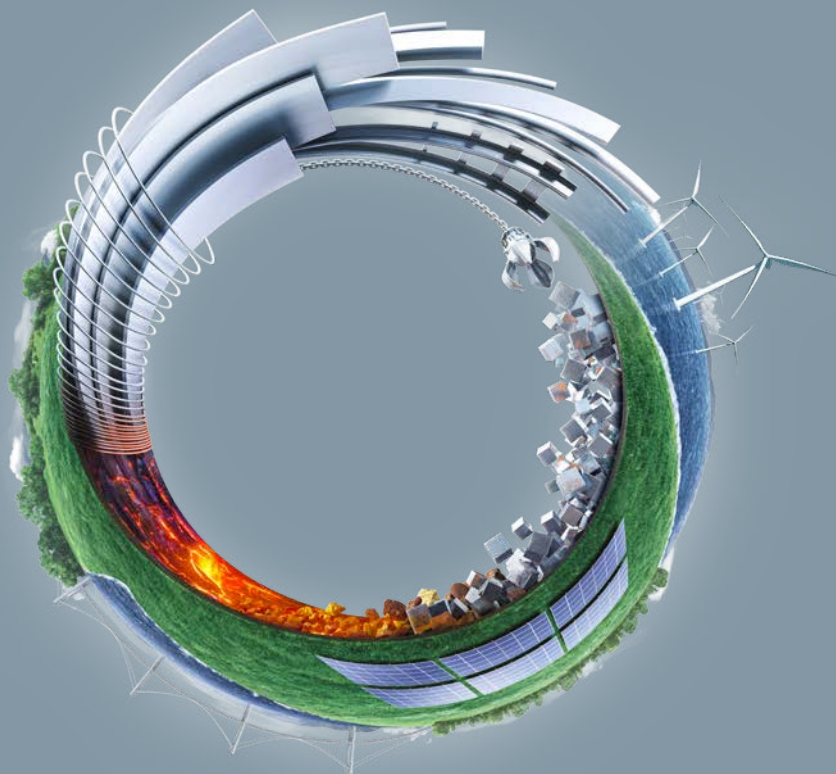


Sustainability Report

2026



SHS - STAHL - HOLDING - SAAR

DILLINGER 

 saarstahl

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For us, sustainability is more than just a word

Dear Reader,

Sustainable and responsible operation is firmly embedded within our corporate group and is a traditional, key element of our corporate policy. We want to manufacture high-quality steel products using state-of-the-art and sustainable methods. Our top priority is our responsibility to current and future generations, our stakeholders, 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.

As one of Germany's largest steel producers, SHS - Stahl-Holding-Saar (SHS) and its majority-owned subsidiaries Aktien-Gesellschaft der Dillinger Hüttenwerke (Dillinger) and Saarlöhle AG (Saarlöhle) along with its associated companies, uses this Sustainability Report to document its responsibility and its economic, environmental and social efforts to serve relevant

stakeholder groups. In the annual reports for these 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 divisions.

This report is based on the requirements of the European Sustainability Reporting Standards (ESRS). The individual sections describe the basic concept, the measures applied, and the targets as well as their achievement, including documentation of all key figures. The key figures are summarized in the fact sheets and are updated annually. This Sustainability Report contributes to international transparency and comparability among companies.

Dillinger and Saarlöhle, as principal 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 further strengthening this position. For generations, ecology and sustainability have shaped this policy as well as the growth and development initiatives aimed at ensuring the company's long-term viability through processes and end products that are economically sound and resource-efficient. 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 low-carbon 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 process 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 group of companies with international operations, the SHS Group is part of global supply 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 forth our commitment to sustainable business practices in the corporate strategy for the SHS Group. We are likewise guided here by the fundamental freedoms of international conventions as well as the standards of the UN Global Compact. Dillinger and Saarlouis make the products needed for the energy and mobility transition and are thus contributing in important ways to achieving climate targets. The SHS Group aims to play a pioneering role and has initiated the investments and measures necessary to do so in recent years.

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

Aktien-Gesellschaft
der Dillinger Hüttenwerke
Saarlouis Aktiengesellschaft
SHS - Stahl-Holding-Saar GmbH & Co. KGaA

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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 2025 financial year. Unless otherwise noted, the reporting date for all data and facts in the attached data sheets is 31 December 2025. The statements generally relate to the scope of consolidation of SHS - Stahl-Holding-Saar, Dillinger and Saarlouis. The report is published in German and English. The report is published online together with the annual reports on the websites of the companies. The 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. The SHS Group is aware of the requirements of EU Directive 2024/825, "Empowering Consumers for the Green Transition" (EmpCo). These are taken into account in the environmental and sustainability statements.

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

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Further information on the GRI content can be found in the appendix to this report.

Additional data and information and activities related to the company can be found on the websites:
www.stahl-holding-saar.de | www.pure-steel.com
www.dillinger.de | www.saarlouis.com

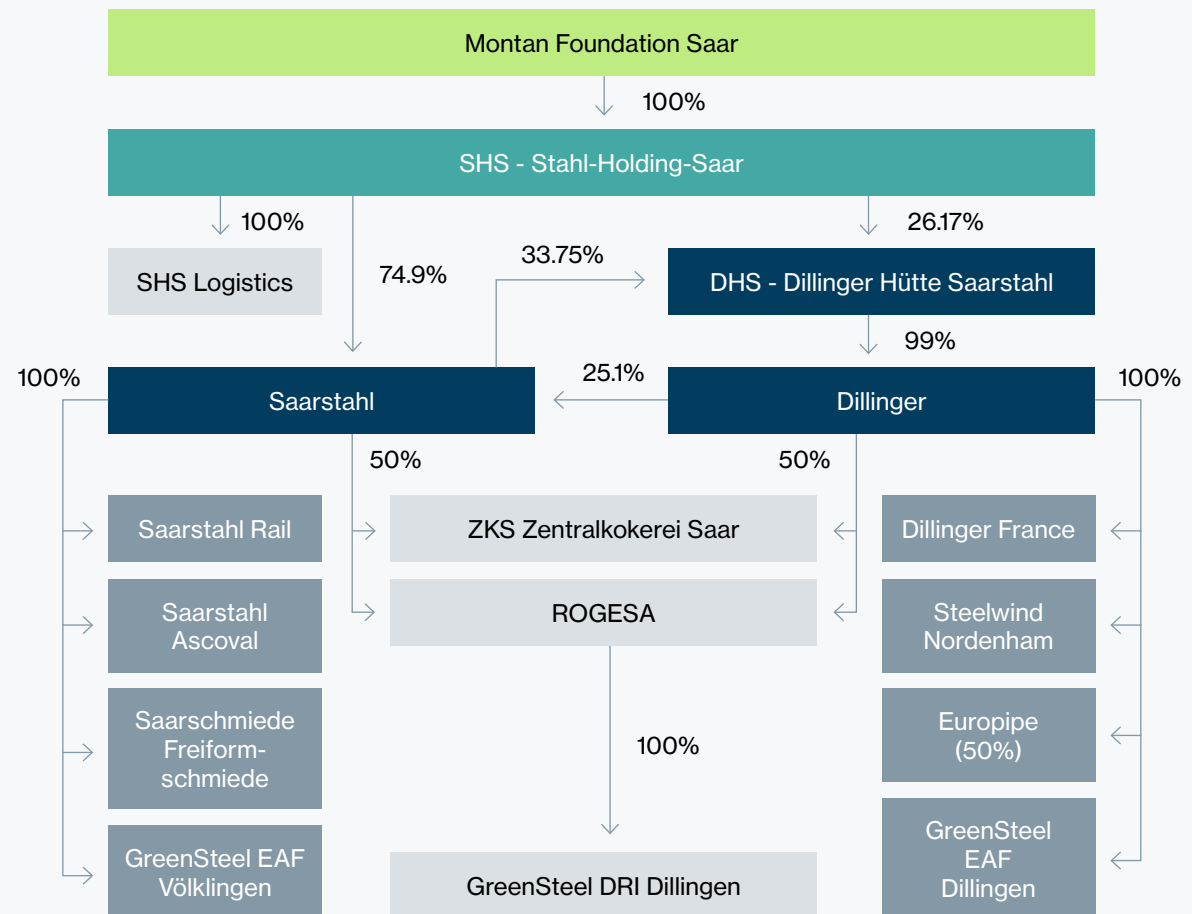
Section 1

Company profile

Facts on sales, profit, employees and locations

The SHS Group is based on a private foundation model. Montan-Stiftung-Saar holds the majority of shares 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 equity of Saarstahl Aktiengesellschaft, Völklingen, as well as in the intermediate holding company DHS - Dillinger Hütte Saarstahl AG, Dillingen, which in turn holds the majority of shareholders' equity of Aktien-Gesellschaft der Dillinger Hüttenwerke, based in Dillingen.

Montan-Stiftung-Saar sees itself as both a reliable anchor and an active force in shaping Saarland's steel industry: The goal is to secure the long-term independence and sustainability of the Dillinger and Saarstahl steel companies and, in doing so, to preserve competitive jobs in Saarland.



In view of this aim, Montan-Stiftung-Saar supports economic and technological transformation processes – and actively helps shape them. It identifies new business areas and attractive investment opportunities at an early stage, promotes innovative ideas, and supports developments that sustainably strengthen the steel industry and Saarland as a business location as a whole.

In addition to this core mission, the foundation pursues three other key objectives:

- Fostering science, research, and teaching, including supporting promising young researchers
- Supporting training programs to ensure employability
- Funding environmental protection projects

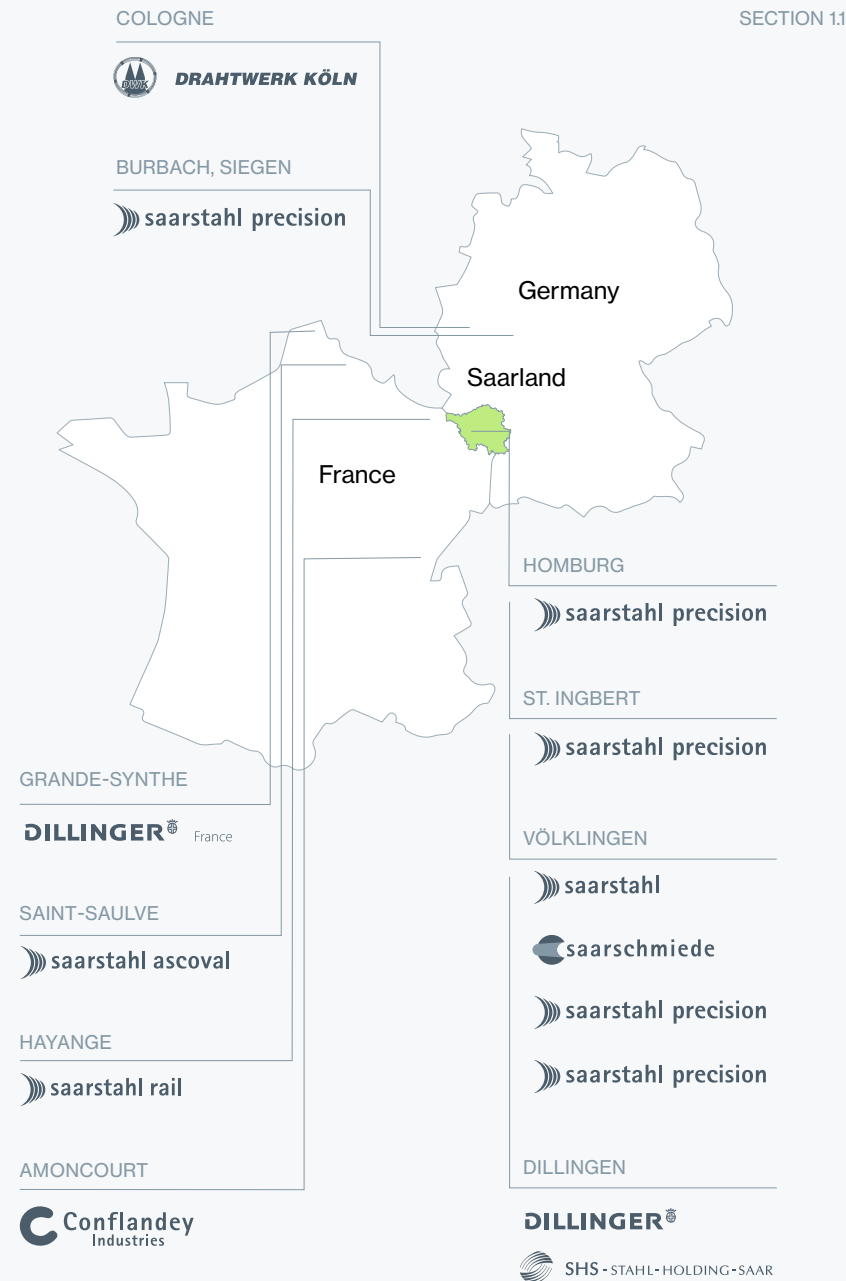
As a strategic networker within regional and national innovation ecosystems, the foundation brings together stakeholders from industry, the startup scene, research institutions and politics, it creates spaces for ideas, and it plays a key role in raising awareness of and advancing important future issues – from decarbonization and digitalization to artificial intelligence and cybersecurity. The foundation focuses on issues of particular importance to the steel industry, without losing sight of relevant developments beyond this sector.

The steel industry in Saarland: A key industry with a long history

The two major companies of the SHS Group have a long and proud history dating back at Saarstahl's Neunkirchen site to the 16th century and at Dillinger, to the 17th century. 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.

With approximately 11,000 employees in Saarland (approximately 13,000 worldwide) and some 500 apprentices and trainees, the companies are by far the largest employers and training providers in the region and thus the key industry for Saarland's economy. The companies of the SHS Group live in, with, and for the region: They have a long-standing commitment to social and community issues in the region and beyond. SHS has been providing targeted support for many years for projects and events in the (greater) region as well as in the communities surrounding its various locations. This support ranges from the Max Ophüls Prize film festival to support for food banks and includes social services, education, and sports – with a special focus on supporting children and young people.

The companies have taken on a special responsibility for their employees and their families. They provide them with skilled jobs and, as a result, the opportunity to secure a stable, long-term livelihood.



As an operational holding company, SHS has been responsible for central functions of Dillinger and Saarstahl since 2010 – including strategic management, finance, human resources, communications, marketing, procurement 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 employs approximately 1,000 people.

Dillinger and Saarstahl are linked in many ways and have shared hot metal and coke production, which is concentrated at the Dillingen site in the operation of a coke plant and two blast furnaces, since the restructuring of the 1980s. This first stage of the value-added process is carried out by ZKS Zentralkokerei Saar GmbH (ZKS) and ROGESA Roheisen- und Rohstoff-gesellschaft 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 aim to produce steel using carbon-neutral processes by 2045. To this end, the companies involved in the Power4Steel project are focusing on the use of hydrogen, electric steelmaking, and the recycling of steel scrap. The path was cleared for restructuring steel production in December 2023,

when the European Commission reached a landmark decision for the SHS Group and approved EUR 2.6 billion in funding for Power4Steel from the federal and state governments.

In October 2024, SHS and its subsidiaries Dillinger, Saarstahl and ROGESA awarded the key contracts for the direct reduction plant (DRI) and the two electric arc furnaces (EAF). After receiving the funding commitments from the federal and state governments for Europe's largest decarbonization project, the order for the central power generation units represented a major milestone on the path toward a "green" future for Saarland's steel industry. The total investment for the transition to "green" steel production – including site development, infrastructure, and logistics measures – amounts to roughly EUR 4.6 billion.

The direct reduction plant will supply the two production sites in Dillingen and Völklingen with reduced iron pellets. The plant at the Dillingen site has an annual production capacity of about 2 million metric tons of direct-reduced iron and is based on innovative Midrex Flex technology, which offers the flexibility to operate with varying mixtures of natural gas and hydrogen. The construction project has been awarded to the plant construction companies Primetals Technologies, Midrex Technologies Inc., and the DSD Steel Group. In addition to the DRI plant, contracts for electric arc furnaces (EAF) for Dillinger and Saarstahl

are also being awarded. Carbon-reduced steel will be produced in these systems from the iron pellets manufactured in the DRI plant, with the addition of scrap metal. The EAF for the heavy plate manufacturer Dillinger is also being built by Primetals Technologies and DSD Steel Group. The SMS Group was selected to supply the EAF for Saarstahl, which manufactures wire rod and bar stock.

The DRI plant and the two electric arc furnaces are the core components of the Power4Steel decarbonization project and have a production capacity of 3.5 million metric tons of crude steel per year. With these plants, the SHS Group will convert 70% of its total capacity to carbon-reduced production in a single step.

By using initial quantities of hydrogen and scrap steel, the plants will enable a reduction in carbon emissions of up to 55% by the early 2030s. This corresponds to an annual reduction of 4.8 million metric tons of CO₂. With this aim in mind, the SHS Group signed a hydrogen supply agreement – making it the first steel company ever to do so – with Verso Energy in October 2025. Starting in 2029, up to 6,000 metric tons of green hydrogen, certified as renewable fuels of non-biological origin (RFNBO), will be supplied annually to the new production facilities. This makes Saarland's steel industry the only companies that will already meet the EU's "Fit for 55" climate target by 2030 in the first step – provided that the necessary infrastructure

and economic viability are in place.

Due to the complexity of the plant configuration and the surrounding infrastructure, SHS has carried out extensive and thorough preliminary planning for Power4Steel. As a result, an exceptionally advanced level of detail was achieved in the planning phase of the project in order to prepare for the smoothest possible construction phase. Dillinger, Saarstahl, and ROGESA have therefore already received operating permits for the central plants in their decarbonization project.

The construction sites grew steadily during 2024 and 2025, with the first construction projects becoming visible from outside the plant boundaries – including the slag storage facility and the new power supply system in Völklingen. All construction projects are on schedule as of the end of 2025, and the facilities are scheduled to become fully operational in 2028/29.

Dillinger, Saarstahl, and ROGESA are systematically pursuing the goal of climate-responsible production in Saarland. They are also laying the groundwork for a future hydrogen economy in the Greater Region and thereby securing the future of the industrial location.

Contracts for construction work at the job sites were awarded in many areas to companies based in the region, so the region as a whole is benefiting from the project.

The SHS - Stahl-Holding-Saar Group with its subsidiaries Dillinger and Saarstahl successfully finalized the financing for its Power4Steel transformation project, one of Europe's largest decarbonization projects, in October 2025. The total financing volume amounts to around EUR 1.7 billion. This means that financing is secured for the entire term of the investment project.

The financing was provided by a consortium of leading national and international banks and combines corporate and investment financing. The investment financing is guaranteed by the export credit agencies OeKB (Austria) and SACE (Italy). The financing is being supplemented with significant equity capital as well as direct grants from the German government and state government of Saarland under the EUR 2.6 billion program for transformation of Saarland's steel industry.

ING acted as the documentation agent for the transformation financing, UniCredit as an ECA coordinator and ECA agent, and Deutsche Bank as a co-ECA coordinator and intercreditor, security and facility agent. Lazard acted as a financial advisor to SHS and Hogan Lovells served as legal counsel to the company, while Freshfields advised the banks. Rothschild & Co provided financing advisory services during an earlier phase of the project.

With the Power4Steel decarbonization project, the SHS Group is moving away from the blast furnace process. In the

future, climate-friendly steel will be produced using electric arc furnaces and direct-reduction sponge iron. More high-quality recycled scrap metal will be needed for this process. Artificial intelligence can help here, for example, as a process optimization measure. This cumbersome and manual process is aided by a machine-learning algorithm that is able to classify scrap automatically, such as into class E1, E3 or E6 scrap.

This example shows that transformation of the steel industry in Saarland is not determined solely by new plant technology or realignment of the business model, but also involves many far-reaching changes in processes and IT structures. Artificial intelligence (AI) is being developed as a major economic force and is becoming increasingly important in optimizing internal processes.

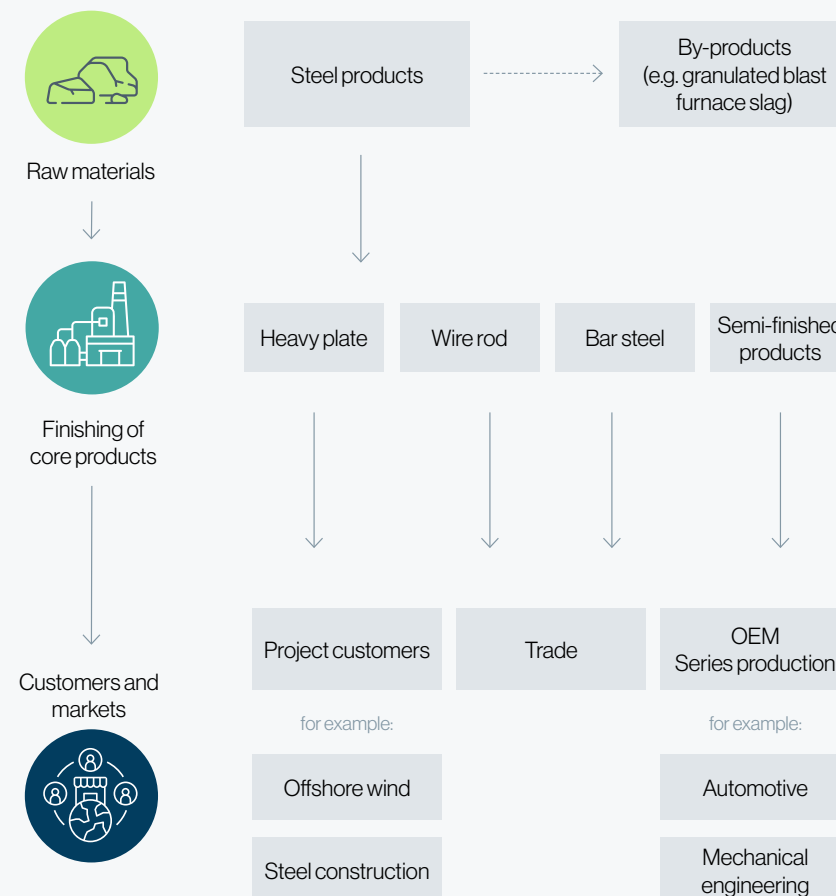
SHS is therefore investing millions each year in digitalization. The companies rely on in-house development of AI-based applications so that they do not have to hand over the data required for this to outside firms. Now more than ever, AI-based innovations could make the decisive difference in the highly competitive steel business.

Divisions, product and customer groups

SECTION 1.2

Saarstahl specializes in the production of wire rod, bar steel and semi-finished products in a variety of grades and for a wide range of technical applications. The three largest production sites are in Saarland: in Völklingen (LD steel plant and two rolling mills), in Burbach (one rolling mill), and in Neunkirchen (two rolling mills). In addition, Saarlöh operates an electric steel mill and a rail rolling mill in France. At its integrated steel plant in Dillinger, Dillinger produces heavy plate and operates a steel plant and a rolling mill – in addition to the coking plant and blast furnace plant described above, which it owns jointly with Saarlöh. Dillinger also operates a rolling mill in Dunkirk (Dillinger France). Dillinger not only supplies customers with the ideal heavy plate, but also handles initial processing steps when requested such as preparing plates for immediate use with weld seam preparation or cutting custom-sized plates according to design drawings.

The companies' main customer sectors are the energy sector, the automotive and construction industries, and the mechanical engineering and the rail industry. Saarlöh is increasingly focused on the automotive, mechanical engineering, rail products, and construction industries. Dillinger primarily supplies the offshore wind, steel construction, line pipe, pressure vessel, mechanical engineering, construction equipment, and mining sectors. With steel solutions from Saarlöh and Dillinger, customers all over the world are able to produce better, lighter, more reliable and more efficient products using sustainable processes and construction methods. The defense sector is also becoming increasingly important for both companies. By manufacturing steel products for this sector, the SHS Group is making an important contribution to the resilience of the relevant supply chains in Germany and Europe.



As a leading heavy plate producer, Dillinger sets standards worldwide

Dillinger is a leading global manufacturer of innovative, high-quality heavy plate. An unwavering focus on customer needs, along with continuous development in collaboration with its partners, form the pillars of the company's success. Dillinger's key markets are Germany and Europe, with a stable supplier share in international markets. Dillinger's trading, flame-cutting, and machining operations offer additional services and customized solutions in downstream stages.

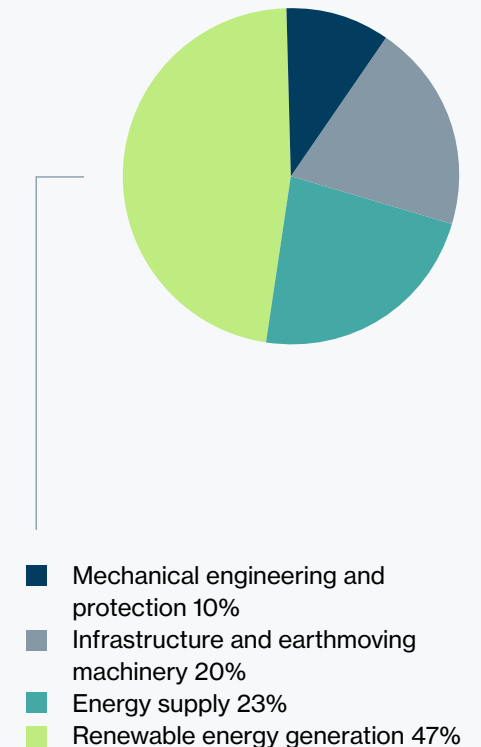
In 2014, Dillinger opened its wholly owned subsidiary Steelwind Nordenham GmbH, a plant that manufactures foundations – known as monopiles – for the offshore wind market. This has made Dillinger itself and Steelwind Nordenham important suppliers of high-quality steel for monopile foundation structures as well as manufacturers of these structures for the offshore wind sector. The steels supplied must meet the highest standards for strength and processing and are essential for the success of the energy transition and climate reversal.

The versatility and innovative nature of the high-quality plates are impressively demonstrated in our customers' projects. These range from massive offshore wind farms and hydroelectric power plants to elegant bridge structures and architecturally unique buildings – including the (W) rapper office tower in Los Angeles: Curved steel bands entwine the earthquake-proof building like an elegant fabric, but in reality these are elements of an exoskeleton that provide the building with important support. At 73 meters tall, it towers far above the surrounding homes and commercial areas, establishing a new landmark in the southwest section of the city.

Another extraordinary example of the use of heavy plate from Dillinger is the DoIWin 6 offshore grid connection on the North Sea coast of Lower Saxony. The plates were also used here due to their exceptional width. The DoIWin kappa converter platform converts the alternating current generated by wind farms at sea into direct current and thus transmits the energy efficiently over long distances at a voltage

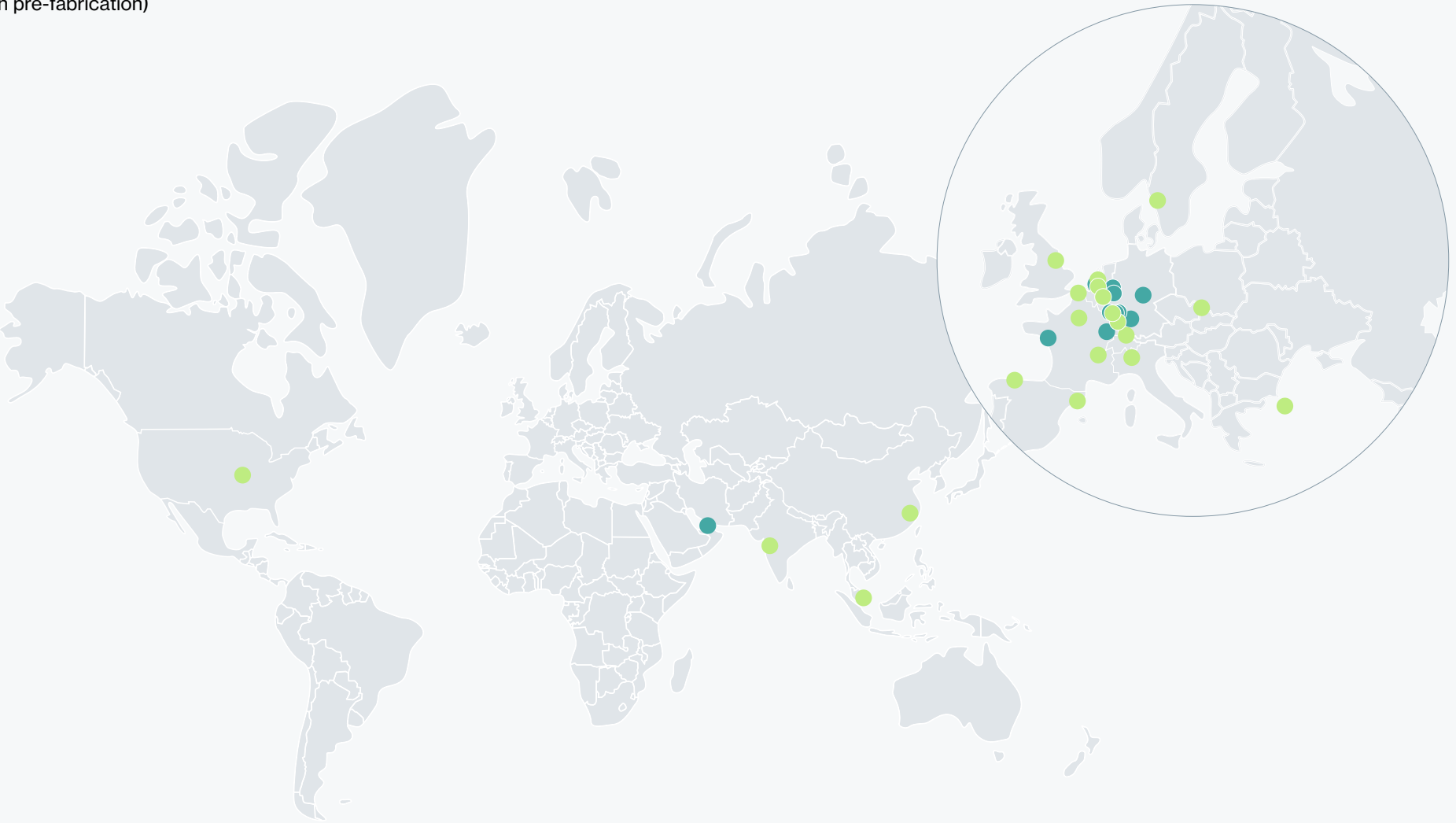
of 320 kV. This project is a prime example of modern offshore infrastructure and a decisive step toward a sustainable energy future.

Dillinger shipments to key industries (as of 2025)



● Marketing companies
and partners

● Steel trading (in part
with pre-fabrication)



Saarstahl—premium quality wire and bar

The Saarstahl Group has for many decades enjoyed an excellent reputation worldwide for high-quality steel and has specialized in the production of wire rod, bar steel, and semi-finished products. These include tire cord, spring steels, free-cutting steels, prestressing steels, and much more. Saarstahl products are used in a wide variety of applications under the most extreme conditions: from high-strength steels for demanding infrastructure projects – such as prestressing steel in bridge and rail construction, cable reinforcement wires for power transmission – to innovative steel solutions designed to meet the demands of future mobility concepts like electric mobility or urban transport.

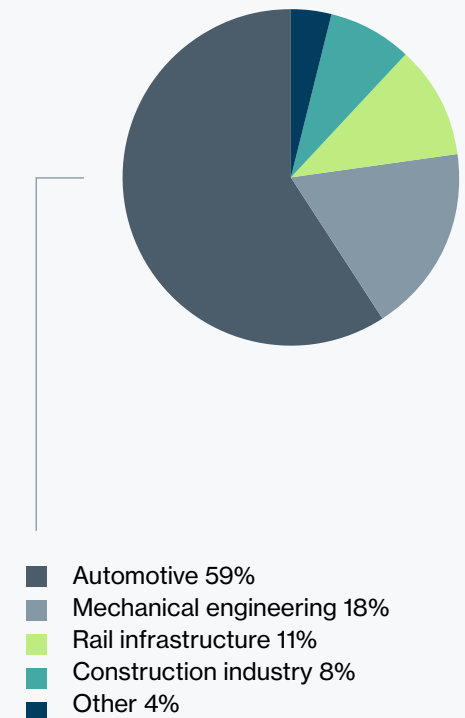
The wholly owned subsidiary Saarschmiede GmbH Freiformschmiede, based in Völklingen, specializes in the manufacture of high-quality forged products for power engineering and general mechanical engineering as well as for the application areas of high-alloy special materials.

The Saarstahl Group also includes the Saarstahl Ascoval electric steel mill in Saint-Saulve and the Saarstahl Rail mill in Hayange, both located in France. With these two plants, Saarstahl is already able to produce carbon-reduced rails and is making an important contribution to the success of the mobility transition. Saarstahl Ascoval's semi-finished products are also used in the manufacture of other steel products with a reduced carbon footprint.

Both steel producers operate worldwide and are valued as manufacturers of high-quality and technologically advanced products. They invest continuously in construction of new plants as well as in modernizing existing plants and processes, in their own innovation management, and in their own research and development activities in order to market new products and improve processes and methods. This work is carried out internally by interdisciplinary teams of experts and externally in collaboration with various research

and academic institutions. A key focus of all investment initiatives in general is on environmental protection measures designed to improve noise or emissions levels, increase resource conservation, or enhance energy efficiency.

Saarstahl shipments to key industries (as of 2025)

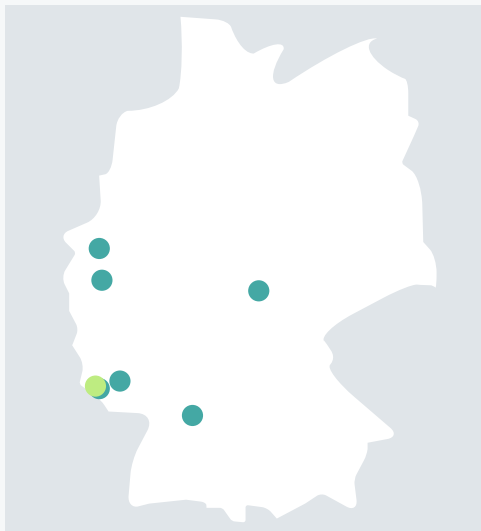


Worldwide presence

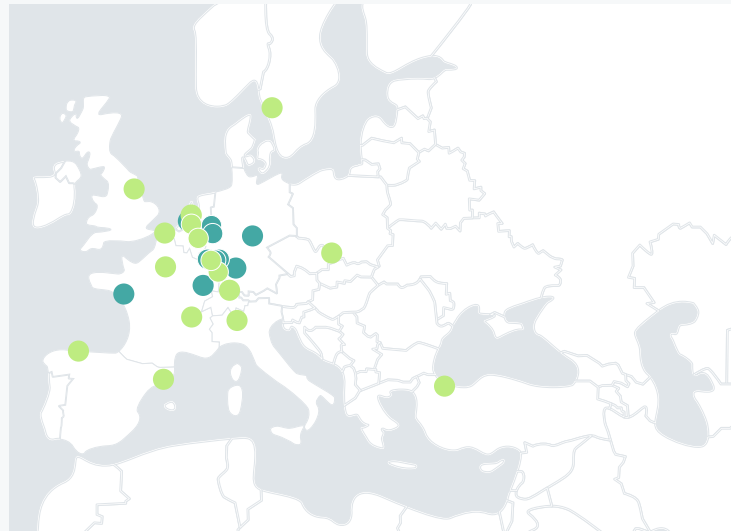
SECTION 1.2

● Marketing companies and partners

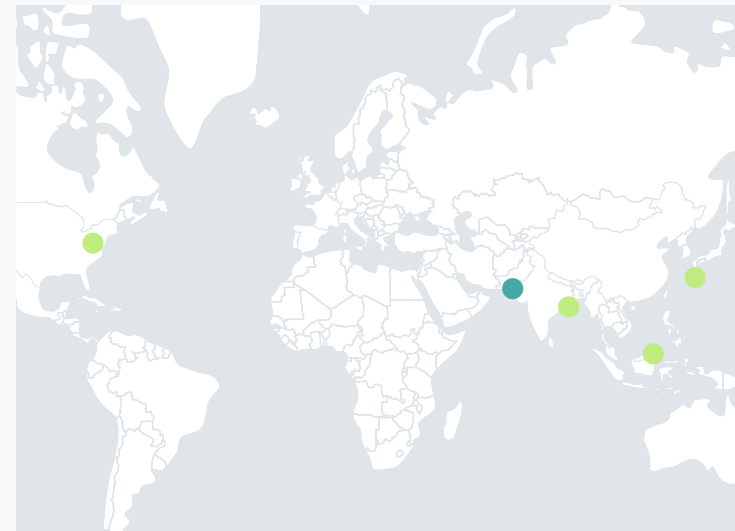
● Steel trading (in part with pre-fabrication)



GERMANY



EUROPE



WORLDWIDE

The companies invest equally in socially compatible and responsible human resources work, in the qualification and professional development of their specialized employees and managers, and in the know-how and requirements arising from digitalization as well as from the transformation to production of “green” steel.

Saarstahl’s portfolio includes more than 1,500 steel grades for a wide range of requirements. With its innovative products and intelligent technologies, it is thus helping find answers to global challenges

in areas such as mobility, energy efficiency and safety. As a company with international operations and a highly developed sales network, Saarlsteel serves customers worldwide and, thanks to a global sales and transportation network, is able to deliver steel to more than 40 different countries. With its numerous subsidiaries, Saarlsteel furthermore plays a key role in meeting customer needs. Our company is a full-service provider in the wire rod and bar steel segment, covering all stages of the steel value chain. This enables us to offer customized solutions to our cus-

tomers – from high-precision blank steel products with a perfect surface finish to drawn wire.

Section 2

Vision, strategy and management

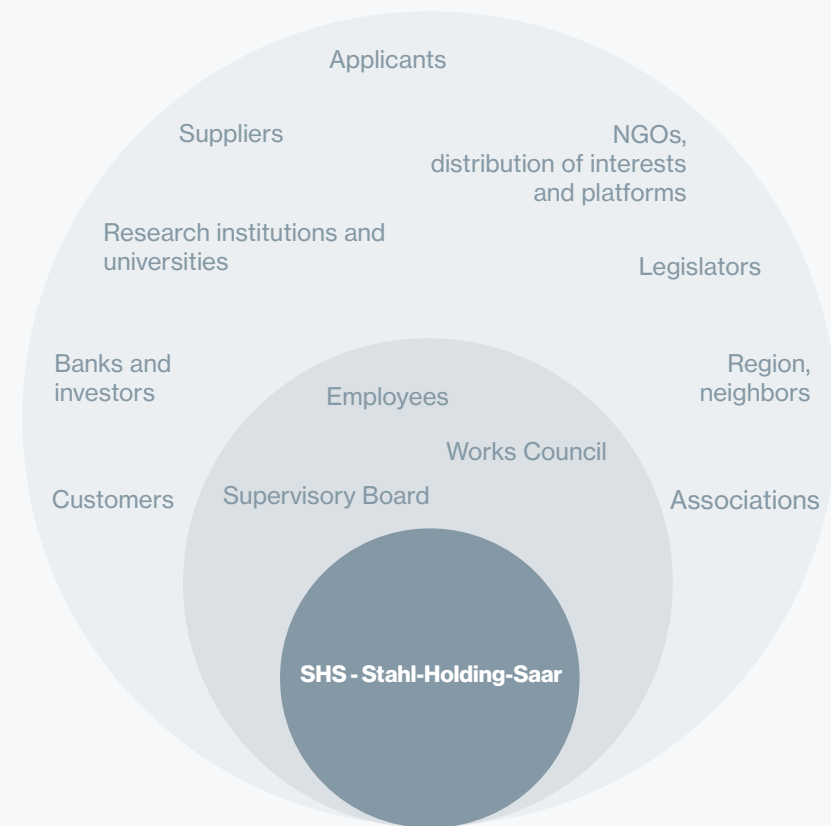
Stakeholder groups

The performance and success of the SHS Group are driven by sustainable and responsible treatment of employees, the environment, society, and the region, in full alignment with its vision: “We are Pure Steel+”. The interests of various stakeholder groups are influenced in a variety of ways by our business activities. As part of our sustainability reporting, the following interest groups were identified as key stakeholders by an interdisciplinary project team for the preparation of the Sustainability Report in the form of a consultation.

As a key industry, SHS Group companies are tightly networked with their stakeholders and aim to achieve open, fast and transparent communication. Continuous dialog with stakeholders is ensured through the various corporate divisions. This also includes suitable forums for identifying risks and opportunities and for identifying common goals with regard to key sustainability issues. These occur on a regular basis and in very concrete forms, such as through customer appre-

ciation days and customer satisfaction surveys, visits to and participation in trade shows, supplier audits and surveys, employee reviews, and at various public events including German Unity Day 2025 in Saarbrücken and participation in the 2026 Special Olympics in the Saarland. Both Dillinger and Saarlust open their doors for numerous plant tours that attract several thousand visitors per year and host a wide variety of groups such as school and college student groups, representatives of NGOs, local government officials, politicians, and journalists.

Saarlust and Dillinger hold Training Days each year, during which training workshops are open to interested individuals and apprentices and trainers are available to answer questions. The modern training centers are examples of our ongoing investment in our technical and human resources as well as of our organizational efforts to ensure successful initial career training.



In the scholastic area, an educational partnership with Wissensfabrik e. V. has led to collaborations with schools such as Schule am Römerkastell in Dillingen and Südschule in Sankt Ingbert. In addition, the companies in Saarland's steel industry have been cooperating for many years with the research and technology center for youth at the "MINTCampus Alte Schmelz e. V." in Sankt Ingbert and the Schülerforschungszentrum student research center in Saarlouis. SHS believes that young recruits who are enthusiastic about mathematics, informatics, natural science and technology (MINT) are the key to ensuring the future innovative strength of the companies.

A partnership was also launched in 2025 with Didactic Innovations GmbH, a science-related institute with which SHS is conducting a study of learning culture to gain even better understanding of how learning content needs to be prepared to best match the learning skills and opportunities of employees. The aim of the partnership is also to keep existing eLearning courses up to date with respect to methodology and technology.

For many years now, there has also been an ongoing, intensive stakeholder dialogue in the context of energy and climate policy. In light of the current issues relating to decarbonization and the central role played by the steel industry in the energy transition and climate reversal, many discussions are being held directly as

one-on-one meetings or at the association level, in various forums with policymakers in Brussels and Berlin, and at the state level. With the opening of its own office in Berlin, SHS is intensifying its public affairs activities in 2025 and aims to maintain a dialog there with the relevant stakeholder groups. The primary objective is to represent the steel industry's position for a successful transition to climate-neutral production and for maintaining its status as a key industry for Germany and Europe as locations for business. In 2026 the SHS Group launched its "Pure Steel+ Breakfast Dialogue" series in Berlin.

SHS is actively involved in initiatives and partnerships aimed at establishing a local and supra-regional hydrogen economy. A key milestone is the agreement with network operators Creos Deutschland Wasserstoff GmbH and NaTran SA to build the cross-border, local pipeline network mosaHYc. This infrastructure forms the basis for future use of hydrogen while also being the starting point for connecting to supra-regional hydrogen networks. In the summer of 2025, ROGESA also signed a long-term supply agreement with Verso Energy for at least 6,000 metric tons of "green" (RFNBO) hydrogen per year. The agreement is part of the "Power4Steel" steel decarbonization project and it makes a significant contribution to the climate-friendly transformation of Saarland's steel industry. Hydrogen will be supplied via the mosaHYc pipeline for a period of ten years starting in 2029. This

is the first hydrogen supply contract of its kind in the German steel industry.

In addition, SHS is actively involved in national and European alliances and interest groups to advance hydrogen infrastructure projects, including H2ercules, Hydrogen Europe, Grande Région Hydrogen, and the H2Med Southwestern Corridor.

SHS is playing a key role, particularly at the regional level, and is working closely with H2Saar, the Saarland state-owned hydrogen agency, to provide citizens and other interested parties with transparent information about the steel industry's hydrogen-related activities.

Representatives of the SHS Group take part in many discussion forums on the topics of steel, energy, hydrogen, sustainability and CO₂, including the regular "Steel Dialogues," where representatives from politics, business and NGOs are also present. In addition, the companies of the SHS Group are active in discussion events with school and university students and representatives from science, including in various research partnerships such as that with Saarland University. The dialogue with our customers is an essential component of the SHS Group's communication. Dillinger and Saarlouis continuously inform their customers about current developments and their products. In addition to personal contacts in the sales area, the Group's website is also used for communication. Reports (financial and non-financial)

cial), 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 eliminate any negative impact of its products on ecological systems or social components for the customers of the SHS Group, SHS has set up dedicated departments to monitor current national and international developments in sustainable legislation. To this end, all laws, directives and regulations are examined for their relevance and applied in the company for specific products.

Customers are informed about the above issues and any implications via letters specifically for this purpose. Among other things, information on the following topics is available on the websites of Dillinger, Sairstahl and SHS: radioactivity, REACH (incl. SCIP letter; the Group also has a REACH officer), conflict minerals, GADSL, RoHS and CLP. The handling of hazardous substances is regulated consistently 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 steel that contains no hazardous substances.

Materiality analysis— sustainability issues

The companies of the SHS Group have used a materiality analysis to identify relevant sustainability topics for sustainability reporting. This analysis was repeated during auditing of the report and came to the following conclusion:

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

These identified topics form the basis of this Sustainability Report and have been supplemented with some useful information. A comprehensive 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 con-

cerns of our stakeholders are important to us, which is why we would like to continue tailoring our reporting to the key issues facing these groups.

The productivity and success of the SHS Group are determined by sustainable and responsible business practices with respect to employees, the environment, society and the region. The sustainable corporate policy of the SHS Group is therefore characterized by

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

- securing and expanding the technology leadership of Dillinger and Saarlühl through investing in new equipment and modernizing existing plants as well as through developing innovative products and processes,
- establishing a dedicated innovation management system throughout the Group,
- procurement geared to security of supply and environmentally beneficial modes of transport,
- securing know-how through knowledge transfer and strong training and professional development.

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

Our steel: Important for environmental and climate protection

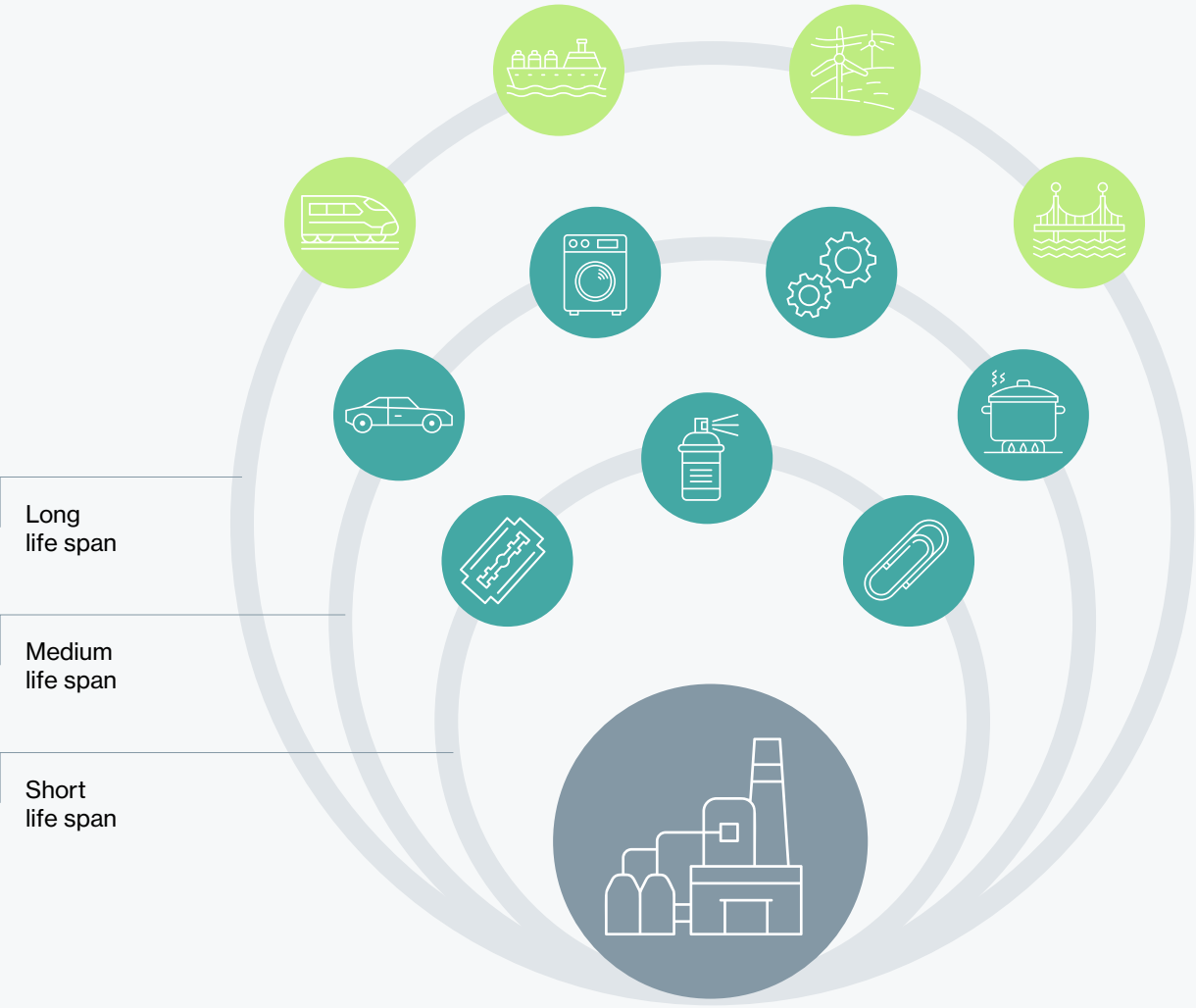
Climate policy targets can only be achieved with the steel industry and its products. The industry is of particular importance as a base material supplier for many value chains.

The product of Dillinger and Saarstahl – steel – fulfills the principle of sustainability more clearly than almost any other material: Steel is the most widely used basic industrial material and it contributes significantly to environmental and climate protection through a wide range of applications. At the end of their service life, steel products can be recycled completely and as often as required with virtually no loss of quality, and then returned in its entirety to the economic cycle. In addition, crude steel produced in Germany sets high standards in terms of environmental and climate protection, not least in a global comparison. This has also been 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 impact on downstream industries such as mechanical engineering and the automotive industry. The study uses the example of the carbon footprint to show specific figures for the industries: If the mechanical engineering sector were to replace its German steel supplies with imports from China, CO₂ emissions in the corresponding value chain would increase by 13 million tons. The situation is similar in the automotive industry. Here, CO₂ emissions would grow 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 and other modern power plants save six times more CO₂ than their production emits, accor-

ding to a study by the Boston Consulting Group. 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 applications for the steel produced by SHS Group companies include offshore and onshore wind power, hydraulic steel construction, high-strength steels, e.g. for efficient use of resources and lean designs for sophisticated infrastructure projects, high-strength steels to reduce weight and increase efficiency for the automotive industry (electromobility), photovoltaics and many more.

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



Values, vision and strategy

SECTION 2.2

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.

The international rating agency also awarded Dillinger and Saarstahl platinum and gold medals, respectively, for their CSR activities. 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 five percent 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 SHS Group's strategy is undergoing a forward-looking and sustainable change process to increase competitiveness and efficiency as well as to strengthen

customer focus. A transformation plan is already being implemented in conjunction with Power4Steel to transition the production line to the manufacture of carbon-reduced 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.

Protecting the environment and climate, the health and safety of our employees, and our corporate social policy are all top priorities for the companies of the SHS Group.

Corporate management and control

Governance structure

The steel industry in Saarland is based on a foundation model. The foundation Montan-Stiftung-Saar is the majority shareholder of the operational management holding company SHS - Stahl-Holding-Saar GmbH & Co. KGaA. It is the majority shareholder of Saargestahl Aktiengesellschaft and the intermediate holding company DHS - Dillinger-Hütte Saargestahl AG, which in turn is the majority shareholder of Aktien-Gesellschaft der Dillinger Hüttenwerke. This is what is known as a 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.

Chair of the highest governance body

The Board of Trustees of Montan-Stiftung-Saar is the highest decision-making body. In line with statutory regulations, the largest companies have supervisory boards that act as the highest controlling 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 members of the Boards of Management and Boards of Directors, 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.

Executive-level responsibility for economic, environmental and social issues

Within the context of the shareholding structure, there are Managing Directors or members of the Board of Directors who are directly responsible for all companies below Montan-Stiftung-Saar. The Board of Directors and Managing Directors bear overall responsibility for all issues and decisions. Larger companies such as SHS - Stahl-Holding-Saar, Saargestahl and Dillinger 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 defined: Chair of the Board of Directors, Human Resources and Logistics, Finance and Transformation, Technology and Production, and Sales. The organizational structure is mapped according to these departments,

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

In February 2025, the management adopted an Environment, Social and Governance (ESG) organization for the SHS Group. As a consequence of this decision, an ESG Committee was established.

The ESG Committee is chaired by the Sustainability Officer of SHS and consists of four committee members from the areas: Environmental Protection, Human Resources and Social Affairs, Raw Materials Procurement and Transformation. The ESG Committee meets on a regular basis. The tasks of the ESG Committee include: implementing the sustainability strategy, identifying and coordinating Group-wide measures, working with the specialist departments and internal stakeholder groups, providing input on the strategic alignment, reporting to and exchanging information with the Board of Directors and the specialist departments, providing information for internal and external communication, monitoring legal requirements, and providing and exchanging information with specific stakeholder groups.

Seven meetings have been held in 2025 since the committee was formed. In addition to the committee members, invited guests from the relevant departments also attended these meetings: Dillinger Production, SHS Finance, Corporate Governance Functions, IT and Digitalization, Energy Management, Quality Management,

Human Resources, and Dillinger Sales. These departments briefed the committee on how the interfaces between day-to-day operations and sustainability issues are implemented in the business units. The discussions were always interesting.

The following measures were implemented during the year under review:

- Development of the draft sustainability strategy for the SHS Group
- Launch of a new section on the intranet pages
- Plant visits (including works councils at SHS, Saarstahl, and Dillinger)
- Development of the e-learning course "Sustainability as a key to success"

The committee members reported on several key initiatives from the various business units that can be considered successes in terms of sustainability:

- Environmental permit granted for the "Power4Steel" project (BlmSchG)
- Certification: Carbon Disclosure Project – A-List
- Climate Transparency: Publication of carbon footprints, SBTi & EPDs in a footprint flyer
- Green steel: LESS certification of bar, wire and rails
- Green financing: ESG + environment – due diligence successfully completed
- Signing of the hydrogen supply contract (CO₂ reduction starting in 2029)

- Inclusion of sustainability topics in the risk report
- Implementation of cost-saving measures to ensure economic sustainability
- Expansion of scope of development programs to include ESG-related issues
- Provision and implementation of compliance training
- Successful recertification of the "Family and Career" program
- Implementation of OSAPIENS software to ensure compliance with the German Supply Chain Due Diligence Act (LkSG) and to prepare for Corporate Sustainability Reporting Directive (CSRD) reporting

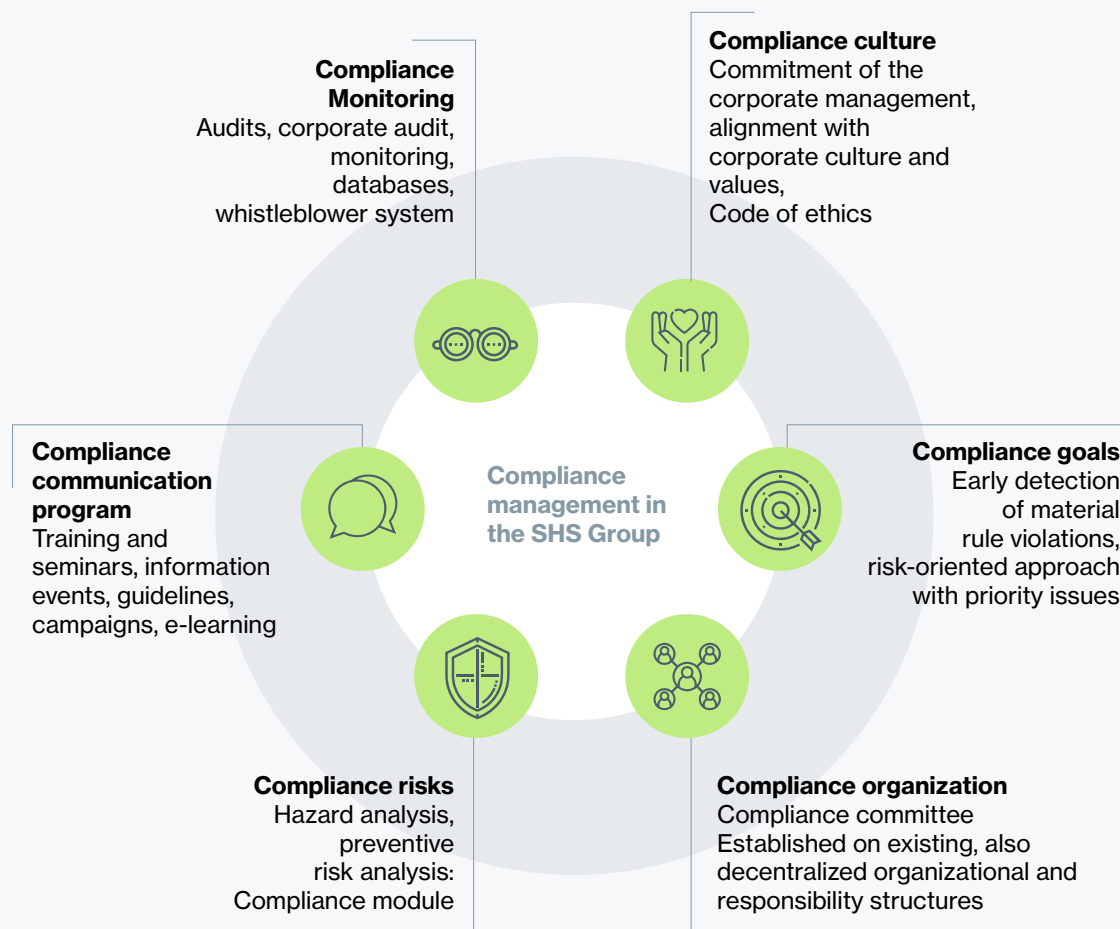
A summary of all these measures shows that the SHS Group is doing a great deal to integrate sustainability issues into its day-to-day operations.

Compliance

SECTION 2.4

Key aspects of corporate governance within the SHS Group include both high standards of quality and achievement of economic success while maintaining fair competition and taking into account environmental and social responsibilities.

The established standard is compliance with all legal and contractual requirements, standards, ethical values and internal guidelines applicable to the entire SHS Group in all countries where the companies conduct business.



Compliance management

Our commitment to doing business in compliance with regulations starts with our senior management, who set the tone from the top. Under this framework, an interdisciplinary compliance committee coordinates the implementation of a Group-wide compliance concept for all divisions in the SHS Group.

In addition to the preventive tasks of providing information, advice and communication, this primarily also includes operational tasks such as supervising the whistleblower system and annual reporting to executives of SHS and the Boards of Management of Dillinger and Saerstahl. In systematic pursuit of the goal of compliance management (CM) – which is to ensure that the conduct of legal representatives, employees and business partners complies with regulations and values in areas considered to be at risk – SHS has further developed its CM with standardized core elements and has codified the key compliance standards in written frameworks that must be observed throughout the Group. We have based our process on recognized standards.

Compliance is also a key responsibility of the top management of all respective Group companies (Board-level responsibility). Each individual company is obligated to establish additional, more far-reaching rules if needed to comply with the specific conditions in their country and/or business area.

Implementation of internal and external rules is supervised as planned and compliance with the rules is systematically verified. Violations are monitored within the context of applicable labor law according to the “zero tolerance” principle.

Code of ethics and corporate compliance guidelines

The applicable standard is formed by combining our values 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 rights in our own business operations and in the supply chain are core principles for the SHS Group and form the basis of our actions. The key guiding values of the SHS Group as part of our culture are documented in the Code of Ethics and in the Declaration of Principles on Respect for Human Rights and the Environment. These include the rejection of child labor, forced labor and slavery, respect for labor and environmental protection, the prohibition of discrimination and the withholding of adequate wages, the unlawful deprivation of land, forests and waters whose use serves the livelihood of the public, the prohibition of the hiring or use of untrained private or public security forces which use unlawful methods to protect a business project. In addition, we observe fair competition within the framework of legal regulations. This also includes avoiding economic crimes and

complying with competition and antitrust regulations, protecting personal rights, treating each other and our business partners with respect, the ban on donations to political parties, freedom of association and freedom of 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 personnel, including their compensation, health and occupational safety. SHS has been a member of the United Nations Global Compact since 2021. SHS has thus committed to integrating the Global Compact and its principles into its 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 the Sustainable Development Goals in particular.

Awareness measures and prevention

The CM of the SHS Group follows a risk-oriented, preventive approach.

In accordance with the Group-wide training policy, awareness-raising measures are directed at the management of all SHS Group companies and at employees with a specific risk profile, as well as at third parties such as agents. The measures include internal and external, in-person 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. Awareness-raising efforts are supplemented with additional promotional activities such as flyers, posters, and intranet posts on current topics.

At the start of their employment or business relationship, our employees and business partners receive our code of ethics and are subject to due diligence processes, including screening against the sanctions list.

In addition to the company-wide compliance risk analysis, we conduct a specific human rights risk analysis annually and as needed. It is based on the German Supply Chain Due Diligence Act (LkSG) and is continuously being refined. In this process, potential risks are assessed using a digital tool based on abstract criteria, such as the business sector and the business partner's location. If necessary, the analysis is further refined using specific tools such as standardized questionnaires. In the 2025 financial year, specific risk analyses aligned with the UN Guiding Principles on Business and Human Rights (UNGP) were also conducted in the relevant area of the Power4Steel transformation project. The results of the risk analysis confirmed the previously selected approach and did not reveal any new risks. Specific preventive

and remedial measures are developed from the findings of the risk analyses. To mitigate risks, a holistic approach is taken based on contractual obligations, on-site measures, and feedback from stakeholders.

As part of the sustainability strategy, a specific and forward-looking climate risk and vulnerability analysis was conducted for the SHS Group.

Scenario analyses were used to examine the respective locations at different points in time (present and future). This is linked to the goal of establishing a sustainable method for identifying and assessing material climate-related risks and opportunities on a case-by-case basis, while integrating them into the company's risk management framework. The climate risk analysis serves as the basis for a holistic concept. We want to strengthen resilience and develop strategies to adequately address both medium- and long-term future challenges posed by climate change.

The corporate management and senior executives have specifically committed to conduct themselves in accordance with our values. Our suppliers also receive the SHS Group Code of Conduct on Sustainable Procurement and the Declaration of Principles on Human Rights and the Environment. They are contractually obliged to comply with human rights due diligence obligations and are audited as required.

The whistleblower system allows employ-

ees, business partners, and third parties worldwide to submit reports anonymously and digitally. Special training is provided that covers how the whistleblower system works, the reporting topics and the rights of whistleblowers. The compliance management system is continuously being refined, and new control mechanisms are being implemented. There were no data breaches relating to customer data in the reporting period and no substantiated complaints in this area.

No breaches of regulations and/or voluntary codes of conduct in connection with 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.

No fines or non-monetary sanctions were imposed on the organization in the reporting period.

Section 3

Objectives

Our corporate culture serves the well-being of all

SECTION 3

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, we are advancing customer-focused innovations that represent a competitive advantage and pursuing a transformation process to production of green steel. The SHS Group is convinced that these objectives can be achieved sustainably only when economic and environmental considerations are in balance and have led to measurable sustainability. Comparable figures are provided in the fact sheets and are presented over multiple years as well as discussed and explained in the respective sections. Many of the overarching objectives – depending on the company and specialist areas – cannot be expressed in absolute figures. However, in addition to the metrics in the respective management systems, we would also like to discuss some individual objectives here in relevant sustainability areas.



Objectives and measures

SECTION 3.1

Over the course of the next few years, it is our aim to ensure our companies achieve progress 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

In line with its corporate vision and environmental guidelines, the SHS Group constantly strives to implement sustainable business management and production practices that conserve the environment and resources. Extensive investment in state-of-the-art technologies helps reduce environmental impacts and continuously improves energy efficiency. And no less importantly, innovative steel-based product solutions contribute in important ways to protecting the environment. The focus is currently on implementing the Power-4Steel decarbonization project. By using initial quantities of hydrogen and scrap steel, the new plants will enable a reduction in carbon emissions of up to 55% by the early 2030s. This corresponds to an annual reduction of 4.8 million tons of CO₂. These Saarland-based steel manufacturers are therefore the only companies capable

already in the first step of achieving the EU's "Fit for 55" climate target by 2030, if the corresponding infrastructure and economic efficiency are in place. With regard to energy, the SHS Group also relies on long-term green power contracts. As a result, 30% of the electricity demand for SHS Group subsidiaries – which are subject to the special compensation scheme – has been "greened." In 2023, Iberdrola Deutschland and the SHS Group entered into a long-term power purchase agreement (PPA) for green electricity. From September through December 2025, Saarlöhle received the agreed-upon amount of 50 megawatts. The green electricity comes from the new Baltic Eagle offshore wind farm in the Baltic Sea. This green electricity is of the highest quality; that is, it not only comes from renewable energy sources but also promotes further development of renewable energy.

The remaining demand is met by Association of Issuing Bodies (AIB)-compliant electricity from European countries. These quantities were procured in March 2026 and relate to the 2025 production year.

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 and addiction counseling/presentations specifically tailored to trainees, to educate and raise awareness.
- Based on a group-wide talent management system, a talent pool is being established within the SHS Group to effectively identify and develop promising prospective managers.
- Group-wide transfer coaches ensure succession planning and the preservation of know-how.
- Occupational safety is given top priority and is aimed at achieving accident-free operation. To that end, the number of accidents is to be further reduced – as in the previous year – through measures such as the “Safety Quarter-Hour,” the daily safety briefing, and the “Come Along with Dillinger” seminar series.

Compliance

- Update to all compliance guidelines
- In-house development of two new e-learning courses and ongoing awareness activities on the topics of “money laundering prevention” and “ethics” for the relevant employees
- Knowledge of all relevant legal requirements related to preventing corruption and cartels is essential when choosing our business partners and agents. These will be provided to them in future in-house seminars as needed.
- Continuation of the series of compliance information brochures: Publication of the Compliance Guide (Compliance-Wegweiser) No. 16-17 on various compliance topics.

Integrated management system

The companies have an integrated management system (IMS). 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), the Competence of Testing and Calibration Laboratories (ISO/IEC 17025), 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.

For each management system, the overarching management policy has been defined and communicated in policy statements and guidelines. The management systems and related processes are described in detail in the Integrated Management Manuals and in supplementary procedure and work instructions.

Consistent implementation of the requirements of the standards leads to, among other things, clearly defined responsibilities, optimized processes and procedures, the prevention and minimization of risks to people and the environment, and increased compliance with legal obligations.

All certified business units are regularly reviewed through internal audits to ensure compliance with the standard's requirements. Numerous external audits conducted by customers, certification bodies, and regulatory agencies verify compliance with the requirements of the standard as well as any additional requirements. Environmental, social, and governance (ESG) issues are becoming an increasingly important focus in this context.

Through specific ESG certifications, we have been able to demonstrate that we operate responsibly and sustainably both within our own company and throughout our supply chain.

The interests of employees are taken into

account within the framework of the management systems and beyond. They are being consulted and involved accordingly.

The management systems in all certified business units are evaluated annually by the Board of Directors as part of the management review. The aim is to continuously improve the suitability, appropriateness and effectiveness of the management systems.

In addition, the products and production processes of both companies are approved or certified by numerous national and international associations. All 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.

Section 4

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. SHS's joining of the "Diversity Charter", the largest employer initiative to promote diversity in Germany, makes this clearly visible to the outside world. The initiative is committed to a working environment that is free of discrimination and in which all employees are valued – regardless of age, origin, gender, ability, religion, sexual orientation and social background. By joining the Saarland State Media Authority's Germany-wide "Courage Online" initiative in the summer of 2026, the

companies Saerstahl and Dillinger are sending a message against hate and harassment in digital media. The network is dedicated to protecting freedom and democracy on the Internet and offers victims of hate and bullying quick ways to report illegal content and defend their personal rights.



Employment, working conditions and employee rights

SECTION 4.1

Key factors in the success of SHS - Stahl-Holding-Saar, Dillinger and Saarlust as manufacturers of high-quality products are the state-of-the-art facilities and processes, as well as – and most importantly – healthy, qualified, and dedicated employees. Our companies therefore continue to invest heavily in human resource initiatives that are focused on social well-being and the future. These are aimed at providing our employees with safe jobs, healthy working conditions, and opportunities for professional and personal growth through appropriate measures, thereby ensuring the company's long-term productivity. Key topics include continuous improvement of accident prevention and reduction of accidents, as well as preventing illness and promoting good health. Knowledge management and knowledge transfer are already gaining in importance today and will continue to do so in the coming years. This also applies to our programs for identifying and nurturing talented young recruits, which are constantly being further developed.

The success of our human resources policy is reflected in consistently good to excellent numbers of applicants for jobs and apprenticeships at SHS, Saarlust and Dillinger; a low turnover rate; and long-term employee retention, with several hundred employees celebrating service anniversaries each year. The general collective agreement for wage and salaried employees in the iron and steel industry in Saarland applies to our employees. In addition, a large number of collective issues are governed by works agreements between the employee representatives and the employers. All employees have the right, after consulting with their superior, to meet with the Works Council or with the representative for severely disabled or for young employees during working hours (reasons for the visit do not have to be given). Corporate employee co-determination is governed by the Works Constitution Act (Betriebsverfassungsgesetz) and, in the case of supervisory board appointments, by the Coal, Iron and Steel Co-determination Act (Montanmitbestimmungsgesetz)

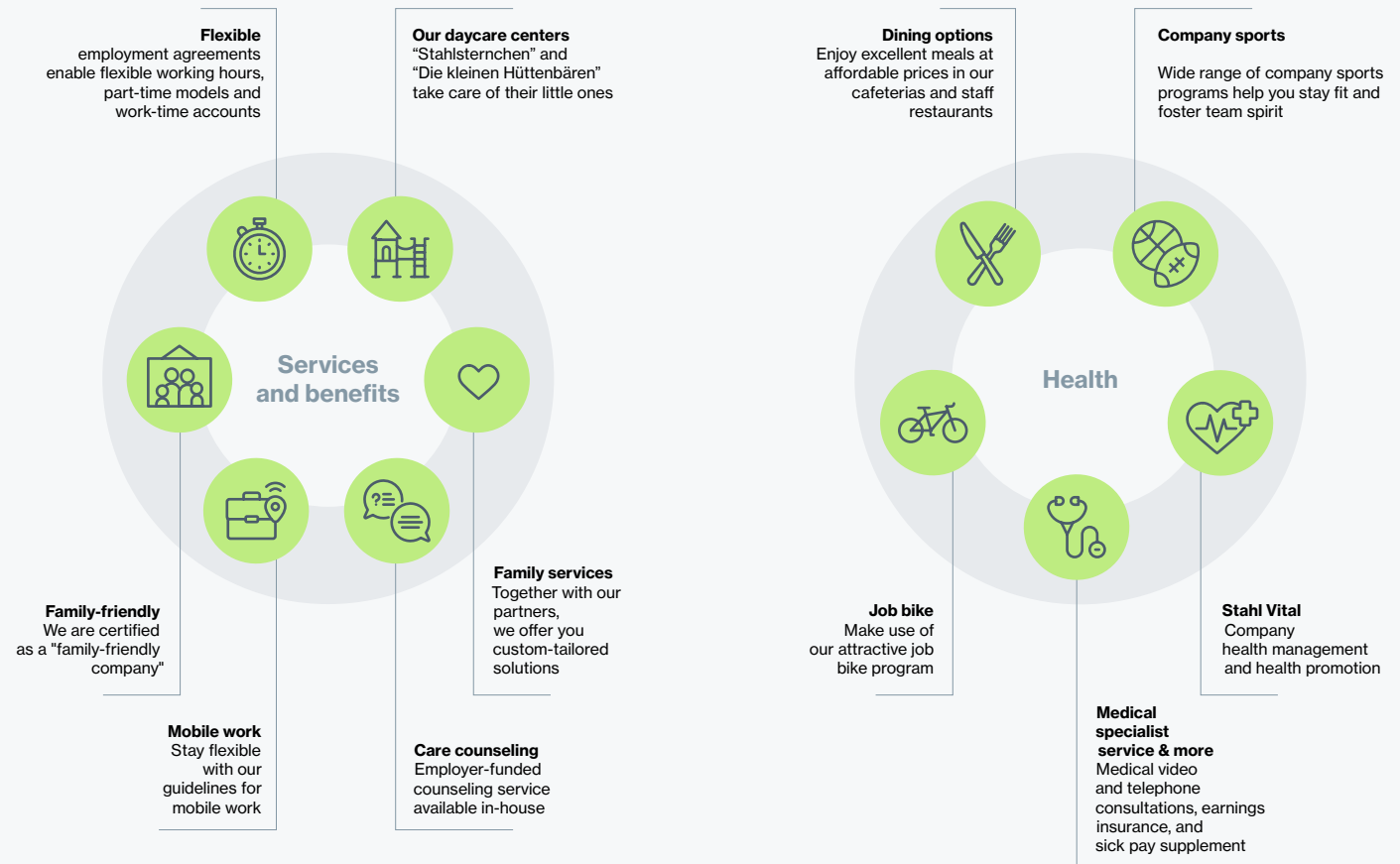
of 1951. As a family-friendly company, fostering the compatibility of family and career is a matter of particular concern to us. Since 2013, employees of the SHS Group have had access to multiple day-care centers for their children, which were initiated, built and financially supported by the companies and are located near company sites.

Another service offered is workplace social counseling, which serves as a point of contact for employees in special personal circumstances and provides counseling and support services.



Dillinger and Saarstahl are family-friendly companies

The saar.is business development agency has repeatedly 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. Dillinger and Saarstahl contribute significantly 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, designed specifically 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 several staff restaurants and provides a financial contribution for the food served. Food and beverage vending machines round out the choices offered and continue to be added throughout the company.



Management and human resource development and career planning

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 Saarlouis are among the most important training providers in the region. Around 130 apprentices, interns and cooperative (dual work-study) students are recruited each year. Dillinger and Saarlouis provide training in around 18 vocations and generally hire their apprentices after they have completed their training. Our trainees regularly complete their training as top performers at the state or even federal level.

To support their career development opportunities, employees are offered a wide range of continuing education programs that also focus on future-focused topics such as digitalization/Industry 4.0 and AI, and lean and shop floor management. High-performing employees with strong potential are identified early on through the “SHS Talent Management” program

and are specifically supported and developed to assume leadership roles with significant responsibility.

The employee performance review has for many years been an important instrument for improving the corporate culture and teamwork. This collaborative, ad hoc and one-on-one meeting between employees and their supervisor takes place once a year and is intended to align employees with the company's goals and support their individual development. The meeting is held with all salaried employees as well as in the technical area up to the foreman level.

To empower and develop leaders in general – and specifically to help them meet the challenges of transformation – the following initiatives, among others, have been in place since 2025: regular leadership workshops with dynamic, needs-based content; leadership coaching; themed evenings

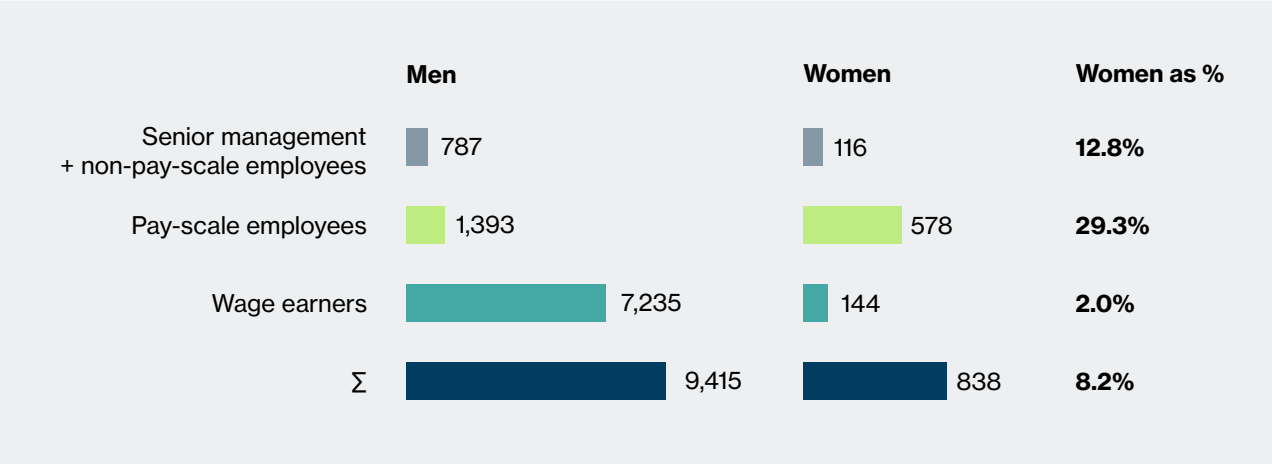
featuring presentations and interactive sessions; and individualized support.

A dedicated InfoHub for executives within our employee app supports efficient communication with and within the leadership team.

Diversity and equal opportunities

Women in Saarland's steel industry

The companies of the SHS Group have 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 shown in the following graph:



Gender distribution
(as of March 2026)

When considering this percentage, industry-specific, historical and socio-cultural circumstances must be taken into account. 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 socio-cultural 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 here – at around 30 percent – is significantly higher here than at the operational steel producers

Saarstahl and Dillinger. The SHS Group will continue to intensify its concept for promoting women in the future.

The percentage of women on supervisory boards

Within the framework of Section 111 (5) of the German Stock Corporation Act (AktG), the target quota of 30 percent was set for the percentage of women on supervisory board committees for all companies in Saarland's steel industry (SHS, 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

There is a strong sense of identification with the company and loyalty among employees in the companies. The average age is 44.2 years. Employee turnover due to resignations remains at a very low level of 1 to 2 percent.

When looking at the age structure pyramid, the omnipresent, relatively stronger representation of the age group 55 and over is apparent, but it is also clear that – largely due to consistent, long-standing, and intensive training activities – the age group 35 to 54 is so strongly represented that the “top-heaviness” is noticeable, but not as pronounced as in the overall demographic age pyramid. This is particularly the case in the target group of wage earners.

Looking at the age group of over 55-year-olds among managers as well as pay-scale and non-pay-scale employees, it is also clear that, despite the still solid basis, processes such as succession planning, people and organization reviews, know-how transfer, talent management and, of course, management development must be given an increasingly important role. We take this into account in our short- and medium-term HR strategy.



Average age Ø 44.2 years

Age structure
(as of March 2026)

Employees with a migrant background

The companies 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. 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. In total, employees from 52 nations work together in the SHS Group.

Inclusion in Saarland's steel industry

Integration and equal opportunities for people with severe disabilities are a routine part of established practice at the SHS Group. A permanent institution responsible for the interests of employees with severe disabilities or health impairments is administered by the representatives for these employees appointed by the companies, as well as by representatives elected by the workforce. The percentage of employees with severe disabilities in the total workforce in the companies Dillinger and Saarstahl is 5 to 6 percent. Collective bargaining agreements, company agreements and mutual agreements between parties within the company ensure that the rights and opportunities for severely disabled people in the companies are safeguarded and provide

for implementation and development of solutions for specific individuals. Not least, Stahlstiftung Saarland (a joint non-profit foundation of Saarstahl and Dillinger) and the training company GBQ (Gesellschaft für Beschäftigung und Qualifizierung Saar GmbH) linked to it are instrumental to offering additional vocational prospects for individuals who have severe disabilities or impairments and are therefore at risk of being unemployed. This certified inclusion company currently employs around 200 employees. The companies participate in initiatives such as the Special Olympics, which organized torch relays and athletic competitions for people with disabilities in Saarland in 2026. Torch runs were held on the grounds of Dillinger and the Auersmacher mine, and trainees and employees participated in the run through the city of Völklingen. The torchbearers also included the Chief Human Resources Officer of the companies.

Occupational health and safety

Maintaining the health of 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. To minimize any fundamental risks to the safety of employees, a specific, process-oriented risk assessment is carried out prior to the initial start of an activity. All potential risk factors are assessed 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. As part of this process, work procedures are reviewed based on the risk assessment, discussed with employees – who are the on-site experts – and, if necessary, optimized collaboratively. Across the entire Group, all employees receive regular training and instruction on occupational safety and health 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 the occupational health management system includes additional useful programs which are not required by law, including

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

Numerous company sports groups strengthen the sense of community among the workforce and complement the company's programs for the health and well-being of its employees.

Since the beginning of 2025, special attention has been focused on nationwide implementation of the "Care Dialogue" concept. This concept offers managers, HR departments and affected employees a high-quality structure and methodology to investigate and address conspicuous patterns in individual employee absences in a caring and goal-oriented way that enables improvement for everyone involved. The Care Dialogue thus augments the existing standards for return-to-work interviews and company integration management.

Reducing risks to health and safety is just as important to achieving our goals as is raising employee awareness and enabling them to practice health- and safety-conscious behavior.

Section 5

Climate protection targets and EU emissions trading system

Carbon-neutral steel production by 2045

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 CO₂ emissions by 65 percent; 2045: climate neutrality).

The Saarland steel industry is committed to the goals of the Paris Climate Agreement and supports a stable European emissions trading system that promotes decarbonization projects and maintains consistent pricing of CO₂. The companies want to make a decisive contribution to the political and societal goal of reducing CO₂ emissions.

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 contribute decisively to achieving the political and societal goal of reducing CO₂ emissions. The aim of the SHS Group with the companies Dillinger and Saarlouis is to reduce process-related CO₂ emissions to the technically necessary minimum in the future through phased installation and integration of climate-friendly steel production technologies. The goal of carbon-neutral steel production can be achieved by transforming the existing blast furnace/converter route into direct reduction plants and electric arc furnaces, and by using hydrogen and low-CO₂ electricity in production. To achieve the ambitious CO₂ reduction targets, massive investments in the aforementioned technical facilities were necessary. The SHS Group has defined a path to achieving the CO₂ reduction targets and will step up its research and development activities in order to leverage

additional potential and ultimately achieve our ambitious climate targets. The "Power4Steel" decarbonization project is now at an advanced stage of implementation and will begin producing CO₂-reduced steel as early as 2028/2029. This requires political support and clear acknowledgment of first-mover companies.

CO₂ emissions trading and CBAM

Over the years, consistent adjustments to the European Union Emissions Trading System (EU ETS) have reinforced the political commitment to decarbonizing highly emissions-intensive industries. The steel industry, among other sectors, is obliged to pay for enough allowances to offset each emitted metric ton of CO₂. The allocation, part of which is free of cost, is based on benchmarks that are gradually reduced in line with the most efficient facilities in Europe, in order to create financial incentives for decarbonization despite the risk of so-called carbon leakage. In the first half of the fourth trading period from

2021–2025, SHS must purchase around 15% of its emission allowances each year in European emissions trading, which corresponds to around one million emission allowances per year. With the increase in the CO₂ reduction target for 2030 (EU Commission's Green Deal) and the planned introduction of the Carbon Border Adjustment Mechanism (CBAM), free allocation is to be gradually phased out starting in 2026 in the second half of the fourth trading period. Starting in 2034, there will no longer be an allocation mechanism for installations in the EU ETS and all CO₂ allowances will have to be procured on the market. These conditions, along with the shortage of allowances in the EU ETS, which is leading to steadily rising CO₂ prices, forms the economic foundation for the success of decarbonization projects.

Science Based Targets Initiative

The SHS Group's corporate targets were validated in December 2024 by the Science Based Target Initiative, thus confirming the Group's ambitious climate protection targets. Overarching short and long-term targets in line with the principles of the "Steel Sector Guidance" were drawn up for the Group as a whole. In addition to the steel sector target, the remaining indirect Scope 3 emissions were also taken into account in an additional target.

Power4Steel decarbonization project and holistic CO₂ strategy

The goal of the SHS Group is to achieve a significant reduction in process-related

greenhouse gas emissions, with the aim of achieving carbon neutrality in steel production by 2045. In one transformation phase, which will last until around 2030, an electric arc furnace (EAF) will be built at the Völklingen site and another EAF and a DRI plant will be built at the Dillingen site. With sufficient availability of hydrogen, CO₂ emissions will already be reduced by around 55 percent by 2030 compared to 1990 levels. 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 Saarländische Stahlwerke is already producing CO₂-reduced steel.

For the Dillingen and Völklingen sites, permit applications for a DRI plant at the Dillingen site and an electric arc furnace for both the Dillingen and Völklingen sites (Federal Emission Control Act (BImSchG)) were submitted to Saarland's Ministry for the Environment, Climate Protection, Mobility, Agriculture and Consumer Protection. The permits were issued in 2024/2025. Initial construction began in 2024 and the project – along with the construction work, which is well underway – is currently on schedule.

The new production plants are scheduled to be commissioned in 2028 (Völklingen site) and 2029 (Dillingen site). Their capacity is a maximum of 3.5 million metric tons of crude steel per year, produced from direct reduced iron (DRI) and scrap.

To ensure the necessary framework conditions for future production, the first steps have already been taken regarding hydrogen supply. In the spring of 2024, trilateral agreements were signed with the companies Creos and NaTran for construction of the cross-border hydrogen network mosaHYc, which is scheduled to be operational in 2029. In the fall of 2024, SHS also joined the alliance to develop the "H2Med Southwestern Hydrogen Corridor," with the goal of establishing infrastructure to the Iberian Peninsula to support the further ramp-up of hydrogen production. mosaHYc will ensure the transport of hydrogen to the Dillingen site. As part of a cross-border bidding process, the first supplier of hydrogen was selected in the summer of 2025. Starting in 2029, the French energy company Verso Energy will supply up to 6,000 metric tons of renewable hydrogen annually to the DRI plant in Dillingen from a 70-MW electrolyzer in Carling, France, as part of the mosaHYc project.

Section 6

Environment

We are investing in protecting our environment

SECTION 6

Environmentally responsible production and environmentally friendly products are essential to ensuring the long-term viability 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. Saarlouis and Dillingen, for example, are also certified to 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.

Implementing sustainability projects is nothing new: Dillingen and Saarlouis have been continuously investing for many years in improving environmental protection at their sites. These measures include those to control noise and reduce CO₂ emissions.



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 the systems and processes in order to reduce the 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 and waste heat 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 centralized energy and utilities dispatch system optimizes the flow of energy and utilities between generation and consumption facilities across all sites, thereby ensuring the highest possible – and at the same time cost-optimized – use of energy and utilities generated in-house and purchased from external sources.

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.

Use of raw materials and other materials

The most important raw materials for steel production are iron ore, coal, limestone, alloys, and scrap metal. In the future, as part of the “green” transition, iron ore pellets and scrap metal will become increasingly important and the use of coal will be reduced as much as possible. The SHS Group uses these materials to manufacture long products and heavy-gauge steel plates, which will have a smaller carbon footprint in the future thanks to the new facilities and the associated use of raw materials.

ROGESA is planning to build an innovative processing plant at its Dillingen site for shredded steel and iron scrap (known as “shear scrap”), which will be used to produce high-quality “green” steel using a resource-efficient process. To achieve this, the copper content in the scrap must be as low as possible. The new facility, which is set to begin operations in the second half of 2028, reduces copper input more efficiently than standard market processes thanks to an innovative combination of ma-

terial preparation, AI-assisted object recognition, and X-ray-based analysis, while consuming significantly fewer resources. This can save up to 16 gigawatt-hours of energy and up to 76,000 metric tons of CO₂ annually. The Federal Ministry for the Environment is supporting this innovative project, which contributes to resource conservation and the decarbonization of the steel industry, with EUR 2.8 million from the Environmental Innovation Program.

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.

For example, the Saarlühl Rail manufacturing plant in Hayange, France, is implementing a circular economy model in collaboration with its major customer, SNCF Réseau: SNCF Réseau collects scrap rail and delivers it to the French electric steel mill Saarlühl Ascoval. There, the rails are melted down and rolled by Saarlühl Rail into new, carbon-reduced rails.

Emissions

In addition to carbon dioxide (CO₂), the main air emissions generated during steel production are sulfur dioxide (SO₂), nitrogen oxides (NO_x) and dust. The SHS Group is committed to minimizing these even further, beyond the requirements of the law. Our emissions to air are constantly monitored, documented and regularly reported to the relevant authorities.

Greenhouse gas emissions

The various production processes for steelmaking (in blast furnace and electric furnace routes) produce both process-related CO₂ emissions and indirect CO₂ emissions from energy inputs. The majority of these CO₂ 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 goal of the rating conducted by the nonprofit organization CDP is to ensure the greatest possible transparency of environmental data from companies, organizations, or 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 and energy, and emissions reduction initiatives, among others.

Accounting for GHG emissions: Corporate Carbon Footprint

Through its Corporate Carbon Footprint, SHS reports a comprehensive carbon balance sheet (carbon input-output balance sheet) of its direct and indirect greenhouse gas emissions at the corporate level, including its subsidiaries. The annual update of the analysis helps identify potential for improvement in the interest of

CO₂ 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, heating oil, and propane)
- 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:
Upstream:

- Purchased goods and services
- Capital goods
- Energy- and fuel-related activities
- Waste
- Business travel (airplane and rental vehicles)
- Employee commuting
- Upstream and downstream transportation

Downstream:

- Processing of sold products
- Consumption and use of sold products
- End-of-life treatment for sold products

The SHS Group has been reporting comprehensively on its Scope 3 emissions since 2023 as part of its CCF reporting, using emission factors from secondary sources. In addition to its direct decarbonization targets, SHS's Science-Based Targets approach also includes a specific reduction target for Scope 3 emissions.

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 such measure is the installation of a dust collection system for the circular cooler at sinter plant 3, equipped with heat recovery, at the Dillingen site.

SO₂

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 SO₂ loads.

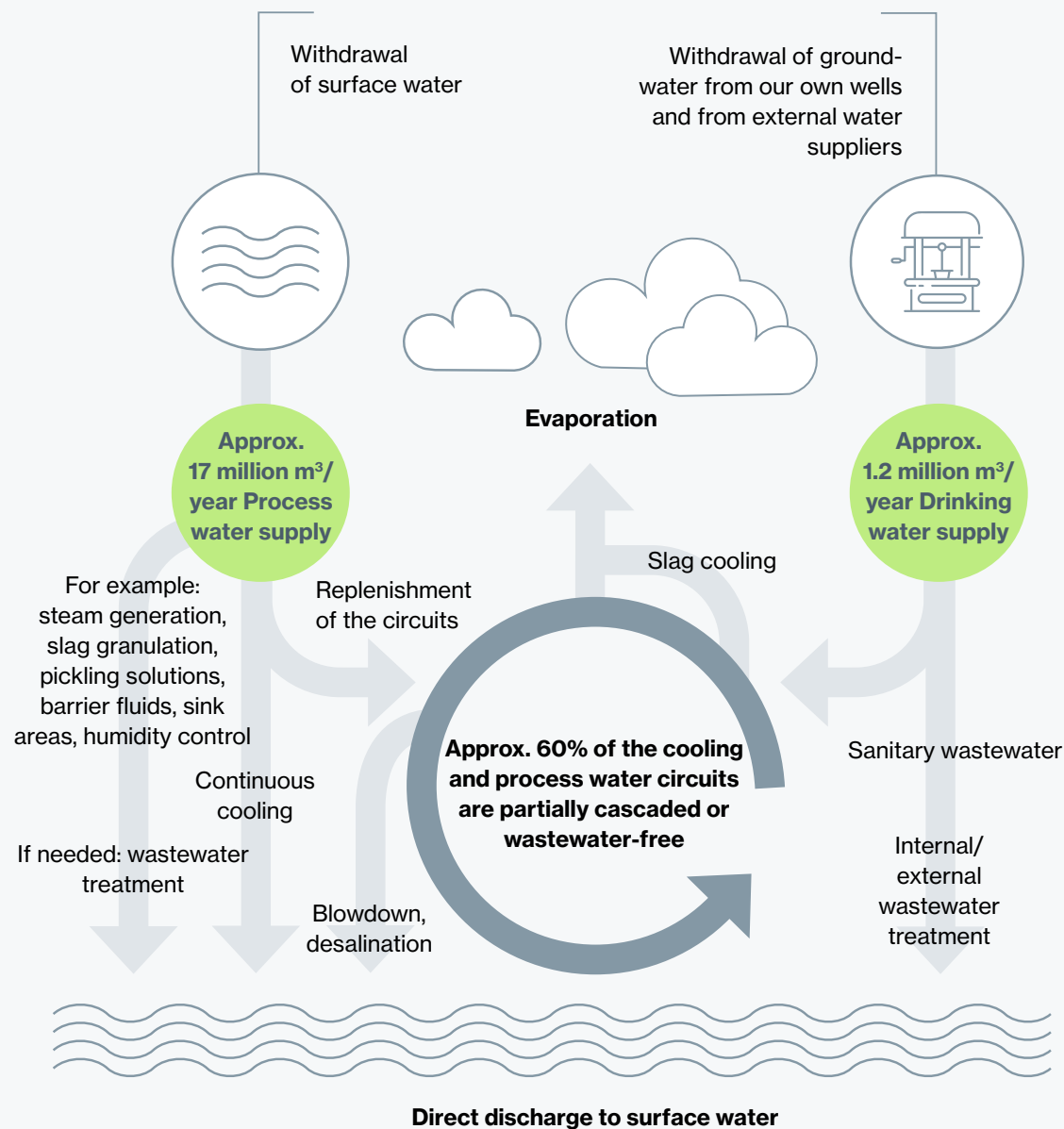
NO_x

Use of new burner technology has also enabled a reduction of NO_x emissions, but specific emissions can vary greatly depending on the product. Use of state-of-the-art exhaust gas monitoring and heat recovery systems will further improve future emissions levels at the sites. Use of a more efficient combustion air preheater on the walking beam furnace at the Neunkirchen rolling mill is just one example.

Water management

SECTION 6.4

The primary use of water is to cool 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 in various 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. ZKS in Dillingen operates its own 3-stage biological wastewater treatment plant, whose sewage sludge is fully utilized in the coking process. To reduce the load on the Prims tributary, the wastewater treated at the biological wastewater treatment plant is discharged into the receiving water body (the Saar river) via a newly constructed discharge point.



Waste management and waste

SECTION 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

The total plant area at the Völklingen, Dillingen, Neunkirchen, and Burbach sites is 8.37 million m². Areas within these plant sites – for example, 1.58 million m² 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 m² of private forest. The most significant of these is the “Hüttenwald” at the Dillingen site, covering 3 million m². This 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. Converse-

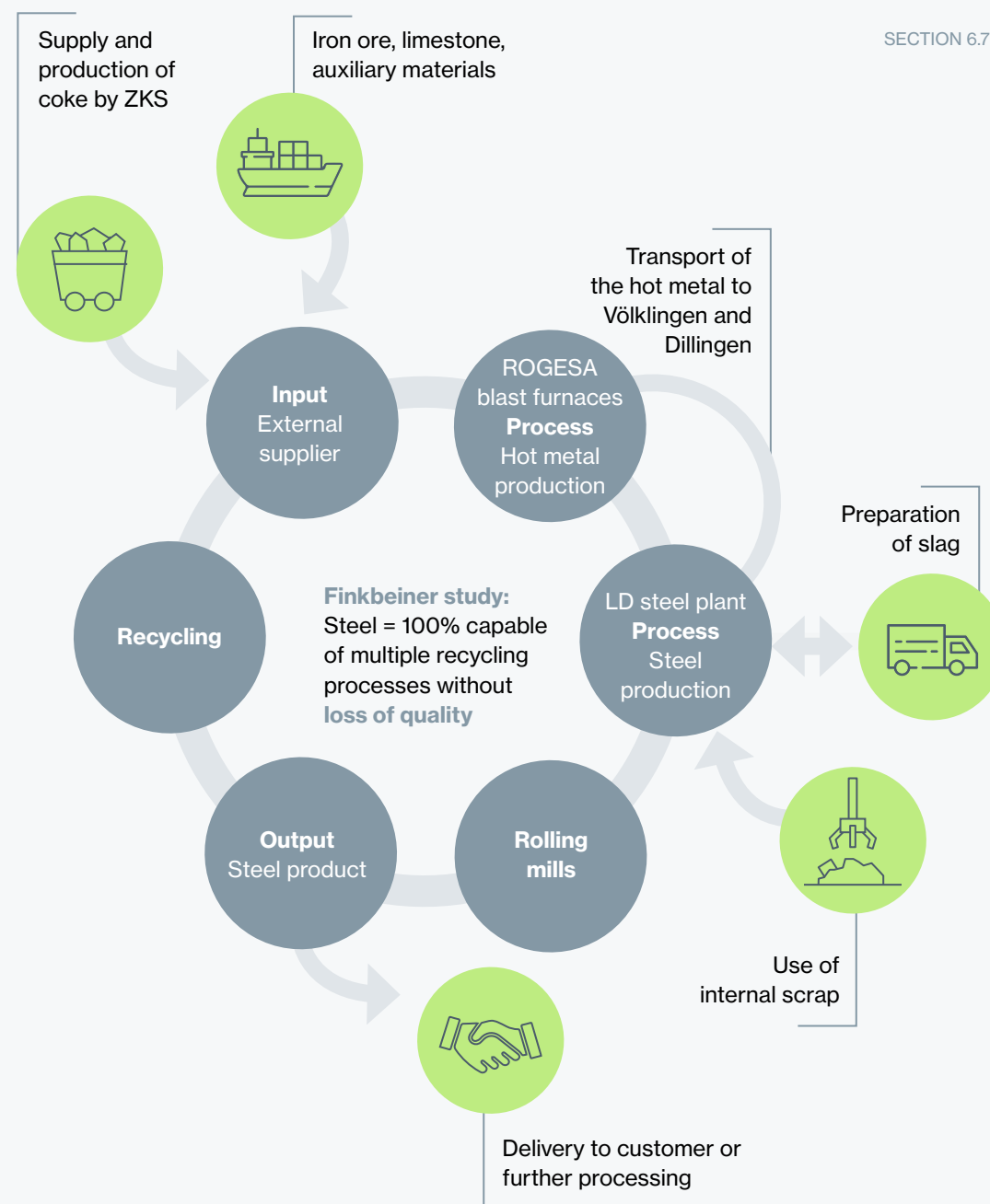
ly, possible negative impacts of plant investments or processes on biodiversity are regularly avoided or assessed and compensated for through accompanying landscape conservation planning in approval procedures that observe construction or federal emission control regulations pursuant to intervention 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.



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 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 CO₂-reduced product.

Product carbon footprint

Through its product carbon footprints, SHS reports the specific CO₂ emissions for the four main product groups of its Dillinger and Saarstahl brands: heavy-gauge

sheet metal, wire, bar, and rail. 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. The respective footprints were calculated by Sphera on the basis of the DIN EN 15804 and DIN EN ISO 14067 standards as well as the IPCC AR6 GWP100 standard. Sphera, a company with years of experience in the construction, automotive and steel sectors and developer of the life cycle assessment software GaBi, 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 for 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

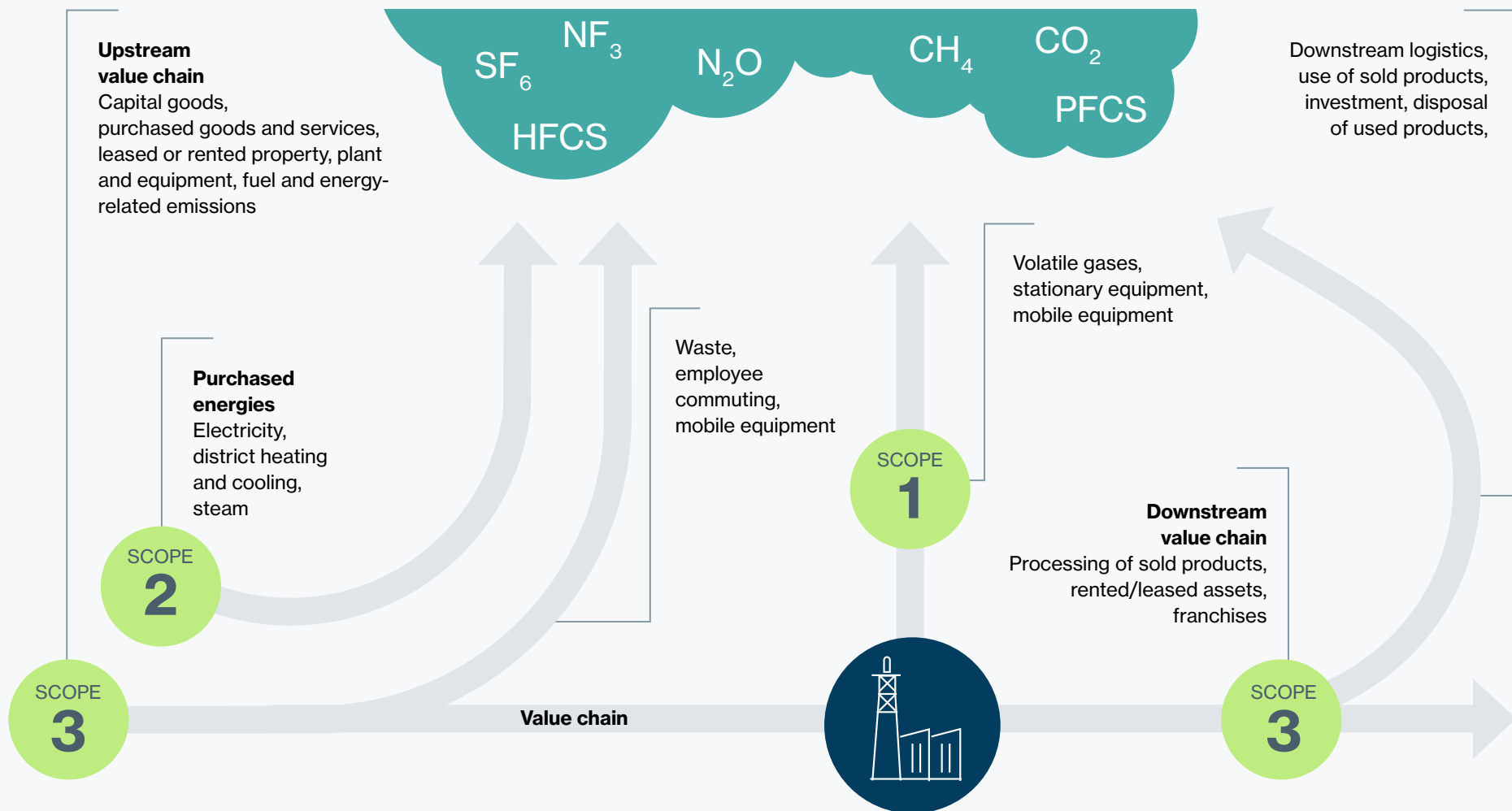
- the GHG emissions of the company's own plants,
- GHG emissions from the consumption of purchased energy, and
- default values (GaBi databases) to determine upstream chain emissions (Scope 3).

In addition to the product carbon footprint and the life cycle assessment, environmental product declarations (EPDs) are also available for most products, including rails from Saarstahl Rail and heavy plate from Dillinger.

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



Incident management

SECTION 6.8

Companies such as Dillinger and Sairstahl 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 fulfill this obligation in collaboration 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 website of the SHS Group.

Section 7

Product stewardship, innovation, and research and development

Steel is 100 percent recyclable

SECTION 7

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 consider it our duty to continually research innovative and sustainable methods to minimize both energy consumption and the use of additives and alloying agents, and to continuously optimize our products and production processes accordingly.

This is why we are collaborating with leading universities and research institutions like the Steinbeis Research Center for Materials Science and Engineering (MECS), CEIT in Spain, and Fraunhofer Institutes to develop the steel of tomorrow.

Optimizing the recycling process

Saarstahl, a company of the SHS Group, is collaborating with Tata Steel Nederland and voestalpine on the “Digital Twins for Green Steel” (Di Gree S) project to develop digital technologies for optimizing the recycling process. The project is coordinated by the Fraunhofer Institute for Non-Destructive Testing (IZFP). A key challenge in this process is the precise analysis and sorting of large scrap metal pieces, such as decommissioned ships or railway rails. The efforts are therefore aimed at developing an innovative system for direct analysis of steel scrap during delivery: A truck loaded with scrap metal drives through a specially designed gate equipped with industrial lasers and analytical instruments. Using laser-induced breakdown spectroscopy, very small localized areas of the steel are vaporized. This creates a “plasma” – a small, localized gas bubble that contains all the components of the scrap. This can then be filmed and analyzed using special cameras. The scrap can then be fed optimally into the recycling process based on its specific composition and criteria. The data collected enables precise categorization and optimal routing into the recycling process.

Product innovation

Dillinger and Saarstahl are partners in the “CircularSaar” project. As part of Saarland’s sustainability initiative, the project aims to bring together the fields of materials and data to support the transformation process through innovative business

models in collaboration with companies in Saarland. Sustainability and the circular economy are to be developed from their origins in the engineering sciences into a signature priority area for the university. The project is initially being funded for five years, through the end of 2030, by the Saarland Transformation Fund.

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. As a result, the technology known as direct quenching (quenching directly from the rolling heat) has been further developed to such an extent that the share of this production method has doubled in recent years. 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. As part of the Circular Saar project, funded by the Saarland state government, we are taking the “steel use case” one step further – all the way to developing groundbreaking concepts for design for circularity.

The challenge of reducing CO₂ emissions affects one of Saarlust'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, Saarlust participated in the LEICHTBAU lightweight forging initiative (“Initiative massiver LEICHTBAU”), founded in 2013 and concluded in 2018, which studied ways to cut the weight of forged components and components made from long products in various vehicle types. The cross-sector consortium has developed 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. Since these are cooled only by controlled air cooling after forging, heat treatment processes – and thus energy and CO₂ emissions – can already be reduced during the manufacturing process. The 32Mn-CrMo6-4-3 bainitic steel developed by Saarlust is put to use here as an all-round talent in steering knuckles and common rails, and as a material for rolling bearings.

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

Section 8

Responsibility in the supply chain

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

It is important to 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 therefore continue to develop our business processes to increase transparency in the supply chain and identify risks at an early stage. To ensure this, we have implemented a software system as part of our supplier management system that supports us in complying with the obligations set forth in the law regarding corporate due diligence to prevent human rights violations in supply chains, as well as the relevant international agreements. Using this system, we conduct an audit in this regard of our direct suppliers. 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. Our contracts, terms and conditions of purchase, ethics policy, “Code of Conduct for Sustainable Procurement,” and the Statement of Principles on Respect for Human Rights and the Environment therefore set forth 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 process is set forth in Group-wide process instructions.

Description and analysis of the supply chain

SECTION 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 and SHS Purchasing and Warehousing aim to regularly evaluate 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 TOP Supplier honors in the “fuels,” “iron ores,” “shipping/handling/storage,” “alloying agents” and “scrap” categories.

Logistics and transport

SECTION 8.2

Transport within the SHS Group is primarily carried out using the environmentally friendly modes of rail and inland waterways, and this is almost exclusively the case 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

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. The Declaration of Principles on Respect for Human Rights and the Environment supplements our Code of Conduct for Sustainable Procurement with regard to our expectations of our suppliers. Our suppliers are among our most important strategic resources, which is why we 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 therefore expressly committed to greater transparency in our supply chains. Germany imports most of its raw material requirements. This is also the case for Saarland's steel industry, whose supply chain extends worldwide. The aim is to ensure sustainability-oriented management of the supply

chain in the procurement of raw materials by both "ROGESA and ZKS Procurement" and "SHS Purchasing and Storage". 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 policy on conflict minerals has also been developed and is available on the company's website.

Section 9

Society

Regional responsibility as an investor, employer, client and research partner

The companies of the SHS Group live in, with, and for “their” region. For many years, 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. Activities include the areas of culture, social affairs, education and sport – with a special focus on supporting children and young people. The annual budget for sponsorship and donation activities is set by the Board of Directors and is strictly governed by the SHS Group’s compliance guidelines. No political parties or individuals are to be supported. Proven and current examples of 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 from Dillinger and Saarstahl for the new Max Ophüls Film Festival Audience Award for Documentary Film, educational sponsor-

ships with the Schülerforschungszentrum Saarlouis research center for pupils and the MINT-Campus Alte Schmelz in Sankt Ingbert, and membership in the Netzwerk Wissensfabrik e.V. business association. One key area of focus is regional sports sponsorship under the joint umbrella brand Pure Steel+, at both the professional level and to promote youth sports in the region. This includes Sportvereinigung 07 Elversberg (promoted to the 1st Bundesliga in 2026), the Saarland Hurricanes American football team, and support for numerous youth sports teams. There are also various cooperations and sponsorships in the field of research 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, 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 operating with a focus on sustainability and climate protection, 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

SECTION 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.

Section 10

Appendix and glossary

GRI content index

GRI 102: General disclosures

Organizational profile	
102-1	Name of the organization
102-2	Activities, brands, products, and services
102-3	Headquarters of the organization
102-4	Location of operations
102-5	Ownership and legal form
102-6	Markets served
102-7	Size of the organization
102-8	Information on employees and other workers
102-9	Supply chain
102-11	Precautionary principle or approach
102-13	Membership of associations
Strategy	
102-14	Statement from senior decision-maker
102-15	Key impacts, risks and opportunities

Ethics and integrity

102-16	Values, principles, standards and codes of conduct
102-17	Mechanisms for advice and concerns about ethics

Corporate management

102-18	Governance structure
102-20	Executive-level responsibility for economic, environmental and social issues
102-23	Chair of the highest governance body

Stakeholder engagement

102-40	List of stakeholder groups
102-41	Collective bargaining agreements
102-42	Identifying and selecting stakeholders
102-43	Approach to stakeholder engagement
102-44	Key topics and concerns raised

Reporting practice

102-46	Defining report content and topic boundaries
102-47	List of material topics
102-50	Reporting period
102-54	Claims of reporting in accordance with the GRI Standards
102-55	GRI content index

GRI 201: Economic performance

103	Management approach 2016 (including 103-1, 103-2, 103-3)
201-1	Direct economic value generated and distributed

GRI 204: Procurement practices

103	Management approach 2016 (including 103-1, 103-2, 103-3)
204-1	Share of spending on local suppliers

GRI 205: Anti-corruption

103	Management approach (including 103-1, 103-2, 103-3)
205-2	Communication and training about anti-corruption policies and procedures
	Number of training sessions on compliance topics

GRI 206: Anti-competitive behavior

206-1	Legal proceedings for anti-competitive behavior, anti-trust and monopoly practices
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GRI 301: Materials

103	Management approach (including 103-1, 103-2, 103-3)
301-1	Materials used by weight or volume
301-2	Recycled input materials used

GRI 302: Energy

103	Management approach (including 103-1, 103-2, 103-3)
302-1	Energy consumption within the organization
302-4	Reduction of energy consumption

GRI 303: Water and effluents

103	Management approach (including 103-1, 103-2, 103-3)
303-3	Water withdrawal
303-4	Water recirculation
303-5	Water consumption

GRI 304: Biodiversity

103	Management approach (including 103-1, 103-2, 103-3)
304-2	Significant impacts of activities, products and services on biodiversity

GRI 305: Emissions

103	Management approach (including 103-1, 103-2, 103-3)
305-1	Direct GHG emissions (Scope 1)
305-2	Energy indirect (Scope 2) GHG emissions
305-3	Other indirect (Scope 3) GHG emissions
305-5	Reduction of GHG emissions
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x) and other significant air emissions

GRI 306: Waste

103	Management approach (including 103-1, 103-2, 103-3)
306-2	Waste by type and disposal method
302-4	Reduction of energy consumption

GRI 403: Occupational health and safety

103	Management approach (including 103-1, 103-2, 103-3)
403-1	Occupational health and safety management system
403-2	Hazard identification, risk assessment, and incident investigation
403-3	Occupational health services
403-4	Employee participation, consultation and communication on occupational safety and health
403-5	Employee training on occupational health and safety
403-6	Promoting employee health
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
403-8	Employees covered by a management system for occupational safety and health
403-9	Work-related injuries

GRI 404: Training and education

103	Management approach (including 103-1, 103-2, 103-3)
404-1	Average hours of training and education per year per employee
404-2	Programs for upgrading employee skills and transition assistance programs
404-3	Percentage of employees receiving regular performance and career development reviews

GRI 405: Diversity and equal opportunity

103	Management approach (including 103-1, 103-2, 103-3)
405-1	Diversity of governance bodies and employees

GRI 415: Public policy

103	Management approach (including 103-1, 103-2, 103-3)
415-1	Political donations

GRI 417: Marketing and labeling 2016

417-1	Requirements for product and service information and labeling
417-2	Incidents of non-compliance concerning product and service information and labeling
417-3	Incidents of non-compliance concerning marketing communications

GRI 418: Customer privacy

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data
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GRI 419: Socioeconomic compliance

419-1	Non-compliance with laws and regulations in the social and economic area
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Selected memberships in associations and interest groups

Membership in associations and interest groups

Fair and free competition is of fundamental importance to all companies in the SHS Group. Participation by our companies in any association work therefore only occurs if it consistently complies with national and European antitrust law. To fulfill this commitment, we implemented and communicated a company-wide compliance procedure in 2018. Through this procedure, we aim to gain the broadest possible overview of our employees' activities in associations so that we can respond to incidents as quickly as possible.

Association

Wirtschaftsvereinigung Stahl (German Steel Federation)	Germany
VDeh (Association of German Iron and Steel Workers)	Germany
EUROFER	Belgium
VDSI (Association for Safety, Health, and Environmental Protection in the Workplace)	Germany
Industrieverband Massivumformung e. V. (German Forging Association) Germany	Germany
VDE (The Technology Association)	Germany
VDBW (Association of German Company and Works Doctors)	Germany
BDI (Federation of German Industries)	Germany
SVS – Stahl-Verband-Saar e. V. (Saar Steel Association)	Germany
World Steel Association AISBL	Belgium
BDSV (Federal Association of the German Security and Defense Industry)	Germany



SHS - STAHL-HOLDING-SAAR

DILLINGER 

 saarstahl