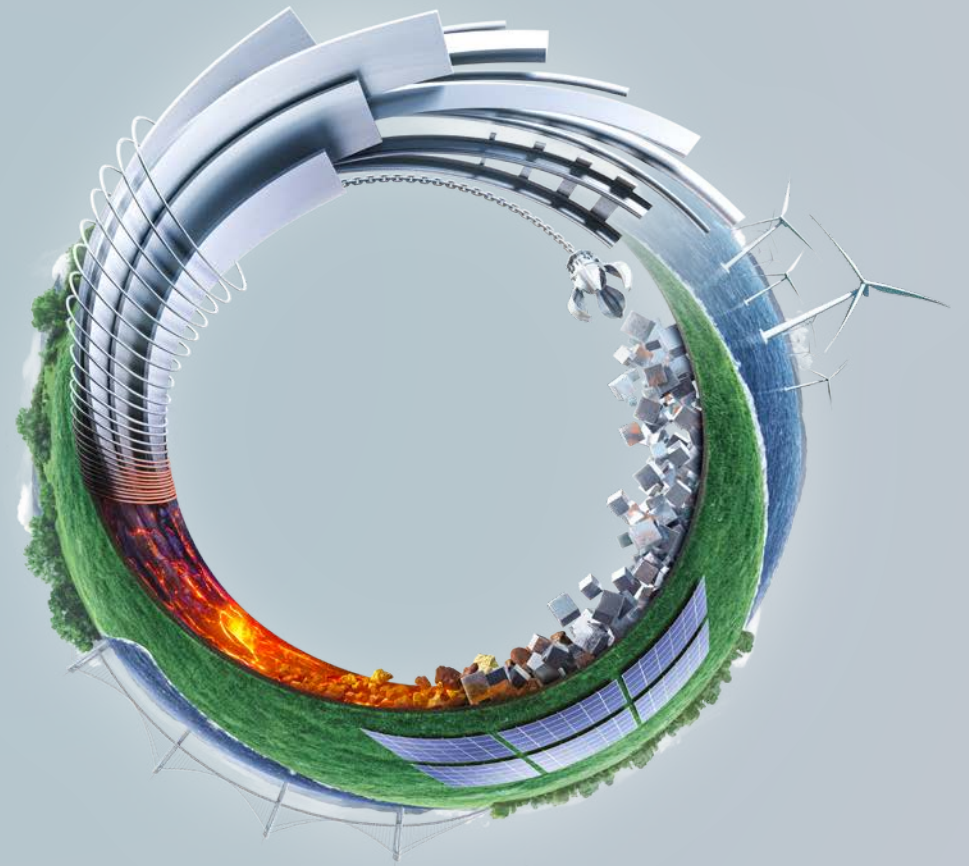


# Sustainability Report

2022



DILLINGER 

 saarstahl



SHS - STAHL - HOLDING - SAAR

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# For us, sustainability is more than just a word

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## **Dear reader,**

Sustainable and responsible operation is firmly embedded within our corporate group and is a traditional key element of our corporate policy. In our comprehensive approach to sustainability we are committed to upholding our responsibility to current and future generations of employees as well as to our stakeholders, and we want to use modern and sustainable methods to manufacture our premium-quality steel products.

With this Sustainability Report, SHS – Stahl-Holding-Saar (SHS), as one of Germany's largest steel producers with its two majority-owned subsidiaries Aktien-Gesellschaft der Dillinger Hüttenwerke (Dillinger) and Saarstahl AG (Saarstahl) as well as its associated companies, is documenting its responsibility and its economic, environmental and social efforts to serve relevant stakeholder groups. In the annual reports for the companies, we describe the wide-ranging measures and activities in

the areas of environmental protection, sustainability and social responsibility. These are now summarized in this joint report and covered in much greater detail and comprehensiveness. We take a holistic approach here that applies to all business units and Group areas.

This report is based on the comprehensive requirements and guidelines of the Global Reporting Initiative (GRI standard). The individual sections describe the basic concept, the measures applied, and the targets as well as their achievement, including documentation of all key indicators. These key indicators are summarized in a separate fact sheet and are updated annually. The Sustainability Report thus represents a valuable addition to the financial statements and contributes to corporate transparency and comparability. The general section of this report is normally published every three years, unless significant changes make annual publication necessary.

Dillinger and Saarstahl, as principle companies of the SHS Group, have established themselves as international premium manufacturers and as strong brands in the high-quality segment for heavy plate, bar steel, wire and forged products. Sustainable action and a long-term corporate policy are essential to achieving and strengthening this position. For generations, this policy has been defined by ecology and sustainability as well as by growth and development activities to safeguard the company by means of profitable and resource-efficient processes and end products. Our strategic activities are shaped by continuous development of the value chain and by the transformation of our production route. The SHS Group is committed to the goals of the Paris Climate Agreement and wants to help achieve carbon-neutral steel production. In their process of transforming to the production of green steel, our companies are focused – today and in the future – on their responsibility to people and the environment. Based on what has been

achieved so far and with a view to creating a livable future for all, we are continuously identifying further potential for improvement and redefining ambitious targets. The transformation journey we are taking therefore also means a change movement in the SHS Group. The transformation and the associated opportunities and risks are core issues that we examine in all their facets so that we can develop new solutions.

As a corporate group with international operations, SHS is part of global production chains. Only a shared standard of ethical values and legal requirements within the supply chain enables us to make sustainable and successful products. We have set out our standards for sustainable business in the ethics guidelines of the SHS Group, in the vision of Dillinger, and in the corporate guidelines of Saarstahl. We are likewise guided here by the fundamental freedoms of international conventions as well as the standards of the UN Global Compact. Dillinger and Saarstahl make the products needed for the energy and mobility transition and are thus contributing in important ways

to achieving climate targets. The SHS Group wants to play a pioneering role here and in recent years has initiated the necessary investments and measures.

We are pleased that you are interested in following our reports and hope you will find this publication informative.

Aktien-Gesellschaft der Dillinger Hüttenwerke  
Saarstahl Aktiengesellschaft  
SHS – Stahl-Holding-Saar GmbH & Co.KGAa

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Dr. Karl-Ulrich Köhler  
Joerg Disteldorf  
Markus Lauer  
Dr. Klaus Richter  
Jonathan Weber

## Disclaimer

This report seeks to consolidate the various sustainability activities of the SHS Group and to present them transparently for all stakeholder groups. It covers the 2021 financial year. The reporting date for all data and facts from the attached fact sheet is 31 December 2021. The statements generally relate to the scope of consolidation of SHS -Stahl-Holding-Saar, Dillinger and Saarstahl. The report is published in German and English. The report is published online together with the annual reports on the websites of the companies.

SHS Group is interested in further expanding the dialog with our stakeholders. The Sustainability Report is intended to promote this dialog with our stakeholders and to clearly define the requirements today and in the future.

If you have any questions, comments or suggestions, please contact us at:  
[nachhaltigkeit@stahl-holding-saar.de](mailto:nachhaltigkeit@stahl-holding-saar.de)

## Responsible:

Communications, SHS – Stahl-Holding-Stahl  
Quality Management, Aktien-Gesellschaft der  
Dillinger Hüttenwerke

Further information on the Global Reporting Initiative and the GRI guidelines can be found at: [www.globalreporting.org](http://www.globalreporting.org). The GRI Content Index is available on the website [www.shs/GRI-Content-Index](http://www.shs/GRI-Content-Index). Additional data and information and activities related to the company can be found on the websites:

**[www.stahl-holding-saar.de](http://www.stahl-holding-saar.de)**  
**[www.dillinger.de](http://www.dillinger.de) | [www.saarstahl.de](http://www.saarstahl.de)**

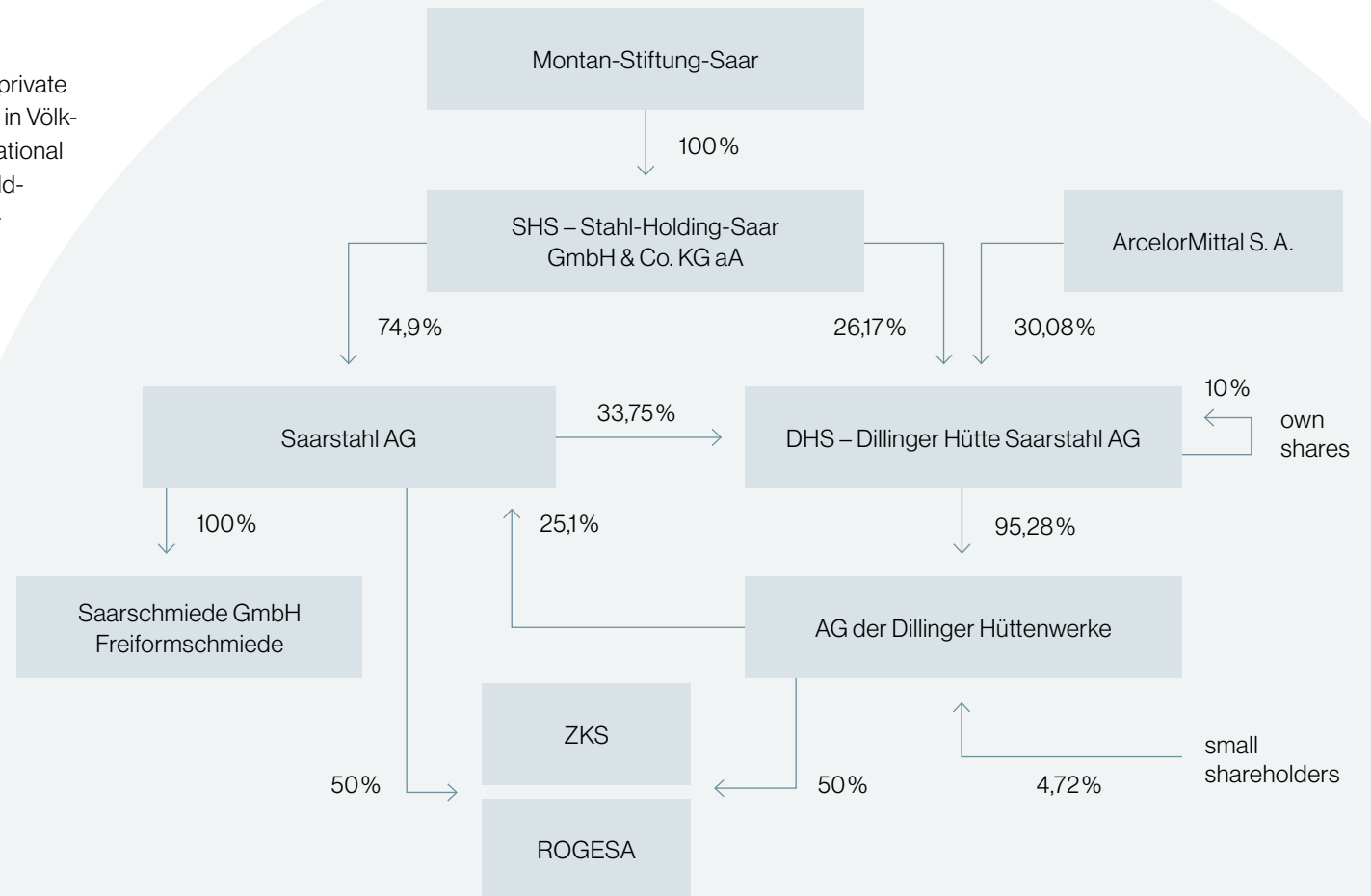
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# Company profile

# Facts on sales, profit, employees, locations

The Saarland steel industry is based today on a private foundation model. Montan-Stiftung-Saar, based in Völklingen, holds a majority shareholding in the operational management holding company SHS – Stahl-Holding-Saar GmbH & Co. KGaA, which has its registered office in Dillingen. SHS holds the majority of the shares in the capital of Saarstahl AG, Völklingen, as well as in the intermediate holding company DHS - Dillinger Hütte Saarstahl AG, Dillingen, which in turn holds the majority of the capital in Aktien-Gesellschaft der Dillinger Hüttenwerke, based in Dillingen.

The Montan-Stiftung-Saar trust is a private industrial foundation whose foundation model is based on maintaining and strengthening the two large steel groups in Saarland – Dillinger and Saarstahl – and thereby securing jobs in the region.



The shareholder structure ensures that corporate management and control – and thus the important economic decisions as well as the strategy and structural orientation – remain in the hands of the companies. The focus of the foundation model is also on promoting scientific research and vocational qualification training as well as on fostering environmental protection projects. With the establishment of the InnovationsCluster 4.0 in 2022, the Montan-Stiftung-Saar is systematically continuing to pursue its goal as a foundation. The cluster is an association of Saarland University, htw saar, the German Research Center for Artificial Intelligence, the Fraunhofer Institute for Nondestructive Testing, the Leibniz Institute for New Materials, and the Center for Mechatronics and Automation Technology, as well as the foundation subsidiaries Montan-Innovation-Lab-Saar GmbH and Montan-Ventures-Saar GmbH. The foundation supports the cluster through its companies with up to EUR 10 million per year. With this innovative combination of science and economy, research results and research orders are to be converted into new products and new business models. The Montan-Stiftung-Saar wants to use this to bring the superbly educated young people in

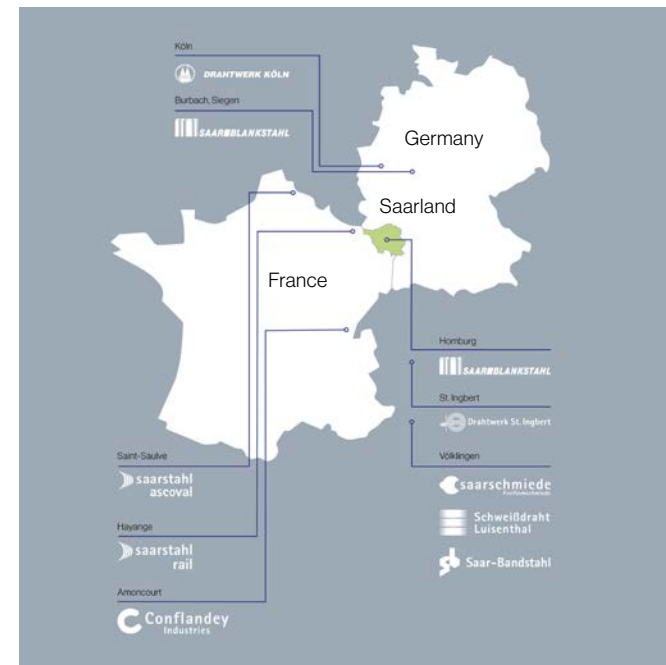
Saarland together on a new platform and thus support their creative business ideas. The aim of the cluster is to promote the transition to a sustainable and stable economic region along the Saar river. The foundation firmly believes that innovations are the basis for an economically successful future.

**The steel industry in Saarland: A key industry with a long tradition**

The two large companies of the SHS Group look back on a long and proud tradition dating back in part to the 16th century (Saarstahl's Neunkirchen site) or the 17th century (Dillinger). Today, the high-tech plants of Dillinger and Saarstahl are a significant economic factor in the region and the companies are committed to living up to their storied histories: Saarstahl and Dillinger currently account for around 15 percent of the total sales of the manufacturing sector in Saarland, with sales totaling around EUR 4 billion. With around 14,000 employees and roughly 500 apprentices, they are by far the largest employer and training company in the region and thus a key industry for Saarland's economy. The companies of the SHS Group have traditionally been committed to social and community issues in the region and

beyond. They assume a special responsibility for their employees and the families of those employees, and offer skilled jobs that provide the chance for a secure, long-term livelihood. As an operational holding company, SHS has been responsible since 2010 for central functions for Dillinger and Saarstahl, including strategic management, finance, human resources, communications, purchasing and logistics. The two subsidiaries Dillinger and Saarstahl are however directly and independently responsible for the essential functions of steel production and sales. SHS itself has around 500 employees.

Dillinger and Saarstahl are linked in many ways, and since the restructuring of the Saarland steel industry in the 1980s, have shared hot metal and coke production, which has been concentrated at the Dillingen site in the operation of a coke plant and two blast furnaces.



This first part of the value-adding process is performed by Zentralkokerei Saar GmbH (ZKS) and ROGESA Roheisengesellschaft Saar mbH (ROGESA), both based in Dillingen. Dillinger and Saarstahl each have a 50 percent shareholding in these companies and are supplied through them with hot metal in order to produce various steel products in their respective steelmaking and rolling mills. The companies have committed to the goals of the Paris Climate Agreement and will produce steel with low carbon emissions by 2045. The SHS Group defined a transformation path for this in 2022 that calls for switching its production routes to the manufacture of so-called "green" steel.

Saarstahl produces bar steel and wire rod at three sites in Saarland: in Völklingen (steel mill and 2 rolling mills), in Burbach (1 rolling mill), and in Neunkirchen (2 rolling mills). Dillinger produces at its integrated steel plant in Dillingen and operates a steel mill and a rolling mill in addition to the previously mentioned coke plant and blast furnace company held jointly with Saarstahl. Dillinger also operates a rolling mill in Dunkerque (Dillinger France).

As an ex-works service, initial fabricating services such as edge milling or plate cutting can be performed on manufactured heavy plate at the customer's request. The French sites Saarstahl Ascoval and Saarstahl Rail have been part of the SHS Group since mid-2021. Saarstahl Ascoval is an electric steel mill and already produces steel with low carbon emissions. With the production of rails, the Saarstahl Rail rolling mill is making an important contribution to the success of the mobility transition.

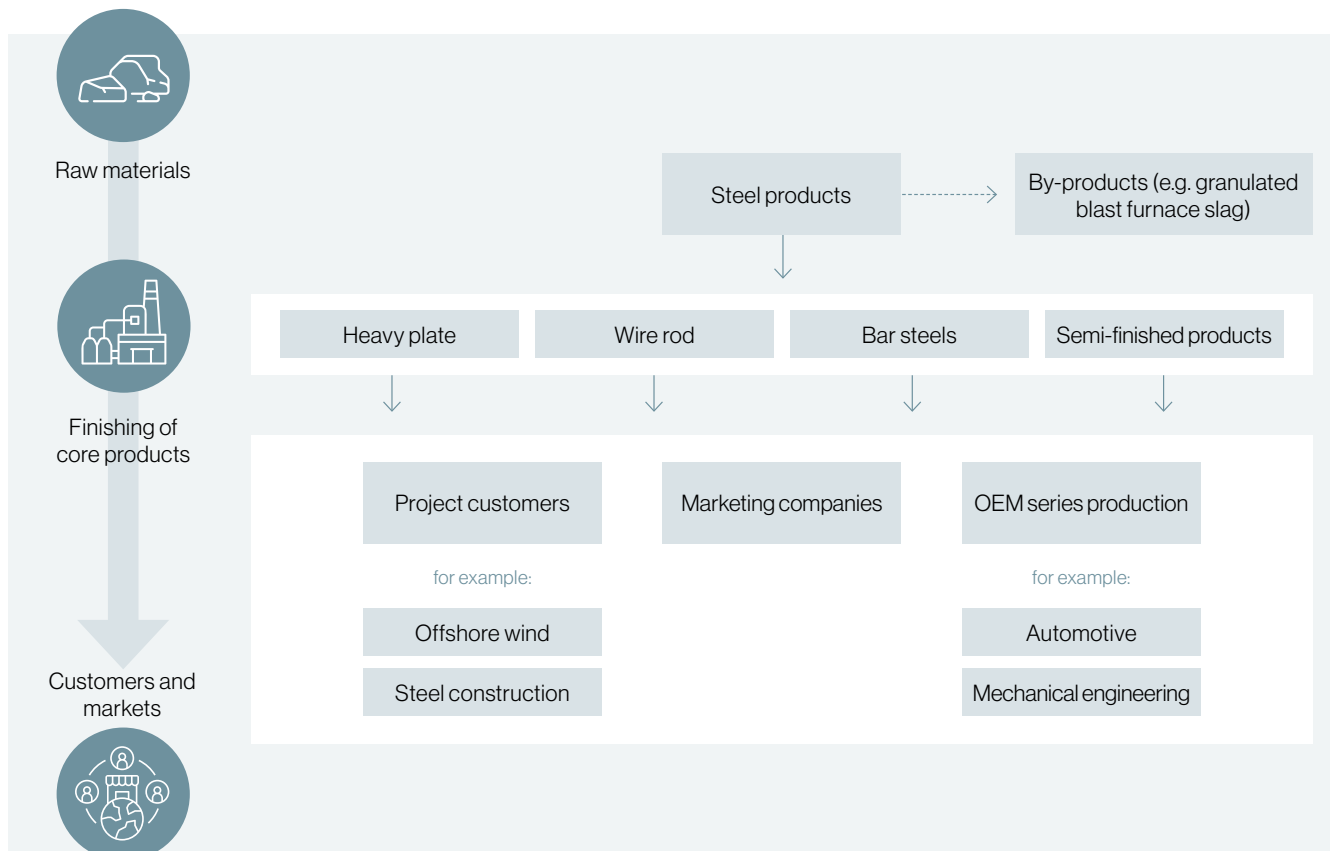
Both steel producers are active worldwide and valued as manufacturers of technologically advanced and high-quality products. Since 2003, they have invested an average of around EUR 80 million per year in the construction of new plants and processes or the modernization of existing ones, in their own innovation management and in their own research and development activities to market new products and improve processes and procedures. This involves working internally in interdisciplinary teams of experts, as well as externally with various research and university institutes. As a rule, about 23 percent of all

investments go to environmental protection measures and serve to improve the noise or emission situation and to enhance the conservation of resources or energy efficiency.

The companies invest equally in socially compatible and responsible human resources work, in the qualification and further training of their specialized employees and managers, in the know-how and requirements arising from digitalization (Industry 4.0), and from the transformation to production of green steel.



# Business divisions, product groups and customer groups



The main customer industries of the SHS Group are the energy sector, the automotive and construction industries, mechanical engineering, and the railway industry. Saarstahl is increasingly focused on the automotive, mechanical engineering, rail products and construction sectors, while Dillinger primarily supplies the steel construction, onshore, offshore wind, line pipe, and hydraulic steel engineering sectors. With steel solutions from Saarstahl or Dillinger, customers all over the world are able to produce better, lighter, more reliable and more efficient products using sustainable processes and construction methods.

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# As a leading heavy plate producer, Dillinger sets standards worldwide.

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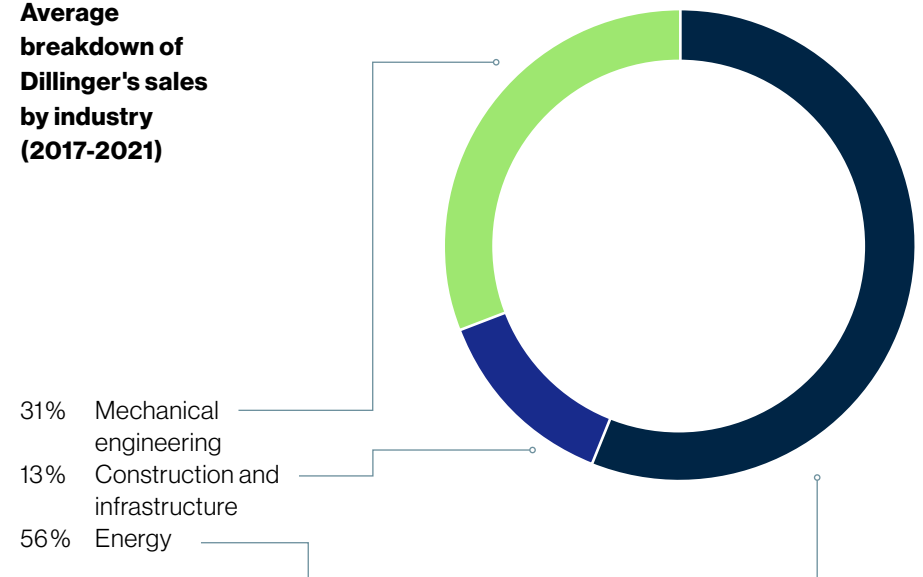
Dillinger operates worldwide as a leading manufacturer of innovative and high-quality steel products. The company's success is based on its absolute focus on the needs of its customers and on its efforts to continuously develop together with its partners. Dillinger's key markets are Germany and Europe with a stable supplier share in international markets. Dillinger's trading, flame-cutting and semi-fabrication affiliates offer additional downstream services and customized solutions for sales, plus semi-fabrication of heavy plate and other steel products.

Dillinger launched operation of Steelwind Nordenham GmbH, a wholly owned Dillinger subsidiary specializing in the production of monopiles for the offshore wind-energy market, in 2014. Dillinger itself and Steelwind Nordenham are thus important suppliers of high-quality steel for foundation structures and manufacturers of foundation structures for the offshore wind segment, respectively. The steels supplied must meet the highest

standards for strength and processing and are therefore essential for the success of the energy transition and climate reversal.

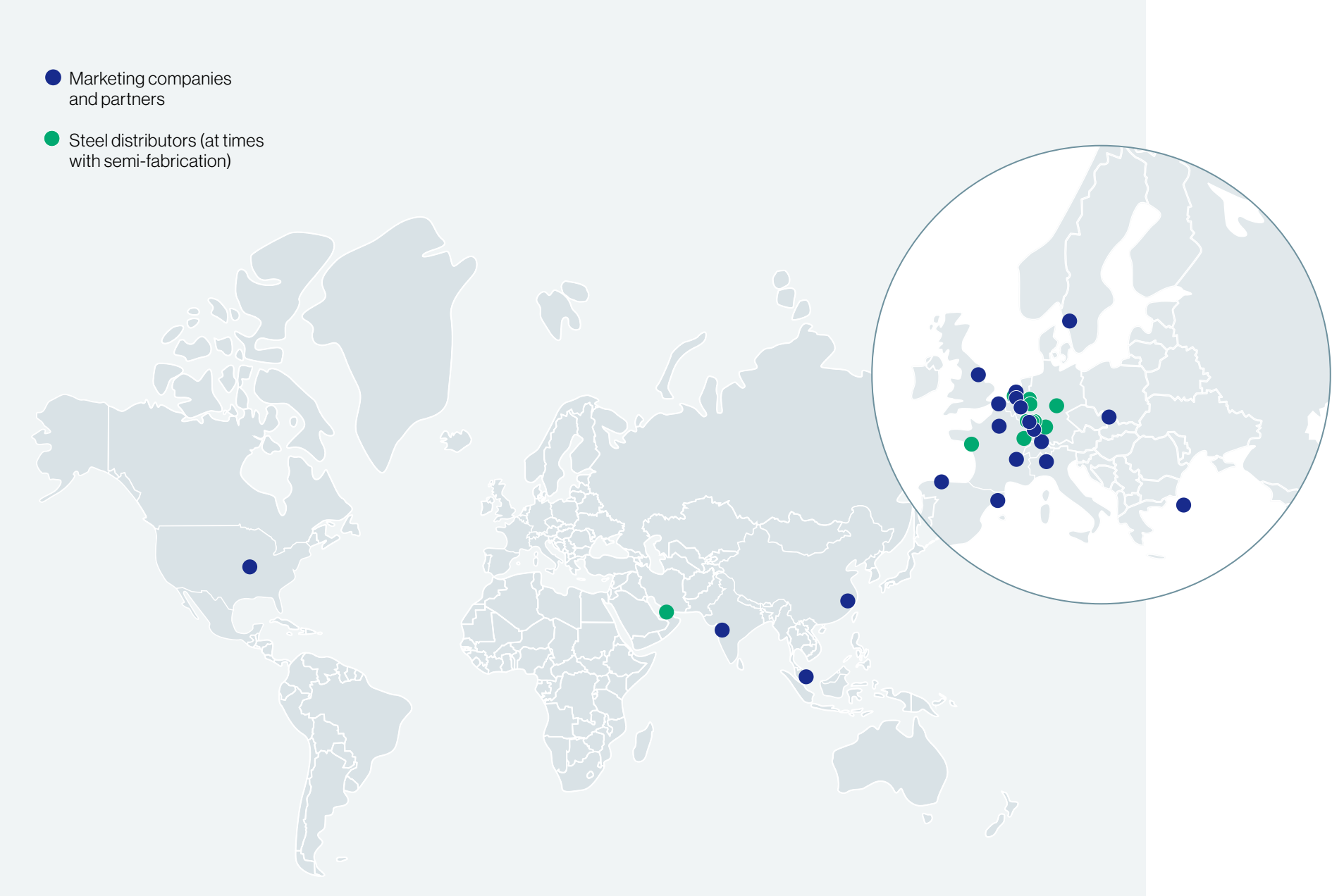
The versatility of high-tech plate from Dillinger is evident in the work of its customers: from aesthetic bridge structures and towering skyscrapers to gigantic offshore wind farms, hydroelectric power plants or special building constructions, such as the recently completed headquarters of the newspaper Le Monde in Paris – with its extraordinarily dynamic shape and a facade clad with a matrix of glass pixels. The world's largest offshore wind farm to date, Hornsea One is just one of many examples of clean energy generation using innovations made from Dillinger steel.

**Average  
breakdown of  
Dillinger's sales  
by industry  
(2017-2021)**



● Marketing companies and partners

● Steel distributors (at times with semi-fabrication)



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# Saarstahl – premium quality wire and rod

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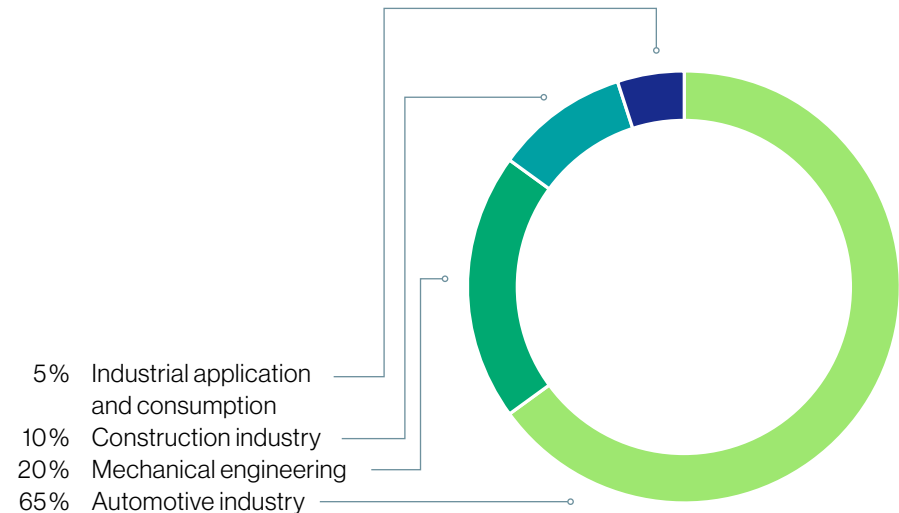
The Saarstahl Group has enjoyed an excellent reputation for quality steel throughout the world for many decades and has specialized in the production of wire rod, bar steel and semi-finished products including tire wire, spring steel, free-cutting steel, prestressing steel, and much more. Saarstahl products are used in a wide variety of applications and at times under the most extreme conditions. Examples of the applications include saw wire for efficient and economical production of solar modules, high-strength steels for demanding infrastructure projects such as prestressing steels in bridge and rail construction, cable armouring wire for energy transmission, innovative steel solutions required for future mobility concepts like electric mobility, and many others.

In August 2021, SHS took over two new production sites in France, thus strategically expanding the corporate group. The two plants operate under the names Saarstahl Ascoval and Saarstahl Rail. The aim of the acquisition is

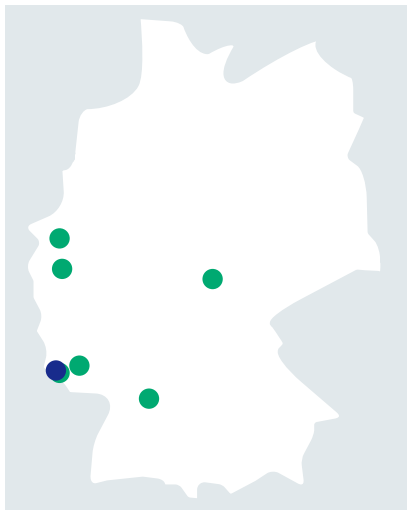
intensive geographical and industrial integration of the two sites into the production network of the Saarstahl Group. The focus is on integrating the rail business into the corporate and industrial strategy, expanding the product portfolio (electric arc furnace blocks and rails), and gaining access to a new production technology (electric arc furnace). These projects fit seamlessly into the strategy of the SHS Group with respect to both strengthening our competitiveness and the structural transformation. Saarstahl Ascoval already produces green steel and combines circular economy with new production technology with low carbon emissions. This technology is appreciated by reputable customers. Saarstahl Hayange is

becoming a key plant for the SHS Group with regard to advancing the European strategy for an ecological mobility transition. This is being achieved through the production of rail products essential for the development of sustainable mobility solutions.

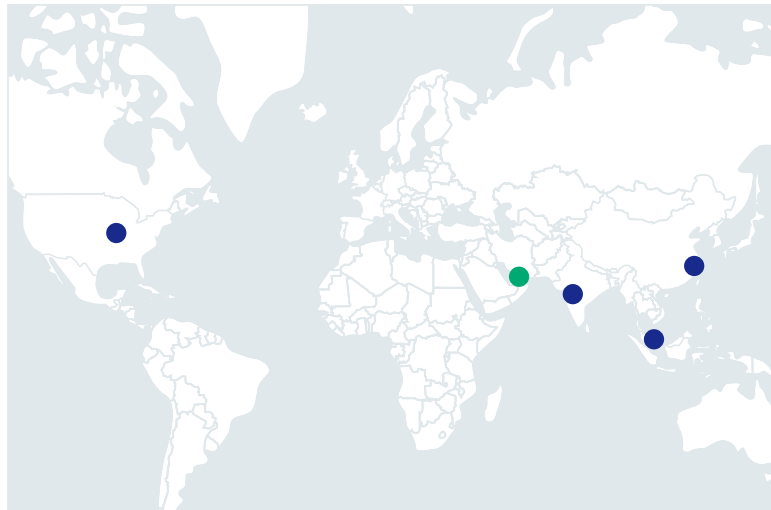
The wholly owned subsidiary Saarschmiede GmbH Freiformschmiede, based in Völklingen, specializes in the manufacture of high-quality forged products for power engineering and general mechanical engineering as well as for the application areas of high-alloy special materials. Saarstahl's portfolio includes more than 1,500 steel grades for a wide range of requirements and is thus helping find answers



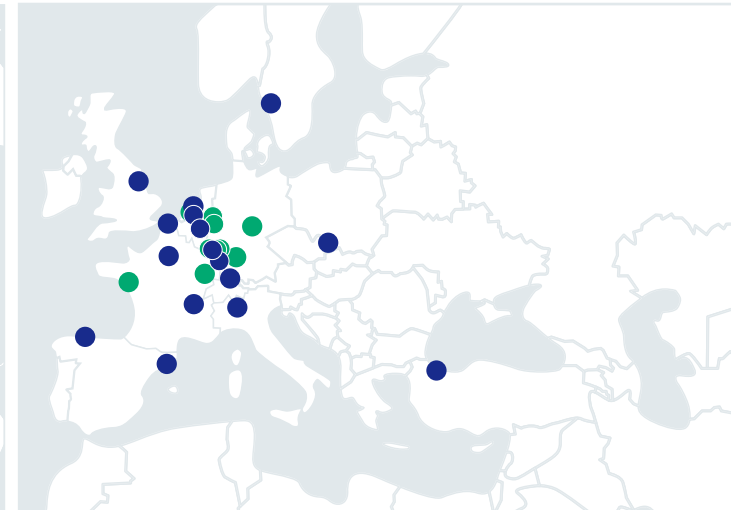
## Worldwide presence



Germany



Worldwide



Europe

● Marketing companies and partners

● Steel distributors (including in fabrication)

to global challenges in areas such as mobility, energy efficiency and safety with its innovative products and intelligent technologies. As a company with international operations and a well-developed sales network, Saarstahl is available to customers worldwide and, thanks

to its globally operating sales and transport network, can deliver its steel to over 50 different countries. The Saarstahl Group furthermore includes a number of subsidiaries in the area of fabrication, such as in the wire and bright steel segment.

The background is a solid blue color. On the left side, there are several thin white lines that intersect to form a large, abstract shape resembling a stylized 'V' or a series of overlapping triangles. The lines are white and vary in length and orientation, creating a dynamic geometric pattern.

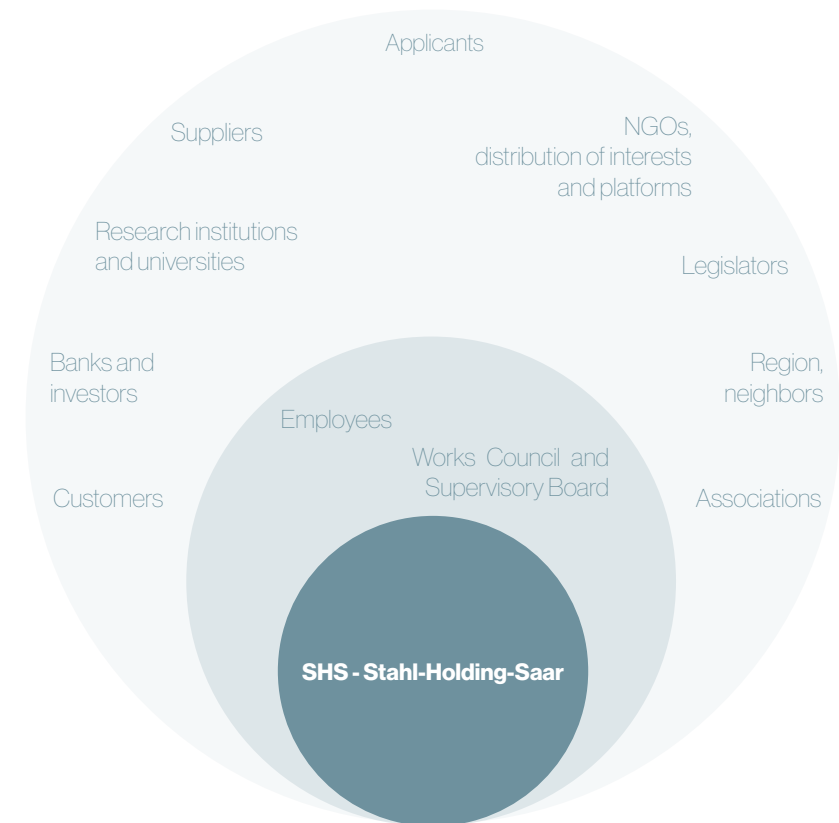
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# **Vision, strategy, management**

# Stakeholder groups

The performance and success of the SHS Group are determined by sustainable and responsible action toward employees, the environment, society and the region. The interests of various stakeholder groups are influenced in various ways by our business activities. As part of our sustainability reporting, the following interest groups were identified as key stakeholders for preparation of the Sustainability Report through a vote by the interdisciplinary project team.

As a key industry, SHS Group companies are strongly networked with their stakeholders and pursue the goal of open, fast and transparent communication. Continuous dialog with stakeholders is ensured through the various corporate divisions. These are also suitable forums for identifying risks and opportunities and for identifying common goals with regard to key sustainability issues, among other things. This is accomplished regularly and in very concrete terms, such as via customer days and satisfaction analysis, visits to and participation in trade fairs, supplier audits and surveys, employee interviews, and various public events. Both Dillinger and Saarstahl frequently open their doors for company tours, with several thousand visitors per year and with widely ranging groups of participants, including student groups, representatives of Fridays for Future, politicians, journalists and NGOs. However, the measures and other in-person formats described above had to be scaled back during the past two years to protect the health of our employees due to the coronavirus pandemic.



The companies regularly take part in the Long Night of Industry in Saarland, where interested people can visit the companies and talk to people in charge about vocational training and career opportunities as well as environmental or other company issues in a direct dialogue. Saarstahl and Dillinger hold an open house day each year during which the training workshops are open to interested individuals, and apprentices and trainers are available to answer questions. An exception was also made here during the coronavirus years 2020 and 2021, when these formats were dispensed with to protect participants' health, and digital programs were offered instead. In the school area, an educational partnership with Wissensfabrik e.V. has led to new collaborations, including one at the Schule am Römerkastell school in Dillingen and the Südschule school in Sankt Ingbert. In addition, the companies in the Saarland steel industry have been cooperating for many years with the research and technology center for youth at MINTCampus Alte Schmelz in Sankt Ingbert and the Schülerforschungszentrum student research center in Saarlouis. SHS sees the talented students, who are enthusiastic about so-called MINT subjects, as key to the future and to ensuring the innovative strength of the companies.

For many years now, an intensive stakeholder dialogue has also been taking place in the context of energy and climate policy. In light of the current issues of decarbonization and the central role of the steel industry in the energy transition and climate reversal, many discussions are being held directly as one-to-one meetings or at the association level, in various forums with policymakers in Brussels and Berlin, and at the state level. The main goal is to bolster the steel industry's positions in favor of a fair climate change policy that does not jeopardize the competitiveness of the steel industry in Europe and that instead stands for support in the form of adequate political conditions flanking the necessary technological transformation process toward low-carbon steel production. A central aspect here for the SHS Group is also to advocate for a global ecological footprint for steel that fairly takes account of global climate change, and to create the conditions necessary for conversion of the production route.

SHS participates in targeted initiatives and collaborations for the hydrogen economy. These include, for example, participation in the panel discussion of the Parliamentary

Evening of the German Hydrogen and Fuel Cell Association (DWV), the pan-European partnership with LIBERTY Steel and Paul Wurth to develop a large hydrogen-based direct reduced iron plant in France, and the formation of the European Economic Interest Grouping (EEIG) "Grande Region Hydrogen" for the purpose of establishing a cross-sector hydrogen economy in the Greater Region (Lorraine, Luxembourg, Saarland) together with Creos Deutschland, Encevo, Gazel-Energie, GRTgaz, H2V, Hydrogène de France and Steag.

Representatives of the SHS Group take part in many discussion forums on the topics of steel, energy, hydrogen, sustainability and carbon emissions, including the regular "Steel Dialogues" in Berlin, where representatives from politics, business and NGOs are also present. In addition, the companies of the SHS Group are active in discussion events with students and representatives from science, including in various research partnerships such as that with Saarland University. An essential component of the SHS Group's communication is the dialogue with our customers. Dillinger and Saarstahl continuously inform their customers



about current developments and their products. In addition to personal contacts in the area of sales, communication also takes place via the Group's Internet pages. Reports (financial and non-financial), customer information letters, safety data sheets, guidelines and many other documents are available for download there. Our customers can also find news about products or investments in equipment in the news section. To be able to exclude negative effects of the products on ecological systems or social components for the customers of the SHS Group, SHS deals with current national and international developments in sustainability legislation in specially established staff units. To this end, all laws, directives and regulations are examined for their relevance and applied in the company for specific products. The Group has therefore also established preemptive task forces for the coronavirus as well as for the supply of gas and raw materials with regard to the Russia-Ukraine war.

Customers are informed about the above issues and any implications via specific customer letters. Among other things, letters on the following topics are available on the Dillinger and Saarstahl websites: radioactivity, REACH (including letter SCIP; the Group also has a REACH officer), conflict minerals, GAD-SL, RoHS and CLP. The handling of hazardous substances is nationally regulated throughout Germany in various Technical Rules for Hazardous Substances (TRGS). In addition, Occupational Health and Safety prepares safety data sheets for customer safety which are likewise sent to our customers and can also be viewed on Group websites. These include references to safety information (REACH), CLP and non-hazardous steel.

# Materiality analysis – sustainability issues

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2.1.

The companies of the SHS Group have identified relevant sustainability topics for sustainability reporting by means of a materiality analysis. This analysis was repeatedly performed during the revision of the report and came to the following conclusion:

- Sustainable research and development
- Sustainable production
- Employees
- Environment
- Energy
- Compliance

These identified topics form the basis of this Sustainability Report and have been supplemented with some useful information. An extensive benchmark analysis was performed to determine the report's content. The key topics for our competitors were identified, prepared and compiled for this purpose. After coordination by the Sustainability Report project team, the GRI standard was again selected as a reference basis and the corresponding key topics were defined from this. The concerns of

our stakeholders are important to us, which is why we want to continue to align our reporting with the key issues of these groups.

The performance and success of the SHS Group are determined by sustainable and responsible action toward employees, the environment, society and the region. The sustainable corporate policy of the SHS Group is therefore distinguished by:

- operating in an efficient and resource-saving manner through numerous measures and investments to improve environmental protections and for efficient use of energy, to recycle by-products and to reduce emissions,
- a responsible human resources policy focused on occupational health and safety and high social standards,
- the company's internal improvement processes, which bring the principles of sustainable and safe operation to every workplace and every employee,

- securing and expanding the technology leadership of Dillinger and Saarstahl through investing in new equipment and modernizing existing equipment as well as through developing innovative products and processes,
- establishment of a dedicated innovation management system throughout the Group,
- procurement geared to security of supply and ecologically advantageous modes of transport,
- securing know-how through knowledge transfer and strong education and training programs.

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If the mechanical engineering sector were to replace its German steel supplies with imports from China, carbon emissions would increase by 13 million tons.

# Our steel: Important for environmental and climate protection

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2.1.

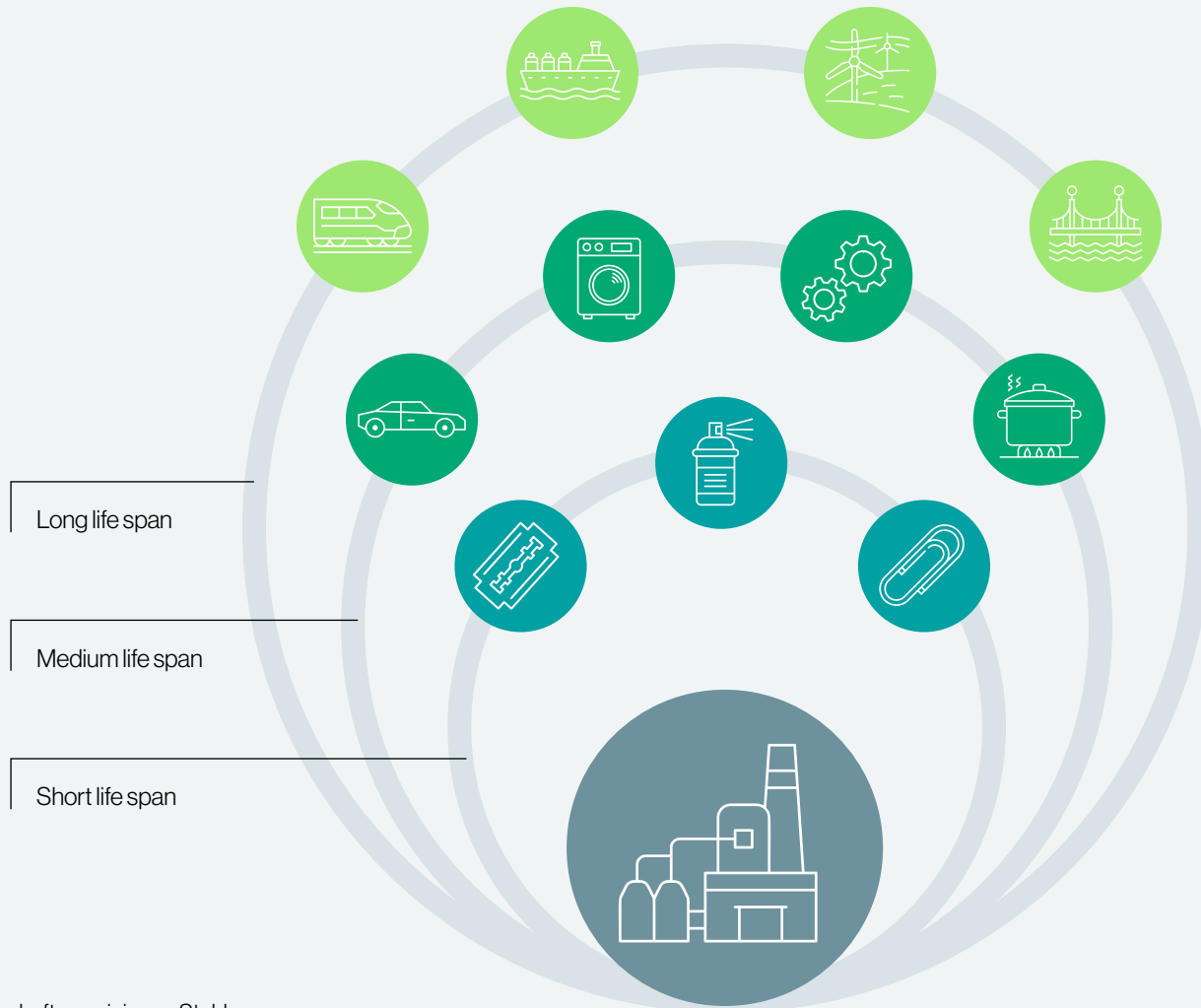
Climate policy targets can only be achieved with the steel industry and its products. The industry is of particular importance as a base material supplier for many value chains.

The product of Dillinger and Saarländische Stahlwerke – steel – fulfills the principle of sustainability more clearly than almost any other material: As the most frequently used industrial base material, it contributes significantly through a wide range of applications to protecting the environment and climate. At the end of their useful life cycle, products made from steel can be completely recycled as often as desired and reintroduced into the economic cycle with virtually no waste or loss of quality. In addition, crude steel produced in Germany sets high standards in terms of environmental and climate protection, not least by global standards. This is also confirmed by an economic study commissioned by the German Steel Federation (WV Stahl). The IW Consult study published in 2022 analyzes the sustainability of the steel value chain

in Germany and the largest competitor countries along four key UN Sustainable Development Goals. The results of the study show that German steel production has a high degree of compliance with the selected criteria in its supply chains and occupies a top ranking internationally. This has a positive effect on downstream industries like mechanical engineering and the automotive industry. The study uses the example of the carbon footprint to show concrete figures for the industries: If the mechanical engineering sector were to replace its German steel supplies with imports from China, carbon emissions in the corresponding value chains would increase by 13 million tons. The situation is similar in the automotive industry. Here, carbon emissions would increase by 8.4 million tons. Sustainable production of renewable energy from wind, water and the sun is inconceivable without steel. Innovative steel products such as wind turbines, hydroelectric power plants or other modern power plants save six times more CO<sub>2</sub>

than their production causes, as a study by the Boston Consulting Group showed. The use of higher-strength steels, such as in structures subjected to high stresses, often reduces material usage by up to 50 percent. Some of the applications for the steel produced by the Saarland steel industry include offshore and onshore wind power, hydraulic steel structures, high-strength steels used, for example, for efficient use of resources and lean designs for ambitious infrastructure projects, high-strength steels that reduce weight and enhance efficiency for the automotive industry (electric mobility), photovoltaics, and many more.

**The eternal cycle – recycling steel as a material**



Source: Wirtschaftsvereinigung Stahl  
(German Steel Federation)

# Values, vision and strategy

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The SHS Group has been a member of the UN Global Compact since February 2021. Support for the ten principles of the Global Compact in the areas of human rights and labor standards, environmental and climate protection, and anti-corruption is an integral part of the long-term sustainability concept of the SHS Group. The goal, as always, continues to be to integrate the principles of the Global Compact into our corporate strategy and culture as well as into our day-to-day business, and thus to apply and promote the general goals of the United Nations, in particular the Sustainable Development Goals, in all areas of the company.

Dillinger and Saarstahl have also received a gold and a platinum award for their CSR activities from the international ratings agency. The EcoVadis assessment is based on a defined scorecard. This includes the criteria of the Global Reporting Initiative, the United Nations Global Compact, and the International Organization for Standardization for the areas

of environment, labor and human rights, ethics, and sustainable procurement. The definition of specific evaluation criteria enables worldwide comparison of the companies certified by EcoVadis. The achieved result places Dillinger and Saarstahl among the top one and three percent, respectively, of the top performers in their industry category.

Our activities, both internally and in relation to third parties, are in line with the SHS Group Code of Ethics, which was developed and adopted with the SHS management and the members of the Board of Management of Dillinger and Saarstahl. We also operate within the context of an integrated corporate concept that includes the assumption of social responsibility with social, environmental and economic contributions from our Group.

The strategy of the SHS Group is undergoing a proactive and sustainable change process to increase competitiveness and efficiency and

strengthen customer focus. A transformation path has been developed that describes the conversion of the production route for the manufacture of carbon-neutral steel. The companies are thus securing their future viability. Environmental protection, the health and safety of employees and corporate social policy continue to be given top priority – even in times of crisis – and are seen as an essential part of the intergenerational contract.

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Environmental and climate protection, the health and safety of our employees and the social corporate policy have top priority.

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# Corporate management and control

## **Management structure**

The Saarland steel industry is based on a foundation model. Montan-Stiftung-Saar is the majority shareholder in the operational management holding company SHS-Stahl-Holding-Saar GmbH & Co. KGaA. The latter is the majority shareholder of Saarstahl AG and of the intermediate holding company DHS-Dillinger Hütte Saarstahl AG, which in turn is the majority shareholder of Aktien-Gesellschaft der Dillinger Hüttenwerke. This is a so-called private industrial foundation. As described in section 1.1, the aim of this foundation model is to maintain and strengthen the steel industry in Saarland and thereby to safeguard jobs in the region. This ensures that corporate management and control – and thus the important economic decisions as well as the strategy and structural alignment – remain in the hands of the companies themselves.

## **Executive-level responsibility for economic, environmental and social issues**

Within the context of the shareholding structure, there are directly responsible managing directors or Board of Management members for all companies below Montan-Stiftung-Saar. The Board of Management members and managing directors bear overall responsibility for all issues and decisions. Larger companies such as SHS – Stahl-Holding-Saar GmbH & Co. KGaA, Saarstahl AG and AG der Dillinger Hüttenwerke have rules of procedure and a schedule of responsibilities which subdivide overall responsibility into departments, each of which is assigned to a responsible member of the Board of Management or the management. Such schedules of responsibility have been approved by the respective supervisory boards of the companies. The following departments are delineated: Chairman of the Board of Management, Technology, Human Resources, Finance, Sales and Transformation. The organizational structure is mapped according to these departments, and

responsibility for economic, ecological and social issues is thus clearly defined within the departments.

## **Chair of the highest governance body**

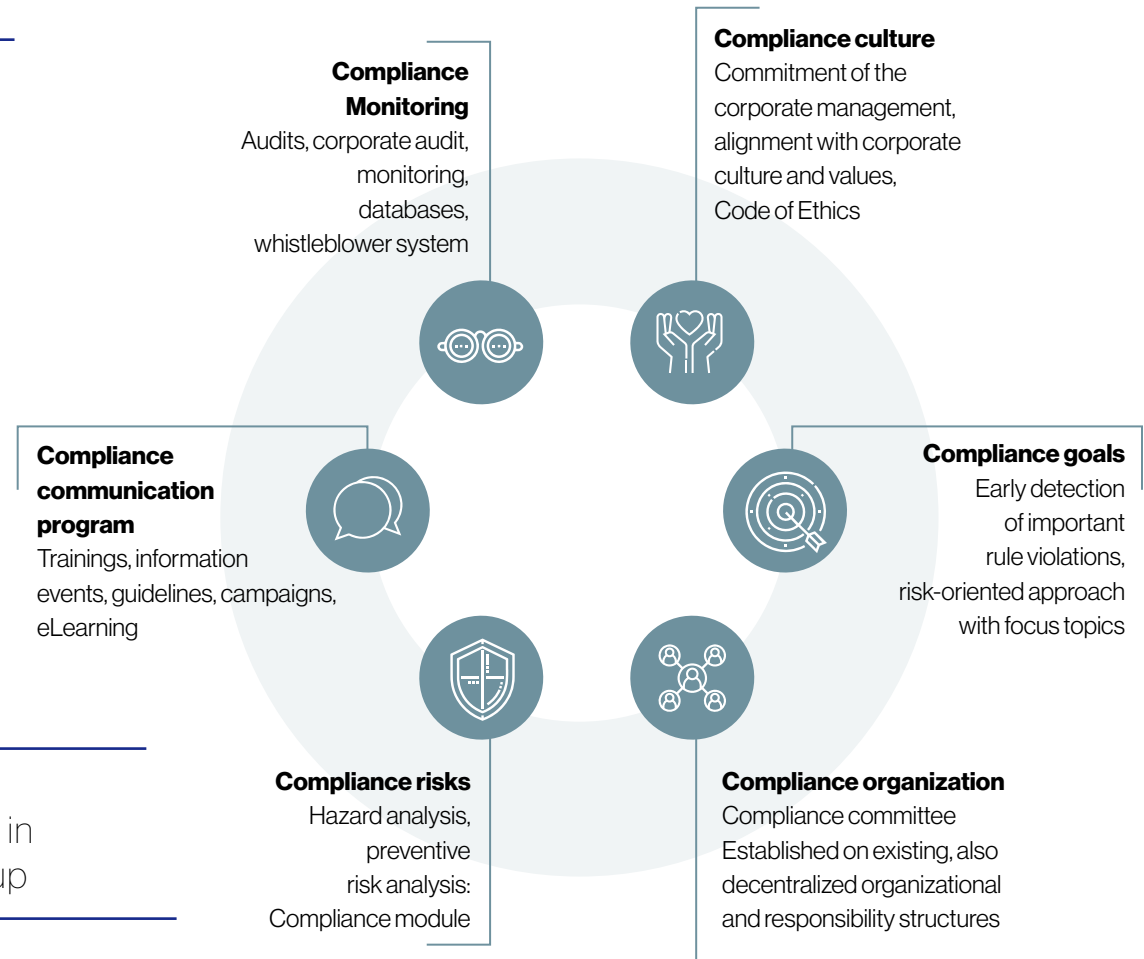
The Board of Trustees of Montan-Stiftung-Saar is the highest decision-making body. In accordance with statutory regulations, the major companies have supervisory boards that act as the supreme control body. These supervisory bodies perform essential control functions. They decide on transactions requiring approval in accordance with the articles of association of the respective company and decide, among other things, on the appointment and dismissal of managing directors and members of the Board of Management, the purchase and sale of companies and parts of companies, and on investments exceeding an order of magnitude specified in the articles of association or rules of procedure.



# Compliance

In addition to our high quality standards, a central aspect of our corporate governance is ensuring we do not achieve economic success at the expense of fair competition or our responsibility for the environment and social issues. Compliance with all legal and contractual requirements, standards, ethical values and internal guidelines applicable to the entire SHS Group in all countries where we do business has always been and continues to be a matter of course for us. The SHS Group Code of Ethics forms the basis for this.

## Compliance Management in the SHS Group



### **Compliance management**

Our commitment to compliant management emanates from our senior management. An interdisciplinary compliance committee coordinates implementation of a uniform corporate compliance concept across the SHS Group on an overarching and cross-divisional basis. In addition to the preventive tasks of information, advice and communication, this primarily also includes responsive tasks such as annual reporting to the management of SHS and the boards of Dillinger and Saarstahl. In systematic implementation of the goal of compliance management (CM), to ensure that legal representatives, employees and business partners act in accordance with the rules and values, particularly in matters of corruption and bribery, donations and sponsorship, we have developed our CM with standardized basic elements and set out the essential compliance standards in written frameworks. The compliance standards apply as a matter of principle to the entire SHS Group. Compliance is a central task of the top management of the respective Group companies (executive responsibility). Each individual company is

under an obligation to establish additional, more far-reaching rules if such should be necessary due to specific country- and/or business-related characteristics.

Compliance with internal and external rules is checked systematically and according to a schedule in the form of internal audits. Violations are monitored within the context of applicable labor law according to the “zero tolerance” principle.

### **Code of Ethics and Corporate Compliance Guidelines**

The authoritative standard is formed from our values together with national and international laws relating to corruption and compliance requirements, including those stipulated in the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act and the French Loi Sapin II. Protecting and respecting human dignity are a matter of course for us and the basis of our actions. We stand in support of protecting human rights and against any form of modern slavery. Our concept of values, alongside legality, also includes principles that reject child and forced

labor, prohibit discrimination, protect individual rights, ensure respectful treatment of each other and our business partners, prohibit party donations, and ensure freedom of association and assembly, to name the most important.

Additional Group compliance guidelines on specific topics supplement the Code of Ethics. In addition, our corporate principles, works agreements and employment contracts contain numerous provisions that protect employees, including their compensation, health and occupational safety. We have been a member of the United Nations Global Compact since 2021, and have thus committed to integrating the Global Compact and its principles into our corporate strategy, corporate culture and day-to-day business, and to participating in cooperation projects that promote the general goals of the United Nations and, in particular, the Sustainable Development Goals.

### **Awareness measures and prevention**

The CM of the SHS Group follows a risk-oriented, preventive approach. In line with our training concept, the awareness measures are aimed at the management of all SHS Group

companies and employees with a specific risk profile, as well as at third parties such as agents and apprentices. The measures include workshops as well as internal and external, face-to-face and online training on specific specialist topics including antitrust and competition law, corruption prevention, money laundering, fraud, data protection, IT and human rights, and are continuously developed further in line with the current legal environment and the requirements of our policies. Our employees or business partners receive the Code of Ethics at the beginning of the employment or business relationship, and are subjected to due diligence processes including sanctions list screening. Our suppliers additionally receive the SHS Group Code of Conduct for Sustainable Procurement. The whistleblower system introduced in 2020 offers employees, business partners and third parties worldwide the opportunity to submit anonymous reports. In recognition of our responsibility within supply chains and in implementing the Supply Chain Due Diligence Act, we are currently conducting a risk analysis of human rights and environmental risks in our

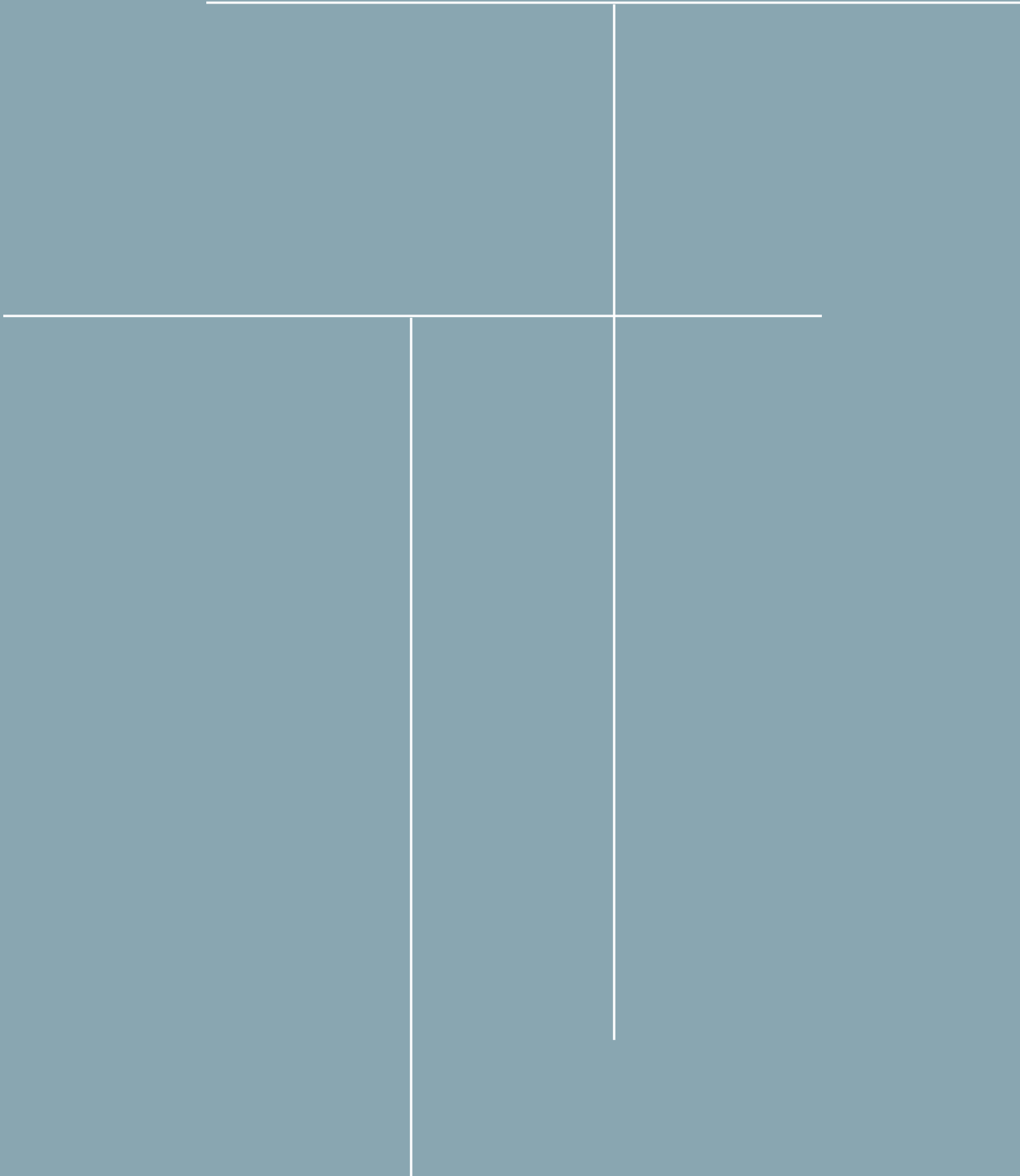
supply chains and internal business processes and are developing a corresponding package of measures to prevent such risks. Two of the three antitrust infringement proceedings pending in 2020-2021 have been concluded. Thanks to active cooperation with the investigating authorities, the fine was reduced or averted altogether. As a consequence of the proceedings, the compliance management system was further expanded and new control mechanisms implemented.

From 2019 to date, there have been no data breaches involving customer data and no substantiated complaints in this area. In 2021, no fines or non-monetary sanctions were imposed on the organization.

Since the establishment of the complaint procedure in 2020, no violations of regulations and/or voluntary codes related to product and service information and labeling have been reported via the whistleblower procedure. This is also the case for violations of regulations and/or voluntary codes related to marketing and communications, including advertising, promotion and sponsorship.

3.

# Targets



# Our corporate culture serves the well-being of all

The objective of SHS, Dillinger and Saarstahl is to be able to work together to grow, to operate flexibly, and to strengthen competitiveness in their respective markets. To this end, customer-centric innovations that represent a competitive advantage are being advanced and a transformation path toward the production of green steel is being pursued. The SHS Group believes that these targets can only be achieved sustainably if they are in harmony with economy and ecology, and have led to measurable sustainability. Comparable figures are provided in the fact sheets and are presented over several years, as well as discussed and elaborated in the respective sections. Many of the primary targets cannot be expressed in absolute figures, depending on the company and the specialist areas. However, in addition to the values in the respective management systems, we would also like to discuss some individual targets in relevant sustainability areas here.



# Targets and measures

Over the course of the next few years, it is our aim to further advance our companies through sustainable action and thus to expand this Sustainability Report to include further relevant points and sustainability topics. The following projects are currently ongoing in relevant sustainability areas:

## **Environment and energy**

With the establishment of the energy efficiency network ESTA (Energy Efficiency with Steel) in July 2017, Saarland's steel industry is supporting the federal government's Energy Efficiency Networks initiative. After operating for three years, the network has been able to achieve positive results: Saarstahl, Dillinger and the affiliated companies can achieve energy savings of around 29,500 megawatt hours per year. This amounts to an annual reduction of approx. 11,750 metric tons of carbon emissions. Dillinger and Saarstahl continuously invest in measures to protect the environment. The following projects were completed in the reporting period:

- Construction of a new dedusting system for the circular coolers of ROGESA sinter plant 3 at a cost of EUR 28 million, with the aim of significantly reducing dust in the area of the sinter plant.

- Construction of the coke gas injection plant at the ROGESA blast furnace at a cost of EUR 14 million, partially replacing carbon with hydrogen as a reducing agent and achieving a significant reduction in carbon emissions.
- Construction of a compressed gas storage facility for pure natural gas and conversion of walking beam furnaces to natural gas at the Saarstahl plant in Neunkirchen for an investment sum of around EUR 8 million. This is associated with a 5 percent reduction in energy consumption at this site.

### Labor and social affairs

- A Group-wide sick leave analysis with measures and workshops derived from this analysis while incorporating company integration management to achieve a sustainable reduction in sick leave levels.
- Prev@work: Addiction prevention, counseling and lectures targeted at educating and raising awareness among apprentices.
- A talent pool based on a Group-wide talent management system is being established within the SHS Group in order to specifically identify and promote prospective managers.
- Group-wide transfer coaches to ensure succession planning and secure know-how.
- Occupational safety has top priority and aims to achieve accident-free operation. The accident figures are therefore to be further reduced – as in previous years – through measures such as “15 minutes of safety”, the daily safety talk or the “Come Along with Dillinger” seminar series, which was introduced at Dillinger in 2018.

### Compliance

- In the future, a Group-wide risk analysis will use an IT tool to highlight significant developments in all relevant compliance fields on an annual and ad-hoc basis. Supported by compliance monitoring, the aim is to even more efficiently identify and prevent significant threats.
  - In addition to the training already provided to managers regarding the General Equal Treatment Act (AGG), 100 percent of all employees involved in purchasing and procurement processes are to receive training over the next few years on the human rights and environmental risks defined in the Supply Chain Due Diligence Act (LkSG) which concern them. It is important here to integrate the onboarding process into the HR processes.
  - Knowledge of all relevant legal requirements in the area of preventing corruption and cartels is decisive for us when choosing our business partners and agents. Our in-house training courses will be available to them as needed in the future.
- Continuation of our series of compliance information brochures: Publication of Compliance Signposts (Compliance-Wegweiser) No. 13 – 16 on various compliance topics.

# Integrated management system

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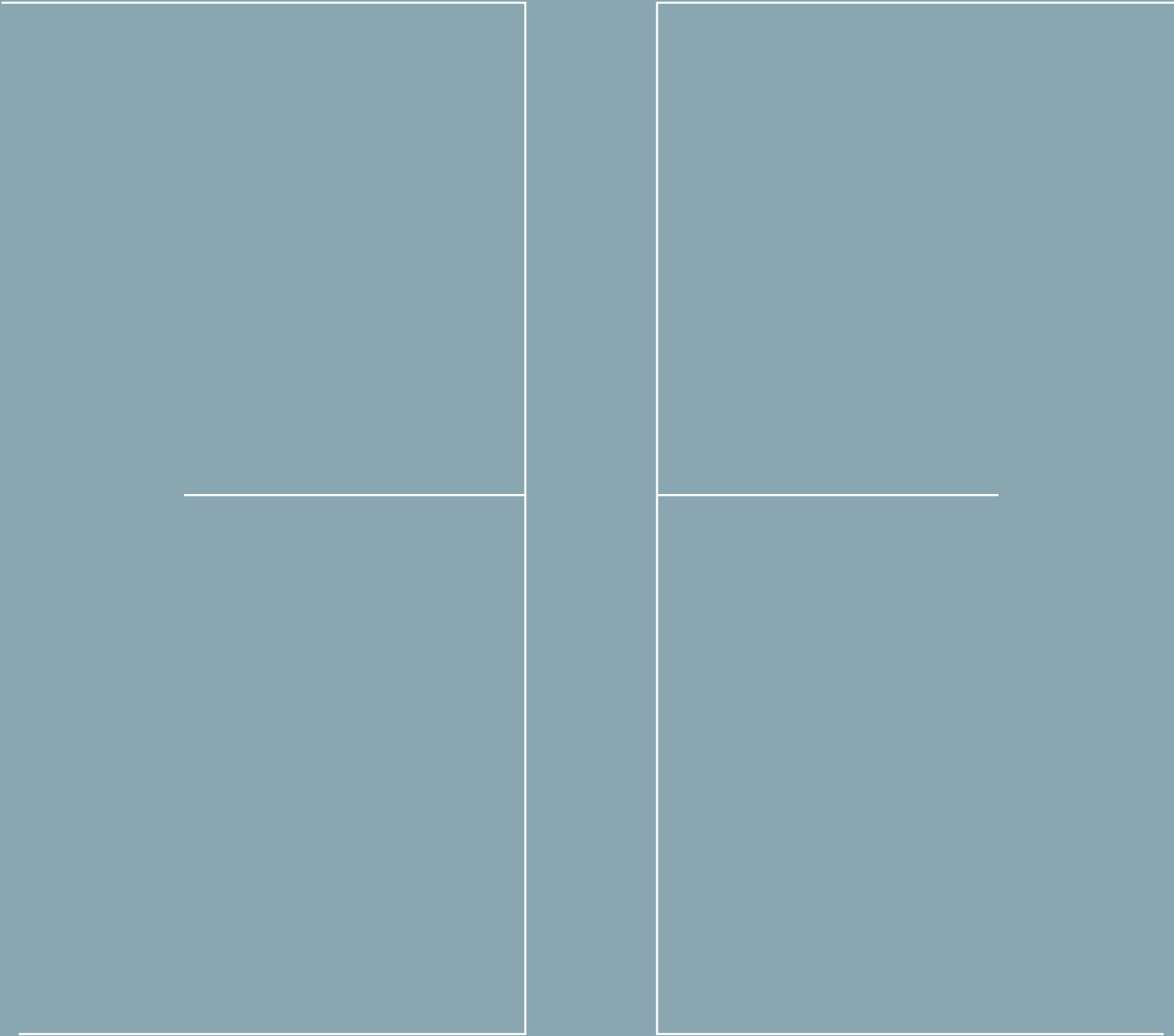
3.2.

The companies have an Integrated Management System (IMS) that comprehensively and regularly reviews sustainability targets and values. For Dillinger and Saarstahl, this combines Quality Management (ISO 9001, at Saarstahl also IATF 16949), Environmental Protection Management (ISO 14001), Occupational Health and Safety (ISO 45001), Energy Management (ISO 50001) and Safety Management in accordance with the Hazardous Incident Ordinance (applicable to the coking plant and blast furnace area as well as the gasometers in Völklingen and Burbach). The IMS governs strategic responsibility and operational practices for these task areas across all company operations. All areas are regularly reviewed in internal and external audits. The management systems in all certified business units are evaluated annually by the Board of Management as part of the management review. The aim is to continuously improve the suitability, appropriateness and effectiveness of the management systems. For each management system, the company's primary aims

and areas of focus are formulated in policy statements and guidelines. The management systems are described in detail in the manuals and further process instructions of the integrated management and involve all employees of the companies. Company facilities are certified in many areas according to the standards stated above. In addition, the products and production processes of both companies are approved or certified by numerous national and international associations. All our products are manufactured in accordance with agreed customer specifications or with reference to standards and are delivered to our customers with the corresponding mill test certificates attesting to their compliance. The integrated management manuals and other quality documents are stored in the Integrated Management System (IMS) and serve as a framework for all processes. Quality-relevant input materials from suppliers are inspected in accordance with the inspection plans, e.g. in the form of certificates/visual inspections.



# Employees



# Employees

We create an employee-oriented corporate culture in which we require and foster trust, diversity, change and the assumption of responsibility. The culture is continuously being developed further in this spirit as a symbol of a Group-wide identity. We value the individuality of our employees and their abilities, regardless of gender, age, origin, religion, sexual orientation or any impairment, and we create the conditions for equal opportunity and work that protect health and are aligned with phases of life.



# Employment, working conditions and employee rights

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4.1.

In addition to state-of-the-art equipment and processes, qualified and motivated employees are an important success factor for Dillinger and Saarstahl as manufacturers of high-quality technical products. Saarland's steel industry is therefore systematically investing in social and future-focused HR work. This is aimed at using appropriate measures to offer employees a secure workplace and fulfilling jobs, as well as to ensure the company's long-term competitiveness. Central concerns here have for years included further improving occupational safety and promoting good health as well as fostering young talent, with which we are countering a possible shortage of skilled workers resulting from demographic change. The success of our human resources work is reflected in the high number of applicants for vocational training at Saarstahl and Dillinger, a low turnover rate, and employees who have been with the company for many years, with an annual three-digit number of long-service employees. Employees in Saarland's steel industry are covered by the collective wage agreement for workers and

salaried employees in the iron and steel industry in Saarland. In addition, certain issues are governed by company agreements between employee representatives and employers. Every employee has the right to visit the Works Council, the representative for severely disabled persons or the youth representative during working hours, after consulting with their superior (reasons for the visit do not have to be given). Corporate employee codetermination is governed by the Works Constitution Act (Betriebsverfassungsgesetz) and, in the case of supervisory board appointments, by the Coal, Iron and Steel Codetermination Act (Montanmitbestimmungsgesetz) of 1951. As a family-friendly company, fostering the compatibility of family and career is important to us. Since 2013, employees of the SHS Group have had access to three daycare centers for their children, which were initiated, built and financially supported by the companies and are located near company sites.

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# Dillinger and Saarstahl are family-friendly companies.

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4.1.

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In 2022, the saar.is business development agency presented Saarland's "Family-Friendly Company" seal of quality to Dillinger and Saarstahl. The seal is awarded to companies that view family focus as an important part of their corporate culture and set goals for their own further improvement. The seal is valid for two years. Dillinger and Saarstahl contribute in important ways to employee pensions with a company pension scheme they co-finance and by offering a program that allows employees to divert part of their gross salary to their pension plan. A company disability insurance policy, specifically designed for the Group with advantageous collective conditions, protects members in the event of occupational disability and is subsidized by the company through an employer contribution. To be able to offer employees affordable meals close to their workplace, the SHS Group operates five staff restaurants and provides a financial contribution for the food served. Food and beverage vending machines complement the provisions and continue to be added throughout the company.



# Career planning and training

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The SHS Group has relied for many years on training its own strong supply of young, skilled workers. With their two modern training centers, Dillinger and Saarstahl are among the most important training providers in the region. The company is investing around EUR 6.5 million in the construction of a new training center at the Dillingen site. The construction project is expected to be completed in 2023. Around 130 apprentices, interns and cooperative (dual work-study) students are recruited each year. Dillinger and Saarstahl provide training in around 18 vocations and generally hire their apprentices after they have completed their training. Our apprentices regularly conclude their training as the best at the state or even national level. To support their professional development options, we offer our employees a wide range of continued training programs focusing on the future-focused issues of Digitalization/Industry 4.0 as well as lean and shop floor management. The newly installed SHS Talent Management process identifies

especially high-performing and high-potential employees at an early stage and systematically supports and develops them for assuming responsible management positions.

The employee performance review has been an important instrument for many years for improving the corporate culture and teamwork. The partnership-based, routine, one-on-one meeting for employees and their supervisors is held once a year and serves to focus on corporate goals and to promote employee development. The employee interview is conducted with all employees and in the technical area up to the foreman level.

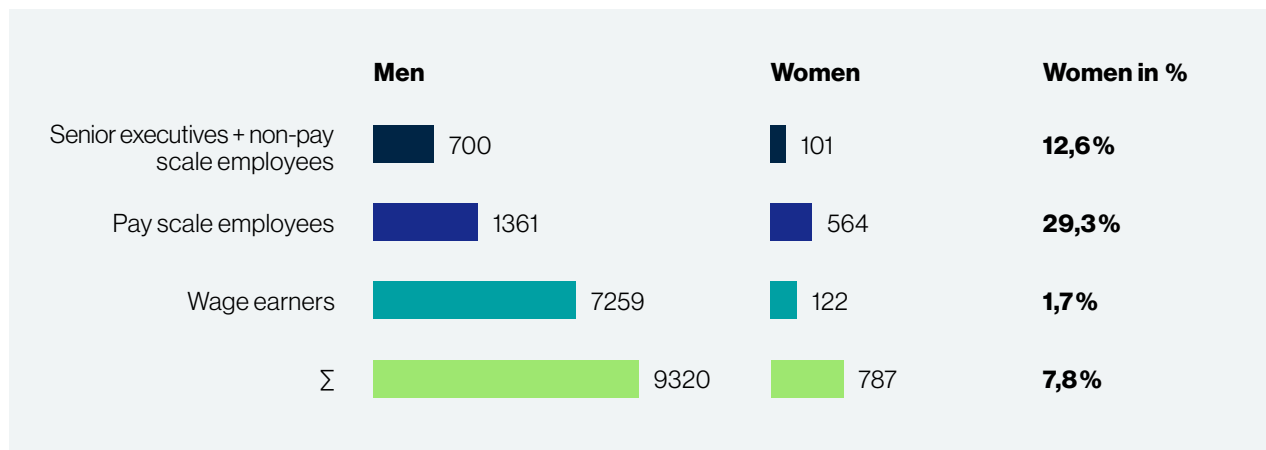
# Diversity and equal opportunity

## Women in Saarland's steel industry

The steel industry in Saarland has been working for many years to progressively increase the percentage of women in specialist and management positions. Nevertheless, the steel industry continues to be a male-dominated sector. This is reflected in the figures, as the following graph shows:

Industry-specific, historical and sociocultural factors must be taken into account when considering this ratio. The vocational training and subsequent careers in the steel industry are predominantly characterized by scientific and technical training paths and professions. Due to the persistently low percentage of women in these training and study programs today,

the proportion of female applicants interested in technical professions at steel companies remains relatively low. In addition, other factors including shift work schedules in much of manufacturing play a sociocultural role in women's willingness to pursue such careers. Dillinger and Saarstahl are taking measures at various levels to continuously increase the percentage of women. These include a wide range of part-time employment opportunities, the possibility of childcare through the company's own three daycare centers, participation in the nationwide Girls' Day, and a continuous increase in the percentage of female apprentices. Women occupy leadership positions primarily in the administrative area. A considerable percentage of female employees and managers are represented within the context of the assumption of operating tasks by the holding company SHS – Stahl-Holding-Saar, including in the area of central staffing of functions such as purchasing, finance and legal affairs. Consequently, the share of female employees in the total workforce is significantly higher here, at



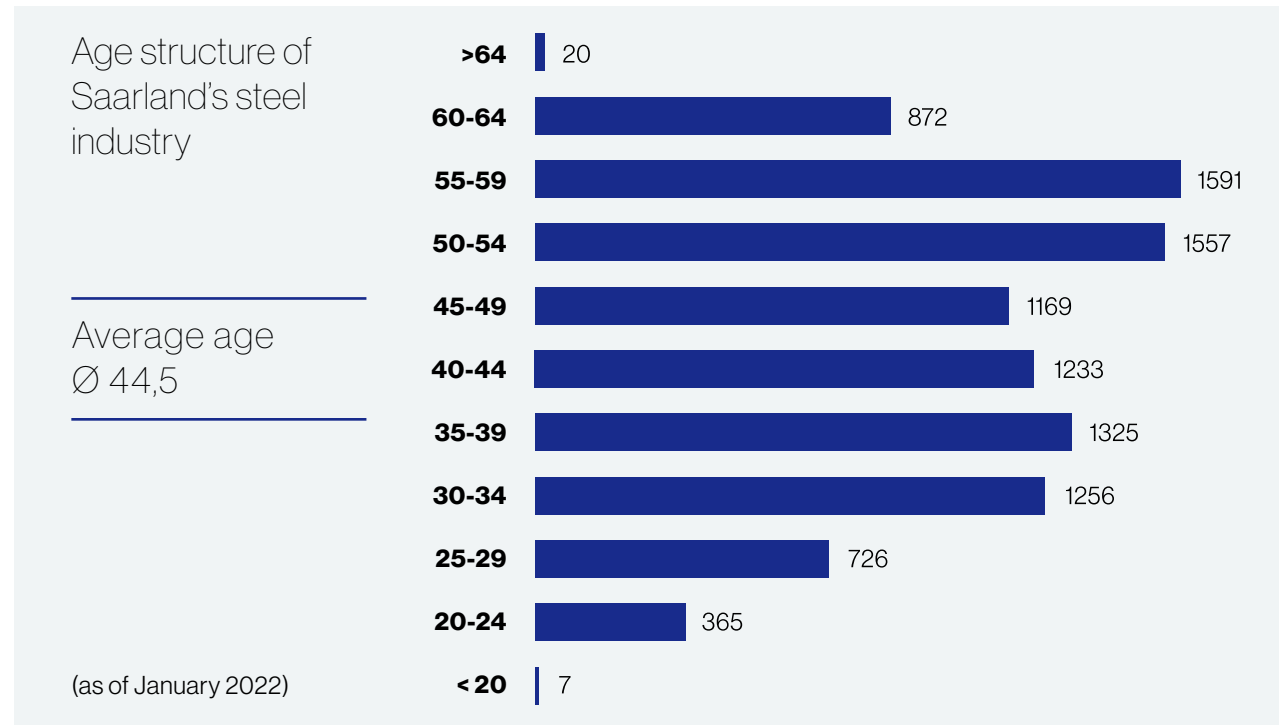
around 30 percent, than at the operational steel producers Saarstahl and Dillinger and at Saarschmiede GmbH Freiformschmiede. The SHS Group will continue to intensify its concept for promoting women in the future.

#### The percentage of women on supervisory boards

Under Section 111 (5) of the German Stock Corporation Act (AktG), a 30 percent target quota has been set for the percentage of women on supervisory boards for all companies in Saarland's steel industry (SHS - Stahl-Holding-Saar, Dillinger and Saarstahl). The supervisory boards of the companies are focused on the issue when making new appointments at the Board of Management level in accordance with the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors (FührposGleichberG).

#### Age structure

Employees at companies in Saarland's steel industry identify strongly with their company and are loyal to it. The average age is 44.5 years. At less than 1 percent, employee turnover due to resignation is very low.



**Employees with a migrant background**

Saarland's steel industry had already been dependent on labor from abroad during the reconstruction period following World War II. In the 1960s and 1970s, so-called "guest workers" from southern European countries and Turkey were increasingly recruited. The proximity to France and close links with the French steel industry have also ensured a mixture of nationalities in the workforce, especially at Dillinger. These measures continue to shape the employee structure in the companies today. The percentage of foreign skilled workers in the workforce is around 8 percent.

**Inclusion in Saarland's steel industry**

Integration and equal opportunity for people with severe disabilities is an established practice at the companies in Saarland's steel industry. Disabled employee officers appointed by the companies and disabled employee representatives elected by employees are a permanent institution that represents the interests of employees with severe disabilities or employees with health impairments. The percentage of employees with severe disabilities in the total workforce is over 5 percent. Collective bargaining agreements, company

agreements and mutual agreements between the parties to the company ensure that the rights and opportunities for severely disabled people in the companies of the SHS Group are safeguarded and provide for implementation and development of solutions for specific individuals. Not least, the Stahlstiftung Saarland (a joint non-profit foundation of Saarstahl AG and Aktien-Gesellschaft der Dillinger Hüttenwerke) and the GBQ (Gesellschaft für Beschäftigung und Qualifizierung Saar mbH) linked to it, are instrumental to offering additional vocational prospects for individuals with severe disabilities or impairments who are therefore threatened with unemployment. This recognized inclusion company currently employs around 70 employees.



# Occupational health and safety

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Maintaining the health of our employees and ensuring their safety are key objectives that are firmly embedded in our mission statement and corporate culture as well as in our processes. The overarching objectives of the company are also clearly and unambiguously formulated in policy statements and guidelines. All main locations of the SHS Group are certified in accordance with DIN ISO 45001 and are regularly checked in internal and external audits. An integrated management system governs operational practices relating to occupational health and safety across all companies. In order to minimize any fundamental risks to the safety of our employees, we carry out a specific, process-oriented risk assessment prior to the initial start of an activity. All potential risk factors are evaluated and appropriate countermeasures are implemented. The risk assessments are reviewed regularly and as warranted by events, and are updated as required. In the event of an accident, internationally recognized methods of accident analysis are applied. An important component

of the multi-stage strategy for process-based mitigation of accidents initiated in 2021 is the presence of managers on site in production. The start-up phase of the initiative includes occupational safety inspections by managers. The work processes are reviewed on the basis of the risk assessment, are discussed with the employees as the specialists on site, and are optimized as a team, if necessary. All employees throughout the Group receive regular training and instruction on occupational health and safety topics. Internal training and a guideline ensure that the employees of external companies also have adequate knowledge about safety. In addition to the elements required by law (such as occupational integration management, preventive occupational medicine, occupational health and safety in accordance with the German Occupational Health and Safety Act (ArbSchG), ASiG, etc.), the services and activities of our occupational health management system also include useful programs which are supplementary to the mandatory elements and are not required by law, such as

- company social counseling,
- addiction prevention measures,
- support services for balancing family and career, as well as
- a range of continuing education programs specifically related to health.

Numerous company sports groups strengthen the sense of community among the workforce and round out our commitment to the health and well-being of our employees.

Reducing health and safety risks is just as important to us in achieving our goals as is raising employee awareness and enabling them to behave in a health- and safety-conscious manner.

# **Climate protection targets and EU emissions trading system**

# Carbon-neutral steel production by 2045

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In December 2015, the parties to the Framework Convention on Climate Change agreed in Paris to keep the increase in average global temperature well below two degrees Celsius in comparison with pre-industrial levels. The aim is to achieve greenhouse gas neutrality worldwide during the second half of this century. The climate protection policy in the European Union (EU) and Germany is ambitious, and the targets are stipulated in the 2021 Climate Protection Act (2030: reduction of carbon emissions by 65 percent, and 2045: climate neutrality). The steel industry in Germany, including the steel industry in Saarland, stands by the Paris Climate Agreement and Germany's tightened targets and wants to make a decisive contribution to the political and social goal of reducing carbon emissions. The aim of Saarland's steel industry is to reduce process-related carbon emissions to a technically necessary minimum of carbon in the future by incrementally installing and integrating climate-friendly steelmaking technologies. By transforming from the existing blast furnace/

converter route to direct reduction plants and electric arc furnaces, and by using hydrogen and carbon-free electricity in production, the goal of carbon-neutral steelmaking can be achieved by 2045 at the latest. Achieving the ambitious carbon reduction targets will require massive investments in the aforementioned technical facilities, and thus also fundamental changes in the political framework. The SHS Group has defined a path to achieve the carbon reduction targets and will strengthen its research and development activities to leverage additional potential and ultimately achieve the stated climate targets. Given the technical challenges, however, it is dependent, like all steel producers, on support from subsidies. In addition, a reasonable timeframe is needed to manage the complete transition from carbon to other, carbon-free reductants. At the same time, it is essential to ensure the international competitiveness of future low-carbon steel production in Germany. Reforms to the EU Emissions Trading Scheme (ETS) were agreed in 2017 as the

most important element in achieving the climate targets for the fourth trading period from 2021 to 2025. The steel industry, among other sectors, is obliged to pay each year for enough allowances to offset each emitted metric ton of carbon dioxide. The partially free allocation is based on benchmarks, but this is far from adequate even for the very efficient mills of the SHS Group. Consequently, extensive allowances already had to be purchased on the market during the previous, third trading period from 2013–2020. For the first half of the fourth trading period from 2021–2025, we expect to purchase approximately 1.2 to 1.4 million allowances per year. With the increase of the carbon reduction target for 2030 (the EU Commission's Green Deal) and the planned introduction of the carbon border adjustment mechanism (CBAM), we anticipate a further significant tightening (reduction) of the allocation of free allowances on the blast furnace converter route in the second half of the fourth trading period.

**Comprehensive carbon strategy**

The SHS Group has developed a business strategy based on various scenarios that apply to the Group as well as to the steel industry in the next three decades. We have commissioned a number of engineering studies from external partners to learn more about our technical capabilities and necessary changes in the future. We are ready and technologically competent to shape the green transformation. Our scenario describes a significant reduction in process-related greenhouse gas emissions by 2045 with the goal of carbon-neutral production based on a transformation plan. The schedule for our transformation path is divided into two phases. In phase 1, which will last until around 2030, we will build an electric arc furnace (EAF) at the Völklingen site and another EAF and a direct reduced iron (DRI) plant at the Dillingen site. This means we will already be reducing carbon emissions by around 55 percent by 2030. The ramp-up of EAF capacity will be accompanied by a corresponding reduction in blast furnace capacity. In addition to the planned measures at the German sites, the French subsidiary Saarstahl Ascoval is already able to provide initial crude steel volumes through its existing EAF production capacities.

The timetable for implementing all the measures is a challenge for the companies, especially since the construction of the new facilities and the conversion of numerous production steps will take place during ongoing operations. It is the firm goal of SHS Group to start supplying green steel by 2027. The capacity of the new facilities in this first phase should allow a maximum of 3.5 million tons of crude steel per year, obtained from sponge iron (direct reduced iron, or DRI) and scrap. In the second phase, we will then strive to commission a third EAF and convert the entire production capacity to green steel by no later than 2045. This SHS-specific transformation path can only be realized in the long term. Since the prevailing conditions in the individual years over the entire transformation period cannot be predicted with any certainty, there may be shifts in the individual subprojects on the timeline.

# Environment

# Over EUR 700 million invested in environmental protection

Environmentally compatible production and products are preconditions for safeguarding the long-term existence of the SHS Group. This means proactive planning and ecological management. Environmentally conscious operation, conserving resources and avoiding

burdens for the people in the region are important parts of our corporate culture. Saarstahl and Dillinger, for example, are also certified in accordance with ISO 14001, a globally recognized standard for environmental management systems. Environmental activities focus on increasing energy efficiency through energy savings, reducing emissions, reducing noise emissions, expanding internal and external recycling management, reducing waste, and improving water protection. During the past 15 years, a total of EUR 212 million have been invested in environmental protection projects at Saarstahl sites. Since 2014, around EUR 8.7 million have been invested in noise abatement measures alone. At the Dillingen steel mill – i.e. at Dillinger, ROGESA and ZKS – EUR 528 million have been invested in environmental protection projects over the past 20 years. This amounts to approximately 35 percent of the total investment.



# Energy

6.1.

Optimal steel production requires a safe and economical energy supply as well as effective and environmentally compatible use of energy. The philosophy of the SHS Group is therefore geared to pursuing the principle objective of continuously improving the energy efficiency and energy effectiveness of our systems and processes in order to reduce our specific energy consumption and to sustainably conserve resources.

## **Efficient energy use**

The paramount objective of rational and therefore efficient use of energy is utilizing the process gases produced during steel production completely and with the greatest possible efficiency. Waste heat and blast furnace gases that cannot be used in the company's own processes are converted into electricity. These plants sustainably protect the environment because their own electricity is generated from the steel industry's co-products, thus saving fossil fuels elsewhere (outside the balance limit) that would otherwise have to

be burned to generate electricity. The interconnected energy system of the SHS Group's smelter sites also contributes to the extensive use of the blast furnace gases. A central energy and media dispatching system optimizes the energy and media flows between generation and consumption facilities across all sites, thus ensuring the maximum possible as well as cost-optimized use of self-generated and purchased energies and media.

## **Energy management systems and energy efficiency programs**

All sites are DIN EN ISO 50001-certified and are therefore required to demonstrate continuous improvements in energy-related key performance indicators and processes. Beyond this, there are also economic and ecological reasons for implementing energy efficiency measures. The companies have initiated various site-specific cost-cutting programs for this purpose that focus on energy costs and thus on energy consumption. The focus in 2021 was on two major energy efficiency projects:

coke gas injection at blast furnaces 4 and 5 for high-hydrogen coke gas to reduce CO<sub>2</sub> (commissioned in 2020) and heat recovery at the circular cooler of the ROGESA sinter plant (commissioned in 2021).

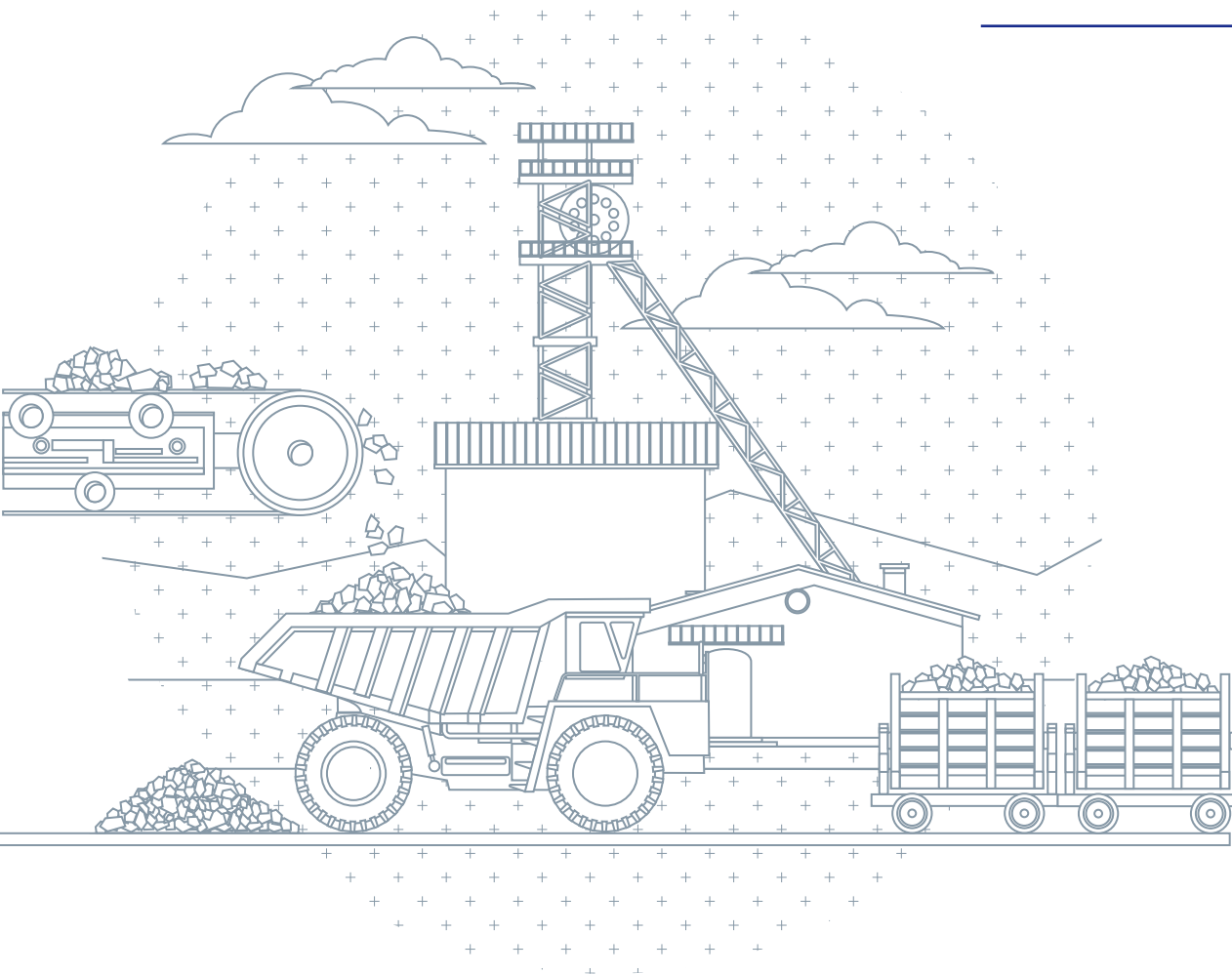
Other examples of measures completed in 2021 with electricity savings (operation/investment/savings per year):

- Renewal of refrigeration plant drying HD-KG (ZKS/EUR 700 thousand/374 MWh)
- Continuous modernization of lighting systems (STW/75.8 MWh)
- Reduction of hall heating (WW/1,349 MWh)
- Water volume reduction during waiting periods (WW/€10 thousand/412 MWh)
- Conversion of HG compressors GMA STW/WW from swirl damper control to inverter control (EM/55 MWh)

# Raw material and material use

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6.2.



The most important raw materials for steel production are currently iron ore, coal, limestone, alloys and scrap. These materials are used in the SHS Group to manufacture long products and heavy plate. In addition to the products of the main production lines, iron and steel production under defined conditions generates iron slags as mineral by-products which are marketed as a quality-controlled products throughout the Saar-Lor-Lux region or used internally as raw materials. These therefore contribute significantly as substitute raw materials to the conservation of resources.

Great attention is paid to recycling management at all locations. The aim is to establish and sustainably maintain closed material cycles in the interest of resource efficiency or a circular economy.



# Emissions

In addition to carbon dioxide (CO<sub>2</sub>), the main air emissions generated during steel production are sulfur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>) and dust. Our objective is to further minimize these beyond what is legally required. Our emissions to air are constantly monitored, documented and regularly reported to the relevant authorities.

## **Greenhouse gas emissions**

The various production processes for steel-making (in blast furnace and electric furnace routes) produce both process-related carbon emissions and indirect carbon emissions from energy inputs. The majority of these carbon emissions are covered by EU ETS emissions trading and are determined in accordance with the requirements of the corresponding monitoring regulation. In addition to the following accounting approaches, the SHS Group has participated each year since 2020 in the Carbon Disclosure Project (CDP) reporting format and reports, among other things, its greenhouse gas (GHG) emissions, strategies,

and climate targets. The aim of the rating by the non-profit organization CDP is to achieve the greatest possible transparency of environmental data from companies, organizations, and cities. CDP collects and evaluates the voluntarily provided data and information once a year and assesses, among other things, the climate protection strategy of our corporate group. The CDP assessment is based on eleven different categories that include business and financial planning, supply chain responsibility, governance, energy-related issues, and emissions reduction initiatives.

## **Accounting for GHG emissions:**

### **Corporate Carbon Footprint**

With its Corporate Carbon Footprint, SHS reports the comprehensive carbon footprint (carbon input-output analysis) of its direct and indirect greenhouse gas emissions at the corporate level. The annual update of the analysis helps identify potential for improvement in the interest of carbon avoidance and reduction. Reporting is based on the DIN EN ISO 14064

standard and thus on the GHG Protocol.

This is useful for organizations, governments, project applicants and stakeholder parties worldwide in that it achieves clarity and consistency in the quantitative definition, monitoring, reporting and validation or verification of greenhouse gas balances or climate change projects.

The qualitative identification and reporting of greenhouse gas emissions primarily includes the following emission sources:

### **Scope 1**

#### **Direct GHG emissions from plant operations:**

- Input materials (coals, ores, scrap, aggregates, etc.)
- Fuel supply and consumption (natural gas, fuel oil and liquid gas)
- Coolant consumption
- Internal traffic and transports
- Business trips with company cars

### Scope 2

#### **Indirect energy-related GHG emissions:**

- External power supply
- District heating supply

### Scope 3

#### **Other indirect GHG emissions:**

- Business travel (airplane and rental vehicles)
- Transport emissions of raw materials
- Commuting of employees

The SHS Group is working continuously to further development its Scope 3 reporting.

#### **Air emissions and air pollution control**

One important task in the area of technical environmental protection is to reduce emissions from a wide range of sources.

#### **Dust**

Extensive measures to reduce dust have been implemented in recent years. Over the last 10 years, a significant reduction in dust loads has been achieved. One measure, for example, is the installation of a dedusting system for the circular cooler at sinter plant 3 with heat recovery at the Dillingen site.

#### **SO<sub>2</sub>**

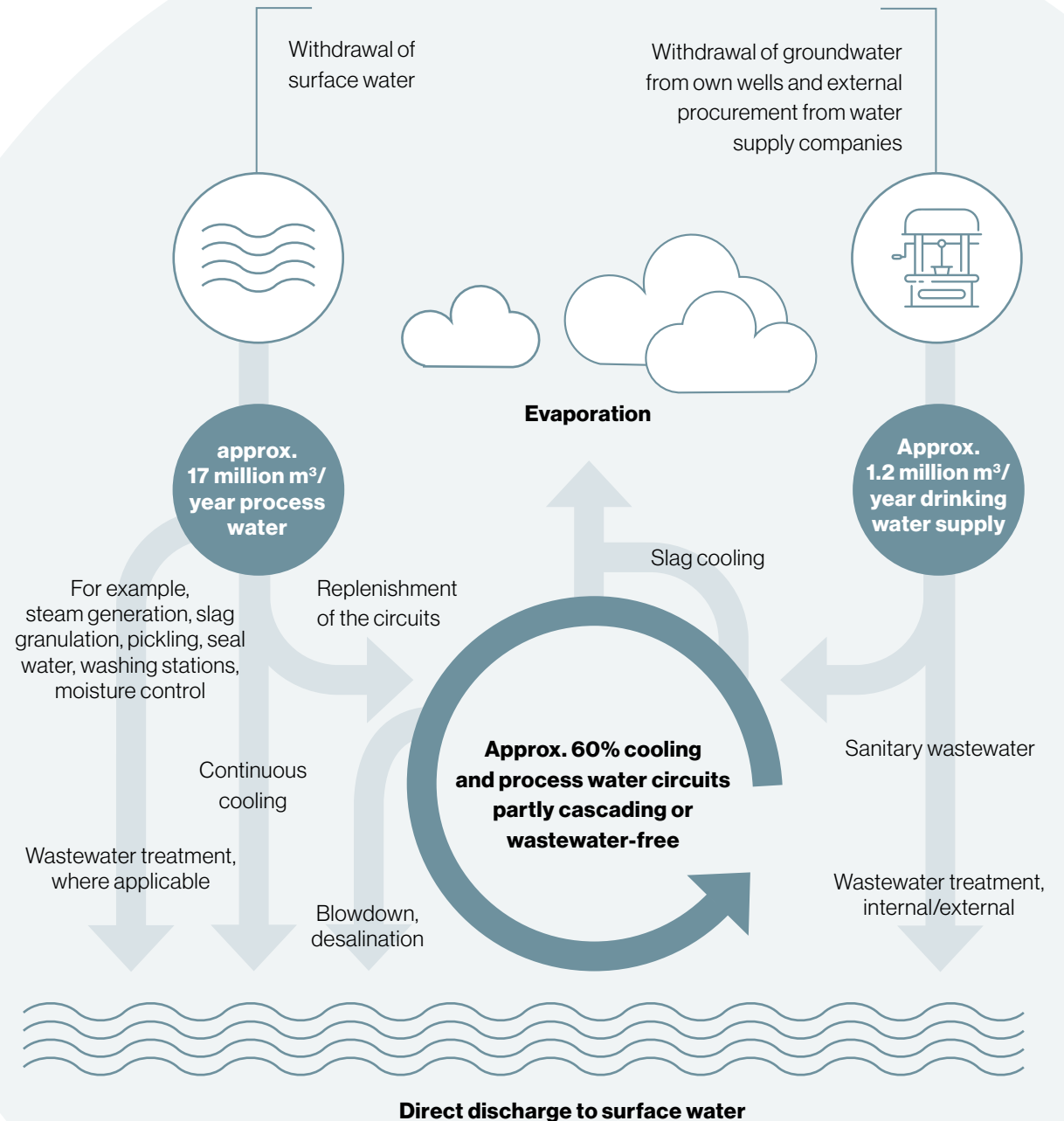
Sulfur dioxide emissions are highly dependent on the amount and quality of the coke gas used. Refurbishment of the high-pressure gas scrubbing system at the coking plant's pulverized coal system is an essential measure for improving coke gas quality and thus reducing SO<sub>2</sub> loads.

#### **NO<sub>x</sub>**

Use of new burner technology has also enabled a reduction of NO<sub>x</sub> emissions, but specific emissions can vary greatly depending on the product. Use of the latest exhaust gas capture and heat recovery systems will further improve the emissions situation at the sites in the future. Use of a more efficient combustion air preheater on the walking beam furnace at the Neunkirchen rolling mill is just one example.

# Water management

The primary use of water as a resource is for cooling production equipment. The consistent goal here is optimization in the form of multiple uses and deploying water-saving techniques. The vast majority of the process and cooling water required is routed through process water circuits that minimize both the water withdrawals required and the discharge of wastewater. This intensive multiple use means that only a small proportion of the fresh water used is returned to the receiving waters in the form of treated wastewater. Rainwater and leachate from landfills are also used for processes. As a result of their immediate proximity to receiving waters, all sites have a number of direct discharge points, all of which are environmentally monitored. The Zentral-kokerei Saar coking plant in Dillingen operates its own 3-stage biological wastewater treatment plant, whose sewage sludge is fully utilized in the coking process.



# Waste management and waste

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6.5.

Circular economy, waste prevention and recycling are essential measures to achieve sustainability in waste management. This optimizes material flows and conserves raw material reserves. The primary goal of operational waste management is to avoid waste and reduce its harmfulness as well as reduce the amount of waste going to landfills. This is achieved through a waste management program that has been tried and tested over many years and is continuously and promptly revised and adapted to constantly changing legislation as well as to changing customer requirements. SHS strives to put by-products and production residues to material use and, wherever possible, to use them internally to substitute raw materials in a way that conserves resources and thus protects the environment. If it is not possible to use them as recycled materials in our own plant facilities, external cycles for material recycling are used in various industry segments.

# Biodiversity

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The actual plant area at the Völklingen, Dillingen, Neunkirchen and Burbach sites is 8.37 million m<sup>2</sup>. Areas within these plant sites – for example, 1.58 million m<sup>2</sup> at the Dillingen site alone – are maintained, cared for and further developed as green spaces of various types and contribute directly to biodiversity. Small-scale differences in habitat conditions foster special habitats and rare regional species.

In addition, the SHS Group owns and manages approximately 4 million m<sup>2</sup> of private forest. The most important of these is the Hüttenwald forest at the Dillingen site with 3 million m<sup>2</sup>. The naturally managed, PEFC-certified forest was cited in the BUND Forest Report 2016 as one of ten positive examples nationwide, demonstrating the success of the Group's voluntary commitment to exerting a sustainable positive influence on biodiversity. Conversely, possible negative

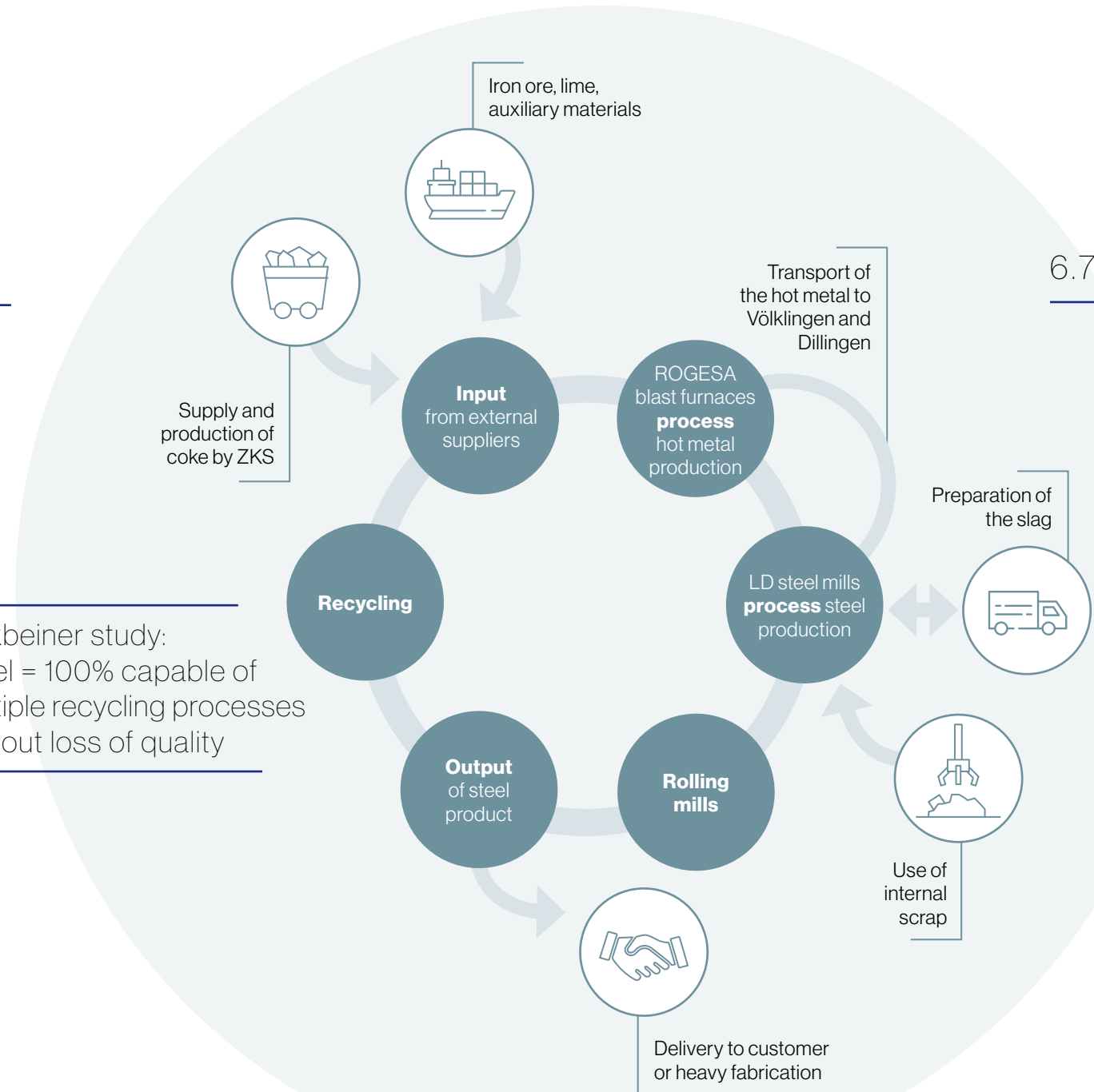
impacts of plant investments or processes on biodiversity are regularly avoided or assessed and compensated for through accompanying landscape conservation planning in approval procedures that observe construction or federal immission control regulations pursuant to intervention compensation regulations of federal nature conservation law.

# Life cycle assessment

## Process analysis

To more precisely quantify the overall environmental impact of the production of our steel products, a life cycle assessment is prepared in accordance with ISO DIN 14040/14044. The goal is to generate a product-independent chart of our production operations that addresses the main aspects within the cycle. It is a systematic analysis of the environmental impact of products through a holistic view of energy, material and emission flows. By standardizing the cradle-to-grave, cradle-to-gate or gate-to-gate observation window and defining a reference value, the collected product-related and non-product-related data can be mapped in a comparable way. A cradle-to-gate analysis is appropriate in the SHS Group, and the utilization phase of the steel, as a highly variable and product-dependent material, is deliberately left to the processing sector. This type of mapping enables precise description of the entire cycle and significantly contributes to needs assessments for implementing an improved ecological footprint.

Finkbeiner study:  
Steel = 100% capable of  
multiple recycling processes  
without loss of quality



### **Recycling in the steel process**

The recycling of steel scrap presents an important sustainability aspect in the steel production process. In keeping with the principles of resource conservation and the circular economy, the production of steel represents a unique closed cycle.

The Finkbeiner study (2012) and its holistic view of steel as a product emphasizes its ability to be repeatedly recycled without serious loss of quality. This is of enormous importance, especially in life cycle assessment, and sets steel apart from many other products. Once steel has reached the end of its life cycle, it can be recycled countless times as steel scrap and is an important input material in both the blast furnace route and the electric furnace route. Depending on the quality required, an average of 20 to 25 percent steel scrap is used in the converter process at the Dillinger and Saarstahl steel mills. Both internally generated scrap, such as the sections in the rolling mills, and externally purchased scrap are used in this process. The quantity ratio here depends on the quality to be produced. In the electric furnace of the French

subsidiary Saarstahl Ascoval, this steel scrap is melted down on the secondary route into new, innovative steel products and offered to our customers as a low-carbon product.

### **Product carbon footprint**

With its product carbon footprints, SHS reports the specific carbon emissions for the three main product groups of its Dillinger and Saarstahl brands: Heavy plate, wire and rod. Starting with the mining of raw materials through to the rolled steel product, the approach describes the cradle-to-gate method of analysis. This approach takes into account the entire process chain, starting with extraction of the raw materials and their transport, through the manufacture of the precursors, and to production of the end product. Calculation of the respective footprints was performed by Sphera (formerly thinkstep) on the basis of the DIN EN ISO 14067 standard and the IPCC AR5 GWP100 standard. With years of experience in the construction, automotive, and steel sectors, and as the developer of GaBi life cycle assessment software, Sphera is an excellent strategic partner for SHS.

The product-specific footprints are created using complex models – including the blast furnace gas flows between the individual production sites. The calculation used within this standard includes the usual credits within the physical allocation of the slag.

The calculation includes the direct and indirect product-specific emissions of the main product groups and is based on

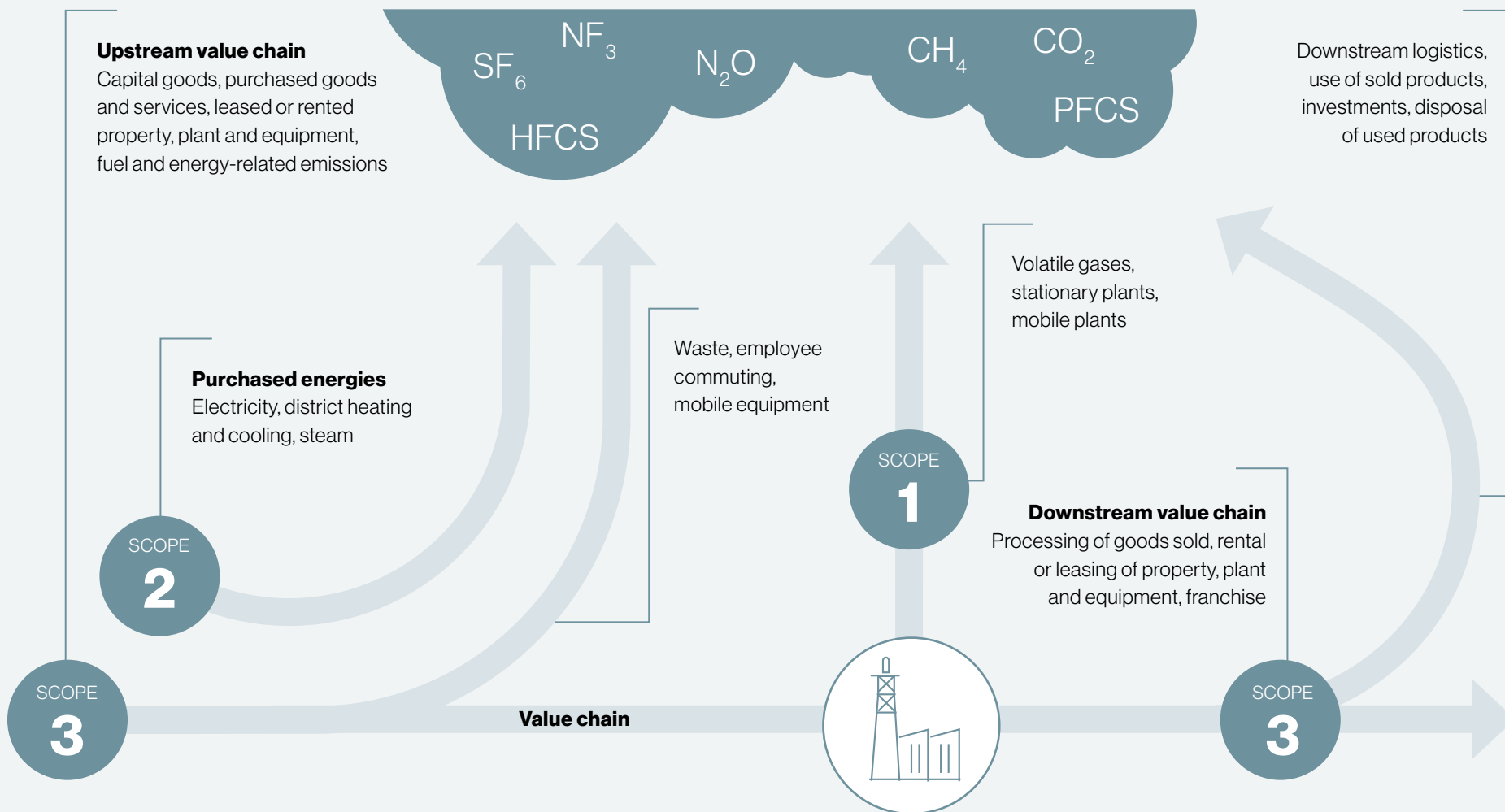
- the GHG emissions of the company's own plants,
- GHG emissions from the consumption of purchased energy, and
- default values (GaBi databases) to determine upstream chain emissions (Scope 3).

### **GHG emissions of the upstream chain (Scope 3 – upstream)**

A systematic calculation of the greenhouse gas emissions of our upstream chain was carried out as part of the product carbon footprint assessment. Thanks to life cycle assessment software and the specific quantities used, the SHS Group is able to present upstream emissions on a product-specific basis. In the course of the life cycle assessment, communication with our suppliers and their commitment to reducing GHG emissions is decisive in this respect, and will contribute significantly to future reduction measures in the steel sector.

# The scope categories according to the GHG Protocol

6.7.





# Incident management

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Companies such as Dillinger and Saarstahl are subject with certain facilities to the federal Hazardous Incident Ordinance. Our plants meet a high safety standard and are subject to regular monitoring by our own qualified staff, independent experts, and the relevant authorities. A written concept for the prevention of incidents as well as safety reports and operational hazard and defense plans have been prepared for the operation of the plants. All necessary safety measures have been implemented by the companies, so that, due to the measures taken, the probability of an incident is very low. In addition, we are obligated to inform the public on a regular basis about what to do in the event of incidents, among other things. We are fulfilling this obligation

together with all affected companies in Saarland through publication of a brochure. This brochure provides information on preventive measures and recommendations for what to do in the event of incidents occurring despite all safety precautions. This brochure can be found on the SHS Group website.

**Product responsibility,  
innovation, research and  
development**

# Steel is 100 percent recyclable

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First and foremost, it is the product of SHS itself – steel – that fulfills the principle of sustainability better than virtually any other material. As the most frequently used base material, which can be entirely recycled over and over, steel contributes significantly to protecting the environment and climate through a wide range of applications. Continuous investment in in-house research and development as well as in-house innovation management enable the companies in the SHS Group to manufacture innovative products in an economical, resource-saving and energy-efficient manner. Steel production nevertheless remains an energy-intensive process. For this reason, we see it as our obligation to constantly research innovative and sustainable methods to keep this energy expenditure as low as possible and to continuously optimize our products and production processes in this respect.

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We work to develop the innovative steel of tomorrow with leading universities and research institutes, including the Steinbeis-Forschungszentrum Material Engineering Center Saarland (MECS).

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### **Product innovation**

The sustainability principle is an intrinsic part of the R&D activities of Dillinger and Saarstahl in the field of product innovation. One focal point at Dillinger is the reduction of alloying agents and thus the conservation of resources. The activities are also focused on the adjustment of the mechanical-technological properties through selective control of the rolling process and the cooling process that immediately follows. In addition to conserving alloying elements, this also makes it possible to avoid additional energy-intensive heat treatments. The focus of basic research at Dillinger is therefore on systematically expanding the microstructure-based material design and developing data-based prognosis models for calculating mechanical-technological properties on the basis of machine learning. An important pillar of these activities is networking and research projects with external scientific partners. By increasing the strength of the high-strength heavy plate produced by Dillinger while also maintaining its high toughness, it is possible to reduce the amount of material used and thus conserve resources. The reduction in material means less welding is required and the weight

is lower, thus ensuring improved cost-effectiveness throughout the entire life cycle. Less steel is needed for the same function, which can lead to weight reductions of up to 50 percent. As a result, the unladen weight of construction machinery can be lowered to such an extent that fuel consumption is reduced and the environment is correspondingly impacted by lower pollutant emissions, to name just one example. The challenge of reducing carbon dioxide emissions affects one of Saarstahl's largest customer areas: the automotive industry. One starting point for this is to reduce the weight of vehicles and thus of individual components. To this end, Saarstahl participated in the "Initiative massiver LEICHTBAU" lightweight forging initiative, founded in 2013 and concluded in 2018, which investigated possible ways to cut the weight of forged components or components made from long products in various vehicle types. The cross-sector consortium has developed a total of more than 1,400 lightweight design concepts, some of which have already been put into practice. One of these outstanding product innovations is the thermomechanically rolled spring steel at the Neunkirchen site. This advanced rolling process improves

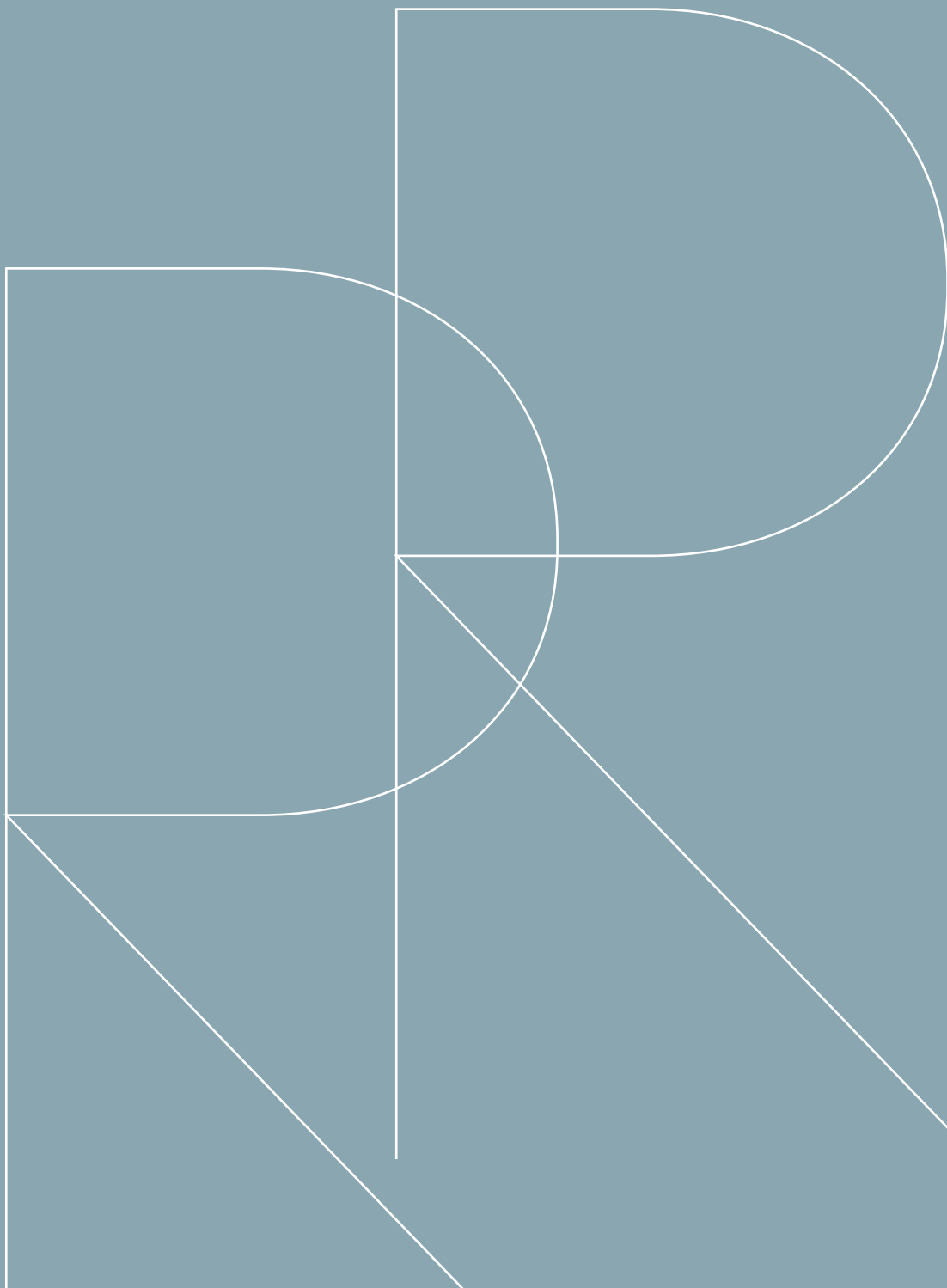
the microstructure and mechanical properties in a way that offers potential for weight savings of up to 20 percent for the end product – the suspension spring. And that, in turn, has a positive impact on the consumption and emission values of vehicles. But higher-strength steels, with which components can be made smaller and lighter, are not the only thing contributing to climate protection. In recent years, bainitic steels have established themselves as alternative materials to classic quenched and tempered steels. As these are merely cooled in air in a controlled manner after forging, heat treatment processes and thus energy and carbon emissions can already be saved during production. The 32MnCrMo6-4-3 bainitic steel developed by Saarstahl is put to use here as an all-round talent in steering knuckles and common rails, and as a material for rolling bearings.

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Our thermomechanically  
rolled spring steel cuts weight  
by up to 20 percent in vehicle  
construction.

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# Responsibility in the supply chain



# Sustainability is also important to us for our suppliers and service providers

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It is important for the companies of the SHS Group to fulfill their role as economic and social stakeholders and to distinguish themselves with procurement practices that demonstrate prudence, responsibility and integrity. Suppliers and service providers are selected not only according to economic and technical criteria but also according to sustainability criteria. We thus continue to develop our business processes to increase transparency in the supply chain and identify risks at an early stage. We are currently expanding our supplier management system with regard to the obligations of the Corporate Due Diligence Act for the prevention of human rights violations in supply chains as well as the corresponding international agreements, and are conducting an audit of direct suppliers in this regard. We are specifically addressing the most relevant risks – including forced labor, child labor and slavery, occupational health and safety, waste and environmental management, the prohibited use of security forces and forced eviction – by conducting a risk analysis and

developing specific remedial and preventive measures. The SHS Group and its employees are committed to sustainable and ethical behavior, which we also expect from our suppliers. For this reason, our contracts, terms and conditions of purchase, Code of Ethics and the Code of Conduct for Sustainable Procurement contain the key principles and reflect our commitment to responsible procurement. Risks are identified and mitigated with the aid of the SHS Group's risk management system and within the framework of supplier assessments. This risk management is embedded in a process instruction that applies throughout the Group.



# Description and analysis of the supply chain

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8.1.

Within the SHS Group, purchasing is structured as follows: The central task of ROGESA and ZKS Procurement (ROGESA und ZKS Beschaffung) is the long-term, competitive and sustainable supply of primary raw materials to the SHS Group. SHS Purchasing and Warehousing (SHS Einkauf und Lager) handles the commissioning of services and the purchasing of materials (consumables, spare and reserve parts, auxiliary and operating materials, refractories as well as project and plant purchasing) for Dillinger and Saarstahl. ROGESA and ZKS Procurement (ROGESA und ZKS Beschaffung) and SHS Purchasing and Warehouse (SHS Einkauf und Lager) pursue the goal of regularly evaluating all their suppliers and service providers with regard to sustainability standards. The subsidiaries ROGESA and ZKS consistently implement the sustainability strategy. As part of a supplier management system introduced in 2019, for example, the companies annually award the TOP Supplier (TOP-Lieferant:in) distinction in the fuels and iron ores categories.

# Logistics and transport

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Transport within the SHS Group is primarily carried out using the environmentally friendly modes of rail and inland waterways, and this almost exclusively true for raw materials transport. In outbound logistics, the share of trucks in transport volumes is well below 20 percent. If possible, the means of transport are loaded during both outbound and return transport in order to avoid empty runs. For inland waterway vessels, this is possible in 100 percent of cases; for truck transports, this is also achieved through active marketing of cargo space via third-party businesses of SHS Logistics. In the case of rail transport, for example, this is only possible for Dillinger to a very limited extent due to the oversized plates and the consequently very highly specialized wagon types.



# Responsibility in the supply chain

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## **Statement on the Code of Conduct for Sustainable Procurement**

The SHS Group Code of Conduct for Sustainable Procurement is a key element of our commitment to sustainability. It reflects our sustainability strategy of adding value to our businesses while reducing our ecological footprint. Our suppliers are among our most important strategic resources. We therefore plan to further develop and maintain supplier relationships that are ethical, based on mutual benefit and based on a shared commitment to better meet our customers' needs. We are expressly committed to greater transparency in our supply chains. Germany imports most of its raw material requirements. This is also true for Saarland's steel industry and its supply chain, which involves a worldwide network. The aim is to ensure sustainability-oriented management of the supply chain in both raw materials purchasing by ROGESA and ZKS Procurement and in SHS Purchasing and Storage (SHS Einkauf und Lager). Our supply chain process focuses on ensuring that all our

suppliers comply with our defined sustainability standards and that sustainability standards in our value chain are continuously improved, such as through knowledge transfer and ongoing employee training in process optimization, resource efficiency, and environmental and social standards. Regular audits of new and existing suppliers are carried out to ensure continuous improvement and appropriate evaluation. We incorporate potential suppliers directly into our sustainability strategy in this way and ensure compliance with the specified environmental and social standards. Since recycling concepts contribute significantly to environmental protection and resource conservation, and recycling mineral raw materials offers advantages over the use of primary raw materials, such as by reducing the use of primary raw materials, reducing dependence on imports, conserving natural resources, reducing energy requirements compared with primary production, etc., we attach particular importance to implementing them.

**Statement regarding conflict minerals**

The SHS Group treats the issue of “conflict” minerals with great care and ensures as far as possible that no material is procured from conflict countries that directly or indirectly finance or favor armed groups (e.g. in the Democratic Republic of Congo or neighboring states such as the Central African Republic, Sudan, Rwanda, Burundi, Tanzania or Zambia). Appropriate processes have been established for tracking analysis, such as querying the smelter ID according to the RMI. A separate guideline for conflict minerals has also been developed and can be viewed on the company’s website.

# Society



# Regional responsibility as an investor, employer, customer and supplier

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9.1.

Saarland's steel industry lives in, with and for "its" region. For example, SHS, Saarstahl and Dillinger, as well as their subsidiaries, have been supporting targeted projects and events in Saarland, in the greater Saar-Lor-Lux region and in the regions around their respective sites for many years. Activities include the areas of culture, social affairs, education and sport – with a special focus on supporting children and young people. The annual budget of Saarland's steel industry for sponsoring and donation activities is set by the Board of Management and is closely linked to the compliance guidelines of the SHS Group. No parties or individuals are to be supported. Proven and current examples of the SHS Group's commitment to the region include the annual awarding of funding to sport and culture causes in cooperation with the city of Völklingen (Saarstahl) and the city of Dillingen (Dillinger), support of the Dillinger and Völklingen Tafel food banks, the endowment of the new Max Ophüls Film Festival Audience Award for Documentary

Film by Dillinger and Saarstahl, the educational sponsorships with the Schülerforschungszentrum Saarlouis research center for pupils and the MINT-Campus Alte Schmelz in Sankt Ingbert, as well as the membership in the Netzwerk Wissensfabrik e.V. There are also various cooperations and sponsorships with various departments at Saarland University. The SHS Group also fulfills its social responsibility in the region with the nearby company daycare centers described in section 4, for which Dillinger and Saarstahl have been awarded the Family-Friendly Company seal of quality, as well as the provision of local recreation areas such as the Dillinger Hüttenwald (section 6) with the additional social functions of providing fresh air, generating drinking water and protecting the conservation area.

## **Complaints Management**

In addition to sustainable and climate-protection-oriented operation, dealing professionally with the concerns of the surrounding community is also part of the responsibility of a modern industrial company. With the specially created Complaints Management unit (part of the Environmental Protection department), the Group has a central point of contact for all environmental concerns of local residents, citizens and employees, and thus presents a further building block for constructive and continuous dialog with our stakeholders that offers mutual satisfaction and trust.

# Taxes and subsidies

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9.2.

The Group's tax concept focuses on ensuring that the profits of the international Group are taxed correctly in the respective countries in compliance with global tax laws and value chains. Attention is paid here to transparency and compliance standards. The Group complies with applicable tax regulations and related disclosure requirements. This is also done with the involvement of external experts or in coordination with the tax authorities concerned. Tax risks are integrated into the Group's global risk management system.

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**GRI 419: Socioeconomic compliance**

419-1	Non-compliance with laws and regulations in the social and economic area	27	
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# Membership in associations and interest groups

Fair and free competition is fundamental for all SHS Group companies. Participation by our companies in any association work therefore only occurs if it consistently complies with national and European antitrust law. To realize this self-imposed standard, we implemented and communicated a company-wide compliance procedure in 2018. With this procedure, we strive to obtain the greatest possible overview of the association activities of our employees in order to be able to react to incidents in the shortest possible time.

<b>Association</b>	<b>Country</b>
Wirtschaftsvereinigung Stahl Deutschland (German Steel Industry Federation)	Germany
VDeh – Verein Deutscher Eisenhüttenleute (Association of German Iron and Steel Manufacturers)	Germany
Eurofer (European Confederation of Iron and Steel Industries)	Europe
VDSI – Verband für Sicherheit, Gesundheit und Umweltschutz bei der Arbeit (Association for Safety, Health and Environmental Protection at Work)	Germany
Industrieverband Massivumformung e. V. (German Forging Association)	Germany
VDE – der Technologieverband (Technology Association)	Germany
VDBW – Verband Deutscher Betriebs- und Werksärzte (Association of German Company and Works Doctors)	Germany
BDI - Bundesverband der Deutschen Industrie e. V. (Federation of German Industries)	Germany
VDS – Association of Saarhütten (Saarland Iron and Steelworks Association)	Germany