

SUSTAINABILITY REPORT 2021

/ CLOSING THE LOOP TO DELIVER VALUE



ELG GROUP



CONTENTS

/01 Introduction	Keynote from ELG Board of Directors	4
	Guiding Principles	9
	In support of UN's Sustainable Development Goals	11
	Reporting Guidelines	14
/02 CORPORATE OVERVIEW	Business Model	16
	Organisation	20
	Management Approach	23
	Market Environment	24
	Transforming ELG from Within	26
	ELG Performance	29
	/03 CORPORATE RESPONSIBILITY	Employee Focus
Compliance Focus		50
Environmental Protection Focus		58
GRI Standards and Content Index		66

/01

Introduction

Keynote from ELG Board of Directors

2022 is ELG's 60th anniversary year. We are a sustainable business both in what we do and how we do it. However, there is still much more to do.

In part, this is because we use a broad definition of sustainability, which includes financial performance, how we work with customers & suppliers, our approach to staff & external stakeholders as well as our approach towards the environment. This broad definition is captured well by the GRI standards and UN Sustainability Development Goals which we have used since publishing our first sustainability report in 2014.

Media focus on and awareness of environmental issues continued to grow in the past year, and we see first signs that an increased awareness will be reflected in future markets and pricing mechanisms. Reducing green-house gas emissions and CO₂ in particular is at the centre of the regulatory approach. For example, in Europe, the central instrument is the European Emissions Trading System that is aimed at reducing European industrial emissions in the long run. Today, European



Marko Mattner – Yard Worker

politicians are debating implementing taxes such as the Carbon Border Adjustment Mechanism which will extend CO₂ emission pricing to products such as steel imported into the EU.

Our products are a secondary raw material that already make substantial contributions to climate protection today. Every ton of stainless steel and superalloy scrap used significantly lowers the total carbon footprint of the product. Interest from end users in 100% scrap sourced stainless steel is growing, and major stainless producers are introducing new emission-minimised product lines. ELG continues to provide the facts and figures to demonstrate the case and pragmatically work with our customers to reduce their environmental impact by increasing their scrap ratios.

During 2021, we took several steps to improve our own sustainability. We returned to profit as COVID-19's impacts on the stainless steel market reduced. We re-organised to enable pooling of information in order to better serve our customers and suppliers and we grew to supply more material without increasing our geographical footprint. Our environment team reviewed our carbon footprint and implemented a number of lighthouse projects: bio-fuel for vehicles, increasing use of solar power & converting from diesel engines to electric motors. Once a lighthouse project has delivered convincing results, it can then be scaled across our network of locations.



Donald Weir, CEO

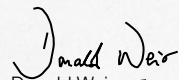


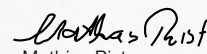
Mathias Rist, CFO

After decades of ownership by Haniel, ELG was sold to the Aperam group in 2021 with the transaction closing at the end of December. Aperam also takes a broad view of sustainability (ref: <https://www.aperam.com/sustainability/essentials>) and has set challenging environmental targets, including carbon neutrality by 2050. This acquisition of ELG is consistent with Aperam's long-term commitment to increasing the circularity of stainless steel and superalloys. ELG will continue to serve each of its customers in their best interests, which we firmly believe will benefit from the insights we can now gain along the stainless steel value chain.

This full sustainability report on 2021 gives an update on our efforts to improve sustainability broken down into focus areas our Employees, Compliance, as well as Environmental Impact. By following an external standard and giving regular updates, we secure comparability with others and demonstrate progress towards becoming carbon neutral.

We hope you will enjoy finding out more about our sustainability journey.


Donald Weir
CEO, ELG GmbH


Mathias Rist
CFO, ELG GmbH

Guiding Principles

ELG's management is aware that our business decisions have an impact on a range of stakeholders. We take responsibility for our actions and act transparently. Our commitment to the Ten Principles of the UN Global Compact underlines this decision for a conscious corporate culture. We report on our developments and achievements within the UNGC areas of human rights, labour, environment, and anti-corruption to hold ourselves accountable to our commitments.

We uphold the international standards for responsible corporate conduct and follow the ten principles of the United Nations for responsible entrepreneurship in a globalised world. Our actions are based on the irrevocable human rights worldwide. They are compliant with the labour rights, the environmental approach and anti-corruption principles set forth by the UN. These principles are reflected in our corporate values.

Our values are documented in our Code of Conduct, the "Six Principles", that we expect all our staff to know and apply.

1. *Independence through success*: We value long-term success over short-term profits and commit ourselves to ensuring business stability. We derive our confidence from our own successes and strong partners
2. *Responsibility through reserving resources by responsible reuse*: Reserving nature's primary resources is the inborn business idea of ELG. Our products and services are made and delivered at high quality, with the lowest possible cost and a minimum consumption of resources for a small environmental footprint.

3. *Compliance through integrity:* We respect laws and social values, foster a speak-up culture, and make sure that compliant corporate interests always come before personal interests.
4. *Empowerment through accountability:* All people within ELG are asked to take direct responsibility for results, to exercise initiative and judgment, and to make decisions as required. As an employer, we offer training and career advancement to strengthen an independent workflow.
5. *Innovation through continuous improvement:* We develop progress and invest in technologies and complementary business models of tomorrow.
6. *Mutuality through trust and reliability:* our aim is to derive benefit for ELG and each of our business partners alike to allow for an enduring, successful relationship.

In Support of UN's Sustainable Development Goals



ELG GMBH
Postfach 120237 - 47122 Duisburg
Kremskamp 16 - 47138 Duisburg
Tel. +49-(0) 203-4501-0
Fax +49-(0)203-4501-251
www.elg.de

ELG GmbH - Postfach 12 02 37 - 47122 Duisburg

Mr.
H. E. António Guterres
Secretary-General
United Nations
New York, NY 10017
USA

Duisburg, March 11, 2022

Dear Mr. Secretary-General,

I am pleased to confirm that ELG GmbH supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. With this communication, we express our intent to implement those principles.

We are committed to making the UN Global Compact and its principles part of the strategy culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. ELG GmbH will make a clear statement of this commitment to our stakeholders and the general public. We recognize that a key requirement for participation in the UN Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the Ten Principles. We support public accountability and transparency, and therefore commit to report on progress within one year of joining the UN Global Compact, and annually thereafter according to the UN Global Compact COP policy. This includes:

- A statement signed by the chief executive expressing continued support for the UN Global Compact and renewing our ongoing commitment to the initiative and its principles. This is separate from our initial letter of commitment to join the UN Global Compact.
- A description of practical actions (i.e., disclosure of any relevant policies, procedures, activities) that the company has taken (or plans to undertake) to implement the UN Global Compact principles in each of the four issue areas (human rights, labour, environment, anti-corruption).
- A measurement of outcomes (i.e., the degree to which targets/performance indicators were met, or other qualitative or quantitative measurements of results).

Sincerely yours,




Dr. Donald Weir
CEO / Managing Director

Mathias Rist
CFO / Managing Director

Bankkonten:
Commerzbank AG, Duisburg
IBAN DE 74 3500 0070 0504 3300 00
BIC COBADE33XXX
HSBC Trinkaus & Burkhardt, Düsseldorf
IBAN DE 05 3003 0880 0000 0420 08
BIC TSBDE33

Geschäftsführer:
Dr. Donald Weir (CEO)
Mathias Rist (CFO)
Sitz der Gesellschaft, Duisburg
Register-Gericht: Duisburg HRB 5910
USt-Id-Nr.: DE 121219631

The Sustainable Development Goals (SDG) act as a guidance compass for companies to define global priorities and aspirations for 2030. ELG is committed to play an active role in supporting the international efforts to put the world on a sustainable path. We want to be part of the solution within our scope of feasibility. Which is why we prioritised nine out of the 17 SDGs to be integrated in our company's sustainability strategy.

		Navigate to ELG references:
	#3 Good Health and Wellbeing In line with the SDGs, health is a key element in sustainable development and a fundamental human right. ELG takes responsibility to protect its employees and prevent all work-related incidents. .	HSE Approach Progress at ELG, p. 36 Local HSE measures, p. 41
	#4 Quality Education Good, quality education is fundamental for a successful business. Within ELG we invest in giving talent a chance and advancing the corresponding capacities of employees through our Performance Dialogues as well as our pre-graduate programmes.	Performance Dialogues, p. 43 Pre-Graduate Education, p. 44
	#5 Gender Equality As global employer, we acknowledge our obligation to empower women and girls within the male-dominated metals industry. The empowerment of all our employees, no matter their gender, is anchored in our corporate values.	Code of Conduct, p. 9 Sustainable Employer, p. 46

		Navigate to ELG references:
	#7 Affordable & Clean Energy The reorientation of how energy is sourced and consumed is an essential step towards more sustainable business practices. ELG invests in renewable and clean energy to reduce GHG emissions	ELG's Carbon Footprint, p. 58 Sustainable Operations, p. 62
	#8 Decent Work & Economic Growth As an internationally operating and value-driven company, ELG contributes to decent work opportunities and sustainable economic growth within the communities it acts in.	ELG Performance and Social Contribution, p. 29 Enforcement of growth plan, p. 26
	#9 Innovation & Infrastructure This SDG aims to promote sustainable industrialization with resilient infrastructure and innovation. As a company, ELG invests in the redevelopment and modernization of our current infrastructure as well as trying to find new ways to exist in a rapidly changing environment.	Sustainability Measures in Operations, p. 63
	#12 Responsible Consumption & Production Patterns Current socioeconomic and demographic trends increase the demand for constrained resources, which necessitate sustainable consumption patterns. ELG enables its customers to substitute natural resources with recycled, secondary raw materials, thus reducing their ecological footprint and offering more sustainably sourced options to their end-users.	ELG's Business Model, p. 16
	#13 Climate Action ELG wants to play a critical role in combating climate change. To contribute to this SDG, we started measuring our carbon footprint and GHG emissions for the first time in 2021 and derive savings potentials in addition to our ambitions for SDG #7.	ELG's Carbon Footprint, p. 58
	#16 Peace, Justice, and Strong Institutions A responsible, law-abiding business can make meaningful contributions to lasting peace, development and prosperity while ensuring long-term business success. For ELG, Compliance is an exceedingly important topic that is vigorously enforced.	ELG Management Approach, p. 23 ELG's Compliance Focus, p. 50 ff

Reporting Guidelines

ELG GmbH has published an annual sustainability report since 2014. The report at hand is our fourth full report, which we provide every two years, covering the 2021 financial year (Jan, 1st - Dec, 31st 2021), before the acquisition by Aperam. Our last annual report 2020 was an update on sustainability progress. Compared to the previous reports, the structure of this report was adjusted in order to provide a clearer focus of the topics and approximating our standards towards our shareholder Aperam.

For this report we followed the standards of the Global Reporting Initiative (GRI).



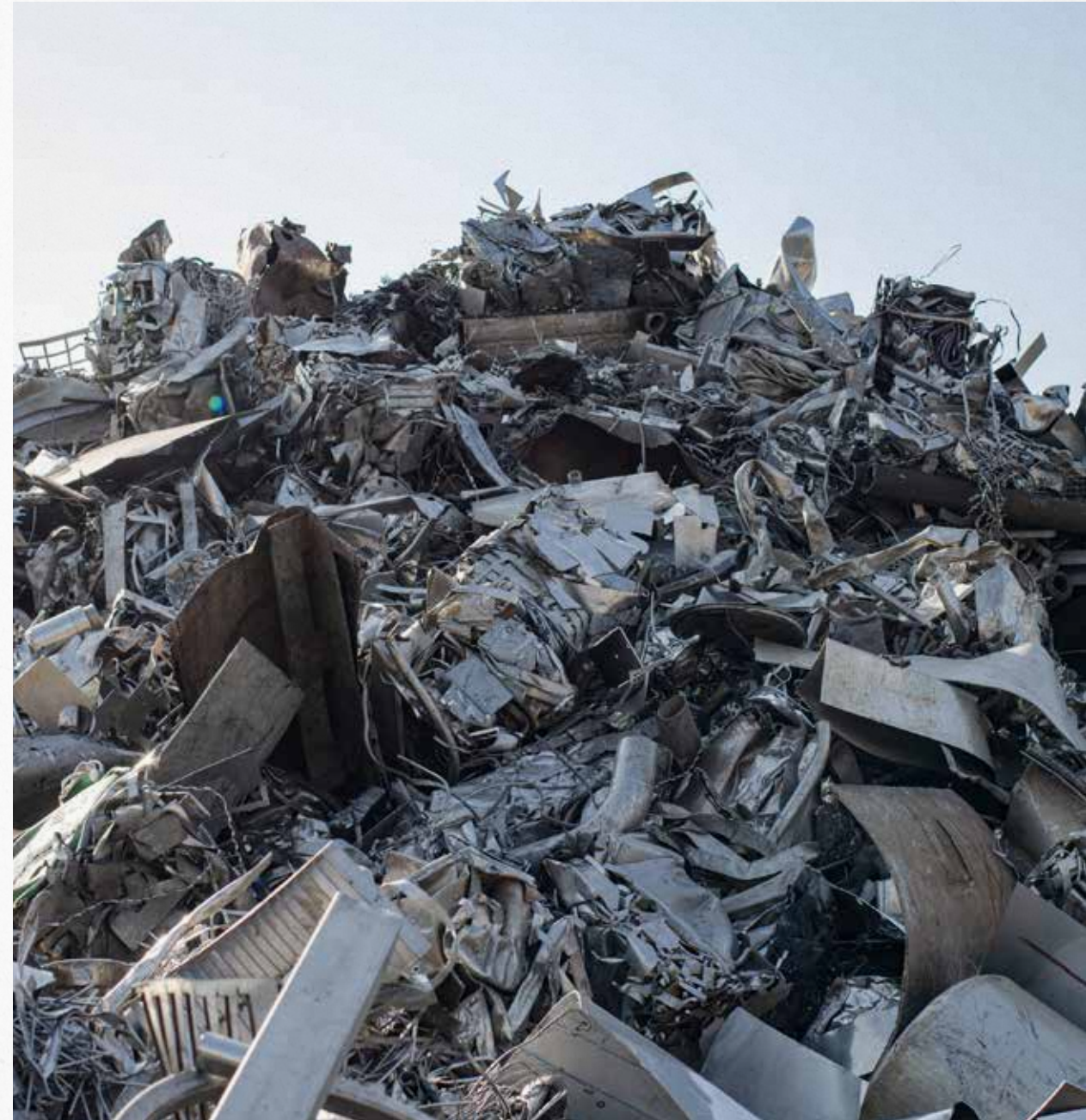
/02

Corporate Overview

Business Model

Recycling is our expertise and scrap is at the heart of our company. Since its establishment in 1962, ELG has recycled chromium-nickel alloyed steel scrap into secondary raw materials for the steel and in particular for the stainless steel industry. Subsequently, ELG expanded its activities to include the processing of high-performance materials such as nickel superalloys and titanium.

At ELG, we are pioneers and innovators. It is our central objective to trade, reprocess, and recycle our metal portfolio globally and to do so in the most sustainable manner possible. Our daily challenge is to identify the optimal usage and most suitable application of the collected material. ELG's capabilities have been developed from decades of experience combined with a future-oriented entrepreneurial spirit.



We are the interface between thousands of suppliers and customers in the metals industry; collecting material from industrial sources and reclaimed end of life material worldwide and processing them to be “ready-to-melt”. ELG creates value through turning heterogenous scrap into customised secondary raw materials. This makes us an integral part of the metal life cycle.

To meet our customers’ and suppliers’ rising expectations on quality, we deploy analytical tools and techniques.

A long-standing relationship with our suppliers and customers is built on mutual trust: every day we work together with thousands of suppliers to procure scrap of diverse compositions and qualities and are trusted to provide material to stainless steel plants whose output depends on our quality.

Products

Alloyed steel scrap is in increasing demand around the world. Stainless steel is a material that can be used again and again with an end-of-life recycling rate of at least 85% *. The use of stainless scrap in the production process considerably reduces the carbon footprint of the stainless steel finished products. Today, more than 50% of the input material in steel mills is scrap with more mature customers using more than 85% and aiming higher**. Our products fulfil the high-quality standards of the industry and our customers and they also possess exactly the required metallurgical and physical composition.

Besides alloyed steel scrap for the stainless industry, ELG offers a selection of secondary raw materials to produce tool and high-speed steels for industrial application as well as tungsten carbide. In the superalloys segment, we are recycling cobalt and cobalt alloys, nickel, nickel-alloys and nickel-copper alloys, superalloys, titanium and its alloys as well as pure metals and alloys like molybdenum, chromium, niobium, tantalum, and zirconium.

* Team Stainless: “The Global Life Cycle of Stainless Steels, 2021, https://www.worldstainless.org/files/issf/non-image-files/PDF/Team_Stainless/The_Global_Life_Cycle_of_Stainless_Steels.pdf

** International Stainless Steel Forum: Stainless Steels and CO₂: Industry Emissions and Related Data, Brussels, 2022 (s.a.: <https://www.worldstainless.org/about-stainless/environment/stainless-steels-and-co2-industry-emissions-and-related-data/>)

Figure 01
STAINLESS STEEL

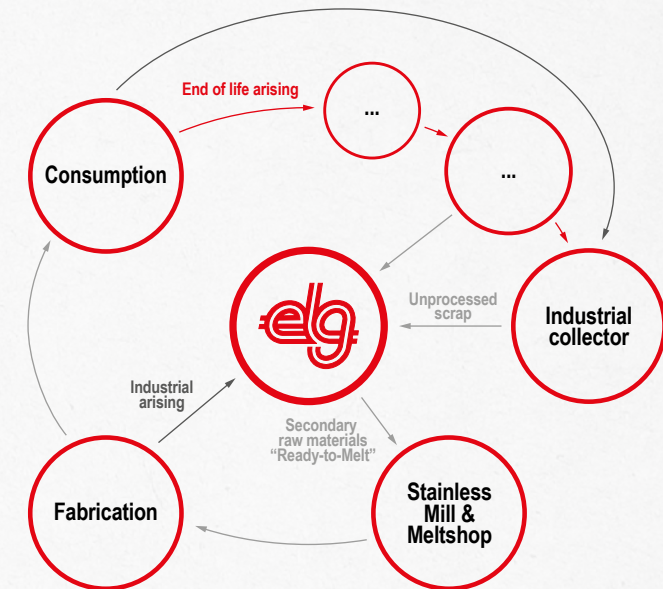
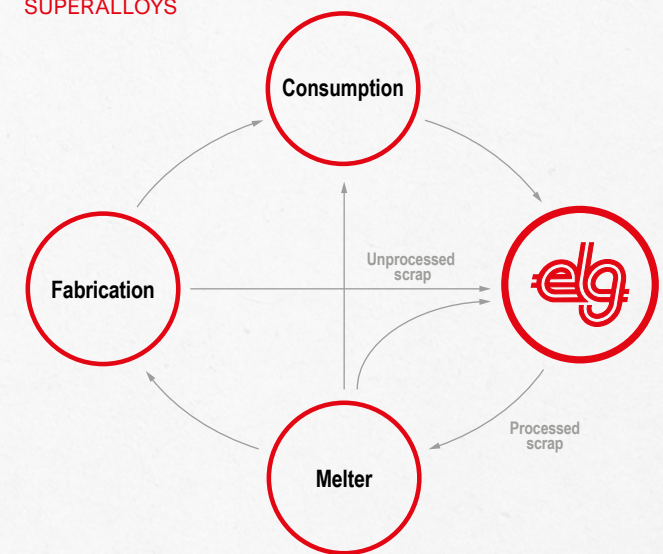


Figure 02
SUPERALLOYS



ELG Group, and in particular ELG Utica Alloys, is in possession of critical certifications at both major aerospace OEMs and melting companies to supply nickel-base superalloys and titanium secondary raw materials. Such certifications are a major quality management aspect in particular for the aerospace supply chain, in which ELG Utica Alloys plays an active role.

Organisation


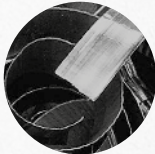



The group of companies that make up ELG GmbH are present in 50 locations in more than 18 countries. These locations have been selected to be close to the main locations of scrap availability, key logistics points and our customers. Each location has a clear role and the ability to respond rapidly. Information is exchanged frequently between locations to optimise the overall activities and secure the sharing of best practise.

ELG Stainless Steel recycles chromium-nickel containing scrap and production waste into secondary raw materials, we follow the highest quality standards - and the individual requirements of our customers. In this way, we guarantee that our customers receive the raw materials they need in exactly the metallurgy and composition required for their production. In any desired quantity and ready-to-use.

Three divisions are focussed on stainless steel recycling in specific regions: Americas, Europe and Asia-Pacific.

ELG Utica Alloys is specialised in processing secondary raw materials to the highest possible quality level, with the aim to reintroduce them to high-tech sectors as a fully-fledged substitute for primary raw materials. The business and operational activities are mainly focused on the aerospace industry but also on the chemical, oil and gas sector as well as medical applications.

Timeline / Highlights

<p>1980 ELG Haniel Metals Ltd. Founden in Sheffield (UK)</p>		<p>1962 Eisenlegierungen Handels- gesellschaft GmbH founded in Duisburg (Germany)</p>
<p>1989 Complete takeover of ELG Haniel GmbH by Franz Haniel & Cie. GmbH. Acquisition of Figesa S.A./ Ferinox S.A. in Paris and Nanterre (F)</p>		<p>1985 Acquisition of Steelmet Inc., Pittsburgh, PA (USA), now ELG Metals Inc.</p>
<p>2008 Utica Alloys Group, based i n Utica, NY (USA), becomes a part of ELG and is now ELG Utica Alloys Group</p>		<p>1996 Acquisition of Jewometaal, Rotterdam, NL</p>
<p>2016 “ELG Innovation Experience” (EIE) founded, an initiative to pool groupwide innovation and digital activities such as the MyELG App</p>		<p>2011 Recycled Carbon Fibre Ltd. In Coseley (UK), later ELG Carbon Fibre, is acquired</p>
<p>2021 ELG Carbon Fibre Ltd. was divested ELG Group acquired and fully consolidated into the Aperam Group as from Dec. 31, 2021, under a new segment “Recycling”</p>		<p>2019 Iberinox Plus S.L. is acquired</p>

ELG family since 2011, was divested in several steps. These included the re-purchase of a minority holding from Mitsubishi Corporation, with a partial sale to Procotex, and a management buyout of the remaining activity, which now trades under the name of Gen2Carbon.

Until December 27, 2021 (closing), 100% of the shares in ELG GmbH were held by Franz Haniel und Cie. GmbH. On December 27th, 2021, Aperam acquired these shares through its German subsidiary "Aperam Stainless Services and Solutions Germany GmbH". Since then, ELG has become a major part of Aperam's new operating segment "Recycling". For further information about Aperam, visit www.aperam.com

Management Approach

Our board of directors in 2021 consisted of Dr Donald Weir, who took over the position of Chief Executive Officer of ELG at the beginning of 2021, and Chief Financial Officer, Mathias Rist.

Before joining ELG, **Donald Weir** held various global management positions in well-known industrial companies such as thyssenkrupp, E.ON and Siemens. Donald Weir has also worked with private equity firms in London & Frankfurt and advised start-ups. He is passionate about customers, service business models and digitalisation. He has the background in control and electrical engineering with a PhD from the University of Oxford and Master's degrees from both the Imperial College, London, and the University of Cambridge.

In 2021, **Mathias Rist** was the Chief Financial Officer and Board Member of ELG GmbH. The position as CFO is responsible for Finance, Controlling & Accounting, IT, Internal Audit and Legal. After his business studies in the German armed forces, Mathias started his professional career at the consulting firm KPMG. Subsequently, he worked for steelmakers thyssenkrupp and Schmolz + Bickenbach as CFO covering Finance, Accounting, Controlling, IT and commercial areas

On all sites worldwide within ELG, we nurture a culture of decentralised operations. ELG's local executive management is empowered to optimise their operations with regional and global goals.

ELG GmbH in Duisburg consolidates the central support departments and coordinates activities group-wide. In order to maintain co-ordination, regular topic specific steering meetings are held and general information is shared across leading managers in a Top100 call.

Market Environment

2021 was an exceptional year driven by a world-wide economic recovery after the COVID-19 related recession in 2020. According to the International Monetary Fund, worldwide GDP rose by 6.1% in 2021 versus a 3.1% reduction in 2020. Expectations going into 2022 have been dampened by recurring, new COVID variants and subsequent lock-down procedures, particularly in China, the rising rate of inflation in Europe and the US, as well as persistent supply chain issues.

Industrial production, a key driver for steel and stainless demand and production, increased by 7.9% in 2021, an growth that partially overcompensated for the loss in production that occurred in 2020. Global crude stainless production in 2021 expanded by 14% Y-o-Y to 59 Mill mt and all producing regions contributed to this growth.

Stock replenishment and strong domestic demand levels resulted in a rally in the European stainless segment in the wake of which annual crude production levels rose to 7.4 Mill mt again – close to pre-pandemic levels. The US segment experienced a similar rally, though structural changes in the producer landscape resulted in an overall lower rate of growth to 2.4 Mill mt. In both cases, the strong demand and tight supply, not the least due to aforementioned supply chain issues, resulted in a steep price rise for stainless steel and subsequently relevant raw material prices for scrap, nickel, chrome or molybdenum. On average, stainless steel prices rose by 60% Y-o-Y*, LME nickel was up by 35%, ferrochrome by 38%, (ferrous) scrap by 69%.

Heavily hit by lockdowns and subsequent travel regulations affecting air travel, the aerospace supply chain only saw limited levels of recovery during 2021. By the end of 2021, air travel had only returned to approximately 60% of 2019 activities, led by domestic travel. As a result, the major aerospace OEMs focused on single-aisle production and deliveries. The US and then Europe's flight approvals for the grounded 737 Max helped in reducing inventory levels. Despite this, demand for superalloys and particularly titanium remained muted during 2021.

* European transaction price for 304 CR 2mm

The current market environment of 2022 and outlook, however, is clouded by high inflation, rising energy costs, in particular in Europe, and overall lower market growth expectation, not the least due to the geopolitical conflict in Europe. This will largely affect our stainless steel activities, whereas superalloy activities are experiencing an ongoing recovery, not the least due to a continuous increase in air travel.

External Sources:

International Monetary Fund: World Economic Outlook, Oct 2021 and April 2022;

Netherlands Bureau for Economic Policy Analysis: World Trade Monitor, April 2022;

CRU International Ltd stainless steel production data



Transforming ELG from Within

In 2020, ELG started a Transformation journey to adapt to meet future market requirements. This journey includes productivity projects impacting all parts of the business and in 2021 a new organisation was implemented.

Our Transformation Office is dedicated to implementing projects to efficiently translate the strategic direction and growth plan into specific actions and make sure that our strategic targets are achieved.

“That’s what we call transformation.”, says Alexandre Rezende, ELG’s Chief Transformation Officer “Based on a defined mission and vision, we pave the way from strategy towards delivery. These incremental changes towards the next milestone are what we achieve through our transformation projects.”

An integral part of our Transformation is the Project Management Office (PMO). It is the mechanism through which we support the project owners and sponsors to break down complex projects into digestible steps: our initiatives. “When you want to go to the moon, you need a rocket and people to fly it. So, you will need to build the rocket, plan its launch, and train the astronauts... it’s a step-by-step approach”, explains Alexandre Rezende.

The Transformation Office is a platform providing process support. The drivers behind the initiatives are the “initiative owners” spread all around the organisation in all levels: In 2021, 33 initiatives were started with 22 owners in 4 divisions over 14 countries.



Alexandre Rezende, Chief Transformation Officer

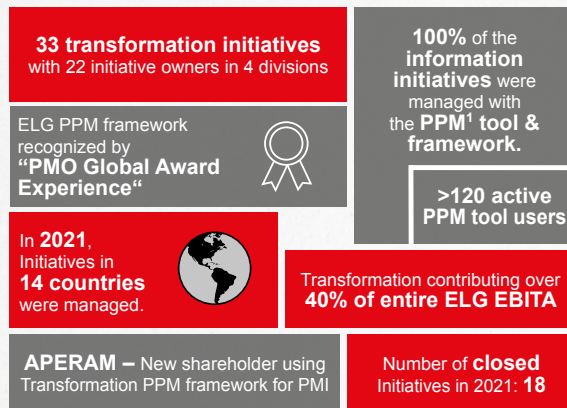
With the support of our Transformation Office and our externally recognized Project Portfolio Management framework, ELG can detect, analyse, and exploit local, regional, or global potentials as well as evaluate and roll-out best practices and eliminate risks. The overall portfolio of projects – our Transformation program – steers ELG in a better, more efficient, and more sustainable direction.

“Think of the PMO process as a turbo charger alongside our core engine of buying and selling scrap. The turbo injects the initiatives which improve the performance of our core engine”, states Donald Weir, CEO at ELG.

By continuously adapting our core business to the market, ELG secures its competitive position. Our optimisation activities help us to grow, improve our margin, and outperform our competitors.

Lighthouse Initiative:

ELG Utica Alloys (EUA) started the Productivity Improvement Opportunities – or PRIMO – in 2019 as a structured improvement program to drive and measure cost reductions, productivity, and process improvement by obtaining ideas from all organisational levels, especially from the process experts, who perform the job every day.



¹ PPM = Project and portfolio management

Alyssa Weber is EUA's Director of Continuous Improvement and Quality and the project owner. She is proud of the involvement aspect: “The goal is to increase employee engagement, encouraging shop floor employees to be an owner in improving operations, and putting front-line managers and administrative staff at the forefront of driving continuous improvement forward.”

So far, 121 individual optimization projects have been completed over the last 3 years that PRIMO is in place, consequently leveraging new improvement opportunities every year.

ELG Performance

The significantly improved market environment also had a positive impact on the course of business at ELG. Group total tonnage sales in 2021 grew by +6% to 1,19 mt. Group EBITA and PBT recovered from -29m EUR resp. -134m EUR to 47m EUR and 16m EUR.

Operating 37 yards, and 50 locations in total, on 5 continents, 58% of turnover was generated in Europe, while activities in AMER and APAC contributed 29% and 12% respectively. The bulk of the material that we supplied was sourced from the continent it was supplied to.

Overview Selected Performance Indicators

Figure 03

Total tonnage in million metric tons



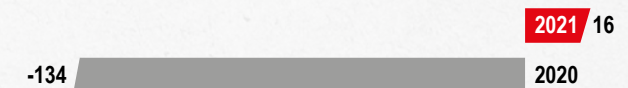
Figure 04

Turnover in EUR million



Figure 05

Profit before Taxes in EUR million



ELG is generating value through its recycling activities by providing critical source materials and helping its customers to considerably reduce their environmental footprint. At the same time, ELG makes a social contribution as an employer as well as generating and distributing an economic value to the communities, countries and regions the group is operating in. Group-wide, this economic value distributed* grew by 43.3% Y-o-Y to 1.912m EUR.

Operations Initiative Best Practices

Blending stainless scrap is a fundamental activity for stainless scrap processors across the globe. As there is a finite amount of suitable straight grade stainless steel scrap available, global mill scrap demand can only be satisfied by blending stainless grades to offer synthetic stainless scrap that meets customer requirements. This enables the scrap processor to utilise available resources in other scrap grades and thereby re-cover nickel, chrome iron, or other metal units that otherwise may not be recycled

ELG's new organisation was intended to increase availability of information and share best practices between locations. This global perspective enables us to better evaluate our monthly performance, share best practices about processes or identify possible improvement potentials.

* Calculated according to Global Reporting Standards GRI 201: Economic Performance 2016



Global KPIs

In 2020, ELG's stainless steel division reviewed and established 12 operating Key Performance Indicators (KPI's) and began a pilot program to collect data in 5 yards. After reviewing the pilot yards' data, the in the scope was extended to all stainless steel operations across the globe in 2021. Using modern, flexible IT tools, the operations team can now review data from all yards in the globe to assess and compare the 12 KPI's for the ELG group as a whole or by region, country or individual facility. This generate best practise exchange opportunities.

Commercial Focus

The provision of top service to our stakeholders is one of our main goals as a company. In 2021, we worked to further strengthen and improve these relationships. We measure various Key Performance Indicators (KPI) for our performance towards our customers including Supplied on Time and In Full, Radiation Events and Customer complaints and Contractual claims. Each KPI is measured monthly against annual targets that are set to improve over the previous period.

In addition, we meet regularly with various contact partners in each of our customers to understand their evolving needs and specific requirements. These contacts are undertaken by both dedicated account managers and functional experts. We are increasingly required to adopt standards defined by our customers and audited against these.

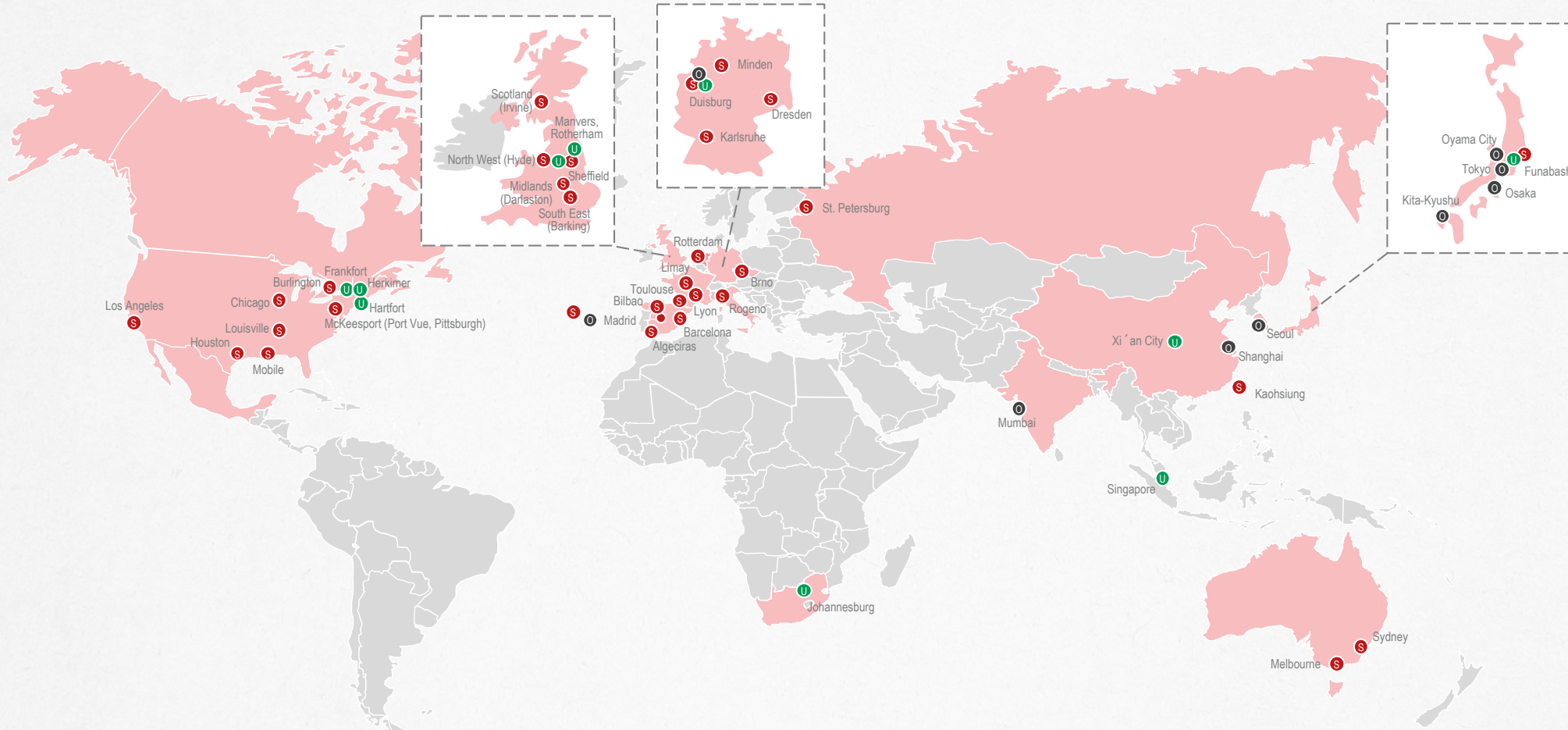
For example, **Jewometaal** received a status of A-supplier after a two-day comprehensive supplier audit in October from a major customer. This audit was also a very good opportunity to get a better understanding of the requirements of our customers and to demonstrate our capabilities and customer service focus.

The report covers all global ELG companies as listed below.

ELG GmbH**Legal Entities**

- ELG GmbH, Duisburg, Germany
- Eisenlegierungen Handelsgesellschaft mbH, Duisburg, Germany
- OOO "Ocean", St. Petersburg, Russia
- ELG Recycling Processors Pty. Ltd., Campbellfield, Australia
- Jewometaal Stainless Processing B.V., Rotterdam, Netherlands
- Figespa S.A.S., Lyon, France
- Ferinox S.A.S., Lyon, France
- Iberinox Recycling Plus S.L., San Roque, Spain
- MA Immobiliare Rogeno s.r.l., Milano, Italy
- Inoxtrade S.A., Madrid, Spain
- ELG Utica Alloys International GmbH, Duisburg, Germany
- ELG Utica Alloys Ltd., Rotherham, United Kingdom
- ABS Alloys & Metals SA (pty) Ltd., Johannesburg, South Africa
- Marsmetal SAS, Saint-Ouen-l'Aumône, France
- ELG Utica Alloys Singapore PTE. Ltd., Singapore
- Hong Kong Alloys International Ltd., Hong Kong, China
- Shaanxi Hang Yu Alloys Co. Ltd., Xian City, China
- ELG Utica Alloys Holding Corp., Herkimer, USA
- ELG Utica Alloys Inc., Herkimer, USA
- ELG Utica Alloys (Hartford) Inc., Hartford, USA
- ELG Utica Alloys (Monroe), LLC, Monroe, USA
- ELG Utica Alloys GmbH, Duisburg, Germany
- ELG Metals UK Ltd., Sheffield, United Kingdom
- ELG Legima spol. s.r.o., Brno, Czech Republic
- ELG International Holding B.V., Rotterdam, Netherlands
- ELG Japan Inc., Funabashi, Japan
- ELG Metals Taiwan Corp., Kaohsiung, Taiwan
- ELG India Private Ltd., Mumbai, India
- ELG Metals US Holding Corp., Pittsburgh, USA
- ELG Metals US Finance Inc., Wilmington, USA
- ELG Metals Inc., Pittsburgh, USA
- ELG Canada Inc., Burlington, Canada

ELG Group regional footprint

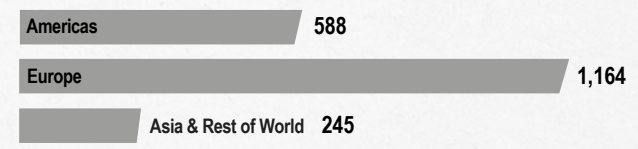


ELG sites

- S ELG Stainless Steel
- U ELG Utica Alloys (Superalloys)
- O ELG other locations ^[1]

[1] Offices and joint ventures
Source: company information as per May 2022

Figure 06
International Sales 2021 in percent



/03

Corporate Responsibility

Employee Focus

Health and Safety

ELG is committed to establishing and maintaining a healthy and safe workplace environment for everyone working on behalf of the entire organisation at all locations. We believe in the following principles to guide our actions: 1) that ALL work-related incidents, injuries, and illnesses are preventable, 2) that management is accountable for the health and safety performance of the organisation, and 3) that health and safety must be integrated into all business management processes to support our goal of becoming a sustainably safe company.



Nico Harmel – Yard Worker

Employee (Worker) Health

In 2021, the COVID-19 pandemic continued to have a significant impact on our operations. ELG managed day to day operations according to the established "Coronavirus Response Plan" which included provisions for employee screening, social distancing, the use of face coverings and masks, work from home options, as well as mandatory isolation and quarantine for those who tested positive for the virus or were in close contact to others who tested positive.

Information related to the pandemic's impact on employee health as well as on the business operations was shared regularly via the company's Health and Safety Intranet Site. ELG's infection rates remained in line with the published regional and national infection rates respectively throughout the year, and there were only two instances in which a location had to shut down or halt operations to accommodate a significant increase in infection levels among the workforce.

In addition to the coronavirus response initiatives, ELG took action via targeted communications and trainings to increase awareness for those occupational-related illnesses and diseases that are common in our industry such as occupational hearing loss, respiratory conditions associated with airborne contaminants, and the prevention of musculoskeletal disorders associated with the manual handling and lifting of materials.

Employee (Worker) Safety

The safety of everyone working for the organisation is of paramount importance to us. In 2021, we took further measures to eliminate hazards, reduce the risk of injury, enhance our safety programs, and increase the health and safety support staff globally. These efforts, along with an increased emphasis on management engagement resulted in a global group lost time injury rate (LTIR) of 11.75, a 20% reduction compared to the previous year.

In addition to the aforementioned efforts, the organisation implemented several new programs and initiatives to improve performance and increase safety culture. A summary of those efforts is as follows:

- 1. Management Safety Walks:** The goal of the Management Safety Walk program is to demonstrate Leadership and Engagement for safety among the workforce. Managers from all levels in the organisation take an opportunity several times a year to go into the operations area to have focused dialogue sessions with employees about safety. Agreed upon action items from those discussions are documented and tracked to completion. In 2021, managers completed over 300 Management Safety Walks and logged close to 700 action items to improve the safety in the working areas.
- 2. Near Miss Reporting and Incentive Program:** The reporting of near misses, as well as unsafe actions and unsafe conditions, plays a critical role in the prevention of incident and accident occurrence. A formal near miss reporting program was launched in 2021, with over 400 near misses being reported collectively from all locations globally. We also implemented an incentive program to reward participants who submitted near misses. Winners were selected from a pool of finalists and received a night out to dinner for them and their immediate family. The program continues to be well received and continues to promote reporting.
- 3. Safety Information Management Systems:** Using existing IT infrastructure and platforms we created custom database applications for the reporting of incidents and injuries. These systems facilitate the sharing and distribution of important safety related information to all sites globally, and they provide quality data for the development of trending reports. Currently there are over 1000 records in the system.
- 4. Health and Safety Intranet Site:** Another key component of our safety program is the ability to effectively communicate and make available all data and information being collected on a regular basis. A Health and Safety Intranet site was created on existing platforms to facilitate the sharing of information related to management safety walks, near misses, incidents and injuries, standards and programs, investigations and problem-solving summaries, and safety meeting resources and content. Currently there are over 500 subscribers to this site within the organisation.

In 2021, the new position of a Global Head HSE was created and filled with David McLaughlin, to provide guidance and support to the HSE leads, who support the various entities and yards. Introducing this position has increased communication, training and exchange of ideas between divisions, regions and entities resulting in gains in efficiency for reporting and corrective actions for safety related deficiencies.

“The health and safety of all of our employees at all locations is of paramount importance to us. We strive to create a positive safety culture where people can do their jobs well and return home safely to their families each and every day”, says David McLaughlin, Global Head of HSE

David McLaughlin brings over twenty years of comprehensive safety leadership experience to the organisation. He feels that engagement is the key to a successful safety program. What he likes most about his job is the interaction with employees and operatives in the yards to learn about what they do and to help them develop safer ways to do it.

Also, in 2021, safety related competencies among the workforce continued to increase via focused training initiatives and the implementation of a Learning Management System (LMS) in some regions.

Finally in 2021, two entities in our stainless steel division achieved ISO 45001 certification for the first time and efforts to maintain that certification continue.

2022 Outlook

In 2022, with the integration into Aperam S.A., ELG starts a new chapter in its long and successful history. The alignment of health, safety and environment began immediately after the closure, with a focus on preventing fatal incidents, cultural change, and safety leadership development. On the publication date of this report, ELG has integrated its reporting with our new corporate shareholder on key performance metrics related to health and safety.

HSE at Heart of Our Local Entities

Health and Safety is a vital element of our business strategy, lived by executives, or machine operators and simply each and every ELG employee. To support and enhance global HSE measures, especially in the face of Corona virus, the ELG entities engaged in locally adapted measures. Concerning Covid-19, e.g., **ELG Japan** had issued a mandatory mask mandate and daily temperature checks. **ELG Recycling Processors** introduced a QR code registration for all drivers to help with Covid-19 contact tracing. **Eisenlegierungen** provided daily rapid antigen tests and masks to all employees. **ELG Utica Alloys (EUA)** introduced rotating break times and shift schedules. They also initiated a trial of quick stretching sessions prior to shift starts to enhance overall employee health.



Further, EUA conducts two Gemba walks per day at the Hartford site as well as weekly level quick chats with hourly teams / shift turnover meetings held daily between shifts. Duisburg and Herkimer are utilizing the safety committee meetings as a means of communication with the shop floor. Weekly group meetings were also set up to discuss incidents, the status of actionable items, and find solutions. They also invested in designated walkways throughout the Duisburg plant and introduced a behavioural safety program called SafeStart, which leads the way in human error prevention training.

ELG as Responsible Employer

Human Resources play a key role when it comes to our sustainability claims. Because for us, sustainability is not merely about environmental goals but also about the sustainable development of our organisation. The hard work of each and every one of our employees acts as the most important building block for our success. Which is why ELG is committed to provide a working place with secure working conditions and a positive corporate and leadership culture.

We value our employees as our most important asset and consider it important to find ways to improve ELG's role as an employer and adjust the working conditions to our employees' needs. Since our last sustainability update in 2020, we opened diverse channels to stay in close contact with our staff to reveal their experiences of and expectations for the working conditions.

Employee Survey – Measuring what drives our company

We are aware that our organisation can always become a better employer. We want to understand our employees' views and build transparency, to exploit our full potential as an employer. ELG conducts regular Employee Surveys – globally and locally – with the help of an external partner, to explore what drives our employees and how we can better support them in the workplace.

The results of those surveys are discussed and analysed by HR and the ELG Board in order to take accurate measures for improvement. The survey results showed high satisfaction rates among ELG employees concerning our Health and Safety approach as well as the feedback culture from supervisors.

Nevertheless, the employee survey also revealed shortcomings in the areas of internal communication and training opportunities. ELG tackled these proclaimed pain points with the introduction of an extensive communication cascade and Performance Dialogues. Since ELG started the employee survey in 2020, we already see score improvements within those items we implemented measures in.

Following the conducted surveys, the several entities of ELG work on action plans to improve the items that were identified as improveable.

Communication Cascade

In March of 2021, ELG started a monthly communication cascade across the whole group as an answer to the earlier employee survey suggesting an insufficient flow of information for our employees. The idea is to cascade information from our CEO, Dr Donald Weir, who discloses strategic information at ELG group level, through all management levels per Division or Group Function, down to the team leaders. The latter are in charge of sharing the cascaded information with their teams during regular meetings.

The Communication Cascade is also made available to employees on the respective sites of the entities on the corporate Intranet.

Performance Dialogues

The professional development of the people working at ELG has a substantial impact on the success of the company as a whole. Therefore, we launched Performance Dialogues in the ELG Holding in Duisburg, Germany, to support and encourage individuals in their endeavours to advance themselves. The employees are henceforth entitled to one of these dialogue meetings with their supervisor every year. During the meeting they discuss the employees' personal targets for the year and explore potential knowledge gaps as well as adequate further education opportunities. Beyond that, the Performance Dialogue opens an additional channel for a proactive feedback culture.

Introduction of Six-Month Review and Exit Interviews

In 2021, ELG introduced a 6-month review between new employees and their supervisors. The goal is to identify strengths and improvement opportunities during the onboarding process and make sure the employee settled well into the company. In addition, the new employee gets feedback on performance and areas of improvement.

On a global level, ELG conducts Exit Interviews with parting employees. HR collects relevant and anonymous data of these interviews, linking them to insights from the employee survey. Moreover, these statistics are regularly shared with the Executive Committee. This way, we can try to understand former employees' reasons for leaving ELG and draw conclusions for our overall development as an employer.

Pre-Graduate Education in a Corporate Environment

At ELG, we invest in our future workforce by offering different opportunities for pre-graduates to get access to the corporate environment and build skills for a better job entry. Since 2021, we offer dual study programmes at our Duisburg site, that combine academic studies with work experience and vocational training in diverse departments. Further, there are always around 5 working students employed in different departments of ELG GmbH in Duisburg, who we enable to apply their theoretical knowledge and have a real impact within our company. At Eisenlegierungen, we welcome 2-3 apprentices per year, who are trained as wholesale and foreign trade merchant or in waste management.

Elisa Heikapell is one of ELG's dual students. She studies International Business Administration at our partnering university and spends her practical phases exploring the departments of ELG GmbH in Duisburg.

"I enjoy that I get to see so many different departments within ELG. This gives me a comprehensive overview of the typical activities to help me decide which areas I want to focus on later on in my studies – and it provides great variety. Because I get to gain practical experience right from the start, I expect my career entry will be smoother later. My colleagues are very helpful and open-minded, so you feel at home here. They support us not only at work but also, if necessary, with university matters"



Alina Anger – Elisa Heikapell – Finn Bach

Employee Engagement at ELG

The Employee Focus is a major foothold for our company, which is why we work on a local and sustainable approach to improve the working conditions of our employees. In 2021, many initiatives were implemented by local entities to create a safer, more desirable, and overall better workplace.

One focus of these employee-oriented initiatives are additional corporate benefits, aimed to promote retention rates and the general happiness of our employees. In this context, **ELG Utica Alloys (EUA)** has introduced bonus plans for perfect attendance and employee referrals to accentuate favourable behaviour as well as providing career planning and “cross training” options to improve retention rates. **Eisenlegierungen GmbH** implemented a new wage system with transparent structures and processes, making remuneration information fairer.

Our Australian colleagues at **ELG Recycling Processors** adopted an Employee Assistance Program where employees can call a support line and talk about any problems they may be facing. It is completely confidential and ELG covers the costs which makes it free for our employees. **Jewometaal** introduced a similar project that supports its employees in case of payment problems or debt restructuring programs. They further host regular Canteen Meetings, where up to six colleagues from different departments discuss our strategy, answer questions to business topics and exchange ideas. This cross-departmental format makes sure that everyone’s ideas are being heard. Additionally, many entities allow for remote work (home office) for at least two business days per week, for positions where it is possible, to offer employees greater flexibility.

On a global level, gender equality has become a bigger part of ELG’s sustainability strategy. As responsible employer, we have been working on promoting female empowerment and continue to systematically increase our efforts towards equality within our industry. So far, our headcount shows favourable results. In 2019, women made up 17% of ELG’s total headcount of 1,380 employees and accounted for 9% of our management-level staff. This number increased over the past two years. In the reporting period of 2021, women represent 19% of our total staff. 27 women occupy leadership positions within ELG, making up 14% of our executive staff.

ELG Headcount

Figure 07

Total Headcount Status per end of the year

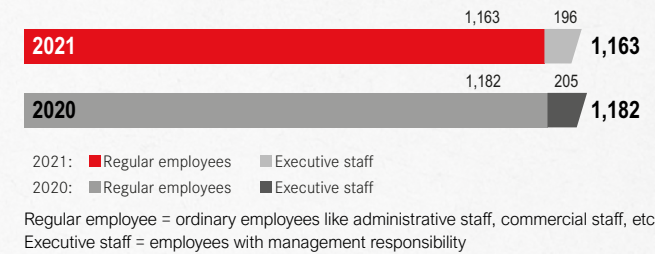


Figure 08

Gender structure (total)

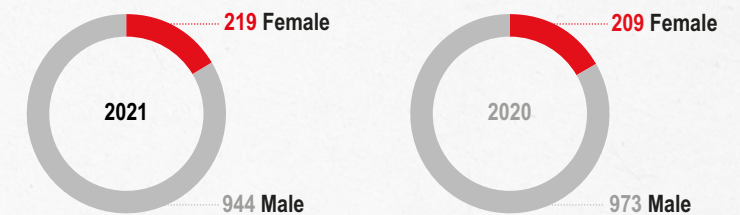


Figure 09

Age structure

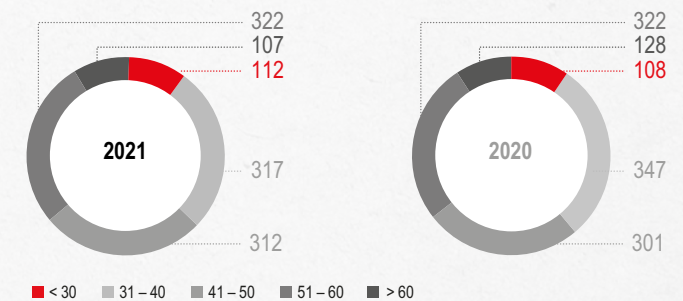


Figure 10

Structure by type of contract

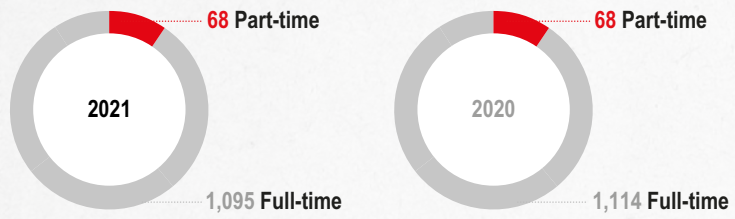


Figure 11

Regional structure

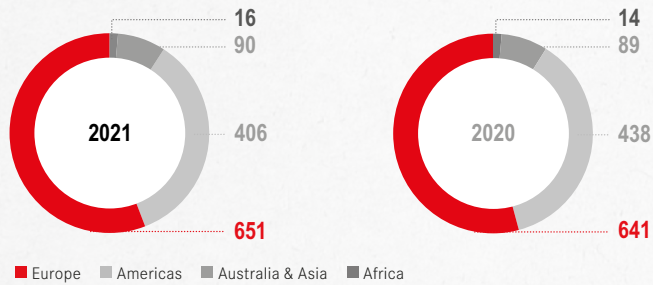
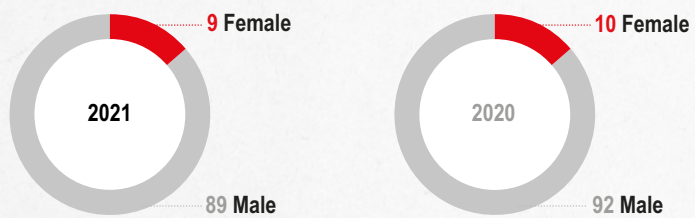


Figure 12

Executive staff: gender structure



Larissa Lienig - Corporate Communication Expert

Compliance Focus

Compliance is and remains a key element of our business identity. As one of the industry's leading companies, we work every day to set an example and live up to the responsibilities of our corporate citizenship.

“Compliance is treated as a top priority of our management and our stakeholders. ELG strongly demands integrity and compliant behaviour from our employees, and we therefore expect all employees to respect and observe applicable laws and social values as well as ELG’s internal rules and guidelines”, emphasises Alexander Kehl, Head of Legal and Group Compliance Officer at ELG.

ELG commits to fair and ethical business practices to keep Compliance reality. Consequently, we systematically pursue and penalise compliance infringements without compromise.

ELG’s Code of Conduct, the so-called “Six Principles”, represents the fundament for the ELG Compliance Management System (“ECMS”), which sets the tone for all of ELG’s Compliance efforts on a global basis. And as ELG is now part of the Aperam Group (since end of December 2021), our Six Principles are accompanied by Aperam’s Code of Business Conduct – which strengthens our ECMS even more.

ECMS – A Solid Basis

In this section, we focus on the Compliance efforts and measures that were implemented based on the ECMS throughout the entire ELG Group in 2021. Our state-of-the-art Compliance Management System is designed to effectively prevent, detect, and mitigate all relevant Compliance risks while adopting a risk-based approach.



Alexander Kehl, Head of Legal and Group Compliance Officer

“Moreover, we expect all employees to proactively contribute towards living and improving our Compliance Culture. Therefore, our ECMS is designed to provide rules and guard rails for all actions and business decisions, sharpen Compliance awareness and increase the intrinsic motivation and integrity of every single employee to play by the rules and protect ELG from any loss or damage in any kind”, states Alexander Kehl.

ELG is assessing the effectiveness of the ECMS on a regular basis and did not experience any legal action against ELG, related to Compliance issues to date. The latest major enhancement of our ECMS was conducted after our 2020 Compliance Culture Audit (see “Sustainability Update 2020”). This includes but is not limited to the implementation and extension of our Compliance Campaigns, an optimization of the Supplier Due Diligence process for Anti-Money Laundering purposes, or easy access for employees to relevant Compliance information through ELG’s intranet.

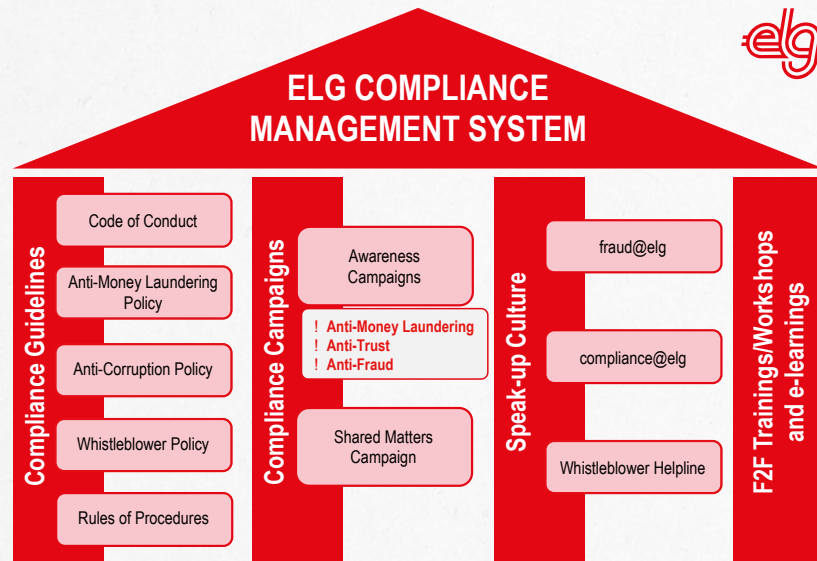
We are committed to creating a culture of awareness among all our stakeholders and empower every employee of ELG to identify Compliance risks and to assume responsibility for a compliant business behaviour.

Hence, our ECMS is based on four key pillars: the first being our group-wide Compliance Guidelines, which provide all relevant information for the day-to-day business as well as guidance to the employees on how to identify, avoid, and report Compliance issues or concerns.

Our extensive Compliance Campaigns, which sharpen the awareness of ELG employees for relevant and actual Compliance topics, represent the second pillar.

Our third pillar continues to be a well sustained “speak-up” culture, within the entire ELG Group. Various reporting channels are implemented for all kinds of Compliance issues. Employees can address fraud attempts via fraud@elg. Compliance concerns (compliance@elg) can be expressed directly or anonymously via our external Whistleblower Helpline. All points of contact can be approached by all employees globally and are prominently published on the ELG intranet.

Lastly, our face-to-face trainings and workshops as well as our e-learnings intensify and sharpen the awareness of our employees with respect to ELG’s core Compliance risks.



Trainings and Workshops

E-learnings, Compliance Trainings for Key Employees in Onboarding Process

In order to create and further sharpen the awareness and intensify the knowledge on core Compliance topics ELG provides global Compliance e-learnings for all employees with business E-mail access. In 2021 ELG has joined a new e-learning platform with sophisticated state-of-the-art e-learnings and rolled out the following modules throughout the entire ELG Group: “Prevention of Corruption”, “Antitrust”, “Anti-Money Laundering”, “Fraud Awareness” and “Whistleblowing”. To ensure a deep level of Compliance awareness, new employees joining the ELG Group mandatorily need to complete all e-learnings within four weeks as part of their onboarding process. The completion rate of all e-learnings in 2021 was 97 %, whereby the missing 3 % need to be allocated to the employees with long-term absences or employees who started only in December 2021.

In addition to the e-learnings and as another important part of the onboarding process new key employees receive customised face-to-face Compliance trainings based on their position and individual risk exposure.

Local Compliance Trainings; Tone from the Top Trainings

Local face-to-face Compliance trainings are one of the core elements of the ECMS and pick up predominant Compliance topics such as Antitrust, Corruption and Money Laundering and Property Crimes. ELG's Legal and Compliance Department conducts regular local Compliance trainings at all ELG group company locations that are selected based on ELG's Compliance Risk Matrix and therefore by their constantly assessed and updated risk rating. In 2021 ELG's Legal and Compliance Department conducted such trainings for ELG legal entities in Germany, Russia, and Spain.

Moreover, following the implementation of a new functional management organisation at ELG in 2021, all relevant managing directors and functional managers were trained in additional and individual Compliance Trainings with respect to local Governance and Compliance to ensure that they can manage their new areas of responsibility in their day-to-day business in compliance with all relevant laws, regulations and guidelines.

Furthermore, to ensure that the ELG Compliance message cascades down through the whole organisation, ELG Board Members communicate their Tone from the Top by outlining Compliance risks and their mitigation approach at every opportunity. In particular, the management used the monthly Top 100 Calls to emphasise the importance of a Speak Up-Culture and ELG's zero tolerance approach regarding Compliance violations.

Compliance Workshops

To implement Group Compliance measures and also to support local Compliance topics, ELG regularly conducts Compliance workshops focusing on country- and business-specific risks.

For example, in 2021, as a part of the acquisition process of ELG by Aperam, the ELG Legal & Compliance Department conducted an in-depth Compliance training for around 240 key employees of ELG on so-called "Gun Jumping".

Rules of Procedure („RoP“)

The RoP contains all relevant ELG Guidelines and Regulations and represents ELG's Governance. In 2021, the RoP were slightly adjusted by ELG's Legal and Compliance Department following a regular review, to further reduce inherent risks and define responsibilities.

As a core instrument for local managers and other key employees, the RoP is implemented and enforced through "Awareness Enhancement Training", an interactive, video-based e-learning tool.

Anti-Fraud Measures

During the reporting period the "fraud@elg" inbox was actively and responsibly used by the employees, showing a great degree of awareness. Many fraudulent e-mails were investigated, and warnings were shared with ELG companies. This awareness of ELG employees might have prevented damages to the company.

Anti-Money-Laundering Measures

An Anti-Money Laundering Policy and thorough campaigns as well as improved Know-Your-Supplier (KYS) procedures provide our employees with the necessary information to identify red flags.

Every Supplier and Customer will be checked with respect to applicable international sanctions and various money laundering risks. In case of raised "red flags", an additional screening and approval of the management is mandatory to start or continue the business with the respective supplier. No business will be conducted with entities where red flags cannot be justified.

The proper execution of these measures is monitored in randomised spot-checks with subsequent trainings and inspections of the KYS-Questionnaires by the Legal & Compliance Department, which secures an effective combat of all types of money laundering.

Anti-Corruption Measures

In 2020 ELG implemented a global Anti-Corruption Policy that contains all relevant regulations, including rules on gifts & travel. Anti-Corruption Policies and Procedures are repetitively communicated to all employees and our Board of Directors to ensure compliant behaviour with respect to public authorities and business partners. In 2021 all directors and employees with business e-mail access worldwide were trained on the "Prevention of Corruption" e-learning module (100% completion rate).

Our (potential) business partners have access to our Code of Conduct and business principles through our website and customers received further information on request.

Antitrust Measures

All employees are continuously sensitised with respect to potential antitrust critical behaviour and how to avoid it. In order to keep awareness level high, antitrust has been declared as one of ELG's key Compliance aspects, including but not limited to in-depth face-to-face Compliance trainings and supervision of long-term agreements.

Furthermore, ELG is strictly monitoring trade associations and benchmark activities and trains its employees to avoid the typical antitrust traps connected to such associations and benchmarks.

Ongoing Shared Matters Campaigns

As a critical part of the second pillar of our ECMS, ELG continuously runs the "Shared_Matters@ELG" campaign. This is an instrument for constant knowledge exchange, informing everyone at ELG about current Compliance matters to spread warnings and learnings across the ELG Group in a quick and unbureaucratic way.

The topics addressed in the Shared Matters are of high actuality in the media as well as corporate fraud attempts identified by ELG or reported to "fraud@elg".

Compliance as a part of the employee survey

In the newest evaluation of the employee net promoter score (eNPS), ELG decided in 2021 to add additional Compliance questions to the employee survey, to assess the employees' view on Compliance in general and the effectiveness of the ECMS. The result was very positive and confirmed that the ECMS is well known and recognized within ELG Group as well as that our employees consider Compliance as an essential part of their daily business.

Compliance Committee

ELG continued its regular Compliance Committee Meetings in which the current and future Compliance strategy, measures and efforts are discussed and agreed on by the Board members, ELG's Group Compliance Officer and the Head of Internal Audit. The Committee serves to ensure a common level of knowledge and enable interdisciplinary coordination and cooperation.

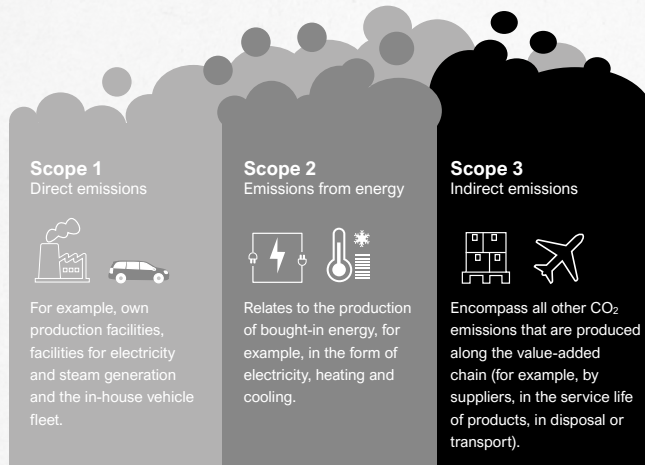
To allow the Committee to assess the actual situation in-depth and identify customised measures, a biannual Compliance reporting from local managements was implemented in 2021.

Furthermore, we continue to update our Compliance Risk Matrix regularly for all ELG legal entities. Through constant reviews and the adjustment of Compliance measures and the respective documentation ELG further ensures the value of its ECMS.

Environmental Protection Focus

Corporate Carbon Footprint Report

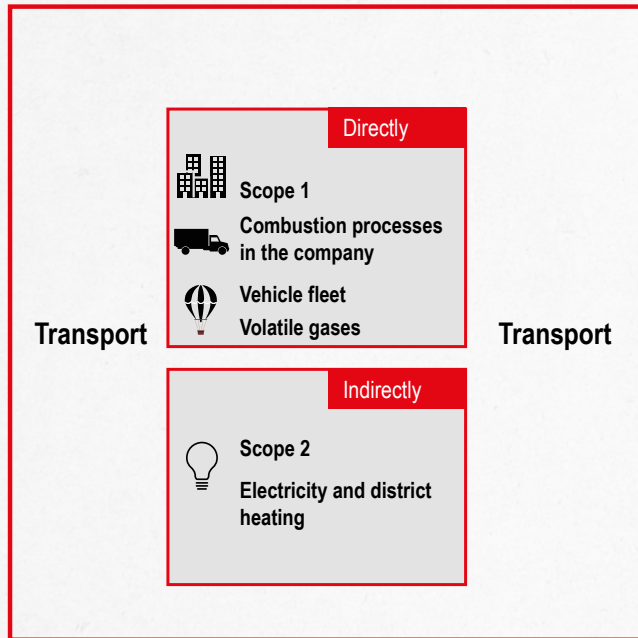
For the first time in ELG company history, we accounted for our emissions and reported our Company Carbon Footprint (CCF) in GHG Scopes 1-3, for the year of 2021. To guarantee transparency and traceability, we cooperated with a recognized climate protection consultancy to measure the relevant greenhouse gas emissions, providing a reliable assessment of our climate impact. Our goal for this CCF report is to identify the largest sources of emissions within the company and along the upstream and downstream stages of the value chain. It enables us to track our emissions over future reports and derive reduction targets based on relevant benchmarks.



The assessed data are from 2021 and unless otherwise stated, provided by all ELG entities, in completeness and accuracy. They were evaluated and documented by the external consultancy and prepared in accordance with the standard for the quantification and management of greenhouse gas emissions (GHGs) published by the Greenhouse Gas (GHG) Protocol. For this report we tracked our Scope 3 emissions including the upstream transport to our yards. Downstream Scope 3 are not considered. This decision is based on process activities under our corporate control and our areas of responsibility. No suppliers were, however, directly involved. All estimates are based on our Product Carbon Footprint* and estimated quantities.

* factors for upstream transport

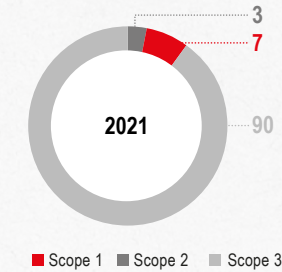




The main results of our 2021 carbon footprint evaluation revealed ELG's upstream transport as the most relevant source of CO₂ emissions, with 76% of the total scope 1-3 emissions. Further, the scope 3 emissions from our purchased goods and services make up 9% of the total emission, which is nearly equal to the sum of all our Scope 1 and 2 emissions combined. For an equivalent of 1 t recycled product sold, we measured an average of 0.031 t CO₂e/t (scope 1-3) emitted over all ELG entities and its (upstream) Supply Chain.

Figure 13

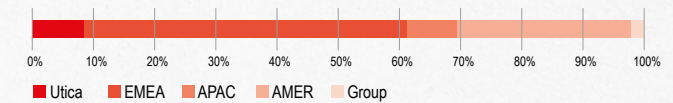
Industry a-typical distribution of emission in percent of over 140K t CO₂e



In total, ELG contributed to over 140K t CO₂e (GRI - 305) throughout all 1-3 Scopes over the course of the reported year. This is equivalent to 123 tonnes CO₂e emitted per employee or what 360.000 trees could sequester in a year. The largest share of absolute value emissions is accounted for by our stainless steel business in the EMEA region, because this contains 57% of our activities by tonnage.

Figure 14

CO₂ footprint by division



These results form the basis for our development of a Climate Roadmap for Improvement in which goals, measures (action plans) and responsibilities for reducing GHG emissions are defined. Initially, we benchmarked our results with comparable companies. Going further in 2022, we will assess site-specific project potential as well as monetization potentials.

Exemplary Projects

In 2021, ELG continued with existing initiatives related to its scope 1 and 2 footprint reduction and will build a stronger plan in 2022, using the following axes:

- Fuel and energy consumption reduction initiatives, e.g. ELG Utica Alloys replaced diesel-fueled cranes with electrically operated ones at our Herkimer and Hartford sites,
- Jewometaal, NL provided another model project with a transition to CO₂ saving diesel.
- ELG shifted to low-carbon solar energy: There are photovoltaic panels installed at our Duisburg, our Australian sites in Melbourne (2019) and Sydney (2021), and our French site in Saint-Romain-en-Gal (2021) and other sites are planned to follow.

In parallel, we expect to initiate and manage more of similar initiatives to further improve our CO₂ reduction, including projects in relation to our scope 3 emissions, such as freight optimization (loading rate, route) or telework for suitable positions.

Sustainability Measures in Operations

At ELG, every single entity contributes to our global sustainability goals with local sustainability measures. Especially in the operations area, where most of our CO₂ footprint is generated, we are proud to present the following lighthouse projects that aim to reduce our overall emissions in 2021. They range from general maintenance and modernisation, through digitisation initiatives, to new co-operation.

Eisenlegierungen GmbH set themselves up to modernise their premises in 2021 with several projects. The central air-conditioning system in Duisburg is replaced by a modern, more large-scale unit. A replacement is also happening on the shop floor, where various operational machines are swapped for more efficient models. Another milestone in this process is the installation of the aforementioned extensive photovoltaic system, to make better use of renewable energies. It produces an average of 921,6 kWp. Lastly, the digitisation of Eisenlegierungen is planned to be completed in multiple administrative areas to drastically reduce paper requirements.

Markus Larres, Head of Operations Germany and Managing Director Eisenlegierungen, said: "I am proud that we are continuously working on improvements in our energy management and consumption in order to operate more sustainably and conserve resources."

Jewometaal introduced a new type of gasoil on their yard (HVO 70/30). This change results in a CO₂ reduction of 27% each year (annual consumption in 2021: 413.359 litres) and a clean product reduction of gasoil filters per machine. While this rate used to be at least 12 filters per machine and year (change every 100-150 working hours) it now stands at 4-5 pieces since they only need to be changed every 500 working hours. Another initiative from our Dutch site is a smart cooperation and dialogue with our customers to achieve better transportation, flexibility and reduce the carbon footprint. Two lots of 3.500 Mt of each 304 stainless steel solids scrap were combined to one of 7.000 Mt.

ELG Recycling Processors in Australia saved approximately 31t of CO₂ through the installation of a solar system at the Sydney yard. Further, a new container tilter was established with a built-in scale that reduces loading time, increases safety, and reduces the carbon footprint further since there is no need to load the last 1-2t with a forklift anymore.

ELG Spain / Iberinox, like many ELG entities, switched to a remote working system, allowing employees to work from home 3 out of 5 workdays, thus saving emissions of commuting.

ELG Utica Alloys (EUA) adapted the shipping routes going out from the Singapore site to ship more materials to Japan and Taiwan instead of Europe, which significantly reduced greenhouse emissions and freight costs in 2021. Another significant project of recent years was the replacement of diesel-fueled cranes at our ELG Utica Alloys sites in Herkimer and Hartford in 2019 with electrically operated ones. Two out of three cranes were replaced at both sites at the end of 2021, with plans to replace the third one for the Herkimer site in 2022. An estimate of 21t CO₂ thus could be saved per crane and per shift. And while the plants are ramping back up to 2 and 3 shifts, we expect those numbers to grow much higher going forward.

A successful ISO14001 certification was reached by Utica Alloys at our Duisburg site in June 2021 with a validation of three years. For EUA Duisburg, this is a clear signal that the company is committed to the sustainability of our resources and our alignment with international standards. Jewometaal in Rotterdam was recertified in March 2021.

Radioactivity Report

The work with secondary raw materials demands highly trained employees who are able to react quickly in case of radioactivity alarms. ELG imposes regular trainings for all employees on our scrap yards according to the corresponding "ELG Radioactivity Guidelines". This way, only the products with a radiation below the natural ambient level can enter our recycling cycle and installations - an essential securing measure for the safety of our employees.

All our yards have reported training sessions and procedures for the employees and every yard has its own Radiation Detection Officers, who receive external training. Further, our yards are equipped with stationary detection systems for incoming and outgoing material. Additionally, our cranes are equipped with grapple detectors to enhance further the probability of detection of small parts.

The detection systems of all of our facilities are inspected and maintained by an external company once a year.

In 2021, five internal Radioactivity Audits were performed at various ELG yards and eight more are planned in 2022.

Our efforts in radiation detection have led to a reduction in the total number of confirmed alarms registered by customers in 2021 – from 16 alarms in 2020 to now 11 alarms. In our own yards, no major defects or shutdowns due to radiation alarms were reported.

GRI Standards and Content Index

Material Aspects	Reference (Page Number)	Comments and Information
GENERAL DISCLOSURES		
2-1	16-22, 34	
2-2	34	
2-3	14, Back Cover	
2-5	n/a	NONE
2-6	16-20	
2-7	47-48	
2-9	23	
2-10	n/a	Shareholder & ELG Board select highest governance body
2-11	n/a	Chair of highest governance body in 2021: Thomas Schmidt, CEO Haniel, CEO ELG GmbH
2-12	20-23	
2-14		Role of highest governance body in sustainability reporting: Approval
2-15	n/a	NONE
2-16	23	
2-17	20-23	
2-22	4-10, 18, 26-28	
2-23	50-57	
2-24	n/a	Policy commitments are followed up by management
2-25	63-65	
2-26	53	
2-27	9-10, 52-53	
2-28		Policy commitments are followed up by management
2-29	42-43	

ECONOMIC PERFORMANCE		
201-1	24, 29-33	
201-2	26-30	
201-4	n/a	We received limited covid support (Kurzarbeitergeld)
205-1	56	
205-2	53-54, 56	
206-1	56	
ENVIRONMENT		
301-1	29-31	
301-2	29-31	
301-3	29-31	
302-1	60-61	
302-4	63	
302-5	63-64	
305-1	60-61	
305-2	60-61	
305-3	60-61	
SOCIAL		
403-1	36-42	
403-2	38-39, 65	
403-4	38-39	
403-5	40	
403-6	46	
403-7	n/a	Occupational health & safety instructions for all business partners
403-8	36-40	All employees are covered by our occupational health and safety management system
404-2	43-44	
405-1	46	
406-1	51-53	Hotline for all kinds of discrimination and corrective actions
407-1	n/a	We do not restrict our employees to organise in associations and works councils
416-1	18-22	
416-2	n/a	No incidents, constant exchange with the customer on all security issues of products and services



ACKNOWLEDGEMENTS

ELG Haniel GmbH
Kremerskamp 16
47138 Duisburg
Germany

ON BEHALF OF THE

ELG CORPORATE RESPONSIBILITY TEAM

Dr Donald Weir
Chief Executive Officer

Birgit Reimer
Executive Assistant
birgit.reimer@elgmetals.com

CORPORATE COMMUNICATIONS

Larissa Lienig
larissa.lienig@elgmetals.com

PHOTO CREDITS

Ann Kathrin Kolter
akkolter@gmail.com

CONSULTING, CONCEPT AND DESIGN

Print Production GmbH
info@print-prod.de



www.elg.de



ELG GROUP