SUSTAINABILITY REPORT 2024

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1. **Introduction:** Getting more sustainable in a less sustainable world

Message from our Chairman

Since many years, public authorities and lobbying communities are mandatory directing companies to operate their activities in a more sustainable way. Sustainable in terms of Environmental protection, Social balance and Governance practices, all covered under the 'ESG' umbrella.

In Europe, these guidelines are embodied in the CSRD policy, an elaborated roadmap to direct companies into a more sustainable direction.

A very academic – almost non-digestible -policy that gives another evidence of a European continent that is lost in its own bureaucracy. At Steelforce we started the complicated CSRD exercise in the beginning of 2024, so to issue our first ESG reporting under the CSRD standards for the year 2025. A deadline which required a lot of money and efforts in terms of manpower, external advice and supporting systems.

Much to our frustration – after all the job that has been done – but even more to our relief, the EU decided in early 2025 to scale down the ESG formalities and to make them more digestible for the small and medium sized companies. Indeed, The EU realized that European companies had to tackle other imminent issues as well : work on their competitiveness and profitability in an environment affected by weak demand, high costs, low confidence, political instability, trade barriers, war risks and instability all over.

Moral considerations were retuned both in the EU and the US, headquarters of the civilized world. In the US, the new government and big companies just erased sustainability and gender equality efforts. And companies doubting were "mandatory directed" to unwind their well elaborated policies. No debate, just drop. It somewhere proves that these values were not truly embedded and were just marketing and/or reporting tools.

If sustainability also includes the notions stability and long-term perspectives, the regulatory preachers severely failed in their own sustainability tests. Not only by changing overnight ESG regulations but also by creating trade turbulences. The US paralyses the world with import tariffs changing by the day; the EU does it more discretely with its safeguard quotas but overnight changes in the allocations create turbulences and economic losses as well

From the monetary side, the world is very unsustainable as well. Companies have to deal with central banks who lack long term perspective and make short term trade offs between inflation and economic growth.

In such an unsustainable - even archaic- macro-world, one wonders how to keep your convictions to drive your micro company into a more sustainable mode. Actually, it is more evident than it sounds. In these kind of times, it is a comfort you can fall back on your foundations, the cultural values that drive your activities. Not because they were mandatory directed but because they are embedded in your own organization; not because they were defined in institutional moral courtrooms but because they are part of your community that was selected, coached and appreciated in line with your culture.

At Steelforce, the change in CSRD regulations is not an excuse to completely drop our ESG goals. Principles like respect, equal treatment, openness to other cultures, business ethics are part of our culture, and we will further promote and develop them. Not in a high-level bureaucratic way, not just for the reporting but with focus on the things on which we have impact.

While we are active in steel business, carbon accounting is without any doubt an important tool for the future. A tool that will also support our move to the trade in more green steel, as explained further in our report.

On the social side, we will keep the focus on our staff, but we will broaden our scope on the topics, in line with the EU regulations. On the governance side, it is in our culture to perform our activities in full compliance with the regulations. On this point we will further elaborate our policies fully in line with the EU regulations.

I encourage you to explore this report and learn more about our company's progress across ESG in 2024.

Kurt Crollet

Executive Chairman

1.1. Global Sustainability Trends 2024

Against the prevailing backdrop of continued political and economic uncertainty and rising geopolitical tensions, the ESG landscape evolves, and businesses face both challenges and opportunities. Staying informed about regulatory developments, leveraging advanced technologies, and aligning with stakeholder expectations are essential steps to thriving in this shifting environment.
Steelforce Group does not position itself as a leader in the race towards a sustainable future but tries to concentrate its efforts on exploring strategical advantages for the company's business and employees. We believe that adopting sustainable practices can mitigate potential risks, foster innovation, gain a competitive advantage and comply with regulations. And these are mainstream tendencies:

1. Evolution of Regulatory Frameworks:

Corporate sustainability reporting: here for some, coming for others. The landscape of ESG reporting continues to evolve as regulatory requirements advance globally. In the EU, the Corporate Sustainability Reporting Directive (CSRD) complemented this global momentum by mandating detailed sustainability reporting for over 50,000 large companies and listed SMEs. New sustainability reporting requirements, aimed at standardizing the disclosure of non-financial information, as the result: businesses are forced to open their operations to increased stakeholder scrutiny – and potential challenge – in new ways, and are asking themselves not only which rules apply, but also how best to align them across their complex global operations.

Many EU business have started 2024 with a significant amount of work in a sustainable reporting area, which requires to build up capacity and skills to deal with them. In contrast, the U.S. has seen a rise in anti-ESG sentiment, with some states rolling back ESG policies. However, global momentum remains strong, mainly driven by investors recognizing ESG as critical for resilience and risk management.

2. ESG integration, obstacles & opportunities:

In September 2024, former president of the European Central Bank Mario Draghi published his report to the European Commission with observations on Europe's sustainable competitiveness and recommendations for Europe's future.

The Draghi report sees opportunities for sustainable growth in Europe, based on the EU's position as a world leader in clean technologies such as wind turbines, electrolyzes and low-carbon fuels, pointing that more than 20% of clean and sustainable technologies worldwide are being developed in the EU. However, the report believes that, in addition to 1. closing the innovation gap with the US and 2. increasing security and reducing dependencies on China for raw materials and technology, there must be a joint plan between all member states for decarbonization and competitiveness in the EU.

One of the obvious reasons is the ESG overregulation, harming competitiveness and growth in Europe. The CSRD is identified as "a major source of regulatory burden", with the Draghi report citing estimates that the compliance cost of CSRD-reporting ranges from EUR 150,000 for non-listed businesses to EUR 1 million for listed companies.

The CSRD is criticized for creating risks of over-reporting across the value chain, which may add further compliance burdens. The findings of the Draghi report are contributing to the Commission's work on a new plan for Europe's sustainable prosperity and competitiveness. And in December 2024 a new reporting framework for small and medium size companies was published – VSEM, also next steps towards simplification of a current CSRD reporting framework were taken, so far in a form of Omnibus proposal. In January 2025, the Commission presented the Competitiveness Compass, a new roadmap to restore Europe's dynamism and boost economic growth. The Compass builds on the analysis of the Draghi report and provides a strategic framework to drive the Commission' work for the next five years.

3. Sustainability as a long-term investment:

Despite all the difficulties and changes ahead of us, Sustainability is here for a long run. The main question, being asked by businesses and governments in many parts of the world, is about the value. One camp argues that the only point of business is financial value, profits, and shareholders. On the other side, the social component of ESG is taking on a new relevance: there are also employees, workers, customers and communities. As a result, in coming couple of years many companies will be moving away from symbolic commitments and big press announcements and embracing results-focused sustainability action and implementation. By more closely integrating sustainability into core business functions, KPI's, and decision-making, only this way sustainability can continue to create both social benefit and economic opportunity.

4. Growth of Advanced, AI-driven ESG Tools:

Growing importance of accurate and reliable ESG data for decision-making forces businesses to consider adopting advanced tools to streamline ESG processes, ensuring alignment with diverse frameworks while reducing operational burdens. According to a 2024 report by Gartner, 60% of large enterprises are expected to adopt AI-driven ESG tools by 2026, enhancing efficiency and accuracy in reporting. By embracing these technologies, businesses can redirect resources toward strategic initiatives, ensuring long-term ESG success.

1.2. Sustainability Trends in Steel Industry 2024

In 2024, significant global efforts were made to advance green steel production, aiming to reduce the steel industry's substantial carbon footprint. These are key developments:

1. Technological Innovations Shaping the Steel Industry

Continuously developing technology is still the main driving force behind Steel Industry Trends. Steel producers increasingly adopted AI and machine learning algorithms to optimize production processes. AI is being used for predictive maintenance, quality control, and improving energy efficiency. By analyzing real-time data, **AI systems** help detect potential equipment failures before they occur, reducing downtime and improving operational efficiency. Artificial intelligence (AI), big data, and the Internet of Things (IoT) will continue to be applied in coming years to optimize production, enhance inventory management, and more accurately forecast market demand.

Robotics and automation technologies became integral in steel production, from material handling to the finishing processes. Automated systems in blast furnaces and rolling mills improved precision, speed, and safety, reducing labor costs and human error.

Another significant technological milestone is **3D printing** in steel manufacturing. This technology is mostly applicable to production of complex steel components in industries such as aerospace, automotive and construction, and is supposed to minimize material waste and maximize design flexibility.

As the industries are progressing, the demand for **high-strength, low-weight steel** keeps growing. In 2024 manufacturers kept on trying to develop materials featuring an elevated level of performance in little weight. This is very necessary for the automotive and construction sectors, where lighter materials make a difference in fuel efficiency and cost-saving.

Steel manufacturers continue to invest in carbon emission reduction technologies, such **as hydrogen-based production & electrochemical processes**: methods powered by renewable energy to produce iron at lower temperatures, significantly reducing emissions. This is driven by increasingly stringent environmental regulations and customer demand for sustainable products. One of such regulations is Carbon Border Adjustment Mechanism, or the EU CBAM, which imposes carbon pricing on imports from countries with less stringent environmental regulations, provides an added incentive for worldwide manufacturers to adopt greener technologies to remain competitive in global markets.

Green steel remains the key to decarbonizing the steel industry, but there are still challenges that need to be addressed before it can be produced at scale:

- **Cost & Scaling up technology:** The technology for producing green steel is still in its early stages of development and needs to be scaled up to meet the needs of the global steel industry. Green steel is currently more expensive to produce than traditional steel, however, it's expected to come down in the coming years as technology improves and economies of scale are achieved.

- **Availability of low-carbon hydrogen:** Currently, there is not enough low-carbon hydrogen available to meet the needs of the steel industry. That is why the issue of cheap electricity has become the main one for the decarbonization of the European steel industry There is a big hope that governments can play a key role in supporting the transition to green steel by providing financial incentives and investing in renewable energy infrastructure.

- **Regulations & Consumers behavior:** Consumers can also play a role by choosing to buy products made from green steel. Many industries are facing the pressure from the investors and shareholders already - for example automotive sector.

2. The Role of Steel in the Green Infrastructure

There will be an increase in demand for metals in 2024-25 due to the continuous investments made by countries all over the world in **green infrastructure**. Steel contributes significantly to renewable energy projects in the form of wind turbines, solar panels, and electric vehicle charging stations. Furthermore, the rise of urbanization and the need for sustainable buildings will drive steel consumption in the years to come. Steel Industry will see an increase in the manufacture of steel for green buildings. This will include developing steel products that will minimize energy consumption but support sustainable building practices. Integrating steel into greening infrastructure projects will help reduce emissions and encourage renewable energy sources.

Global outlook:

The trends for the steel business will continue to be under the influence of the global forces, but regional diversification would be the future of steel manufacture. This trend, particularly in Asia, will create opportunities for construction and automotive sectors, along with investment in sustainable steel production methods to meet their agendas in environmental sustainability.

The Green Deal of the United European States together with the infrastructure plans of the United States will make available new business opportunities to steel manufacturers within the confines of renewable energy and electric vehicle sectors.



Statement from our CEO

steelforce

2. Business environment: Trading Green Steel

Dear Partners, Customers, and Colleagues,

The three letters—**ESG**—have come to represent both a challenge and an opportunity for our industry. At Steelforce, these principles have sparked a wide range of emotions: from inspiration to uncertainty, from ambition to pragmatism. Explaining ESG, CBAM (Carbon Border Adjustment Mechanism), or CSRD (Corporate Sustainability Reporting Directive) principles at international conferences or to customers in developing countries often reveals stark contrasts in priorities and realities.

But one truth is universal**: the environmental challenge facing the steel industry is immense**. Steel production remains one of the largest contributors to global greenhouse gas emissions. However, decarbonizing the global steel supply chain is a monumental task.

At Steelforce, we recognize that **green steel is the future** certainly in some areas. While some of our export markets are still focused on building basic infrastructure with cost-effective materials concentrating on the Social and Governance, others—particularly in Europe—are ready to take the next step. The European Green Deal and the Carbon Border Adjustment Mechanism (CBAM) are setting the pace, and we expect other mature markets to follow. This will bring substantial changes in our trade flows and will add the trade in emissions certificates to off set the steel imports we do.

Around the world, steel producers are already investing in the technologies that will define the next generation of steelmaking: electric arc furnaces powered by scrap, direct reduced iron (DRI), hot briquetted iron (HBI), and carbon capture solutions. These innovations are giving rise **to new green steel hubs** in regions with access to low-cost renewable energy and the right feedstock—places like the Middle East, Oceania, and South America.

This transformation could result in the **largest asset reconfiguration** the steel industry has ever seen, potentially reshaping global trade flows. Early green steel producers are already securing **offtake agreements**, and this is where Steelforce can play a pivotal role. While we do not intend to invest in upstream production, we remain committed to supporting the industry as a trader and distributor, with a strong focus on back-to-back trade. Our mission is to **connect supply and demand,** to **facilitate the flow of green steel**, and to **support our partners with the tools and data they need** to make informed, sustainable choices.

To that end, we are evolving our value proposition to include:

- **Carbon accounting** to provide emissions data to customers
- **CBAM support** and assistance with emission certificate purchases
- **Trade in semi-finished products** from emerging green steel hubs (e.g., green slabs and billets) to CBAM sensitive markets
- **Supply of raw materials** for green steel production (e.g., green HBI)
- **Commercialization of imported green steel** like hot rolled coils for downstream processing
- **Distribution of finished green steel products**

We are also investing in the future. **Our new ERP system, powered by Microsoft Dynamics 365**, will go live in early 2026. It will enable us to manage better the data needed to run on the Carbon Chain platform we use to track emissions across our supply chain, enhance data transparency, and support our customers in meeting their own ESG goals.

We know that **green steel comes at a premium**—often €100–200 per ton more than conventional steel. And we understand that many of our customers are still fighting for economic survival. But we also believe that the real impact of CBAM, once fully implemented, will accelerate acceptance and adoption. The market is already shifting toward long-term offtake agreements, and we are preparing for a future where green steel in specific market is not the exception, but the norm.

The journey ahead will not be easy—but it will be worth it. Let’s continue building the future of steel, together.

Jérôme Waterkeyn
Chief Executive Officer

2.2. Sustainable Finance

In 2024 the acronym ESG went from Environmental, Social and Governance to Environmental, SECURITY and Governance. This move to SECURITY comes in the form of an increased appetite for investments in the defensive and offensive capabilities of countries and governments, the need of countries to maintain their welfare in the future by securing the necessary energy resources and locking in critical metal supplies, often through government-backed long term supply agreements with international trading firms.

In the world of finance, this changing perception on ESG led to banks and investors, opening once again (more) to investments in fossil fuels to secure the energy needs of a country. The defense industry saw investor attention booming with skyrocketing share prices. In the international banking world, we saw more and more banks reducing their emphasis on ESG in their funding criteria. The European banks – still being pushed by the European Green Deal – are also following this global trend be it at a slower pace than international banks. The change from SOCIAL to SECURITY triggered also a flight to quality at banks and investors. As the global uncertainty increased, banks and investors prioritized their lending towards investment grade borrowers with an increased attention for risk structuring.

The shift in the ESG doctrine, is not visible in the absolute loan volume but is visible in the market penetration. While sustainable lending increased by 21% in 2024 compared to 2023, the overall global syndicated loan market grew by a higher rate of 37%, resulting in a lower aggregate penetration rate of 10% (proportion of SLLs and Green Loans in total syndicated loan issuance) down from 12% in 2023. Regionally, the progression was mixed, with penetration rates declining respectively from 21% to 19% in the EMEA and from 7% to 5% in North America. However, in the APAC region, total loan volumes declined while SLL and Green Loan issuance increased, boosting the penetration rate from 14% to 19%.

Global Penetration Rates of Green and Sustainability-Linked Loans (USD Billion)

Source: Dealogic

In the EMEA, the decline in the SLL penetration rate since 2022 can be primarily explained by the erosion of the share of SLLs in the Investment grade RCF segment, which has steadily decreased from a level of 47% in 2021 to 29% in 2024. Beside changing priorities of banks and investors on ESG targets, other factors can explain this trend including:

- greater borrower caution due to heightened concerns over greenwashing risks
- more stringent requirements from lenders in terms of the scope and ambition level of targets
- concern over potential negative publicity from missing targets
- a process considered by some issuers to be burdensome relative to the benefits.

EMEA Investment Grade RCF SLL Penetration Rate (USD Billion)

The latter point touches an important drawback in sustainable loans. The maximum margin impact of meeting all specified sustainability targets in an investment grade SL loan is typically a 2,5bps margin discount (up to a maximum of around 5bps). This is de minimis in the current rate environment and is even less interesting in the context of an undrawn RCF. In leveraged SL loans, a borrower can expect a bigger margin discount of around 7,5bp-10bps for meeting all of its targets. The required investments to meet these sustainability targets makes that the benefits of the investment are more externalized than internalized, further reducing the appetite of borrowers for these types of loans and investments. Additionally, lender and investor appetite carries on favoring use-of-proceed sustainable investments over funding of general corporate purposes or working capital.
Steelforce Group's funding requirements are almost exclusively on working capital. Our diverse banking pool and associated reporting and investment costs makes that opting for a SLL RCF is only viable if the SLL RCF achieves sufficient scale (> USD 500 million) or enables Steelforce to tap new/fresh funding sources. Being an international steel trader with marginal fixed assets investments, makes Steelforce less attractive to sustainable-linked borrowers and investors seeking to provide financing to actors in the steel value chain owning important fixed assets and having use-of-proceed impactful and direct investment projects such as can be found at steel mills. Steelforce Group goes on to be open to SLL RCFs or other sustainable-linked funding to the extend that the benefits outweigh the costs.

Sr | steelforce

BUSINESS ENVIRONMENT

2.3. Greening the Logistic Trading flows

As global trade evolves and customers expectations are rising, the logistics industry faces growing pressure to prioritize sustainability. Traditional logistics systems are a major contributor to global carbon emissions, accounting for nearly 14% of greenhouse gases worldwide (according to the World Resources Institute). Addressing these challenges is no longer optional but essential for the long-term viability of businesses.

Green logistics enhances traditional logistics by emphasizing sustainability. It includes practices such as using renewable energy, optimizing transportation routes, adopting eco-friendly packaging, and leveraging digital tools to reduce emissions. Green logistics seeks to balance economic efficiency with environmental responsibility. Similar to other industries transitioning to green logistics requires significant capital investment in EVs, renewable energy infrastructure, and advanced technology. In addition, varying environmental regulations across regions create additional challenges for global businesses. Despite all challenges, first steps have already been made by some big players in:
Decarbonizing Maritime Shipping by investing in methanol-powered vessels. These ships reduce carbon emissions by up to 60%, aligning with the IMO's environmental regulations and setting new industry standards.

Green Warehousing by adopting renewable energy for warehouses and distribution centers reduces operational emissions.

Investing in Advanced Digital Tools AI-driven platforms help companies track their carbon footprints for further optimizing supply chains, reducing waste and emissions.

At Steelforce we do follow all latest trends and strive to implement some of those into our daily operations.

Ocean transport: for the Deepsea trade we have managed most of the time to get acceptance from carriers for vessels to be maximum 20 years of age, though as per our transport insurance policy, vessels of maximum 25 years can be used without any overage premium. Younger vessels are less polluting.

Land transport in the EU: our transport managers analyze all the possibility and prioritize carriage by barge or truck on rail instead of truck for the international voyages. For our repetitive flows (regular deliveries by trucks to some of our customers), we investigate the feasibility and advantage of using biodiesel. One of such a customer is *Friesland Campina*, and in cooperation with our logistic partner *Kooiker Logistiek* we deliver them material for steel packaging using alternative fuel (biodiesel). Electrical vehicles are not of use yet for the most of our international deliveries due to limitations up to 300km and too long charging time in in comparison with the traditional transport mode.

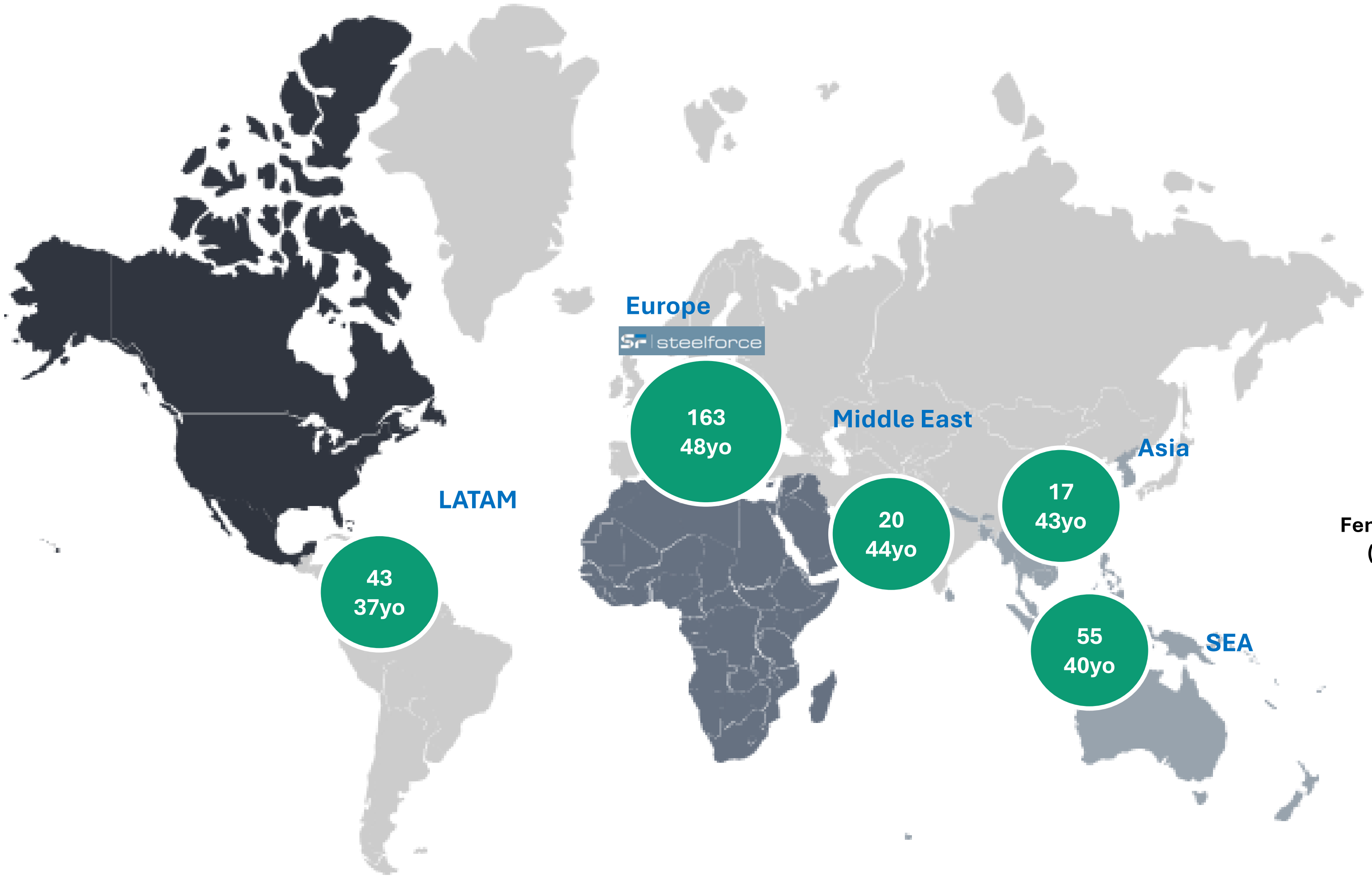
And greening our staff's footprint

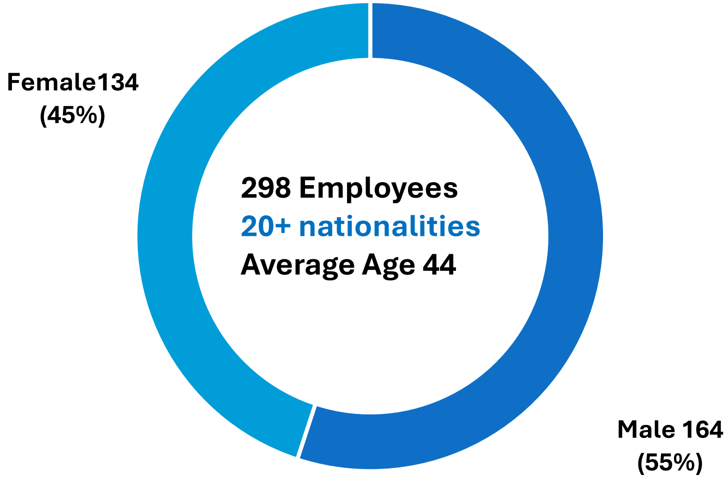
We continue to support alternative transport covering short distances: travelling by rail remains the most sustainable and affordable for travelers in Europe. Steelforce stays committed to our car policy adapted in 2021 with the idea to greenify our car fleet by switching to electric vehicles which are clearly better for the environment than petrol or diesel cars. Number of diesel cars is drastically decreased from 81% in 2018 to 33% and 29% respectfully in 2022 and 2023, to finally only 6% in 2024; number of petrol cars is down to same 6% and will be decreased to zero, when the lease comes to an end. First 3 PHEVs were ordered in 2021, 2 HEVs were ordered and delivered in 2022 + 1 full electric ordered for delivery in 2023, evolution is continued in 2024. Now we proud to report that total number of greener vehicles reached almost 90% (60% in 2023) of Steelforce Belgium car fleet.

Type	2018	2019	2020	2021	2022	2023	2024
% Diesel Engine	81%	71%	71%	50%	33%	29%	6%
% Petrol Engine	13%	21%	21%	25%	20%	12%	6%
% PHEV	6%	7%	7%	24%	33%	41%	56%
% HEV					13%	12%	13%
% FEV						6%	19%
# Total	23	19	15	17	15	17	20

Steelforce continues to promote other sustainable alternatives including city and electrical bikes and public transport subscriptions. Since 2023 our newly renovated Head office building foresees the bike parking including charging stations for electrical bikes. We expect the number of people using bikes and public transport for their work-home travel to remain stable for the next few years. Steelforce encourage similar actions and initiatives at all other locations than Antwerp .

2.4. Our people around the globe





2.5. Our highlights 2024

2024 was a year of extraordinary challenges affecting international trade, from geopolitical conflicts to changes in regulations, but there were equally highlights we can celebrate. We were proud Candidate at the Belfius ESG ambition award 2024, and we continued our support to the people of Ukraine through the participation of our company in "Emergency Recovery Program for Ukraine". In our business we made significant progress in reducing our carbon footprint through various projects including Enfinity and Evertreen. Finally, we also launched new initiatives to upgrade safety and energy efficiency in our service center in Colombia.

Candidate Belfius ESG Ambition Award 2024

The candidates for Best Finance Team and the candidates for the ESG Ambition Award of the Year are all ambassadors of finance and sustainability professionals for whom involvement, progressiveness and impact-drivenness are paramount. Thie ESG Ambition Award celebrates the most impactful and inspiring initiatives where sustainability is integrated into strategy, processes, or company culture. Some organizations take first steps; others set the entire company in motion and succeed in making sustainability come alive.

All Teams - candidates should not only show ambitions, although the objectives are important, but to show that sustainability is not a stand along project, but that ESG is firmly embedded in a company' strategy. Steelforce has presented its Carbon Accounting project with the focus on building up knowledge in a very complex way of measuring and managing our transactional emissions. Although we did not win the ESG Ambition Award 2024, our team was honored to participate in such an event and learn more about sustainability actions from other candidates and winners. We believe that our efforts are rewarded anyway, and this experience helps us to take our company to the next level.

Rails aid to Ukraine from Japan

Since Russia's full-scale invasion had begun, passenger flights in Ukraine were temporarily canceled. Under such a scenario, the Ukrainian Railways ((Ukrzaliznytsia) emerged as the most reliable and truly essential mode of transportation. In 2022, Ukrzaliznytsia helped successfully evacuate 4 million citizens, including a million children. Moreover, around 2,500 wounded have been evacuated via medical trains. Ukrzaliznytsia continue evacuating people from areas affected by russian shelling, delivering foreign delegations to Ukraine, and transporting humanitarian aid and food to the corners of the country where it was most needed.

Preliminary assessments indicate extensive damage to railway infrastructure caused by russian military aggression: up to 507 kilometers of rail tracks were affected, along with 126 damaged railway stations. The direct financial losses incurred by Ukrzaliznytsia are estimated at $4.3 billion. The sole domestic manufacturer of railroad rails was destroyed in Mariupol at the beginning of the full-scale invasion, so they are now a critical item for the company and the country's survival.

In May 2024 Ukraine has received the first batch of 25,000 tons of rails from the Japan International Cooperation Agency (JICA), the rest was delivered by the end of 2024. This batch of rails was delivered within the framework of the "Emergency Recovery Program" financed by the Japanese government. The certificate for the rails was presented to Ukrzaliznytsia's Board Chairman Yevhen Liaschenko by Japan's Ambassador to Ukraine Matsuda Kuninori. These rails, known as R-65 and of equivalent to about 190 km of track, are indented for repairing of railway infrastructure of mainlines from Kyiv to Lviv, Odesa, Uzhhorod and Dnipro. Besides JICA, a several companies participated in this project (from production to delivery) and among others Steelforce team from Antwerp & Dnipro city and our parent company Marubeni-Itochu Steel, producer of steel rails - Nippon Steel Corporation and its forwarder Nippon Express in coordination with the Polish railway operator Rail STM. This support is part of a larger effort to help Ukraine recover from the ongoing conflict and we are proud to be part of this project.

Steelforce Packaging projects

CAN Project at Steelforce Packaging, Italy

Steelforce Packaging is proud to announce about new developments in our **Zero emission CAN project**. Steelforce Packaging, responsible for the Group's tinplate business, strives becoming a sustainable supplier to the packaging industry and continues working together with industry experts and scientists on further research and testing possibilities to produce the first ever emissions free steel for packaging.

Steelforce Packaging cooperates with two steel producing mills, the Italian consortium for recycling and recovery of steel packaging and Italian metallurgical researchers.
The main goal of our CAN Project remains unchanged and is to make the production of tinplate production climate neutral and fully circular, based on technological innovation: de-coating and recycling of already used packaging. Producing ETP/TFS packaging material out of scrap in an electric arc furnace, with separation of the coating prior melting scrap. The challenge is to make sure that tin and chrome coating do not end up inside the metal packaging suitable steel mix.
This project started in the end of 2022 with preparation and researching, continued in 2023 with some trial testing, then throughout 2024 with setting up of a full-scale de-tinning structure. And finally, Steelforce Packaging is proud to introduce **EN-FINITY—a low-carbon**, fully recyclable steel specifically engineered for metal packaging applications. EN-FINITY steel provides significant reduction in CO_2 emissions—from approximately 2.5 tons per ton of steel to just 250 kg. This performance is achieved without compromising quality, material integrity, or supply chain compatibility. The final phase of the project refers to coming to the EU market with the first ever tinplate out of an EAF produced using innovative uncoated scrap.
EN-FINITY will be formally introduced at @Cannex 2025 in Denver and will be available for deliveries beginning in 2026.

Operational sustainability initiatives at Steelforce Packaging Industrial , Colombia

As part of our 2024–2030 ESG roadmap, Steelforce Group continues its transformation towards sustainable industrial operations. In 2025, three key initiatives will be launched at our industrial operation in Colombia (Steelforce Packaging Industrial – SPI), reinforcing our commitment to operational efficiency, emissions reduction, and process quality enhancement. These actions strengthen the Group's ability to meet international ESG standards while creating long-term value for our customers and stakeholders through transparency, responsibility, and continuous improvement.

SPI Solar Energy Project
As part of our carbon footprint minimization strategy, Steelforce will implement a photovoltaic solar system at SPI in 2025. Executed under an EPC model and fully financed through internal capital expenditure, the project will utilize all available rooftop space to generate approximately 970 MWh per year—covering the facility's estimated annual consumption of 952 MWh.
Construction is scheduled to begin in May 2025. This initiative will enable a substantial reduction in Scope 2 emissions and is projected to offset up to 46% of the total Scope 1 emissions reported by Steelforce Group in 2023. Any surplus energy will be sold to the national grid, based on market conditions. Although funded internally, the project qualifies as a potential green investment and may be positioned to access both internal and external financial benefits depending on the applicable frameworks across the Group's jurisdictions.

SPI Cutting Line Enclosure Project
This project consists of the physical enclosure of our two cutting lines to reduce the risk of cross-contamination, control the temperature in the working area, and significantly lower overall noise levels throughout the plant. Currently, cutting operations are carried out under high ambient temperatures, with elevated noise levels that cause discomfort for all plant personnel. With the implementation of this new infrastructure, the facility will benefit from safer and more efficient working conditions, aligned with international food safety and contamination prevention standards.
The design includes thermal and acoustic insulation and a reconfiguration of material flow. As part of the initiative, baseline noise levels will be measured and compared with post-installation values to assess improvements. Construction is scheduled to begin in 2025, and the initiative will directly support the BRCGS certification process currently underway.

BRCGS Food Safety Standard Implementation at SPI
Aligned with our vision to ensure responsible industrial processes, Steelforce will initiate the implementation of the BRCGS standard for packaging materials at the SPI plant in 2025. This globally recognized framework promotes best practices in product safety and quality—particularly relevant for operations involving materials in contact with sensitive or food-related sectors.
The project includes procedural updates, technical training for plant staff, internal audits, and efforts to foster a plant-wide food safety culture. The cutting line enclosure project is a cornerstone in complying with infrastructure and environmental control requirements under this standard.
The implementation of BRCGS not only enhances the reliability of our production systems but also strengthens our positioning as a trusted partner for clients operating under international compliance and traceability frameworks.

Pick a tree,
build your forest,
support a greener future,
minimize your carbon impact.

evertreen

Plant a tree today

Steelforce Packaging & Evertreen Landmark Reforestation Partnership

We are excited to announce Steelforce Packaging' partnership with Evertreen, a leading platform dedicated to global reforestation initiatives.

Evertreen's mission is to create a positive impact on the environment by planting trees, aiming to enhance biodiversity, mitigate climate change, and fostering sustainable ecosystems. Evertreen provides a simple, effective, and transparent way to contribute to a healthier planet. Their platform allows individuals and businesses to contribute to a greener future. They offer tree planting by allowing businesses and individuals to remotely plant real trees and monitor their growth via video and satellite updates. This approach supports reforestation and provides crucial data on the health and development of these trees.

Steelforce Packaging and Evertreen are joining forces to tackle deforestation, a critical environmental issue. This collaboration is poised to address climate change by planting 5,000 trees globally in 2024 alone, aligning with Steelforce Packaging's dedication to implementing eco-friendly practices throughout its supply chain.

This partnership will see Steelforce Packaging facilitating the planting of trees in multiple countries, with a strong focus in various locations across Central America, Africa and South-East Asia. These efforts aim to offset CO2 emissions, restore natural habitats, and create job opportunities for local farmers involved in the planting projects.

Steelforce Packaging's sustainability efforts are evident through initiatives like the Zero Can Project and upcoming collaborations on material recovery projects. These initiatives, along with the new partnership with Evertreen, highlight the company's role as a pioneer in driving meaningful environmental change, regardless of the shifting geopolitical and regulatory landscape.

Steelforce Packaging is renowned for its innovative and high-quality metal packaging solutions. The company offers a wide array of customizable products that cater to various market needs. This new partnership underscores once again a strong commitment to corporate social responsibility, ensuring their operations positively impact both people and the planet.

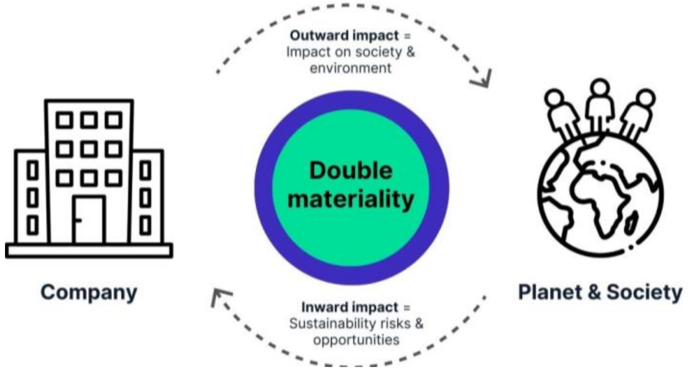
3. SUSTAINABILITY STATEMENT: Steelforce CSRD journey

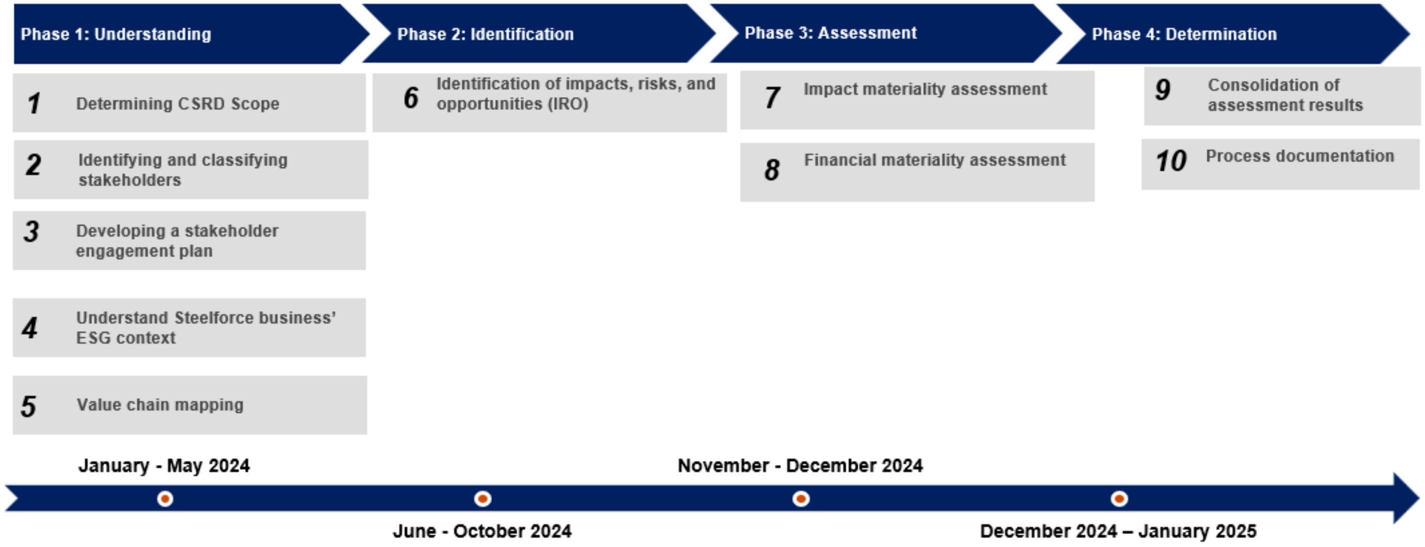
The European Green Deal is a comprehensive package of policy initiatives by the European Commission aimed at transforming the EU into a modern, resource-efficient, and competitive economy, while achieving net-zero greenhouse gas emissions by 2050. As a part of the European Green Deal, the EU Corporate Sustainability Reporting Directive (CSRD) helps investors, civil society organizations, consumers and other stakeholders to evaluate the sustainability performance of companies. This new regulation urges companies to increase transparency across the value chain by leaning more about their upstream and downstream activities and by recognizing the significant influence these areas have on their own operations. This is very challenging for many companies with global supply chains and will be a journey for Steelforce to further mature our own processes over the coming years, while we also recognize opportunities to support our customers across their logistics supply chains.

The transition towards CSRD is a significant step forward for Steelforce on its journey of ESG growth and progress. Achieving this major milestone required a comprehensive approach, integrating strategic and operational initiatives to establish a more structured and thorough reporting framework. It is also a testament to the dedication, hard work, enthusiasm and commitment of everyone involved.

Through the whole year 2024 Steelforce was preparing for compliance with the CSRD and reporting as per the ESRS. Our ambition has been to learn a very complex methodology, to set up our internal system and to be prepared to report in accordance with the ESRS already in the beginning of 2026. With the new development in the EU regulation, Steelforce is most likely no longer obliged to follow the EU CSRD requirement anymore, however we believe the work that was performed in 2024 helps Steelforce to understand its value chain, strengthen the work around sustainability ensures more transparent, balanced, and consistent reporting of data with increased accountability, which will help to prioritize our company's future goals. The ultimate goal for our company is when Sustainability is fully integrated into our business, including strategy development, reporting, risk management and in our Group policies. We therefore believe that we are at a level where an almost full pre-implementation of the directive and ESRS is possible and where we can set an example for other medium-sized businesses.

The EU CSRD lays out clear requirements for companies to disclose ESG data. The 10-step DMA approach, based on EGRAG Implementation Guidelines, has enabled Steelforce to establish a solid foundation for its CSRD journey, facilitating the identification of material impacts, risks, and opportunities. It is a process to filter the broad ESG universe to identify which ESG topics are strategic and therefore should be addressed in a company's strategy and reporting. **We used a structured approach with 4 modules and 10 steps**. The goal is to identify the material topics following a structured and documented methodology that can be audited.





3.2. Double Materiality Assessment

Conducting a double materiality assessment is crucial for any business committed to robust Environmental, Social, and Governance (ESG) practices. These 4 phases guide outlines a systematic approach to understanding and managing the dual aspects of materiality.

1. **Understanding phase** started with the Introduction by the PwC consulting team by means of upskilling sessions on CSRD key phases and sub-phases for Steelforce ExCom and ESG Team. Four sub-phases are:

- **Steelforce CSRD Scope** involves understanding of Group' own operations, **business model** and geographical locations of all entities in scope of the materiality assessment. Steelforce scope as per the EU non-financial reporting is equal to the Group' financial reporting scope and covers **26 Steelforce entities.**
- **Identification and classification of Steelforce stakeholders.** Steelforce ESG team determined the following types of stakeholders**: employees and shareholders, suppliers, customers and end-users, financial institutions and insurance companies, industry competitors and logistic partners, mining and steel industries, local and regional authorities, regulator and NGOs.**
- The entire **Value chain mapping** based on Group's business model and selected stakeholders' activities. Starting from the extraction of the raw material and finalizing with the end use of steel products. This involves identifying the key activities and processes involved in delivering a product or service and **mapping out the value-added and non-value-added activities.**
- **Shortlist creation** refers to selection of sustainability topics relevant to Steelforce's own operations and value chain activities. This is a very extensive benchmarking exercise, which involves comparing the performance of the organization against industry benchmarks and best practices to identify areas and ESG topics in their value chain. During this exercise we went through all ESRS's and narrowed down the ESG topics list **to 36 likely relevant and potentially relevant topics. These topics resulted into 128 potential (or actual) Impacts and 123 potential (or actual) Risks and Opportunities.**

2. **Identifying phase** refers to deep research and analysis of **Impacts, Risks and Opportunities (IROs).**

They represent the ways our company's activities affect (and are affected by) environmental, social, and governance factors, encompassing both positive and negative consequences, as well as potential threats and benefits. Recognizing these risks helps prevent losses, while spotting opportunities allows for strategic growth. This analysis is based on **our short list of relevant sustainability matters** and how these matters impact (or can potentially impact) **our value chains segments**.

The importance of IROs does not end with the DMA. A company's material IROs shape Steelforce entire CSRD journey, as these dictate which ESRS, disclosure requirements, and even data points are relevant to the company, and therefore need to be disclosed. In other words, IROs tailor the structure of the ESRS to the specific needs of any reporting company, reducing the reporting burden by discarding disclosure requirements that are not applicable.

- **Impacts:** These are the effects (positive or negative) that a company's activities have on the environment, society, and the economy, including effects on their human rights, connected with its own operations and value chain, including through its products and services, as well as through its business relationships
- **Risks:** Sustainability-related financial risks arising from environmental, social, and governance matters that may negatively affect the undertaking's financial position, financial performance, cash flows, access to finance or cost of capital in the short, medium, and long term. These are potential adverse effects that ESG factors might have on a company, which can be regulatory, physical, reputational, or financial.
- **Opportunities:** These are potential benefits that a company can gain by adopting sustainable practices and aligning with ESG trends in the short, medium, and long term. Among others, this involves assessing the organization's technology capabilities and identifying opportunities for technology-driven value creation in the value chain.
- **Assessment phase: Impact materiality assessment** & **Financial materiality assessment**

Assessment of the identified ESG impacts, risks, and opportunities was conducted using validated scoring mechanisms. This process involved multiple workshops with DMA team and a very extensive scoring process, considering all possible impacts, along the value chain, on Steelforce business and impacts of Steelforce activity on social and ecological environment, accordingly. As the result, our **Impact materiality assessment** has shown **43 impacts** by exceeding threshold of 3,5 points, of which 4 may have positive impact, the rest – negative. Our **Financial materiality assessment** indicated 28 Risks and 12 Opportunities out of **40 material selected as significant. All these IROs correspond with 26 ESRS topics.**

4. **Determination phase**

Final phase, resulting in prioritization of our material topics, followed by comprehensive **documentation and validation of the entire DMA process, including Steelforce DMA matrix.** This matrix acts as a strategic tool for prioritizing ESG issues, considering both internal company aspects and stakeholder concerns. It helps identify key areas to guide resource allocation and reporting.

Steelforce Business Model

The ESRS define the **value chain** (VC) as the full spectrum of activities, resources, and relationships that underpin an organization's business model and its external operating environment. This includes everything from the creation of products or services to their delivery, use, and eventual end-of-life. Value chain actors are found both upstream and downstream from the company. Actors upstream from the company include suppliers and provide products or services that are used in the development of the company's products or services. Actors downstream from the company include distributors and customers who receive products or services from the company. Obviously, companies play the role of value chain actors of other companies. According to the EFRAG Value Chain Implementation Guidance, all companies in the CSRD scope will have to provide information on how their policies, actions, and targets in relation to each ESRS standard cover the value chain.

Each **Value chain is based on a business model of the company.** The business model in steel trading revolves around acting as an intermediary between steel producers (mills) and end users or distributors, creating value through sourcing, logistics, financing, inventory management, and customer service. It typically requires deep market knowledge, strong supplier networks, and efficient logistics operations.

Steelforce Group business model identifies 5 different activities:

1. In the **Back-To-Back business model** is characterized by its low commercial risk. Key is that contracts are negotiated and signed on a one-by-one matching basis. This entails that goods are only purchased and sold for the benefit of a specific deal. **The added value** of this business model lies in high level of customer and supplier intimacy to understand the needs, bringing a global network and market know-how to both customers and supplier and providing financial and logistical solutions to both suppliers and customers. Profit margin in Back-To-Back business model is generally characterized by low(er), **predictable and stable.**

This model accounts for 70% of Steelforce Group traded volume.

2. The **Presold business model** is a derivative of the Back-To-Back business model whereby the sales to the customers is done under a "just-in-time"- principle. Local storage in the countries of destination is thus prerequisite and needs to monitored and controlled. The extended delivery period to the client translates in **a slightly higher performance risk** on the sales contract by the buyer compared to the Back-To-Back business model, , as potential price volatility is spread over a longer period between contract time and delivery time. **Added value** in this business model stems from higher value services provided to the customers such as customs clearance, timely door-to-door deliveries adapted to the client's production planning and working capital optimization. These added value service provide **in general higher profit margins** than observed in the Back-To-Back business model. **This model accounts for 20% of Steelforce Group traded volume.**

3. The **Agency business model** is a variation on the Back-To-Back or Presold business model. In the Agency business model, the company acts as an agent towards the supplier (and/or client). The Agent is the owner of the business relationship with the supplier (or client) and negotiates the terms and conditions of the deal on behalf of the supplier (and/or client). When a transaction is concluded the supplier executes the transaction as a principal in the deal directly with the client. **The added value** of this business model lies **in high level of suppliers and/or customers intimacy** to understand the needs and provide market know-how and insight to suppliers and/or customers. For the services provided, **the Agent is renumerated with a fee** per concluded transaction. **This model accounts for less than 1 % of Steelforce Group traded volume.**

4. The **Distribution business model** works on selling of steel goods into local markets out of local inventories. Characterized by spot sales and deliveries, **the main added value results from short delivery times** to fulfil spot demands from clients. Having local and deep market knowledge, preset stockholding levels and managed and monitored local storage are key to operating a successful Distribution business model. **Profit margins are exposed to market risk fluctuations** which may generate a profit or loss. **This model accounts for approximately 8% of Steelforce Group traded volume.**

5. In addition to our distribution activity, Steelforce offers value-added services such as cutting, bending, drilling, painting etc. forming steel activities, performed in our own Service centers as well as in rented facilities. The **Production business** models can generate a long position when buying a specific lot of unsold goods. **The added value** of production business is high; however, **this model accounts for just over 1 % of Steelforce Group traded volume.**

Steelforce Consolidated Value Chain

The value chain in the steel industry and steel trading refers to the series of processes and activities involved in transforming raw materials into finished steel products and delivering them to customers. As described earlier, it includes upstream, midstream, and downstream segments, each with distinct functions and value-adding steps. **STEELFORCE VALUE CHAIN BREAKDOWN:**

1. **Upstream: Raw Materials.** This is the beginning of the value chain, focused on sourcing and processing essential raw materials: iron ore and coal mining, limestone quarrying, etc.
In the CSRD assessment methodology this is the **TIER 2+ MINING UPSTREAM.** Mining operations can negatively impact human rights and local communities due to poor labor conditions and involuntary displacements of local populations. From an environmental risk perspective, mining operations can also negatively impact biodiversity and ecosystems due to air, soil and water pollution. Mining is also associated with regulatory, reputational and operational risk effecting our value chain.

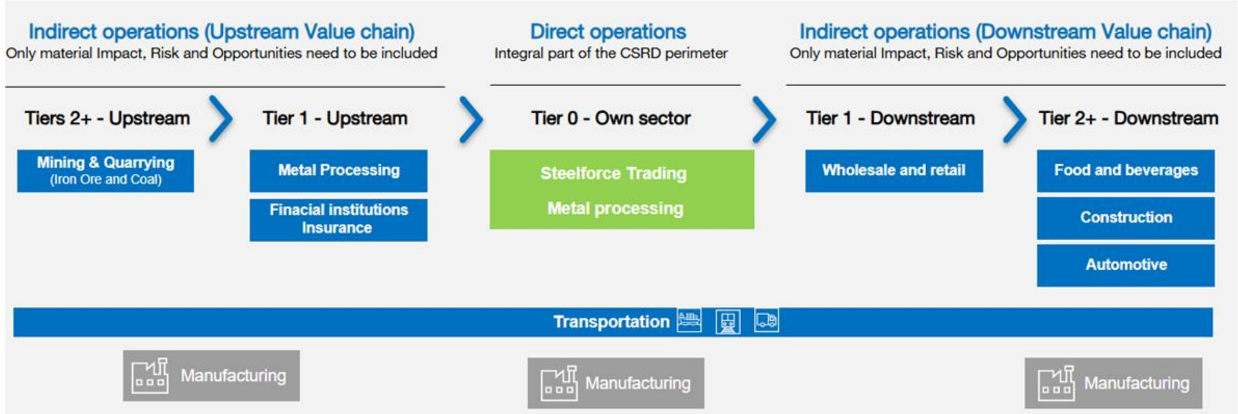
2. **Mid-Upstream: Steel Production.** This is where steel is made from raw materials, including coke production, sintering and pelletizing, ironmaking , steelmaking, rolling and finishing. Basically, this part of the chain transforms crude steel into usable products. This segment of the value chain is also associated with significant impact on the planet due to energy use, air and water pollution. Steelmaking is strongly associated with regulatory, operational and financial risks due to trade restrictions, sanctions, possible disruption of the recourses flow, leading to shortages and market fluctuations. **Banking Sector and Insurance Companies** are also placed in our Mid-Upstream. This segment is associated with legal, reputational and financial risks. In the CSRD assessment methodology this is the **TIER 1 UPSTREAM**

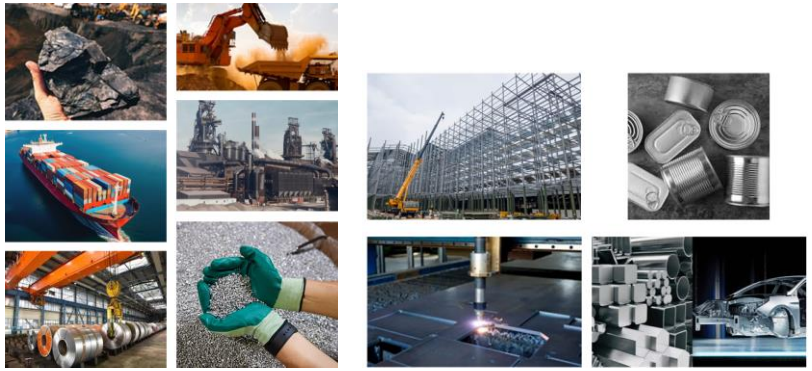
3. **Own Operation: Trading and Steel Forming activity of Steelforce Group.** In the CSRD assessment methodology this is the **TIER 0 - OWN SECTOR.** Our assessment shows numerous Risk and Opportunities associated with our own operations, covering all specters of IROs such as operational, transitional, reputational and financial.

4. **Mid-Downstream: Distribution and Warehousing including Service Centers cutting, shaping, treatment of the material.** In the CSRD assessment methodology this is the **TIER 1 DOWNSTREAM.**
Wholesales is mainly associated with operational and reputational risks due to supply chain disruption, occupational accidents, lack of comprehensive training or poor working conditions.

5. **Downstream: supply of steel products to End Use Industries**. Construction, automotive and steel packaging industries are considered Steelforce' main end – users.
The **TIER 2+ DOWNSTREAM** is associated with legal, reputational and financial risks.

6. **Transportation (rail, ship, or truck**) is relevant to almost all activities across the value chain and mainly associated with regulatory and operational risks, related to climate change, pollution and human rights issues.

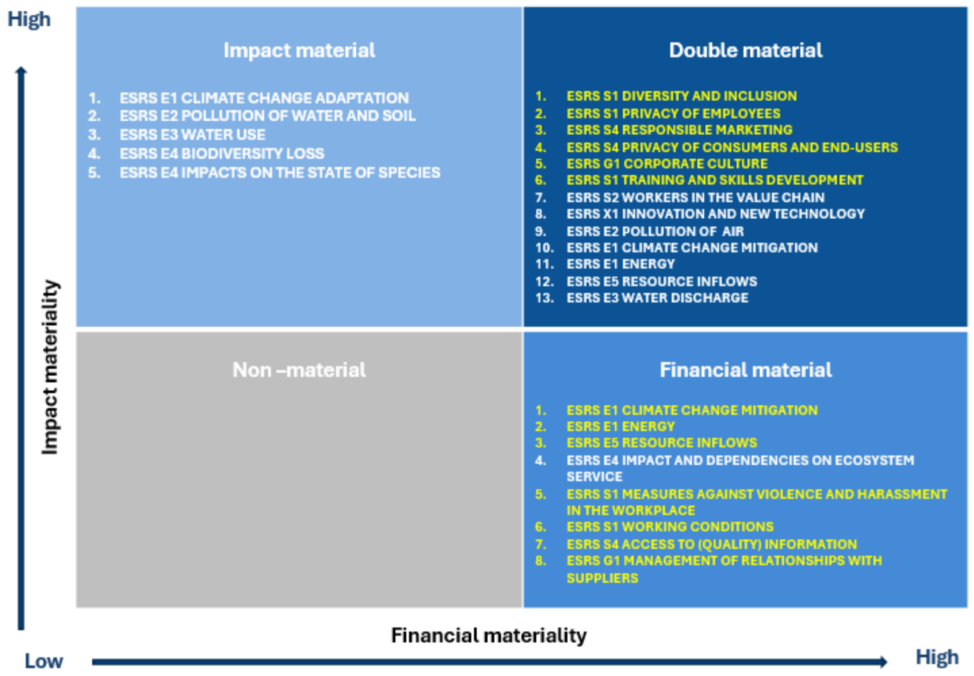




Steelforce Double materiality results: DMA MATRIX

Successfully completing DMA is essential for complying with CSRD requirements and integrating sustainability into our business strategy. Ultimately, DMA isn't just about compliance—it's about identifying meaningful risks and opportunities that can drive positive change, improve performance, and create long-term value for company's business. The DMA matrix helps visualize which issues are material from both a financial and environmental-social perspective.

As previously described, during 2024, we undertook our first Double Materiality Assessment (DMA) in preparation for compliance with the **ESRS standard.** We have engaged with various internal and external stakeholders, including employees, suppliers, customers, transport companies and banks to identify Steelforce' material sustainability matters. This engagement has been conducted mainly through desktop research. Parallel to this, we have also assessed the financial risks and opportunities for sustainability-related matters across our value chain. The outcome gave the following list of topics that **Steelforce considers as strategic :**



TOPICAL STANDARDS (General ESRS requirements)		
ENVIRONMENT	**SOCIAL**	**GOVERNANCE**
ESRS E1 Climate change • Climate change mitigation • Climate change adaptation • Energy	**ESRS S1 - Own workforce** • Working conditions * • Equal treatment and opportunities for all ** • Other work-related rights (Privacy)	**ESRS G1 - Business conduct** • Corporate culture • Management of relationships with suppliers including payment practices
ESRS E2 - Pollution • Pollution of air • Pollution of water • Pollution of soil	**ESRS S2 - Workers in the value chain** • Working conditions • Equal treatment and opportunities for all Other work-related rights	
ESRS E3 - Water and marine resources • Water discharges in water bodies and in the oceans • Water use (incl. water withdrawals and consumption)	**ESRS S3 - Affected communities**	
ESRS E4 - Biodiversity & ecosystems • Direct impact drivers of biodiversity loss • Impact and dependencies on ecosystem services • Impacts on the state of species	**ESRS S4 - Consumers & end-users** • Information-related impacts for consumers and/or end-users • Social inclusion of consumers and/or end-users	
ESRS E5 - Resource use and circular economy • Resources inflows, including resource use		

We have identified **26 topics** as being material to the business and therefore worthy of special focus in our **ESG 2025 strategy**. Considering Steelforce Trade activity and marginal fixed assets investments, the biggest part of our topics are related to our Value Chain. Material topics that related to the Steelforce Group own operations, and can be controlled by the company itself, are linked to **ESRS OWN WORKFORCE** and **GOVERNANCE**, thus should become Steelforce' top strategical topics for years to come.

The materiality analysis should be regarded as a living document and, therefore, reviewed annually as part of the company reporting cycle to decide on the disclosure of information. Although the initial effort to create it is high, a comprehensive re-creation with intensive stakeholder involvement is not necessary every year. Instead, adjustments are required, for example, in the event of major corporate changes such as mergers and acquisitions, entering new markets, or significant changes in the business environment.

Environmental topics

The IRO list shows our material sustainability matters, that if not managed adequately, could affect our business negatively (risks) or, in case of positive impacts (opportunities), bring positive financial and reputational result. Our future actions will relate to these impacts. We are currently working on establishing our Policy and implementation of the CSRD reporting requirements, where the Double Materiality Assessment become a solid foundation for our future business decisions and reporting practices.

ESRS	Sustainability matter	Value chain location	Segment	Risk & Opportunity	Description
E1 CLIMATE CHANGE	**E1-1 Climate Change adaptation**	Across value chain	Mining Transportation	Physical climate impacts in the supply chain	**Operational and Financial Risk:** Climate change impacts (the increase and intensity of extreme weather events), might impact supply chain stability, which may then lead to financial consequences for Steelforce.
E1 CLIMATE CHANGE	**E1-2 Climate Change mitigation**	Own operations Across value chain Upstream	Sales and trade Metal processing	Carbon Tax & Carbon Accounting	**Financial and Transitional Risk:** The EU Carbon Tax (CBAM) will play a significant role in steel trading as from 2026. Steelforce will face new regulatory requirements related to emission reduction and sustainability reporting. Failure to reach climate objectives of the EU/Belgium may lead to fines or penalties. Moreover, achieving compliance with these regulations may involve costs for monitoring, reporting and implementing changes to business operations. **Reputational Risk:** Stakeholders are increasingly attaching importance to their business partners' management of sustainability issues and in particular climate change. Not meeting stakeholders' expectations in terms of management of climate change could impact Steelforce's reputation and affect stakeholder trust. **Regulatory Risk:** If the metal processing mills do not comply with new EU regulations, they will not be able to provide the products to the EU, they could switch their deliveries to other markets.
E1 CLIMATE CHANGE	**E1-3 Energy**	Own operations Upstream	Sales and trade Metal processing	Energy efficiency	**Reputational Opportunity:** Overall energy efficiency and access to (on-site) alternative energy sources are becoming increasingly important for entities to manage, as positive performance in these areas could lead to positive financial outcomes, such as a positive company image. **Operational Opportunity:** Energy prices have an impact on the competitiveness of the sourcing areas for future bookings. Because of Steelforce uses a multi-sourcing strategy, Steelforce can secure the deliveries to its clients; and therefore, is able to maintain its market position.
E2 POLLUTION	**E2-1 Pollution of air E2-2, E2-3 Pollution of water and soil**	Upstream	Mining Metal processing	Supply chain disruptions	**Regulatory and Reputational Risk:** Non-compliance with relevant legislations can lead to fines or even disrupt activities at metal processing sites. In extreme cases, mines and metal processing sites can be closed because of exceeding air, water or soils pollution coming from their sites. These expenses can be passed onto Steelforce, increasing procurement costs.
E3 WATER AND MARINE RESOURCES	**E3-4 Water discharges in water bodies and in the oceans**	Upstream	Mining Metal processing	Water use	**Operational and Regulatory Risk:** The potential failure of the wastewater treatment and overall water management in mining operations could lead to breach of permissible pollutant discharges and may result in increased OPEX or CAPEX costs, liabilities and/or lost revenues due to suspension of operations, all of which would have a negative financial impact for the organization.
E4 BIODIVERSITY AND ECOSYSTEMS	**E4-9 Impacts and dependencies on ecosystem services**	Upstream	Mining	Mining operations	**Financial Risk:** Mining operations may have negative impacts on the environment ; it may cause increase of operating costs related to the negative effect on critical ecosystem services. Degradation of these services due to human activities like deforestation , water scarcity and pollution can lead to severe consequences for human well-being and economic stability.
E5 RESOURCE USE AND CIRCULAR ECONOMY	**E5-1 Recourse inflows**	Own operations Across value chain	Sales and trade Metal processing	Raw material shortage	**Financial and Operational Risk:** Political instability, trade restrictions, or sanctions in countries that supply raw materials can disrupt the flow of resources, leading to shortages and increased costs. Natural disasters, such as earthquakes, floods, and hurricanes can damage infrastructure and disrupt the transportation of raw materials, leading to delays and increased costs.

Corporate Carbon Accounting

Increase return from sustainability investments

Within Steelforce we do understand that our sustainability performance, as a trustworthy supplier, will very soon become crucial for the EU customers' buying decisions. In Latin America, the Middle East and Africa customers are not yet ready to build their business model around ESG topics, but we should be prepared for new international regulations and governments' policies which will push heavy industries around the globe to take actions and participate in decarbonization process.

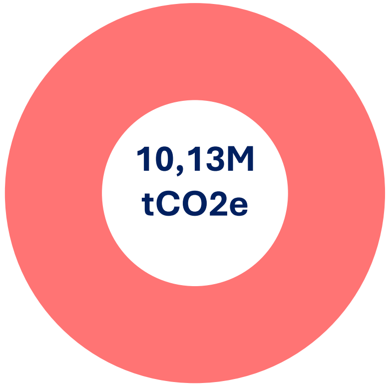
Steelforce purchases steel products directly and through other trading channels from almost 250 production facilities. Depending on production process (blast furnace–basic oxygen furnace (BF-BOF) or scrap-based electric arc furnace (EAF)) we can indicate a clear difference in CO2 emissions and energy intensity per each supplier and type of steel products.
By screening all transactions registered in our ERP system in the past 3 years, we can conclude that average intensity of our suppliers varies in the range between 3,65 and 0,38 tCO2e/t, and only 8% of our supplier we can consider as more sustainable.

Scope 1, 2, and 3 Emissions Reporting: To stay compliant with the CSRD regulations we should measure and report Group's carbon emissions at the operational level (Scope 1), from purchased energy (Scope 2), and across our entire value chain (Scope 3).
Currently Steelforce Group of companies does not have a transition plan for Climate change mitigation, but have already initiated our approach, based on the full GHG disclosures. Our strategy includes our commitment to measure and analyze our scope 1, 2 & 3 emissions and gradually create a reduction plan in line with net-zero emissions by 2050. Our short-term targets we have set to achieve this:
By covering all emission scopes (own operations, as well as our upstream and downstream value chain) we can map our carbon footprint and start to build high fidelity emission transparency. This data-driven action, in cooperation with our Carbon Accounting partner – CarbonChain, will help Steelforce to potentially: drive commercial wins by deep analysis of our supply chain, meet buyers demand and provide them with verifiable carbon data, and obviously stay compliant with the EU regulations, such as CBAM and CSRD reporting requirements.

In 2023, the Steelforce Group made substantial progress in the measurement and management of carbon emissions by implementing a robust carbon accounting system, ensuring more accurate data covering Scope 3 Upstream and Downstream indirect GHG emissions.
For 2022 and 2023, Scope 3 emissions we have screened almost four thousands transactions at the Group level, which are being translated consequently into 55 per cent from the total realized volume in 2022 and 68 per cent in 2023. in 2024 we continued with this exercise and screened over two thousands transactions at the Group level, which cover 65% from the total realized volume in 2024. Our goal for 2025 is to improve our data quality and data collection process, as well as our reporting practice. Full scope 1, 2 & 3 calculation will be performed as from 2025.

Scope 3 calculation	2022	2023	2024
TOTAL TRADES	1,637 K	2,237 K	2,324 K
TOTAL VOLUME	1,03M Mt	1,4M Mt	1,3M Mt
REALIZED VOLUME	55%	68%	65%
TOTAL EMISSIONS	2,80M tCO2e	3,80M tCO2e	3,54M tCO2e
Av. INTENSITY	2,63 tCO2e/t	2,72 tCO2e/t	2,79 tCO2e/t
# SUPPLIERS	147	193	266
# CUSTOMERS	476	538	582

Carbon Chain



CBAM

Business opportunities and competitive advantages

The introduction of the Carbon Border Adjustment Mechanism (CBAM) marks a pivotal step in the European Union's commitment to environmental responsibility, ensuring that both domestic and imported products bear a comparable carbon cost. Working in tandem with the EU ETS, CBAM serves as a testimony to the EU's innovative approach to combatting climate change, balancing global trade dynamics, and pushing for worldwide carbon pricing harmonization:

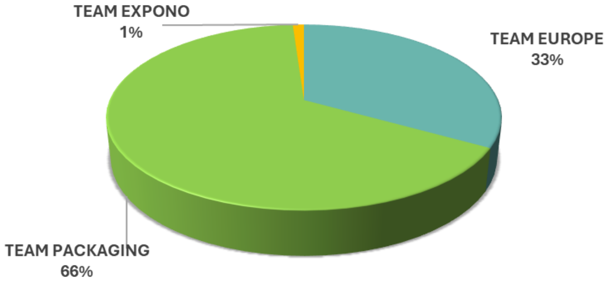
- The CBAM is expected to impact trade flows, potentially leading to changes in the competitiveness of various sectors, particularly those reliant on exporting goods to the EU.
- The CBAM is not only influencing the EU market but also raising awareness and prompting discussions about emission reduction efforts globally.
- The CBAM is expected to contribute to the wider discussion about greater use of carbon pricing globally, further encouraging the adoption of green technologies and sustainable practices.

In 2024, a significant shift occurred in the implementation of CBAM within the EU, moving from a transitional period relying on default emission values to a phase where actual embedded emissions data must be reported. This transition, effective from July 1, 2024, requires importers to gather and report actual emissions data from their suppliers, marking a move away from the initial flexibility of using default values.
The EU Importers are now actively engaging with their suppliers in non-EU countries to procure the required carbon data, ensuring compliance with CBAM regulations, which often comes with challenges, such as:

- Data collection is complex and strongly associated with administrative issues and extra costs for all parties involved.
- The complexity of CBAM reporting has highlighted the need for digital tools and solutions to streamline data collection, analysis, and reporting.
- The CBAM legislation and guidance are continually evolving, with further refinements and expansions expected in the coming years, which creates uncertainty in the market.

With the introduction of the EU Carbon Border Adjustment Mechanism (CBAM) in October 2023, Steelforce had to swiftly adapt to a new complex regulation. We have built our internal reporting system, responsible CBAM Team and data flow between Steelforce business units and CarbonChain - our business partner in Carbon Accounting and advisory for all CBAM related topics.
We proud to announce that all our reporting covering the reporting periods (October 2023- December 2024) were successfully submitted into the EU CBAM Transitional Registry. The Group's five entities are subject to the EU CBAM reporting : Steelforce NV, Steelforce Europe NV, Steelforce Packaging BV, Steelforce Italy, Expono as. Based on Customs Declarations we have reported a total volume of 41,447 metric tons of steel products imported into the EU in the last quarter of 2023 and 218.202 metric tons in 2024. Total volume of emissions reported as per Group's first five reports is 595.379,29 MtCO2e.
Next period in the EU CBAM regulation starts as from January 2026 and will be associated with payment obligations and changes in the reporting procedure. A full CBAM reporting requirements review is expected in the second half of 2025.

PERIOD	TOTAL volume (mt)	TOTAL Emissions (tCO2e)	Av Intensity (tCO2e/mt)
Q4 2023	41.447,21	97.682,89	2,36 default
Q1 2024	67.140,67	157.863,56	2,35 default
Q2 2024	43.744,53	101.470,25	2,32 default
Q3 2024	41.382,56	85.560,22	2,07 actual
Q4 2024	65.934,31	152.802,38	2,32 actual
GRAND TOTAL	259.649,28	595.379,29	2,29



Social topics

Steelforce prioritize DMA topics and ESG matters related to the own workforce. To improve maturity of our Social topics, Steelforce will report as per all S1 topics starting as from 2025.

ESRS	Sustainability matter	Value chain location	Segment	Risk & Opportunity	Description
S1 OWN WORKFORCE	**S1-1, S1-2, S1-3, S1-4, S1-7 Working conditions (Secure employment, work-life balance, adequate wages)**	Own operations	Sales and trade Metal processing	Talent attraction and retention	**Operational Risk:** A low standard of working conditions can cause Steelforce to struggle in terms of talent attraction and retention and cause high turnover costs. In addition, employee dissatisfaction can lead to operational disruptions. **Regulatory Risk:** Non-compliance with local labor laws regarding freedom of association, working time, health and safety, etc. could result in fines and legal actions. Collectively, these factors can negatively impact operational efficiency and financial performance. **Reputational Risk:** Lack of skillful employees form bad reputation.
				Talent attraction and retention	**Operational Opportunity:** Advantageous working conditions contributes to a positive employer branding and may lead to increased talent attraction. High levels of employee engagement, fair treatment, and equitable levels of pay and advancement opportunities for all employees are all likely to contribute to increased productivity and performance at all levels of Steelforce.
S1 OWN WORKFORCE	**S1-9 Diversity, equal opportunities and inclusion**	Own operations	Sales and trade	Inequal treatment	**Reputational and Financial Risk:** A lack of diversity in the workforce can create an environment that feels less inclusive. This can affect morale, decrease productivity, and potentially reduce revenue. Additionally, these financial risks are connected to reputational risks, as organizations not seen as valuing diversity may face criticism, impacting their public image and appeal to customers and potential employees.
				DEI	**Financial and Operational Opportunity**: Diversity can lead to higher financial outcomes; more diversity allows for better communication with local communities.
S1 OWN WORKFORCE	**S1-10 Training and skills development**	Own operations	Sales and trade Metal processing	Training of workforce	**Financial, Operational and Reputational Risk:** Not providing the necessary training to employees leads to inefficiencies and reduced competitiveness, reduce of knowledge market intelligence, increase exposure to market risks. In addition, Steelforce needs to ensure compliance with local requirements to avoid reputational damage and penalties.
				Training of workforce	**Operational Opportunity:** Comprehensive training programs can enhance employee capabilities, operational efficiency, and job satisfaction, increase attractiveness as an employer and improve performance.
S1 OWN WORKFORCE	**S1-12 Measures against violence and harassment in the workplace**	Own operations	Sales and trade Metal processing	Gender and racial discrimination	**Legal and Reputational Risk:** Involvement in gender and racial discrimination cases may lead to costly financial settlements and reputational damage.
				Gender and racial discrimination	**Reputational and Financial Opportunity linked to a multi-cultural company:** Diversity within Steelforce allows the company to be a more attractive employer. Moreover, having multi-cultural employees allows for better adaptability to multi-cultural markets.
S1 OWN WORKFORCE	**S1-17 Privacy of employees**	Own operations	Sales and trade Metal processing	GDPR	**Legal, Reputational and Financial Risk:** In case of a breach of GDPR law (concerning employee data), a company can get fines of up to up to €20 million, or 4% of worldwide turnover for the preceding financial year. Failure to manage employee data privacy concerns, such as personal, data, could lead to decreased employee satisfaction and reputational damage.

Well – being Actions & Initiatives at Steelforce

Steelforce Group of companies runs offices in over 12 countries with more than 290 employees in total. We are proud to be a multicultural company with more than 20 nationalities are being employed at Steelforce. The social component of ESG remains our top priority not only for Steelforce employees in the EU (under the EU regulation), but in all regions we strive to battle social inequalities and improving the well-being of our people, contributing to the overall development of the region. Steelforce is strongly committed to a culture of acceptance and promotes discrimination-free workplace and equality of opportunity. Diversity, equity, and inclusion (DEI) is important for employee's professional growth and fair treatment in the workplace. We believe we can reach great results as a company and find new solutions for every challenge by giving our employees opportunity to build up their professional knowledge. Steelforce promotes lifelong learning by providing all employees with various training courses to build their skills. To ensure Physical & Emotional well-being Steelforce guarantees that everyone in the company can get access to health-care services. Steelforce will take more action in anticipate impending burnouts or stress-related conflicts. We invite all employees to take an active role in shaping a safer and more inclusive work environment for everyone.

Steelforce Sport Actions

We are proud to see an increase in sport activities, organized by different Steelforce colleagues: padel, ping pong, zumba and running.

Our *Healthy Habit for the Mind and Body* ambassador Nydia Godinez inspires and motivates others to participate in various sport & anti-stress events, supported by our Antwerp Well-being Team. ANTWERP 10 MILES is a top annual event for our 'running team'. In 2024, 4 colleagues participated in the 10 MILES event in April and 6 colleagues in October, running respectively 10kms and 21kms. Our Steelforce sport team is growing every year, and we do hope more colleagues will share Nydia's passion for moving.

'Love begins with our selves. Moving is for me a sign of love and appreciate yourself. When we love our selves , we can love others.

Running can make this world a better place to live' © Nydia.

Steelforce Charity Initiative

Steelforce Africa has committed a donation to Médecins Sans Frontières (MSF) to support their ongoing efforts in Lebanon. This decision comes in response to the severe crisis currently affecting the country. With a strong and longstanding connection to the Lebanese community in Africa, Steelforce aims to contribute to efforts that address the urgent needs in Lebanon. The EUR 5.000 donation will aid MSF in delivering essential medical services to those impacted by the ongoing humanitarian situation. Such help would allow for instance the purchase of two chirurgical sets, one blood transfusion apparatus and one medical tent. Steelforce hopes that this gesture will provide some relief and support to the Lebanese people during these challenging times.

Study360

Study360 is an initiative from STAN an organization founded by the city of Antwerp, where they search for companies and other suitable locations which can be offered for free to students from high schools and universities around Antwerp.

More and more students choose to study together so they can support each other. There is a growing need for public study spaces. That is why STAN launched the STUDY360 project. Together with many local partners, this project offers various nice study spots during every exam period: all striking locations, often offering a beautiful vista over the city of Antwerp.

Through Study360, Steelforce offers 14 workplaces, all located at the ground floor space of our Head Office building, where they can study during exam periods in December and June. We provide access to our WIFI, free coffee, water and guarantee a cozy and easily accessible place to study. Apparently, records have shown that we are one of the most liked environments in the area, as we have received high scores and if you look at the numbers in general, Study360 has helped 6.321 students in total on finding study areas on 32 locations during the first half of the year (2024 – '25).

#STUDY360

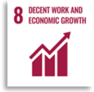
Corporate Governance

At Steelforce Group, we recognize that our extensive global supply chain, covering multiple regions, and third-party providers, presents both opportunities and risks in ensuring our trade activity. Our operations rely on an extensive network of suppliers, including freight forwarders, logistics partners, which expose us to ESG Risks (and Opportunities) related to Corporate Governance. Based on our DMA Matrix two strategic topics are:

1. **Corporate culture** significantly influences business conduct, affecting everything from ethical behavior and employee engagement to innovation and adaptability. As we continue to grow, some of our businesses are in countries particularly vulnerable to malpractices, we face exposure to the risk of unethical behavior and noncompliance with Steelforce policies, such as Code of Conduct and Group' Compliance Policy.

2. **Management of relationships with suppliers including payment practices.** As a global business, we clearly express our requirements with respect to responsible business practices by explicitly integrating our expectations into our supplier contracts and Terms & Conditions for both product and service providers. We also conduct suppliers' assessment by means of the KYC screening before proceeding with any business. Looking ahead, we plan to strengthen our supplier screening and assessment processes across business units and affiliates. Particularly across our global affiliates, we actively engage with local suppliers, recognizing the value they bring in terms of market knowledge, and operational agility. This allows us to assess the ESG maturity of our key suppliers and to build a more sustainable supply chain.

3. (*) Innovation and new technology. This is an additional topic: supplementary entity-specific disclosure that Steelforce considers material.



ESRS	Sustainability matter	Value chain location	Segment	Risk & Opportunity	Description
G1 **BUSINESS CONDUCT**	**G1-1** **Corporate culture**	Own operations	Sales and trade	Poor company culture	**Reputational Risk:** Corporate culture risks are linked to a Company's inability to effectively promote and permeate its values, norms and way of working to its employees. A weak corporate culture can lead to low employee morale, high turnover rates, and reduced productivity. This may also result in poor customer service, affecting the company's reputation and customer retention.
				Strong inclusive culture	**Reputational Gane:** Building a strong, inclusive corporate culture can enhance employee satisfaction and boost productivity. This can improve overall operational efficiency and create a positive company's image, attracting top talent and loyal customers.
G1 **BUSINESS CONDUCT**	**G1-5** **Management of relationships with suppliers including payment practices**	Own operations	Sales and trade	Supplier management	**Regulatory and Financial Risk** : Inadequate supplier management practices with third-party suppliers might lead to higher costs and loss of supply chain. Operating within a constantly evolving regulatory landscape, Steelforce faces the challenge of adapting to new regulations and more stringent existing regulations.
				Supplier management	**Opportunity of management of suppliers**: Developing strong, transparent relationships with suppliers can ensure a stable supply chain, improve product quality, and reduce costs through better negotiation.
X1 **ENTITY SPECIFIC***	**X1-1** **Innovation and new technology**	Own Operation Upstream	Sales and trade Metal processing	Loss /Gane of market share	**Investments Risk:** Unsuccessful or high-cost investment in new (green) technologies create uncertainty in the market, can impact the whole industry. Developing the necessary infrastructure and strong , reliable supply chain will come at considerable costs. **Financial and Reputational Opportunities:** Environmental, Social, and Governance (ESG) criteria are increasingly important to investors. Companies that produce green steel can attract ESG-focused investors and benefit from increased access to capital and potentially lower borrowing costs. Green steel products can command higher prices due to their environmental benefits, allowing companies to achieve better margins while answering to the growing demand for sustainable and eco-friendly products across various industries.

Business Ethics

Steelforce Group is committed to acting professionally, responsibly, and with integrity in all our business relationships. We consistently seek to strengthen our corporate governance practices and disclosures, emphasizing transparency and promoting a culture of sustainable long-term value creation. In general, a good **corporate culture** is needed to steer **ethical business conduct.**

Steelforce' Code of Conduct and Operational Excellence General guidance,, Corporate Mission and Values Compliance policy and Steelforce Groups' KYC guidance together with our online screening platforms form an important security system contributing to a safe, loyal and responsible conduct.
This set covers anti-bribery and corruption risk assessment, including our cooperation with 3rd-party business parties; conflict of interest; bribes, gifts, and benefits; competition; sanctions in case of violations. Updated version of Code of Conduct and Whistleblowing policy were launched in 2023, including more specific c human rights clauses as well as an independent external channel to the company's legal counsel where the reporting can be made confidentially and anonymously.

Over the years, we have launched a significant number of policies and procedures to address the various business ethics issues that a company like Steelforce might be encounter with. A structured approach to training our employees is a critical element in the successful roll-out of a compliance program and its specific policies. We organized our mandatory annual knowledge review as well onboarding sessions and employees from our newly acquired businesses.
The policies are continuously reviewed to be in line with the latest legal requirements, and details how to gather information, the internal follow-up, the investigation, feedback, decision, record keeping and data protection.

ESG Management

Creation of a solid ESG Framework is Steelforce' commitment for 2025-26. We stay compliant with the EU ESG-related regulatory frameworks (CBAM, EU Taxonomy, CSRD). Our Double Materiality Assessment, conducted in 2024, creates a great foundation for our future Sustainability policy. Many companies across our value chain already use such policies to evaluate potential investments, ethical practices, and ESG ratings of their business partners.
Corporates of all sizes are receiving ESG data requests from key stakeholders such as investors, banks, customers, suppliers...etc, it is important to establish clear procedures that enable regular data collection, consolidation, analysis, and quality assurance.
Additionally, it is crucial to define specific and quantifiable goals for reducing environmental impacts or improving social concerns. The analysis of the data and setting of targets on follow up will be organized as from next year by ExCom together with the ESG taskforce. Depending on the nature of the topic, monitoring will take place on a regular recurring basis.

Once Sustainability policy is ready to be implemented, we set an effective and achievable action plan.
First step of the implementation is integration into the company's business strategy and employees training and awareness.

Steelforce Governance Structure

The Board of Directors strives for sustainable value creation for Steelforce, by determining the strategy of the Group, establishing effective, responsible and ethical leadership. **ExCom** plays a key role in the processes, manage and oversee IRO's. ExCom is responsible for the day-to-day management and policy of the Group, the implementation of decisions taken by the Board, and the specific tasks delegated, including the establishment of internal controls. Company' ESG knowledge and expertise are reinforced by the **CFO**, along with the **Company's head of ESG**. Engaging with all internal stakeholders is a top priority, to maintain a culture of continuous learning and strengthening sustainability expertise across the organization. The 1st line of experts is our **ESG Task Force**. This team drives continuous improvement and implementation of ESG aspects into our operational process.

BUSINESS AND SUSTAINABILITY REQUIREMENTS & REGULATIONS

Internal and external stakeholders | Authorities

BOARD OF DIRECTORS
Defines vision towards sustainability

ExCom
Drives the implementation of the sustainability strategy

CORPORATE SUSTAINABILITY
Coordinates sustainability strategy

GROUP' ESG TASK FORCE
Alings the sustainability strategy with business risks & opportunities

BUSINESS & OPERATIONS
Integrate sustainability in Group' business operations

Steelforce strategy to achieve our long-term goals is to address the needs of our different stakeholders:

- For employees, we offer a modern, global, and diverse workplace.
- For customers, we offer professional services and a robust, effective supply chain. that enables them to grow their market share in increasingly competitive global markets. We further increase customer intimacy by accelerating data-driven value-selling approaches across our market segments.
- For shareholders, Steelforce M&A strategy completes Group's organic growth, by consolidating our activities in key countries to improve our geographical footprint and reinforce our core business.
- For society, Compliance with existing regulations on responsible business practices.
- For suppliers, Steelforce relies on suppliers to comply with the EU emissions reduction targets. We engage in dialogue with our suppliers, focusing on development of low-carbon steel.
- Steelforce continues to invest in innovation, digitalization, and process harmonization to ensure quality data information across our value chain. We believe our digital foundation will help us to develop new services while minimizing our carbon footprint.

3.3. ESG re-shapes Business Strategy

Shaping an effective ESG strategy involves a structured approach tailored to your organization's context, stakeholder expectations, and industry-specific risks and opportunities.

Sustainability is no longer a choice for businesses, but rather a necessary aspect of any successful business strategy. The benefits of sustainability are clear, by adopting sustainable practices, businesses can reduce costs, mitigate risks, innovate, differentiate themselves, and attract and retain top talent. In a time of ongoing challenges, finding the balance between sustainability and financial stability can feel overwhelming, nevertheless companies' leaders should understand change and shape their organization's response. Clearly, this is not about short-term wins - any sustainability projects deliver over years. We have an opportunity to rethink how we work, build bridges between finance, commerce and operations — ensuring that sustainability isn't a sacrifice, but a smart and strategic part of the way we grow :

1. Enhance company' reputation: showing a commitment to sustainability can build trust with different audiences.

2. Attract clients and partners: many businesses are prioritizing partnerships with companies that demonstrate environmental responsibility.

3. Attract and retain talent: employees are drawn to organizations where values like sustainability are not just buzzwords but lived experiences supported by clear policies and real projects.

4. Streamline workflows: embracing sustainability as a core company value can open the door to conversations about what's truly needed in a workflow to be efficient.

Steelforce has set out a roadmap to secure compliance with the EU CSRD, which includes adapting the reporting processes toward integrated reporting, which is vital for our roadmap toward a sustainable operating model. Looking ahead, the path remains ambitious - setting targets, focusing on long-term initiatives, improving data quality and deepening our analysis. With Steelforce' drive for creativity and innovation to supply steel products to the world in an ever smarter, safer, and sustainable way, our next steps include:

FROM COMPLIANCE to CORE STRATEGY
■ Prioritize ESG matters that are high in both stakeholder importance and financial impact
■ Strengthening in-house ESG expertise at all levels of the organization
■ Defining clear internal accountability for ESG matters
■ Implementing a robust ESG reporting system through a new software tool
■ Enhancing auditability of existing data collection processes
■ Conducting Our first full-scale CO_2 accounting across the entire Company
■ Adjust existing strategies and operations as needed based on new business developments, changing stakeholder expectations, and evolving sustainability challenges

“We want to leave the next generation a healthy planet as well as good jobs and growth that does not hurt our nature.

The clean industrial deal is to cut the ties that still hold our companies back and make a clear business case for Europe.”

Ursula von der Leyen