms and dimensions

The PDS is a plan that outlines the steps a company will take to become more sustainable and reduce its environmental impact

It includes specific goals and targets related to sustainability, such as reducing greenhouse gas emissions, improving energy efficiency, and promoting sustainable practices throughout the company.



Quality, safety and environment policy

The company have integrated policies of quality, environment, and occupational health and safety in the workplace. The policies demonstrate a commitment to quality, respect for the environment, prevention of occupational hazards, and excellence in service. They are put into practice through a focus on work and compliance with current legislation. The policies are manifested in the following areas of action:

Leadership: The management assumes ownership of these policies and promotes them through communication within the organization. The goal is for the policies to be understood and adopted by all staff members, as well as being made available to stakeholders.

Customer satisfaction: The main objective is to provide a service of such quality that it meets the needs and expectations of customers.

Process control: The policies ensure the monitoring of various activities based on indicators. This quantifiable information helps initiate actions that improve both the services provided and the management processes, always considering the organizational context.

Compliance with legislation: The policies guarantee respect for and protection of the environment. They also aim to prevent and minimize pollution associated with activities, products, and services. This includes waste generation,

accidental spills, noise, sustainable use of natural resources, adaptation to climate change, and compliance with legal requirements related to quality, environmental, and safety hazards affecting the business.

Participation and teamwork: The policies encourage group participation of all members, planning and implementing activities, and facilitating continuous learning through training courses. The goal is to enhance professional capacity and foster a sense of responsibility and personal commitment to quality, environment, and occupational health and safety.

Communication with suppliers and customers: Communication is based on trust, transparency, loyalty, and mutual respect, with the aim of achieving common objectives

Continuous improvement Is seen as a strategic value and a guarantee of future success. It provides the organization with the necessary tools to establish a strong position in society, including a commitment to preventing harm and health deterioration.

These policies are periodically reviewed and modified as needed. This ensures a framework for establishing and regularly revising the set objectives and goals, with the support of strategic management.



Sustainable supply chain policy

The NSR Group is committed to acting professionally, with rigour, transparency, and objectivity in its contractual relationships with different providers of goods and services, individuals or entities that operate under the request derived from the activities of the Group..

Rail transport is considered one of the most sustainable modes of transportation, and it offers a sustainable alternative to roadway transport.. It is essential for meeting global climate targets, and increasing its use and sustainability is critical to achieving net-zero goals

Picture: Group facilities are connected by trail rail to port of Gijón and Bilbao.

NSR Group aware of its positioning and consolidating its presence in the global steel market, commits to responsibility throughout the value/supply chain of our business lines. This reason leads us to promote and establish a framework of reference with our different suppliers, so that they align with the responsible/ sustainable business model that defines us, meeting the quality objectives of the products, respecting current legislation, social, environmental and good governance principles.

This document has been created in accordance with the established main standards and fundamental rights such as the Universal Declaration of Human Rights of the United Nations, the principles and fundamental rights of the International Labour Organization, the Convention on the Rights of the Child, the standards of the Organization for Economic Cooperation and Development, the principles of the United Nations Global Compact and the Sustainable Development Goals.

The objective of this policy is to ensure that the procurement or acquisition processes of goods and services throughout our supply chain comply with what is reflected in our codes and policies, in an exercise of transparency, impartiality, and responsible resource management. It ensures that suppliers, individuals, or entities that operate with NSR Group are aligned with the values and overall objectives of our organization.

ENVIRONMENTAL PERFORMANCE

Our environmental impact

Environmental performance of industries could vary widely depending on the sector, region, and specific practices. Steel industry have some key factors and indicators that can help to evaluate and compare the environmental performance of different industries.

It's important to note that the environmental performance of an industry is not static and can change over time. Many industries are actively working to improve their environmental practices by investing in research and development, adopting sustainable technologies, and implementing responsible business strategies.

Carbon emissions: One of the most crucial environmental concerns is greenhouse gas emissions, particularly carbon dioxide (CO₂). Industries that heavily rely on fossil fuels, such as energy generation, transportation, and manufacturing, tend to have higher carbon emissions. However, some industries have made significant efforts to reduce their carbon footprint through energy efficiency measures, adopting renewable energy sources, and implementing carbon capture and storage technologies. Steel companies are actively working to reduce their carbon dioxide (CO₂) emissions. Some are implementing carbon capture and storage (CCS) technologies to capture and store CO₂ emissions. Others are exploring the use of renewable energy sources, such as solar and wind, to power their operations.

Energy consumption: The amount of energy used by an industry is closely related to its environmental impact. High energy consumption often leads to increased greenhouse gas emissions and resource depletion. Energy-intensive sectors like manufacturing, mining, and heavy industries generally have a larger environmental footprint. However, improvements in energy efficiency, the adoption of clean energy sources, and the implementation of sustainable practices can help to mitigate these impacts. Steel manufacturers are investing in energy-efficient technologies and processes to reduce their energy consumption and associated emissions. This includes using energy-efficient



The most relevant impacts for the company and its stakeholders have been selected, creating a sustainability framework to address all material issues to be monitored.

equipment, optimizing production processes, and adopting advanced technologies like waste heat recovery systems.

Waste generation: Industries produce various types of waste, including solid waste, hazardous materials, and wastewater. Effective waste management practices, recycling initiatives, and pollution prevention measures can significantly reduce the environmental impact of industries.

Some industries, such as chemical manufacturing or electronic waste processing, require special attention due to the potential toxicity and long-term environmental implications of their waste products. Steel is highly recyclable, and many steel companies prioritize the use of recycled steel in their production processes. By promoting the circular economy, the company aims to minimize raw material consumption and reduce waste generation.

Water usage: Industries consume large amounts of water for various processes, including cooling, cleaning, and manufacturing. High water usage can deplete local water sources, harm ecosystems, and contribute to water scarcity. Water-stressed regions and industries should focus on implementing water conservation measures, recycling wastewater, and adopting water-efficient technologies. Steel production requires significant water usage, and companies are implementing measures to conserve water resources. They often invest in water recycling and treatment systems to reduce freshwater consumption and minimize the impact on local water sources.

Biodiversity impact: Industries can have a direct or indirect impact on biodiversity through activities such as land conversion, deforestation, pollution, and habitat destruction. Extractive industries, agriculture, and urban development often have significant implications for biodiversity. Implementing sustainable land use practices, protecting ecosystems, and promoting biodiversity conservation are essential for reducing the environmental impact of industries.

Chemical usage and pollution: Industries that use or produce chemicals can contribute to pollution of air, water, and soil. Harmful substances, including heavy metals, toxic chemicals, and pollutants, can have adverse effects on human health and ecosystems. Minimizing the use of hazardous substances, adopting cleaner production methods, and implementing effective pollution control measures are crucial for improving environmental performance.

Environmental regulations and certifications: The presence and enforcement of environmental regulations play a significant role in shaping the environmental performance



of industries. Governments and international bodies set standards and guidelines that industries must comply with to reduce their environmental impact. Additionally, industry-specific certifications and voluntary initiatives can encourage companies to adopt sustainable practices and improve their environmental performance. Some steel companies obtain certifications such as ISO 14001 (Environmental Management Systems) to demonstrate their commitment to environmental responsibility. These certifications ensure compliance with environmental regulations and encourage continuous improvement in environmental performance.

Stakeholder Engagement: Steel companies engage with various stakeholders, including local communities, environmental organizations, and regulatory bodies, to address concerns and gather feedback. This dialogue helps them identify and implement measures to minimize their environmental impact.

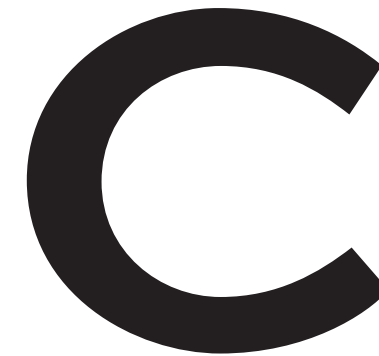
Research and Development: Steel companies invest in research and development to develop new technologies and processes that are more environmentally friendly. This includes exploring alternative materials, developing cleaner production methods, and collaborating with academic institutions and research organizations.



Inside the impact selected for the company and stakeholder the company has created a sustainability framework to address all those material topics to be measured and evaluate the impact on the company on a short and long term. Long-term ambitious goals are very important to achieve climate neutrality by 2050.

Measuring and evaluating environmental performance can be done through various tools and methodologies, including environmental audits, life cycle assessments, environmental impact assessments, and sustainability reporting frameworks like the Global Reporting Initiative (GRI).

To standardise NSR reporting GRI measuring and evaluating environmental performance can be done through various tools and methodologies, including an environmental, social, and governance performance.



CLIMATE AND CIRCULAR SOLUTIONS

To ensure our commitment to environmental issues, in 2022 the company launched two initiatives: CLIMATE and CIRCULAR SOLUTIONS. Both of them aim to fight against climate change and promote responsible use of natural resources. By implementing these initiatives, the company aligns itself with the ambitious policies of the European Union to limit greenhouse gas emissions along its value chain, not only focusing on the EU, in order to comply with the Paris agreements, which aim to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels. Effect is not only on the climate but also on people's health and the loss of biodiversity. Addressing climate change is a global challenge that requires collective efforts from governments, businesses, communities, and individuals. Inside the strategies to mitigate climate change was born Climate solution. The transition to renewable energy, moving away from fossil fuels, and adopting clean energy sources like solar, wind, or hydrogen-based power can reduce greenhouse gas emissions.

Circular Solutions is the other part of the company's environmental commitment proposal. NSR works to improve energy and productivity efficiency, reducing energy waste in industrial processes, transportation, and buildings. This actions cut significantly green house emissions as well as linked with Climate Solutions initiative. The key points of circularity, reduce, reuse, and recycle principles are included in this initiative, reducing the amount of hazardous waste generation and valorization as much as possible. The company has the commitment to recycle all non-hazardous waste and increase material efficiency.

IN FIGURES

2.74 _{t CO₂/t}
CARBON FOOTPRINT

64 _{t CO₂/t}
TRANSPORT CARBON Emissions

0.28 _{m³/t}
WATER CONSUMPTION

Assess our impact on climate change

CARBON FOOTPRINT

The iron and steel industry accounts for around 7% of global greenhouse gas (GHG) emissions and 11% of global carbon dioxide (CO₂) emissions. The company is aware of the direct and indirect impact of its emissions and calculates the carbon footprint of its main products on a yearly basis. In 2022, there was a reduction of 10 kg CO₂ per ton produced.

TRANSPORT CARBON EMISSIONS

Transport deserves special mention within our activities. The company moves more than 1,000,000 tonnes every year. Using bulk cargoes significantly reduces the carbon footprint in this scope. The company's strategic location, ports, and railway connections provide a perfect stage to drastically reduce this impact. 1 kg of CO₂/t was removed in 2022.

WATER CONSUMPTION

In the last years company's are implement targets to reduce water usage and minimize pollutants. The company's making process is not intensives on water consumption but it's well know the impact in climate change. During the last calendar year, 2022, the company consume the same amount of water previous year.

ENVIRONMENTAL PERFORMANCE



Our circular indicators demonstrate our commitment to reducing our environmental impact through our activities

3.2 kg/t

HAZARDOUS WASTE

Hazardous waste can have negative impacts on the environment and human health. Therefore, it is important to identify the types of waste generated and implement appropriate remedial techniques. Due to inventory removal, the amount of hazardous waste produced increased by 0.7 kg/t in 2022.



232 kWh/t

ENERGY INTENSITY

Energy intensity is an important measure of energy efficiency and can be used to track progress in reducing energy consumption and improving efficiency. Energy intensity can be used as a comparative measure. Energy consumption was increased 9 points due lack of production in Q3 and Q4 2022.



99 %

MATERIAL EFFICIENCY

Material efficiency strategies can help reduce the demand for steel and thereby reduce emissions. Pursuing a suite of material efficiency measures along supply chains reduces global steel demand. another year we have succeeded in achieving our goal.



99 %

PRODUCTIVITY

Not only does increasing productivity reduce operating costs, energy consumption, and material waste, but it is also synonymous with good preventive and corrective maintenance of the machinery involved in the process. 99% is our higher date in the last years.



98 %

WASTE VALORIZATION

There are many benefits to waste valorization, including reducing waste and greenhouse gas emissions, conserving natural resources, and creating new economic opportunities. The achievement in waste valorization decreased by one point in 2022.

SOCIAL SUSTAINABILITY

People development

NSR group is committed to integrating social responsibility into its business practices and aims to create a positive impact on society. This section provides an overview of the company's initiatives, achievements, and future goals related to social sustainability. Company has established a Corporate Social Responsibility (CSR) framework in order to facing material issues originating from company activities. Its prioritizes the well-being of its employees by providing a safe and healthy workplace, offering employee development programs, and promoting work-life balance. Equality, inclusion and diversity: the company values diversity and strives to maintain an inclusive work environment that promotes equal opportunities for all employees, regardless of their background or characteristics. The company works with suppliers and partners who share its commitment to ethical practices, fair labour conditions, and human rights to have a responsible supply chain. Actively engages with local communities, philanthropic activities and partnerships with non-profit organizations.

Community engagement:

NSR is a group committed to the local community, as well as to generating wealth through positive contribution by creating economic and social value, through employment, education, launching sustainable development initiatives, and social action contributions. NSR has firmly invested in industrial development, with the industrial activities of the Group being an important dynamization of the different productive and industrial sectors where it is present, with a very positive social and economic impact, mainly on local service providers; construction, facilities and supplies, maintenance and engineering; as well as in logistics companies. One of the relevant projects is the promotion of intermodal rail transport, with the completion of the provisional stop in Villadangos del Páramo, which is already operational,

and which aims to manage and coordinate logistics initiatives for the use of rail as a sustainable means of transport. This project has allowed the attraction and arrival of other companies, undoubtedly decided by the good prospects of this industrial estate enriched by the new railway environment that is being created

The Group has defined a social action plan in 2022 to maintain a commitment to collaboration with society that goes beyond its business activities, comprising three lines of action: with the local community, sports, and humanitarian aid. A Working Group has been established for decision-making on the type of actions to be taken, as well as for monitoring them. During 2022, the following actions have been carried out in the four established lines:



Pictures:
Club Balonmano
Villa de Aranda
and Festival
Luz de Música
(Cantabria)

Actions with the local community:

Collaboration with the Humanitarian Association of Volunteer Fire-fighters of Vagos, not only with donations but also with the cooperation of labour relations, through clarification and training actions. Collaboration with SOLTRA since our beginnings at the León Coated Solutions plant, for the integration of its personnel in access control services, cleaning, restoration, gardening, catering, and water supply.

Cultural and musical sponsorships: Festival Luz de Música (Cantabria), Vagos parties (Portugal), and Oucas parties (Portugal).

Sports actions: Sponsorships of sports clubs, as well as competitions Women Portugal cup, Atletismo Aranda and Club Balonmano Villa de Aranda, team involved in social causes, such as social inclusion, sport training scholarships and donations for social purposes.

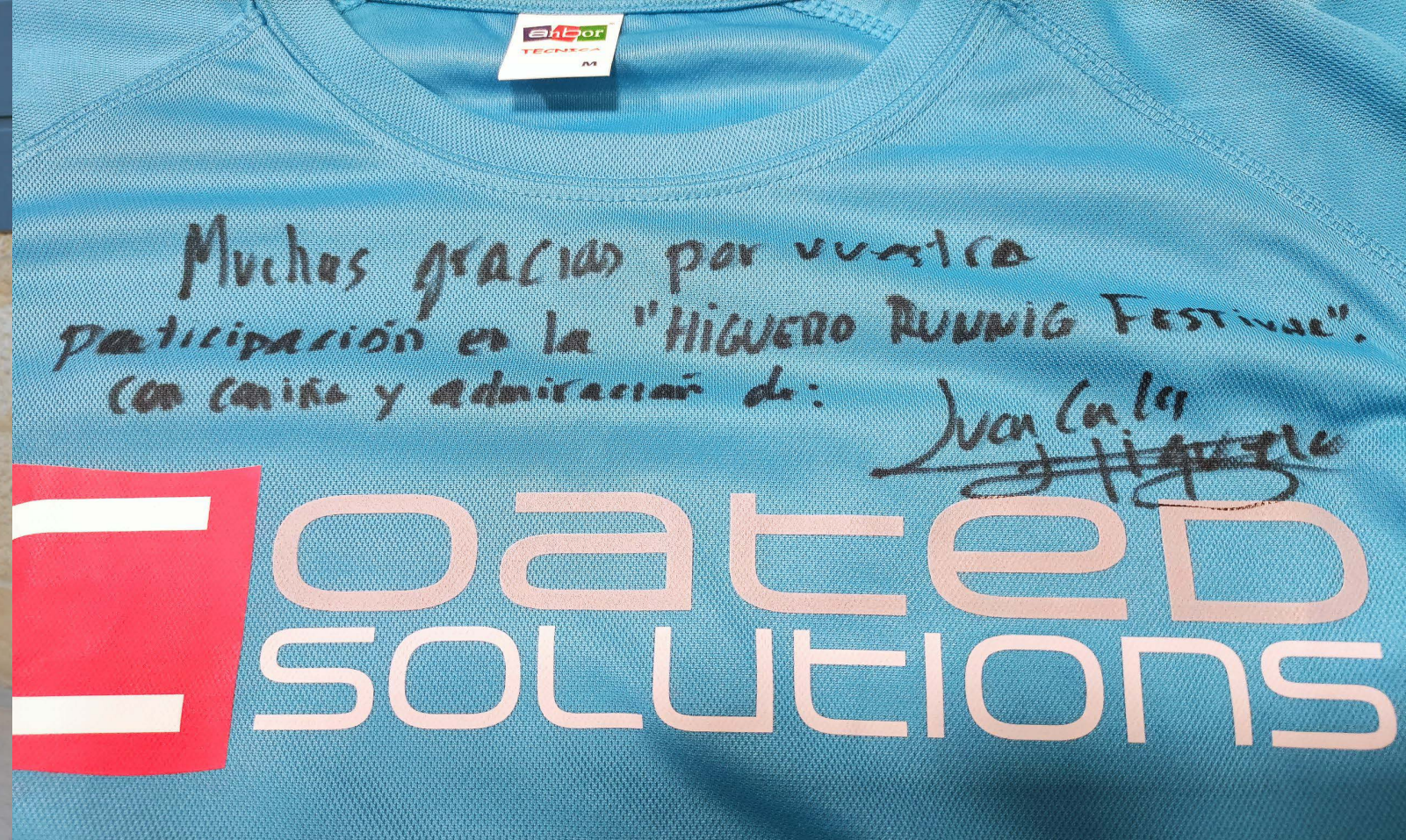
Humanitarian aid actions: During the Ukraine crisis, we collaborated with the Alavesa Virgen del Pilar-Elkartea Association based in the Comandancia de la Guardia Civil de Álava, with the support of this and the



Basque Country Zone. In order to collaborate with the Ukraine-Euskadi Socio-Cultural and Development Cooperation Association, a collection of donations was organized for the acquisition of essential and necessary generators for the operation of hospitals, nurseries, schools, etc.

Senegal Project: It is being carried out in the Kedougou region, located in the southeast of Senegal, being the second poorest region in the country. A donation has been made to work in priority areas (education, sport, youth, and women's independence), with a total investment of €75,000 in 2022, for the purchase of material for classrooms, promotion of sport, improvement of irrigation infrastructures for crops, and the purchase of seeds in the face of the difficulty of finding them, supporting women in agricultural work. Participation in the Solidarity Campaign of the Kilo Operation, jointly delivering 700 kilos of non-perishable food between employees and the Group, to the Food Banks of Madrid and Valencia, in which the commitment was that the Group doubled the amount delivered by the employees.

On the other hand, as it has been doing for



Pictures:
Coated Solutions Staff
in the 8th edition of the
"Higuero Running Festival"
(Aranda de Duero)

the last few years, NSR has continued to collaborate with economic donations to humanitarian organizations: Aldeas Infantiles (according to the extraordinary situation of the events that have arisen in Ukraine, we provide our fees to this NGO with special items to reach children when they need it most), Doctors Without Borders, Aldeas Infantiles SOS Ukraine (due to the extraordinary situation of the events that have arisen in Ukraine, in addition to our fee, and Carol Rolland Foundation, A.C.

In 2022, **€127.402** was donated and **€16.370** was sponsored.

Collaboration with Associations

The Group has various affiliations with associations: Union of Steel Companies (UNESID), Association of Metallurgical and Metalworking Industries and Related Industries of Portugal (AIMMAP), León

Business Federation (FELE), Official Chamber of Commerce and Industry of León, CEOE-CEPYME Cantabria, Vagos Business Center (NEVA), Industrial Association of Aveiro (AIDA), Valencian Metal Business Federation (FEMEVAL), Association of Entrepreneurs of Aranda and Ribera, and Association of Metal Stockists of Spain.

Within the Social Action Plan defined in 2022, one of the actions aimed at employees is the promotion of a healthy lifestyle. This includes periodic campaigns and activities related to physical well-being, nutrition, health, emotional well-being, and social well-being. Another action is the promotion of active sports by financially supporting the creation of sports teams or participation in events. In 2022, the staff of Aranda de Duero participated in the 8th edition

of the "Higuero Running Festival" and also, Madrid office participated in the Intercompany Padel League.

Work-life balance measures and social benefits

The reconciliation of professional and private life is a fundamental aspect in the relationship between the Group and its staff. The measures implemented in this regard are aimed at maximizing the well-being of the people with positively impact in terms of talent retention and increased productivity.

The purpose of implementing these measures is to seek a balance between professional commitment and personal and family responsibilities, promoting flexible strategies that favor work-life balance.

The Group offers certain social benefits to

its workers, such as accident insurance, a flexible remuneration program, and health insurance stand out.

Employment

The data included in this section corresponds to the aggregated data from the Group's template related to the year 2022.

NSR group promotes the generation of quality employment having a direct impact on local economic and social development. This is imperative to advance social equity and environmental sustainability while boosting productive employment.

More than 500 employees are part of the NSR staff in Spain and Portugal.



Protocol against sexual and sexist harassment at work:

Additionally, the companies belonging to the Industry segment have developed or are in the process of developing Prevention and Action Protocols for cases of sexual, moral, and gender-based harassment in the workplace. These protocols define the different types of harassment, preventive measures, and procedures for action.

The companies Aranda Coated, Eco Steel, Santander Coated, as well as those in the Corporate and Trading segment, have a specific harassment protocol developed by the company Ibersys (External Prevention Service). In the case of León Coated, the specific harassment protocol is being developed as part of the company's Equality Plan. In the case of service centres, the harassment protocol is provided for in the State Metal Agreement (Article 65 of the 2019-2020 Agreement and Article 68 of the 2021-2023 Agreement).

In conclusion, the Group promotes diversity and strives for the integration of all its personnel in the workplace through non-discriminatory selection and professional development processes, ensuring the principle of equal opportunities and prevention of harassment.

Accessibility:

Regarding physical accessibility to workplaces, general legislation is complied with. In the case of direct production positions, accessibility is conditioned by the configuration of the positions and applicable risk prevention procedures.

Equality, inclusion and diversity

The Group is committed to Equality of Opportunities between Women and Men and is committed to eradicating and preventing all forms of sexist practices by creating a work environment where all individuals are treated with impartiality, respect, and dignity. Special attention is given to promoting equal opportunities and fair treatment for all personnel, eliminating any form of discrimination,

regardless of its cause or origin.

In all areas of the Group's activities, from selection to promotion, including salary policies, training, working conditions and employment, occupational health, work time organization, and work-life balance, we uphold the principle of equal opportunities between women and men.

Equality plans:

Due to the reasons stated, in the Industry segment, Santander Coated and León Coated companies have developed their respective equality plans to ensure equal opportunities and eradicate and prevent sexist practices. For the rest of the Group's companies, the legal requirement to develop an Equality Plan does not apply due to their size.



Employee health and safety

The Group is committed to ensuring the safety and health of individuals in the business activities carried out, creating a safe working environment and achieving the goal of zero work accidents. This commitment extends to our contractors as well. This is particularly important in a sector with a high accident rate due to the propensity for wounds.

In addition to our own safety mechanisms, the Group's industrial plants, Eco Steel Solutions, Santander Coated Solutions, and Aranda Coated Solutions, have management systems certified with the ISO 45.001:2018 standard. We are also in the process of certification for the year 2023 at León Coated Solutions.

The Group has a preventive approach to occupational safety and health, which is implemented through an external prevention service covering the four specialties: safety, hygiene, ergonomics and applied psychosociology, and health surveillance. In accordance with established legislation, societies that require the establishment of prevention delegates and Safety and Health Committees have designated and established them. In 2022, there were

5 prevention delegates and the Safety and Health Committee of León Coated Solutions, which meets quarterly. These delegates and the Committee contribute to the continuous improvement process in this field by sharing experiences, best practices, and facilitating participation and communication of any type of information, as well as implementing appropriate measures.

The Group maintains a systematic process of risk identification and evaluation, as well as planning the necessary actions to eliminate or minimize them. This is done to properly manage risks by adopting safety and prevention measures, with the support of prevention services. Additionally, we reinforce our commitment in this area through specific and personalized training tailored to each job position.

In case of incidents or accidents involving NSR personnel, subcontractors, or self-employed workers at the industrial plants, we follow established procedures for accident investigation, assistance, and incident management. Adequate documentation is done to investigate the cause of the incidents and analyse the contributing factors. This allows us to incorporate actions and measures to prevent their recurrence.

Manage safety and health

1. Safety Culture and Leadership

The development and maintenance of a sound safety culture is an essential enabler of world-class safety performance. A sound healthy and robust culture itself depends on active, inspiring and effective safety leadership across an organisation.

Safety leaders can be found across the steel industry, from front-line workers influencing their peers to the CEO, who has a unique and powerful opportunity to be a positive influence across the whole business.

Safety leaders have the opportunity to foster and establish sustainable cultural change that positively impacts the behaviour, attitudes and overall safety and health of all employees and contractors with their sphere of influence.

This is a long-term commitment that requires the continual investment of resources and effort.

2. Occupational Safety Management

Occupational safety management promotes the safety of employees, contractors and visitors by preventing personal injuries in the workplace, and has a strong focus on primary prevention of exposure to hazards.

3. Occupational Health Management

In its widest definition, occupational health management encompasses the physical, mental and social well-being of

the people working in the company.

4. Process Safety Management

Process safety is a combination of engineering and management skills focused on preventing catastrophic accidents and near misses, particularly explosions, fires, structural collapse and damaging releases associated with a loss of containment of energy or dangerous substances such as molten metals, fuels and chemicals.

The manufacturing of steel involves processes with intrinsic hazards that need careful management. The measures needed to control these hazards are often complex. The focus of process safety management is not limited to protecting the people within the company but also includes the environment, assets and surrounding community.

Achieving a healthy and accident-free workplace through a number of activities:

Safety and health metrics survey

Safety and health guidance notes

Safety and health excellence recognition programme

Safety workshops

Serious safety occurrences sharing

Shop floor safety audits

Day for Safety and Health



Picture:
From left to right:
Joaquín Barreiro (Director of the School of Industrial, Computer and Aerospace Engineering ULE), Paulo Gonçalves (Coated Solutions General Manage), Juan Francisco García Marín (Rector of the ULE), Jesús Rebolledo (NSR General S), and Ramón Ángel Fernández (Vice-Rector for Infrastructure and Sustainability ULE).

Public collaborations

The University of León (ULE) and León Coated Solutions signed a broad collaboration agreement today. The agreement aims to promote research and training between the two institutions, based on the steel plant that the company has developed in Villadangos del Páramo.

The basic objective of the agreement is to establish a framework for collaboration both in teaching and in research and innovation, through research projects and doctoral programmes.

Likewise, the agreement will support the education and training of industry professionals by means of visits and internships in the company. Our company and ULE are also committed to sharing knowledge to improve the skills of students through seminars or talks.

They will support the training of university students through the tutoring of final degree and master's degree projects. The agreement will also support and encourage the creation of new degrees by the University.

Picture:
From left to right:
Paulo Gonçalves (Coated Solutions General Manage), Juan Francisco García Marín (Rector of the ULE)



The agreement will have an initial duration of four years. According to the signatories, the mutual collaboration between the company and the university should contribute to the best performance of the activities of each of them, as well as to the optimization of their material and human resources.

Research and development projects are focused on using artificial intelligence, machine vision and the development of new alloys in metal coatings.

Previously, the company collaborated with the University of Santander developing I + D projects, with this new signature the collaboration with the universities is strengthened.



Picture:
León Coated Solutions 3rd training schools 2022

Employee training

The knowledge of the people who are part of the Group is one of the company's greatest assets and is constantly growing. The globalization of markets and the constant technological advances in the industry demand continuous investment in the training of the workforce. Training allows for attracting and retaining talent, in addition to being a factor that influences the quality of services offered to clients and achieving high motivation. The Group has an Annual Training Plan by areas. This plan is developed between the Training department and the Manager of each area, based on the priorities and needs of the projects in which each team participates. The Annual Training Plan planned to carry out a total of 17 trainings for the different companies of the Group located in Spain, and a total of 42 trainings for the local companies located in Portugal during the year 2021. The main objective of the Training Department is to ensure that the personal (skills) and professional (technical training) and language competencies of each employee in the group are

covered according to their position, the project, and the responsibilities they must perform in each of their tasks.

In addition, managing cutting-edge internal training and providing e-learning training platforms for the entire workforce at zero cost are important points. These help personal and professional growth and overall motivation. The total number of training hours provided to professionals in the Group's companies in 2022 was 3,834 hours, while in 2021 it was 7,410 hours. The majority of these hours were concentrated among the companies belonging to the Industry segment.

Training and incorporation of local communities

NSR actively collaborates in training through agreements established with dual vocational training centers and universities, as well as in the creation of training schools. The aim is to train qualified personnel in the steel industry, which is essential in the province of León, for example, due to the lack of personnel with this training or experience in this type of industry. This often makes it difficult to fill job positions. Students are welcomed to carry out curriculum and professional intern-ships, with a high rate of integration into the company's workforce. These formulas and programs have been implemented in different locations within the Group.

It is worth noting that in 2022, León Coated Solutions established three new training schools, following the trend set in 2021. A total of 75 participants received 50 hours of theoretical and practical training, and 64% of the total trained personnel have already been incorporated.

Cibersecurity and data protection

Company has established measures against data protection leaks and cibersecurity. Cybercriminals are one step ahead of security systems, which is why is very important enterprises must prioritize cybersecurity measures to protect their data and infrastructure from potential threats. The loss or unauthorized access to sensitive data can have severe consequences, including financial losses, reputational damage, and legal liabilities.

NSR group has implemented real-time monitoring and threat detection systems to identify and respond to potential security breaches promptly. strong security measures such as firewalls, intrusion detection systems, and anti-virus software to safeguard your network and systems have been were implemented.

Using encryption of sensitive data both in transit and at rest provides an additional layer of protection. Encryption ensures that even if data is intercepted, it remains unreadable without the encryption keys.

Employees have strict access controls and authentication mechanisms to restrict access to sensitive data.

NSR develops cybersecurity user awareness and training programs to educate employees on how to identify and report suspicious activities, such as phishing attempts.

NAC systems have been implemented with the aim of increasing cybersecurity and preventing any computer equipment from connecting to the group's network that does not belong to the group or, if it does belong to the group, is not properly protected.



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SOCIAL SOLUTIONS

Company's SOCIAL SOLUTIONS initiative is the most important inside sustainability. Social solutions go beyond caring for the people who are part of the company, extending to their areas of influence and collaborating globally with all kinds of initiatives. In this section of our sustainability report, we want to reflect on that performance that is sometimes difficult to quantify in terms of results obtained, but that always aims at the development and rights of the people around us. Social commitment has been linked to the company since its inception, showing a high commitment to communities in different areas and with different scopes, valuing the commitment and worth of our staff. NSR group employees are the cornerstone without which this project would not be possible. We know that behind each worker there is a person for whom we promote reconciliation, equal opportunities, and well-being. An essential part is safety and health in people, a topic of greater relevance in our road-map. Awareness and training are essential topics to achieve a safe workplace. Collaborations with public institutions, such as universities and local entities, go hand in hand with the joint development of employees and the company. We not only have to protect people from the internal factors of our activity, but we also take measures against cybercrime and the privacy of our employees. All of this is the beginning of the initiative that gives life to this company, the social initiative.

SOCIAL PERFORMANCE



304 employees

DIRECT EMPLOYEES

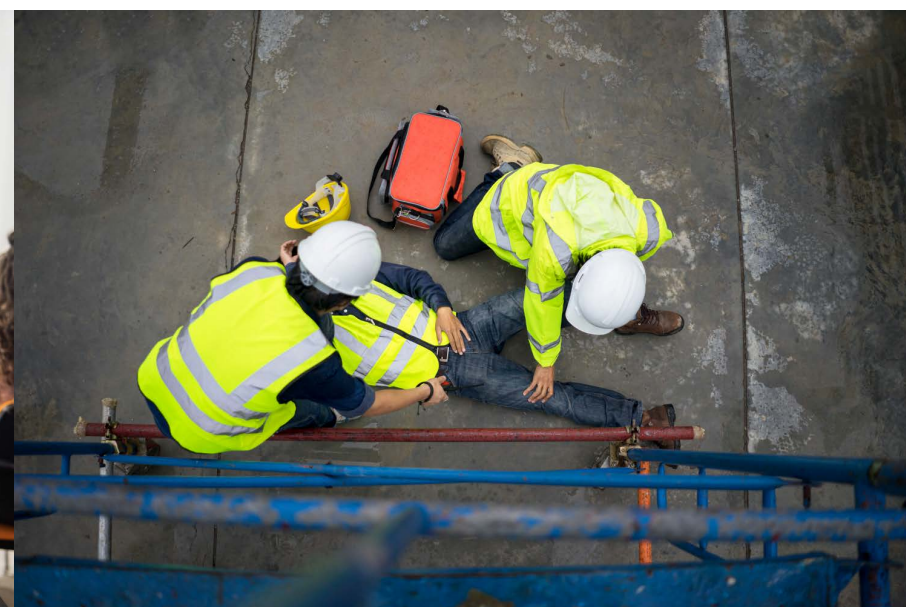
With our vertical integration in our production process, we expand the human capital year after year. We are 304 people who reinforce the company's commitment to local development in areas at risk of depopulation



17 hours per employee

TRAINING HOURS

17 hours of training per employee annually reinforce the development of the company's staff. This, combined with some pre-incorporation training initiatives, ensures specialization in each job position



5 per 1 mill hour worked

OCCUPATIONAL ACCIDENTS

The company has reduced work accidents by half in the last year, but this is not enough. To achieve this goal, company constantly promote and raise awareness to achieve zero work accidents.

TARGETS AND ACHIEVEMENTS

Short-term and long-term

The company recognise the urgent need to address climate change and made commitments to take actions.

Two different timelines are taking in to account, short term goals and long term goals. For the first, 2030 reducing greenhouse gas emissions, adopting sustainable practices, and supporting renewable energy sources. By 2050, less possible impact and net zero emissions and waste, inside company climate and circular solutions.

Setting emission reduction targets:

Many companies set specific targets to reduce their greenhouse gas emissions. These targets can be absolute reductions or intensity-based goals, which aim to reduce emissions relative to the company's production or revenue.

Adopting renewable energy:

To reduce their carbon footprint, companies increasingly switch to renewable energy sources such as solar, wind, or hydroelectric power. They may invest in renewable energy projects, purchase renewable energy credits, or install on-site renewable energy systems.

Improving energy efficiency:

Companies often implement energy efficiency measures to reduce their energy consumption and associated emissions. This may involve upgrading equipment and

infrastructure, optimizing processes, and implementing energy-saving technologies.

Sustainable supply chain: Companies recognize the importance of sustainable practices across their supply chains. They may require suppliers to meet certain environmental standards, promote responsible sourcing of raw materials, or support fair trade and ethical practices.

Investing in research and

development: Many companies invest in research and development to develop innovative solutions and technologies that can help mitigate climate change. This may include

developing cleaner energy sources, improving energy storage systems, or advancing sustainable transportation options.

Publicly reporting emissions and

progress: Transparency is a key aspect of corporate commitment to climate change. Many companies publish sustainability reports, including their emissions data, reduction targets, and progress towards meeting those targets. They may also participate in voluntary reporting initiatives such as the Carbon Disclosure Project (CDP) or Sustainability Accounting Standards Board (SASB).

Engaging stakeholders and advocacy:

Some companies engage in climate advocacy by supporting policies and initiatives aimed

at addressing climate change. They may collaborate with governments, NGOs, and other organizations to drive policy changes, raise awareness, and promote sustainable practices within their industries.

It's important to note that the level of commitment and action taken by companies can vary significantly. While some companies prioritize sustainability and climate action, others may still have work to do to align their practices with the goals of addressing climate change.

The company will set a global targets for 2030 in energy and greenhouse emissions a cross value chain with a base year of 2017 in prepainted facilities.



SUSTAINABILITY PERFORMANCE

Our performance on figures

Employees

304

2021: 256 employees
2020: 190 employees

Training hours

17

2021: 27 hours per employee
2020: 24 hours per employee

Occupational accidents

5

2021: 10 per 100 employees
2020: 7 per 100 employees

Waste valorization

98%

2021: 99% per tonne
2020: 99% per tonne

Hazardous waste

3.2

2021: 2.5 kg per tonne
2020: 3.2 kg per tonne

Energy intensity

232

2021: 223 kWh per tonne
2020: 243 KWh per tonne

Material efficiency

99%

2021: 99%
2020: 99%

Productivity

99%

2021: 98%
2020: 97%

Carbon footprint

2.74

2021: 2.75 t CO₂ per tonne
2020: 2.77 t CO₂ per tonne

Transport emission

64

2021: 58 kg CO₂ per tonne
2020: 54 kg CO₂ per tonne

Water consumption

0.28

2021: 0.26 m³ per tonne
2020: 0.25 m³ per tonne

2022

Sustainability indicators



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