





Sustainability Reporting

Klückner & Co SE

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General disclosures

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Klöckner & Co SE Sustainability Reporting 2024

General basis for preparation of the Group non-financial report

This sustainability reporting for 2024 includes the separate Group non-financial report of Klöckner & Co SE in accordance with Sections 315b to 315c of the German Commercial Code (HGB) and the disclosures in accordance with the EU Taxonomy Regulation (EU) 2020/852 of the European Parliament and of the Council and the delegated acts adopted in this respect, as well as the interpretation presented in the section titled "EU Taxonomy" of the Group non-financial report.

In the Group non-financial report, we present the sustainability topics that are material to our business activities, and the impact of our business activities on people and the environment. We take the value chain into account, from resource extraction and production to processing and delivery to the customer.

Klöckner & Co SE is a listed corporation whose registered domicile is Duisburg, Germany. It is entered in the commercial register of Duisburg Local Court under HRB 20486. Since January 2025, the administrative headquarters of Klöckner & Co SE has been located at Peter-Müller-Straße 24, Düsseldorf, Germany. The reporting period for the Group non-financial report is fiscal year 2024. The scope of consolidation for the Group non-financial report includes all subsidiaries of the Group. Unless otherwise specified, the disclosures cover all fully consolidated companies of the Klöckner & Co Group. In preparing our Group non-financial report, we have partially used the European Sustainability Reporting Standards (ESRS) as a framework, in accordance with Section 315c (3) in conjunction with Section 289d of the German Commercial Code (HGB). Our Group non-financial report complies with the ESRS with the exception of the ESRS disclosure requirements listed below:

- Selected disclosures on CAPEX and OPEX under E1-1 – Transition plan for climate change mitigation
- Selected disclosures on CAPEX and OPEX under E1-3 – Actions and resources in relation to climate change policies
- S1-10 – Adequate wages
- S1-14 – Health and safety metrics
- S1-16 – Remuneration metrics (pay gap and total remuneration)
- Use has also been made of the phase-in provisions in accordance with Appendix C of ESRS 1
- Contrary to ESRS 1, the Group non-financial report is not included in the Group management report

The first, albeit partial, use of the ESRS as a framework reflects the importance of the ESRS as the reporting standards adopted by the European Commission for sustainability reporting.

In order to meet our reporting obligations under German commercial law in accordance with Section 289c (2) HGB, we declare that the Group non-financial report covers the following matters: (1) Environmental matters (see the Environment section); (2) employee matters (see the Social section, in particular under "Adequate wages," "Health and safety", "Gender equality and equal pay for work of equal value" and "Workers in the value chain"); (3) Social matters (see the Social section, in particular under "Affected communities"); (4) Respect for human rights (see the Social section); and (5) Anti-corruption and bribery. It is one of Klöckner & Co's fundamental principles that our employees act in accordance with prevailing competition law. We are committed to free competition and the recommendations of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of December 17, 1997. Klöckner & Co also endeavors to comply with all anti-corruption laws of the countries in which we do business. The topic of corruption and bribery was identified in the double materiality assessment as not material, therefore no separate concept is described in this report.

There are no significant risks arising from our own operations, business relationships, products or services that are highly likely to have, or to be capable of having, a material negative impact on the non-financial matters listed in Section 289c HGB.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was engaged to provide a limited assurance review of our Group non-financial report for the period January 1, 2024 to December 31, 2024.

Klöckner & Co has not used the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation. Furthermore, the Company has not used the exemption from disclosure of impending developments or matters in the course of negotiation, as provided for in Articles 19a (3) and 29a (3) of Directive 2013/34/EU.

Disclosures in relation to specific circumstances

To be consistent with the time horizons already used in risk management, we use the following time horizons in this Group non-financial report: short-term (up to 1 year), medium-term (1–3 years) and long-term (more than 3 years).

We use estimates when reporting on our carbon emissions. Detailed information is provided under "Climate change." The calculation of carbon emissions, especially with respect to the entire upstream and downstream value chain, is always subject to a degree of uncertainty. This is mainly due to factors such as data availability and accuracy, the complexity of supply chains, different calculation methods and changes in emission factors.

We have incorporated the following information by reference in our Group non-financial report: ESRS 2 GOV-3, in which we refer to our remuneration report, and ESRS 2 GOV-5, in which we refer to the section on risks and opportunities in the management report.

Role of the administrative, management and supervisory bodies, and information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The following information on governance matters relates to the disclosures required for and/or pertinent to this Group non-financial report. Please also refer to the Corporate Governance Statement, which forms part of the management report, and the report of the Supervisory Board.

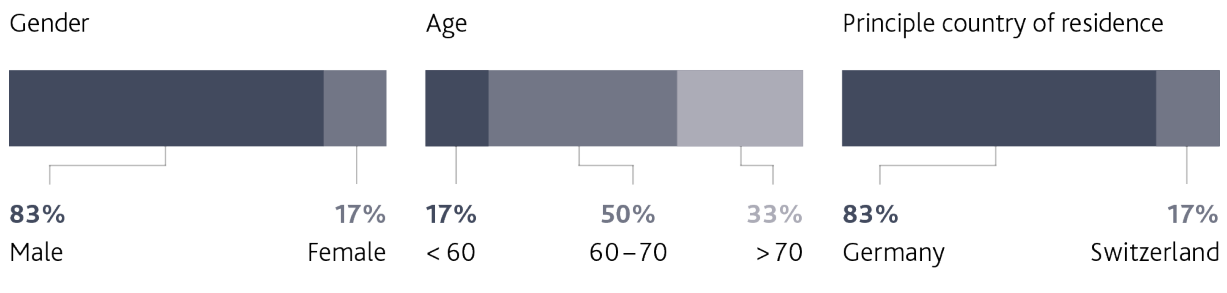
Supervisory Board

The Supervisory Board of Klöckner & Co SE comprises six members, all of whom represent shareholders and are generally elected by the Annual General Meeting. In the view of the Supervisory Board, the members of the Supervisory Board possess the requisite knowledge, skills and professional experience; the Supervisory Board as a whole has sectoral knowledge and knowledge of our locations. Almost all members of the Supervisory Board are or have been in management positions at large or medium-sized international companies, and hold or have held roles in various areas of responsibility including distribution/sales, auditing, accounting, financial control, risk management, internal audit and compliance. The Supervisory Board also possesses expertise on sustainability issues of relevance to the Company. Furthermore, Prof. Dr. Tobias Kollmann is regarded as a recognized digitalization expert. Uwe Röhrhoff and Dagmar Steinert additionally meet the requirements of a "financial expert."

The qualification matrix below shows the distribution of the individual skills as of the reporting date on the basis of a self-evaluation most recently carried out in fiscal year 2024.

Competencies	Prof. Dr. Dieter H. Vogel (Chairman)	Dr. Ralph Heck (Deputy Chairman)	Prof. Dr. Tobias Kollmann	Prof. Dr. E.h. Friedhelm Loh	Uwe Röhrhoff	Dagmar Steinert
Management of large or mid-sized international company	x	x		x	x	
Trading/Distribution	x	x		x		
Digitalization/ e-commerce			x	x		x
Auditing of financial statements (including sustainability reporting)	x	x			x	x
Accountancy and accounting (including sustainability reporting)	x				x	x
Controlling	x	x		x	x	x
Risk management and internal audit (IKS)					x	x
Compliance	x	x	x			x
Sustainability						
– Environment		x	x	x	x	x
– Social	x	x	x	x	x	x
– Governance	x	x			x	x

In accordance with its Rules of Procedure, the Supervisory Board also takes diversity aspects into account in its composition. This follows from the Rules of Procedure of the Supervisory Board and the diversity policy. In percentage terms, the diversity of the Supervisory Board in terms of gender, age and principle country of residence is as follows:



With regard to the independence of members of the Supervisory Board, the percentage ratio is 66.67% independent to 33.33% non-independent members. The following Supervisory Board members are declared to be non-independent:

As the sole shareholder of SWOCTEM GmbH, which is a major shareholder in the Company, Prof. Dr. E. h. Friedhelm Loh is not to be considered independent of a controlling shareholder. Solely as a precaution, due to his membership in the Supervisory Board of more than 18 years, Prof. Dr. Dieter H. Vogel is not deemed to be independent of the Company and the Management Board, although the Supervisory Board does not see any risk of conflicts of interest. Instead, it is in the interest of the Company for Prof. Dr. Dieter H. Vogel to serve on the Company's Supervisory Board even if the 12-year term stated in the Code (see Recommendation C.7 of the Code) is exceeded (see the further information in the Declaration of Conformity).

The Supervisory Board deals with sustainability topics and the matters identified as material in the double materiality assessment, particularly in relation to strategy, the review of sustainability reporting and Management Board remuneration (the setting of sustainability targets). It also monitors the effectiveness of the risk management system, responsibility for which lies with the Management Board, and internal control system (in particular as represented by the Audit Committee – see below). The Supervisory Board receives an annual report on compliance, data protection and information security as part of a Governance, Risk and Compliance (GRC) report.

Supervisory Board committees

The plenary work of the Supervisory Board is supplemented by its committees. The Supervisory Board has established the following committees: a three-member Presidium and an Audit Committee, which also has three members.

Presidium

In accordance with the Rules of Procedure, the Presidium also acts as a Personnel Committee for the purpose of preparing staffing decisions at Management Board level. The Presidium proposes suitable candidates to the Supervisory Board for appointing them as members of the Management Board and in particular makes proposals with regard to their remuneration and the Management Board remuneration system as a whole. It also advises on long-term succession planning for the Management Board. It furthermore fulfills the function of a Nomination Committee, in which capacity it proposes suitable candidates to the plenary Supervisory Board for election to the Supervisory Board at the Annual General Meeting.

Audit Committee/Sustainability Committee

The Audit Committee, which also serves as the Sustainability Committee, deals in particular with issues relating to the Company's financial reporting, auditing and internal control systems. This also includes sustainability reporting. In addition, the Audit Committee (acting as the Sustainability Committee) supports the Supervisory Board in monitoring the implementation of the sustainability strategy. Sustainability topics are regularly reported on in the meetings of the Audit Committee. The Chairman of the Audit Committee, in turn, reports in meetings of the Supervisory Board on the work of the Audit Committee and the subject matter of its meetings. Finally, the Audit Committee is involved in the risk management process through regular reporting and also assesses the risk strategy and the risk management system. In this connection, the committee is also responsible for reviewing the risk report.

The aforementioned roles and responsibilities follow from the law and the Articles of Association of Klöckner & Co SE, the Rules of Procedure of the Supervisory Board and the Rules of Procedure of the Audit Committee (e.g., the Audit Committee's function as Sustainability Committee; risk-related responsibilities). Operational oversight with regard to sustainability-related impacts, risks and opportunities is the responsibility of the Management Board. The Supervisory Board exercises oversight and control in particular on the basis of reporting by the Management Board and in connection with the external audit (submission of audit reports and dialogue with the auditor). The strategy developed by the Management Board, including the sustainability strategy, is discussed and agreed with the Supervisory Board. Implementation of the agreed strategy is subject to interim milestones and is regularly discussed in meetings of the Supervisory Board. The achievement of sustainability-related targets is included in variable remuneration incentives for the Management Board.

The existing remuneration system provides for numerous non-financial targets that are of importance to the strategic and sustainable development of the Company, including its corporate social responsibility and ESG criteria. Among them are compliance and risk management targets as well as other targets such as customer satisfaction, employee-related targets (including health and satisfaction), diversity, advancements in innovation, succession planning, limiting carbon emissions and responsible use of resources. When setting the targets for the remuneration of the Management Board, these sustainability-related targets are set at the same time. The performance achieved is presented in the remuneration report together with the annual financial statements, and the respective target achievement is discussed. In addition, estimates of the expected level of target achievement for the current fiscal year are presented and discussed as a rule at the last meeting of the fiscal year.

A self-evaluation was carried out in the reporting year on the implementation of the profile of skills and expertise. This covers the requirements of importance to Klöckner & Co and includes "sustainability issues relevant to the Group" divided into "environmental," "social" and "governance" matters. This self-evaluation consisted of a self-assessment by the individual members of the Supervisory Board and a subsequent evaluation by the Chairman of the Supervisory Board, as well as individual discussions between the Chairman of the Supervisory Board and the various members of the Supervisory Board. In addition, a training event on sustainability topics tailored to Klöckner & Co by a leading audit firm was held for all Management and Supervisory Board members during the reporting year. The topics covered included the sustainability reporting requirements under the CSR Directive and the results of the double materiality assessment performed by Klöckner & Co. Furthermore, the members of the Supervisory Board, and in particular the members of the Audit Committee, continuously develop their knowledge of Company-specific sustainability issues through their committee work at Klöckner & Co and in other external mandates.

The Supervisory Board maintains an ongoing, intensive dialog with the Management Board on business policy as well as the business situation, corporate planning and strategy. Moreover, the Management Board provides regular, timely and comprehensive written and verbal reports to the Supervisory Board. The focus of the written reporting is the monthly Board reporting. Certain sustainability metrics are included in the regular reporting to the Supervisory Board. These relate to matters such as occupational safety. Additional information is provided as the need arises, such as when setting non-financial targets for the Management Board or determining target achievement by the Management Board. Furthermore, the Management Board reports to the Supervisory Board on risk management issues, which are also regularly handled by the Audit Committee. In addition, the topic of sustainability, together with other governance matters, is regularly discussed at the meetings of the Audit Committee (acting as the Sustainability Committee), where sustainability issues and projects are reported on. Finally, the Supervisory Board and – in preparation, the Audit Committee (acting as the Sustainability Committee) – review the Group non-financial report. Information from interactions with the auditor is incorporated in this review. Where sustainability topics that constitute material impacts, risks or opportunities are relevant to matters that are discussed and/or decided on by the Management Board, the Supervisory Board or its committees, they are duly taken into account in the discussion and/or the decision-making. Examples include the specification of non-financial targets for Management Board remuneration, the development of the corporate strategy and the review of sustainability reporting. This can also relate to individual projects or transactions. Moreover, the risk management process is regularly discussed by the Audit Committee and reported on to the Supervisory Board.

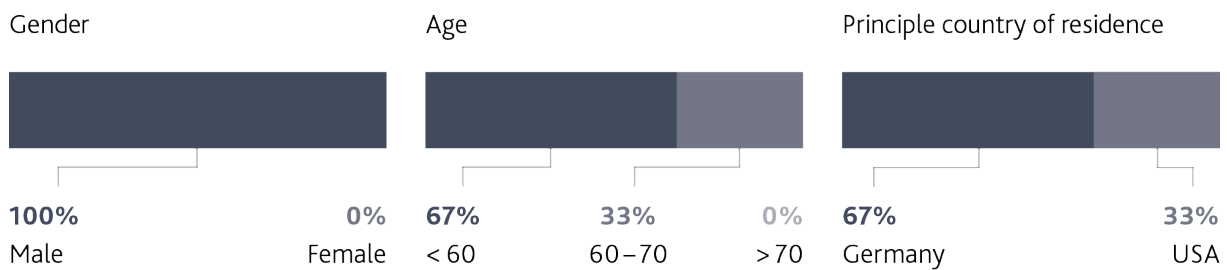
As part of the aforementioned activities, the sustainability matters identified as material to Klöckner & Co were discussed by the Supervisory Board and the Audit Committee (acting as the Sustainability Committee) at their meetings during the reporting year.

Management Board

The Management Board of Klöckner & Co SE comprises three members, who are appointed and dismissed by the Supervisory Board in accordance with the SE Regulation, the German Stock Corporation Act and the Articles of Association: Chairman of the Management Board and CEO Guido Kerkhoff (also responsible for the European operating business), Chief Financial Officer (CFO) Dr. Oliver Falk, and John Ganem (responsible for the American business operations).

Collectively, the Management Board possesses a broad range of expertise, skills and experience relevant to our business, corporate strategy, material impacts, opportunities and risks, and global activities and locations. This notably includes management experience, leadership skills and profound industry knowledge. In addition, the three members of the Management Board possess specialist knowledge in their respective areas of responsibility and related sustainability topics. The Management Board's experience in relation to environmental and climate change issues and social responsibility initiatives enables us to address key shareholder concerns as to sustainability and corporate responsibility.

Diversity plays a key role in Klöckner & Co's personnel policy. This also applies to the composition of the Management Board and Supervisory Board. Klöckner & Co is committed to further improving diversity within the Group. With regard to the diversity criteria set out above, the position with regard to the Management Board is as follows:



The Management Board sets the targets and the strategies for the segments, the holding company and other Group companies and defines the guidelines and principles for the resulting corporate policy. Corporate strategy is developed by the Management Board in consultation with the Supervisory Board. It also ensures an adequate risk management system and risk control; it has additionally set up an internal control system (ICS). The risk management system and the ICS also cover sustainability-related targets.

Notwithstanding the overall responsibility borne by all Management Board members, the individual members each manage their allotted responsibilities on their own within the framework of the Management Board resolutions. The CEO has functional responsibility for the area of sustainability and keeps the remaining members of the Management Board informed with regard to important measures and developments related to sustainability. The Rules of Procedure for the Management Board require the Management Board to hold meetings at least once a month, although it usually meets twice monthly. The Management Board also participates in the regular meetings of the Audit Committee.

Responsibility for sustainability management, coordinating all sustainability activities and compiling the Group sustainability report lies with the Corporate Strategic Sustainability Department. The teams established under the internal Sustainability and Human Rights Committee consist of managers from the corporate departments Sustainability, Investor Relations, Legal, Compliance, Human Resources, Risk Management, Logistics and Procurement, together with key sustainability stakeholders within the Group. These interdisciplinary and cross-functional teams determine the main pillars of the sustainability strategy and coordinate their activities closely with the respective segments and their departments within the Klöckner & Co Group regarding the implementation of sustainability initiatives. The Head of Strategic Sustainability reports to the CEO directly and on an ongoing basis as the need arises.

As well as the members of the Supervisory Board, the members of the Management Board also took part in specially provided training by a leading audit firm. This focused on the requirements for sustainability reporting under the CSRD and on the results of the Company's double materiality assessment. The members of the Management Board also continuously develop their knowledge of Company-specific sustainability issues through their committee work at Klöckner & Co and their activities outside of the Company.

The Management Board and the Supervisory Board were informed about the results of the double materiality assessment performed by Klöckner & Co and provided with an update on the upcoming new responsibilities under the CSRD, which include the identification and assessment of impacts on people and the environment and of sustainability-related opportunities and risks.

Integration of sustainability-related performance in incentive schemes

The ESRS 2 GOV-3 disclosures on the integration of sustainability-related performance in incentive schemes are included in the disclosures marked as such in the remuneration report under "1.2 Management Board remuneration" (see pages 176-188) and "1.3 Supervisory Board remuneration" (see page 199) and are also an integral part of this Group non-financial report.

Statement on due diligence

Conducting thorough due diligence not only promotes sustainable and responsible business practices, but also integrates human rights and environmental issues into our business activities and business conduct. The following table shows how the core elements and steps of our due diligence process are covered in our Group non-financial report.

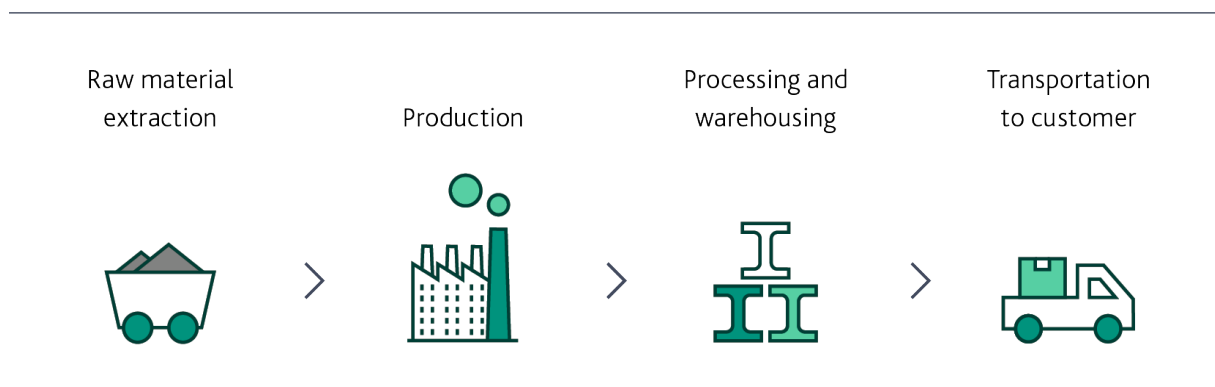
Core elements of due diligence	Paragraphs in the sustainability statement
a) Embedding due diligence in governance, strategy and business model	ESRS 2 (GOV-1, GOV-2, GOV-3 and SBM-3), pages 100 et. seq.
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 (GOV-2, SBM-2 and IRO-1), pages 100 et. seq.
c) Identifying and assessing adverse impacts	ESRS 2 (IRO-1, IRO-2 and SBM-3), pages 110 et. seq.
d) Taking actions to address those adverse impacts	Chapter „Environment“, pages 124 et. seq.; Chapter „Social“, pages 148 et. seq.
e) Tracking the effectiveness of these efforts and communicating	Chapter „Environment“, pages 124 et. seq.; Chapter „Social“, pages 148 et. seq.

Risk management and internal controls over sustainability reporting

The ESRS 2 GOV-5 disclosures on risk management and internal controls over sustainability reporting are included in the disclosures marked as such in the management report under "5.3 Risks and opportunities" (see pages 58-61, 63 and 68) and are also an integral part of this Group non-financial report.

Strategy, business model and value chain

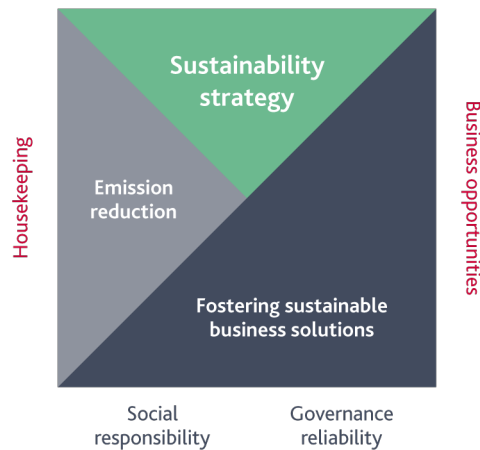
Klöckner & Co is one of the largest producer-independent distributors of steel and metal products worldwide. As we are not tied to any particular steel producer, customers benefit from our centrally coordinated procurement and wide range of national and international sourcing options from around 40 key suppliers across the globe. These include the world's largest steel producers. Responsible conduct plays a central role in relation to our business model and our self-perception as a tradition-rich company. For us, responsibility means aligning all our business activities with good ethics, social responsibility, environmental stewardship and commercial success. Sustainability along the value chain is an issue of special importance and is a core element of our "Klöckner & Co: Leveraging Strengths" strategy. As a distributor and important link in the value chain, we see it as our duty to continuously improve processes in order to minimize the negative and maximize the positive impacts of our business activities. A key driver in communicating our sustainable transformation both internally and externally is our purpose statement: "We partner with customers and suppliers to deliver innovative metal solutions for a sustainable tomorrow." This guides us in our day-to-day work. It provides direction for our employees and tells our customers and business partners what they can count on. In condensed form, it is expressed in our slogan, "Your partner for a sustainable tomorrow."



Our approximately 6,300 employees (for further characteristics of our workforce, see in the "Social" section under "Characteristics of the Klöckner & Co workforce") apply their skills and commitment to meeting our customers' needs. We provide customers with an end-to-end solution from procurement through logistics to processing, including individual delivery and 24-hour service – processes we are increasingly digitalizing and automating. We use a variety of digital tools and applications to enable us to provide our customers and business partners with an even broader spectrum of steel and metal products as well as services. Through our distribution and logistics network with around 120 distribution and service locations in Europe and North America, we serve over 60,000 customers. Concentrated mainly in the construction, the machinery and mechanical engineering industries, the transportation industry and other metal transforming companies, our customer base consists primarily of small to medium-sized steel and metal consumers as well as larger customers, particularly in North America. As all of Klöckner & Co's business activities fall within the metals industry or wholesale sectors, the stated revenue of Klöckner & Co comes from activities in these sectors.

We embrace our responsibility for the environment, safety and our community. This commitment must be reflected in all our actions and decisions. Safety standards ensure a working environment that protects our employees. For a transparent presentation of our position as a company, we report on the sustainability matters identified in our double materiality assessment as being material to Klöckner & Co. We demonstrate accountability and commitment to our decisions and actions, and are dedicated to a culture of dealing openly with faults.

We view our dedicated sustainability strategy from an overarching environmental, social and governance (ESG) perspective and purposefully integrate that perspective. Social responsibility and reliable corporate governance are integral elements here alongside environmental aspects.



We believe that in particular innovation, technology and new business models will enable the steel and metal industry's successful transformation to sustainability. As part of our Group strategy, we are working as a pioneer of a sustainable steel industry to establish innovative business models by creating a comprehensive portfolio of sustainable customer solutions. By expanding our product and service portfolio, we are seizing the strategic opportunity to integrate the attractive new business area of sustainable solutions into our business model. We see this transformation as a unique growth opportunity – not just in the future, but already today.

Nexigen®

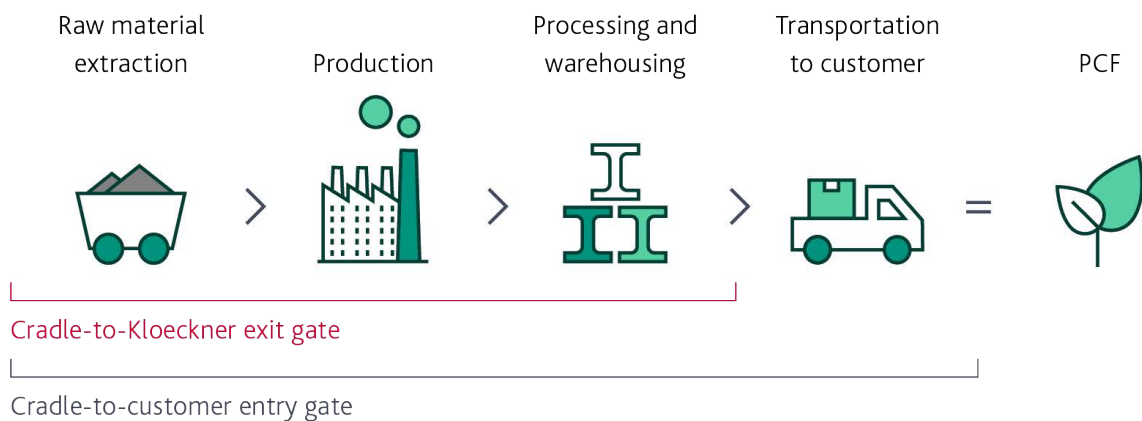
Under our Nexigen® umbrella brand, we have focused our sustainable product and service portfolio across the Group, providing transparent, carbon-reduced solutions in the categories of materials, processing, logistics, circularity (closed-loop) solutions and comprehensive Sustainability Advisory Services for sustainable customer solutions. In this way, we are already helping customers to source carbon-reduced steel and metal products, while our smart software solutions give them visibility into the carbon footprint of the products they buy. To provide our customers with optimum support in establishing sustainable value chains, we have introduced rating scales for our CO₂-reduced steel, stainless steel and aluminum products. The calculation methodology is rooted in international, science-based standards and categorizes the CO₂-reduced materials according to their certifiably calculated emissions along the entire value chain from resource extraction to production and processing, or "cradle to Kloeckner exit gate." Our scales serve customers as a guide and a comparison tool for determining the carbon footprint of end products. Through partnerships, we already offer our customers CO₂-reduced steel and metal products today.



Categorization for carbon steel, in kg CO₂e per ton of steel.

In addition, we provide customers with an individual product carbon footprint (PCF) for almost every item in our product portfolio. This allows customers to reliably, transparently and easily verify the carbon footprint of a product purchased from Klöckner & Co. With the Nexigen® PCF Algorithm, we have developed an innovative tool whose automated PCF calculation methodology is certified by TÜV SÜD. The Nexigen® PCF Algorithm's methodology for calculating the PCF follows the internationally recognized Greenhouse Gas Protocol (GHG Protocol) and ISO 14067, ref. 14040 and 14044, and calculates the product's cradle-to-customer entry gate emissions in accordance with those standards. As a result, customers have information about the carbon footprint of their materials, thus enabling them to make more sustainable product decisions.

Nexigen® PCF Algorithm



With the introduction of Nexigen® Data Services for the active management of product carbon emissions, we have made a further major step towards decarbonizing the steel and metal industry. This digital technology solution enables customers to view, at a glance, the cradle-to-customer entry gate carbon emission history of all products sourced through Klöckner & Co, and automatically receive suggestions for alternative carbon-reduced products and therefore their potential for reduction in comparison to past orders.

Nexigen® Data Services

In recognition of our contribution to the decarbonization of the steel industry, we won the prestigious German Sustainability Award for the second time. Winning the award again highlights the fact that Klöckner & Co has successfully integrated sustainability into its business model and is making an effective contribution to long term transformation.



Interests and views of stakeholders

Klöckner & Co has assessed the impacts, risks and opportunities of ESG matters and their interaction with our strategy and business model. This assessment is based on the engagement with internal and external stakeholders with regard to both impacts and financial materiality. External stakeholder groups were represented by internal representatives. The result is an overview of our material impacts, risks and opportunities along our entire value chain. For further details, please refer to the separate disclosures in the Environment, Social and Business conduct sections. Details of the process steps taken in the double materiality assessment are provided in this section under "Description of the processes to identify and assess material impacts, risks and opportunities."

We recognize the importance of engaging with our stakeholders and regularly communicate with various stakeholders on a range of topics. We actively create opportunities for stakeholders to express their interests and views, for example through regular dialogues, employee surveys, network meetings or virtual discussion groups. Our departmental experts are in constant contact with their key stakeholders, fostering open dialogue to understand the expectations they have of our Company and to keep them informed of our initiatives. Our corporate website is regularly updated and provides transparent and comprehensive information about our strategy, business model and activities.

We use input from our stakeholders to manage our strategic priorities and sustainability efforts. We therefore ensured that our double materiality assessment involved a wide range of stakeholders in order to incorporate their needs and expectations into our sustainability management and sustainability reporting. The Management Board of Klöckner & Co SE is provided with regular information on employee interests – including the interests of workers in the value chain – through reports from local management levels, the results of the annual Group-wide employee survey, and stakeholder dialogues with trade unions and employee representatives about the opinions and views of employees.

For further information on Klöckner & Co's key stakeholders and the organization of stakeholder engagement, please refer to the table below.

Shareholders, analysts, investors	<ul style="list-style-type: none"> ▪ Annual General Meeting ▪ Annual and quarterly reporting ▪ Press releases ▪ Investor events ▪ Roadshows ▪ Face-to-face and digital meetings ▪ Emails and phone calls 	<ul style="list-style-type: none"> ▪ Corporate performance, Group strategy and sustainability strategy ▪ M&A activities 	<ul style="list-style-type: none"> ▪ Annual ▪ Annual/quarterly ▪ Regular/continuous
Employees	<ul style="list-style-type: none"> ▪ Group-wide employee survey ▪ Performance evaluations ▪ Internal magazine ▪ Cooperation with trade unions and works councils ▪ Intranet and Viva Engage internal social network ▪ Social events ▪ "Let us Know" compliance channel ▪ LGBTQ+ and women's network 	<ul style="list-style-type: none"> ▪ Health and safety ▪ Skills development and good leadership ▪ Working conditions and other work-related rights ▪ Perspectives of minority groups 	<ul style="list-style-type: none"> ▪ Annual ▪ Six-monthly ▪ Regular/continuous
Customers	<ul style="list-style-type: none"> ▪ Customer surveys ▪ Customer meetings ▪ Trade fairs ▪ Customer days 	<ul style="list-style-type: none"> ▪ Green steel product solutions ▪ Sustainable supply chain, e.g. human rights 	<ul style="list-style-type: none"> ▪ Regular/continuous
Suppliers	<ul style="list-style-type: none"> ▪ Supplier meetings ▪ "Let us Know" compliance channel ▪ Supplier due diligence 	<ul style="list-style-type: none"> ▪ Product quality and process technology ▪ CO2-reduced product solutions for steel/aluminum ▪ Sustainable supply chain, e.g. human rights ▪ Circular economy 	<ul style="list-style-type: none"> ▪ Regular/continuous
Industry and sustainability associations	<ul style="list-style-type: none"> ▪ Events ▪ Seminars, panels, awards 	<ul style="list-style-type: none"> ▪ Joint initiatives and programs ▪ Workshops and knowledge sharing 	<ul style="list-style-type: none"> ▪ As the need arises

Description of the processes to identify and assess material impacts, risks and opportunities

The double materiality assessment was used to identify material sustainability matters in regard to their impact materiality and financial materiality.

First, we identified the potential and actual, positive and negative impacts on people and the environment arising from our own operations and the upstream and downstream value chain. All sub-topics and sub-sub-topics were discussed that are listed in ESRS 1 AR 16 were discussed, as well as potential entity-specific topics. Those that have a potential impact on our business model were subjected to further assessment and described in detail. The process was supported by engagement with relevant stakeholders and by the use of studies and tools. Throughout the process, negative impacts were prioritized over positive impacts. Following this overall analysis, the impacts considered relevant were identified and assessed on the basis of stakeholder engagement, taking into account the respective part of the value chain, the time horizon and the key stakeholders involved.

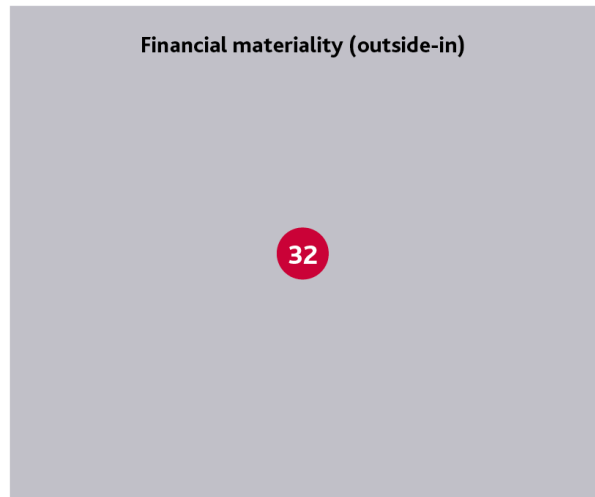
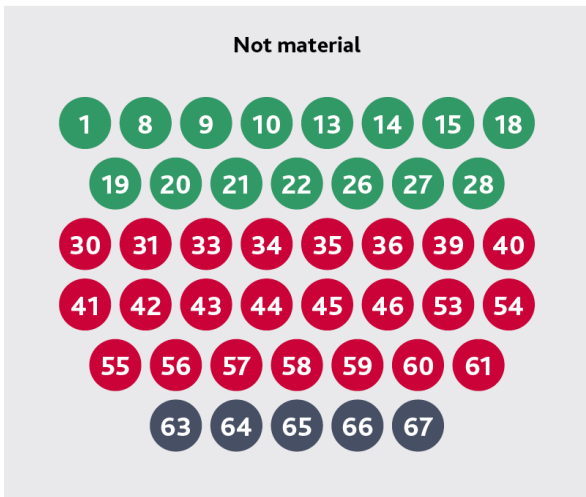
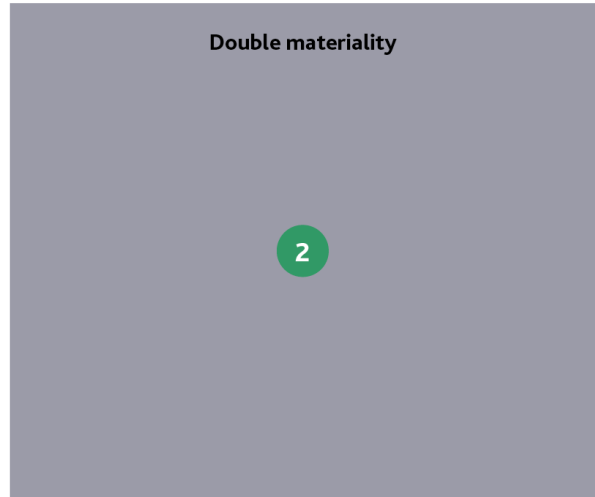
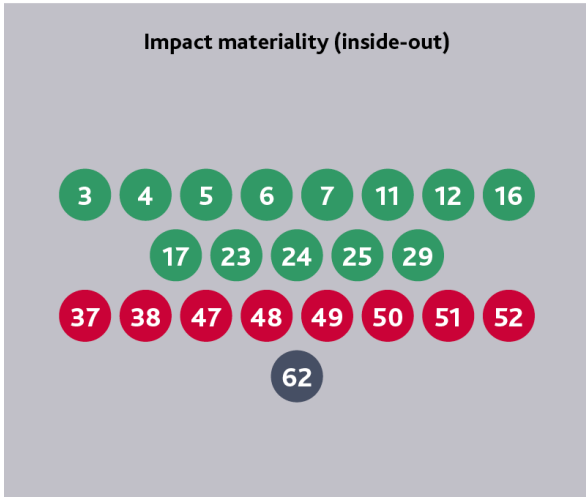
The materiality of each identified (potential and actual) negative impact was assessed using the factors scale (1–5), scope (1–5) and irremediable character (1–5), which together represent the severity of the impact. For actual impacts, the material matters were identified based on the impact assessment rating scales in the European Financial Reporting Advisory Group (EFRAG) Implementation Guidance EFRAG IG 1 published in May 2024.

Potential impacts are classified as material based on a combination of likelihood and severity using the matrix provided by EFRAG. In line with the EFRAG Guidance, potential impacts with a score of eight or higher are considered material. In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood (ESRS 1.45), hence the severity was taken into account in the materiality for potential social impacts as these are not assessed by likelihood. Internal stakeholders were involved in the process and assessed the impacts in several workshops.

For financial materiality, risks and opportunities were identified that relate to dependence on natural and social resources in the entire value chain and could potentially have a financial effect. The process was supported by engagement with stakeholders as well as by taking account of risks, in particular ESG-related risks, from the existing risk management system. The risks and opportunities relevant to the assessment were identified and the most important stakeholder was determined for each risk and opportunity. Internal stakeholders were involved in order to verify that all risks and opportunities were identified and all of the most important stakeholders were documented.

To assess the materiality of identified risks and opportunities, these were classified on a scale (1–5) representing a combination of the likelihood of occurrence and the potential magnitude of the financial effects. Materiality was determined based on the financial materiality assessment scales in the published EFRAG Guidance, which specifies that risks and opportunities with a quantitative score of three or higher are material. The identified material risks were then incorporated into the Company's risk management system and have thus become part of the risk inventory subject to the regular risk management process.

The topics identified in the above process were classified as material and meet the double materiality criteria. The aggregated results were coordinated with the Management Board to ensure comprehensive and integrated reporting for Klöckner & Co. These material ESRS topics are at the center of this report. The results show the standards applicable to us to be E1, E2, E3, E4 and E5, together with S1, S2, S3 and G1.



Environment

E1 Climate Change

1. Climate change adaptation
2. Climate change mitigation
3. Energy

E2 Pollution

4. Pollution of air
5. Pollution of water
6. Pollution of soil
7. Pollution of living organisms and food resources
8. Substances of concern/substances of very high concern
9. Microplastics

E3 Water and marine resources

10. Water consumption
11. Water withdrawals
12. Water discharges
13. Water discharges in the oceans
14. Extraction and use of marine resources

E4 Biodiversity and ecosystems

15. Climate Change
16. Land-use change, fresh water-use change and sea-use change
17. Direct exploitation
18. Invasive alien species
19. Pollution
20. Others
21. Species population size
22. Species global extinction risk
23. Land degradation
24. Desertification
25. Soil sealing
26. Impacts and dependencies on ecosystem services

E5 Circular economy

27. Resources inflows, including resource use
28. Resource outflows related to products and services
29. Waste

Social

S1 Own workforce

30. Secure employment
31. Working time
32. Adequate wages
33. Social dialogue
34. Freedom of association, the existence of works councils and the information, consultation and participation rights of workers

35. Collective bargaining, including rate of workers covered by collective agreements

36. Work-life balance

37. Health and safety

38. Gender equality and equal pay for work of equal value

39. Training and skills development

40. Employment and inclusion of people with disabilities

41. Measures against violence and harassment in the workplace

42. Diversity

43. Child labor

44. Forced labor

45. Adequate housing

46. Privacy

S2 Workers in the value chain

47. Working conditions

48. Equal treatment and opportunities for all

49. Other work-related rights

S3 Affected communities

50. Communities' economic, social and cultural rights

51. Communities' civil and political rights

52. Rights of indigenous peoples

S4 Consumers and end-users

53. Privacy

54. Freedom of expression

55. Access to (quality) information

56. Health and safety

57. Security of a person

58. Protection of children

59. Non-discrimination

60. Access to products and services

61. Responsible marketing practices

Business conduct

G1 Business conduct

62. Corporate culture

63. Protection of whistleblowers

64. Animal welfare

65. Political engagement and lobbying activities

66. Management of relationships with suppliers including payment practices

67. Corruption and bribery

Material impacts, risks and opportunities and their interaction with strategy and business model

Klöckner & Co sees major challenges in the environmental dimension, particularly with regard to climate change mitigation and energy. The business activities that have a direct environmental impact mainly consist of shipping products to customers by truck, which constitutes a major part of our business model. A key task in this context is therefore minimizing the environmental impact of our logistics processes along the entire supply chain. Reducing our environmental impact and our carbon footprint are also a focus of our strategy. As part of our Group strategy, we are working as a pioneer of a sustainable steel industry to establish innovative business models by creating a comprehensive portfolio of sustainable customer solutions.

Many of the negative impacts on people and the environment identified as material in the double materiality assessment have their origin in the upstream value chain. Based on our business model as a link between material production and consumption, we do not only recognize our responsibility in our own business operations, but also aim to show responsibility in our global value chain.

Social responsibility is also a key element of the Klöckner & Co corporate strategy. The focus here is on occupational safety, which is a high priority for the Company. This responsibility not only encompasses the protection and wellbeing of our employees, but also extends to the regions in which our headquarters and branches are located. By promoting safe working conditions and respectful interaction, we actively contribute to sustainable and responsible business conduct. This has a positive impact on our business model by increasing efficiency and productivity.

The tables below show the sustainability-related impacts, risks and opportunities that we have identified and classified as material in our double materiality assessment. The tables show each material ESRS topic, stating the sub-topics and, where applicable, sub-sub-topics to which our material impacts, risks and opportunities relate. In addition, we indicate in the tables whether the impacts, risks and opportunities arise in our own operations (OO) or in our value chain (VC). We also indicate whether our impact is positive or negative. The impacts refer to actual impacts unless specifically indicated as potential impacts. The tables include brief descriptions of the material impacts, risks and opportunities. Detailed information on the individual topics, including policies, actions, targets and metrics, can be found in the separate "Environment", "Social" and "Business conduct" sections.

Environment		
E1 Climate Change		
	Time horizons	Material impact or risk/opportunity
Climate change mitigation		
Negative impact (VC upstream)	long term	Steel production, which includes the extraction of raw materials and the manufacture of steel products along the supply chain, is a major source of carbon emissions.
Negative impact (OO)	long term	Klöckner & Co's vehicle fleet contributes to carbon emissions. A portion of the company's energy consumption comes from non-renewable sources and therefore also causes carbon emissions.
Negative impact (VC downstream)	long term	Combustion engines in downstream logistics to customers lead to general carbon emissions.
Opportunity		Klöckner & Co has the opportunity to take a leading position in the growing market for green steel products and actively contribute to the decarbonization of the supply chain with sustainable, innovative solutions.
Energy		
Negative impact (VC upstream)	long term	The extraction and production of raw materials requires significant amounts of energy due to the high temperatures needed for processes such as smelting.
Negative impact (OO)	long term	Klöckner & Co consumes a certain amount of energy in the course of its business activities, mainly in the form of electricity, transportation and heating of buildings.
E2 Pollution		
	Time horizons	Material impact or risk/opportunity
Pollution of air		
Negative impact (VC upstream)	long term	In the upstream supply chain, the production of metals generates various pollutants that are released into the atmosphere.
Pollution of water		
Negative impact (VC upstream; potential)	long term	Mining and production activities can potentially cause water pollution, both from chemicals used in extraction and production and from waste products from the mining process.
Pollution of soil		
Negative impact (VC upstream; potential)	long term	Soil contamination can be caused by mining and excavation. There is also a risk of soil contamination by metals during the production process if adequate precautions are not taken.
Pollution of living organisms and food resources		
Negative impact (VC upstream; potential)	long term	Living organisms and food resources can be affected by inhalation of contaminated dust, ingestion of contaminated water and food or skin contact with contaminated water.
E3 Water and marine resources		
	Time horizons	Material impact or risk/opportunity
Water withdrawal		
Negative impact (VC upstream)	short term	The upstream value chain results in water withdrawals, particularly in steel production.
Water discharge		
Negative impact (VC upstream; potential)	short term	Mining activities in the upstream supply chain can lead to untreated water discharges, which can result in water pollution in surface waters.

E4 Biodiversity and ecosystems		
	Time horizons	Material impact or risk/opportunity
Land-use change, fresh water-use change and sea-use change		
Negative impact (VC upstream; potential)	long term	Mining iron ore for raw materials along the supply chain can have impacts in terms of soil degradation in some biodiverse ecosystems. Contamination of the water supply with toxic substances, particularly from acid rock drainage, can also pose a risk.
Direct exploitation Negative impact (VC upstream; potential)	long term	Acid rock drainage can lead to direct exploitation by polluting the environment and significantly impacting living conditions for flora, fauna and humans.
Land degradation Negative impact (VC upstream; potential)	long term	
Desertification Negative impact (VC upstream; potential)	long term	Iron ore and coal for steel and metal production are mainly mined in rural regions with valuable flora and fauna. This can lead to the depletion of soils and geological strata, deforestation, habitat change, destruction of flora and fauna and soil erosion.
Soil sealing Negative impact (VC upstream; potential)	long term	
E5 Circular economy		
	Time horizons	Material impact or risk/opportunity
Waste Negative impact (VC upstream; potential)	long term	Waste deposits from mining companies can have a potential negative impact.

Social		
S1 Own workforce		
	Time horizons	Material impact or risk/opportunity
Adequate wages		
Risk		Rising wages can potentially lead to higher costs, such as through inflation, or greater pressure in terms of attracting and retaining talent.
Health and safety		
Negative impact (OO)	medium term	Negative impacts on our own workforce can result from accidents involving employees handling heavy products or working with metals that affect employee health and safety.
Gender equality and equal pay for work of equal value		
Negative impact (OO; potential)	medium term	Possible negative impacts on certain (vulnerable) groups of employees may arise if equal treatment and equal pay for work of equal value are not guaranteed or are put at risk.
S2 Workers in the value chain		
	Time horizons	Material impact or risk/opportunity
Working conditions		
Negative impact (VC upstream; potential)	long term	Mining activities for resource extraction can have a negative impact on working conditions, as they often involve unregulated markets, low wages and inadequate occupational safety.
Equal treatment and opportunities for all		
Negative impact (VC upstream; potential)	long term	As the value chain includes mined materials suppliers operating in largely unregulated markets lacking regulatory standards for equal treatment and opportunities for all, the Company is associated with these negative impacts through its upstream business relationships.
Other work-related rights		
Negative impact (VC upstream; potential)	long term	
S3 Affected communities		
	Time horizons	Material impact or risk/opportunity
Communities' economic, social and cultural rights		
Negative impact (VC upstream; potential)	long term	Mining activities can have a negative impact on the economic, social and cultural rights of affected communities, often leading to environmental pollution, land loss and lacking consideration of local needs.
Communities' civil and political rights		
Negative impact (VC upstream; potential)	long term	Negative impacts on fundamental human rights due to lack of regulation in major mining and processing countries.
Rights of indigenous peoples		
Negative impact (VC upstream; potential)	long term	Large-scale land acquisition by mining companies that directly affects indigenous communities can have a negative impact on their collective land rights, self-determination and cultural rights.
Business conduct		
G1 Business conduct		
	Time horizons	Material impact or risk/opportunity
Corporate culture		
Positive impact (OO)	Short term	A good corporate culture has a positive impact on the physical and mental wellbeing of employees and encourages them to raise concerns about unfair treatment and/or unethical practices.

Disclosure requirements in ESRS covered by the undertaking's sustainability statement

ESRS	Disclosure Requirement	Full name of the Disclosure Requirement	Page(s)
General Disclosures			
ESRS 2	BP-1	General basis for preparation of sustainability statements	99-100
ESRS 2	BP-2	Disclosures in relation to specific circumstances	100
ESRS 2	GOV-1	The role of the administrative, management and supervisory bodies	100-105
ESRS 2	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	100-105
ESRS 2	GOV-3	Integration of sustainability-related performance in incentive schemes	105
ESRS 2	GOV-4	Statement on due diligence	105
ESRS 2	GOV-5	Risk management and internal controls over sustainability reporting	105
ESRS 2	SBM-1	Strategy, business model and value chain	106-109
ESRS 2	SBM-2	Interests and views of stakeholders	109-110
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	114-117
ESRS 2	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	110-113
ESRS 2	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	118-123
E1 Climate Change			
E1	ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	105
E1	E1-1	Transition plan for climate change mitigation	128-131
E1	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	125-127
E1	ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	125-127
E1	E1-2	Policies related to climate change mitigation and adaptation	127-128
E1	E1-3	Actions and resources in relation to climate change policies	128-131
E1	E1-4	Targets related to climate change mitigation and adaptation	128-131
E1	E1-5	Energy consumption and mix	132
E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	133-135
E1	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	128-131
E1	E1-8	Internal carbon pricing	n/a
E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	n/a
E2 Pollution			
E2	ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	135-136
E2	E2-1	Policies related to pollution	135-136
E2	E2-2	Actions and resources related to pollution	135-136
E2	E2-3	Targets related to pollution	135-136
E2	E2-4	Pollution of air, water and soil	n/a
E2	E2-5	Substances of concern and substances of very high concern	n/a
E2	E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	n/a
E3 Water and Marine Resources			
E3	ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	135-136
E3	E3-1	Policies related to water and marine resources	135-136
E3	E3-2	Actions and resources related to water and marine resources	135-136
E3	E3-3	Targets related to water and marine resources	135-136
E3	E3-4	Water consumption	n/a
E3	E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	n/a

E4 Biodiversity and ecosystems			
E4	E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	n/a
E4	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	n/a
E4	ESRS 2 IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	135-136
E4	E4-2	Policies related to biodiversity and ecosystems	135-136
E4	E4-3	Actions and resources related to biodiversity and ecosystems	135-136
E4	E4-4	Targets related to biodiversity and ecosystems	135-136
E4	E4-5	Impact metrics related to biodiversity and ecosystems change	n/a
E4	E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	n/a
E5 Resource use and circular economy			
E5	ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	135-136
E5	E5-1	Policies related to resource use and circular economy	135-136
E5	E5-2	Actions and resources related to resource use and circular economy	135-136
E5	E5-3	Targets related to resource use and circular economy	135-136
E5	E5-4	Resource inflows	n/a
E5	E5-5	Resource outflows	n/a
E5	E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	n/a
S1 Own workforce			
S1	ESRS 2 SBM-2	Interests and views of stakeholders	149-150
S1	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	152, 155, 157
S1	S1-1	Policies related to own workforce	152-153, 156- 158
S1	S1-2	Processes for engaging with own workers and workers' representatives about impacts	149-150
S1	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	162-163
S1	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	153-154, 156-158
S1	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	154-155, 157, 158
S1	S1-6	Characteristics of the undertaking's employees	150-151
S1	S1-7	Characteristics of non-employee workers in the undertaking's own workforce	n/a
S1	S1-8	Collective bargaining coverage and social dialogue	n/a
S1	S1-9	Diversity metrics	n/a
S1	S1-10	Adequate wages	n/a
S1	S1-11	Social protection	n/a
S1	S1-12	Persons with disabilities	n/a
S1	S1-13	Training and skills development metrics	n/a
S1	S1-14	Health and safety metrics	155
S1	S1-15	Work-life balance metrics	n/a
S1	S1-16	Compensation metrics (pay gap and total compensation)	n/a
S1	S1-17	Incidents, complaints and severe human rights impacts	157
S2 Workers in the Value Chain			
S2	ESRS 2 SBM-2	Interests and views of stakeholders	161-162
S2	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	158
S2	S2-1	Policies related to value chain workers	159-160
S2	S2-2	Processes for engaging with value chain workers about impacts	161-162
S2	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	162-163

S2	S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	161
S2	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	161
S3 Affected communities			
S3	ESRS 2 SBM-2	Interests and views of stakeholders	164
S3	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	164
S3	S3-1	Policies related to affected communities	164
S3	S3-2	Processes for engaging with affected communities about impacts	164
S3	S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	162-163
S3	S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	164
S3	S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	164
G1 Business conduct			
G1	ESRS 2 GOV-1	The role of the administrative, supervisory and management bodies	167-168
G1	ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	167-168
G1	G1-1	Corporate culture and bBusiness conduct policies and corporate culture	167-168
G1	G1-2	Management of relationships with suppliers	n/a
G1	G1-3	Prevention and detection of corruption and bribery	n/a
G1	G1-4	Confirmed incidents of corruption or bribery	n/a
G1	G1-5	Political influence and lobbying activities	n/a
G1	G1-6	Payment practices	n/a

Disclosure Requirement and related datapoint

Materiality

ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Material
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	Material
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Material
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Not material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	Material
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Material

ESRS E1-4 GHG emission reduction targets paragraph 34	Material
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Material
ESRS E1-5 Energy consumption and mix paragraph 37	Material
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Material
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Material
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Material
ESRS E1-7 GHG removals and carbon credits paragraph 56	Material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Material not disclosed (phase-in)
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	Material not disclosed (phase-in)
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)	Material not disclosed (phase-in)
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)	Material not disclosed (phase-in)
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	Material not disclosed (phase-in)
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Material not disclosed (phase-in)
ESRS E3-1 Water and marine resources paragraph 9	Material
ESRS E3-1 Dedicated policy paragraph 13	Material
ESRS E3-1 Sustainable oceans and seas paragraph 14	Material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Material not disclosed (phase-in)
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations paragraph 29	Material not disclosed (phase-in)
ESRS 2 – IRO-1 E4 paragraph 16 (a) i	Material
ESRS 2 – IRO-1 E4 paragraph 16 (b)	Material
ESRS 2 – IRO-1 E4 paragraph 16 (c)	Material
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Material
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Material

ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Material not disclosed (phase-in)
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Material not disclosed (phase-in)
ESRS 2 SBM3 – S1 Risk of incidents of forced labour paragraph 14 (f)	Material
ESRS 2 SBM3 – S1 Risk of incidents of child labour paragraph 14 (g)	Material
ESRS S1-1 Human rights policy commitments paragraph 20	Material
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	Material
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Material
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Material
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Material
ESRS S1-14 Number of fatalities and number and rate of work-related accid	Material not disclosed (partial application of the ESRS)
ESRS S1-14 Number of days lost to injuries, accidents, fataliti	Material not disclosed (partial application of the ESRS)
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Material not disclosed (partial application of the ESRS)
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Material not disclosed (partial application of the ESRS)
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Material
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Material
ESRS 2 SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Material
ESRS S2-1 Human rights policy commitments paragraph 17	Material
ESRS S2-1 Policies related to value chain workers paragraph 18	Material
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Material
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	Material
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Material
ESRS S3-1 Human rights policy commitments paragraph 16	Material
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Material

ESRS S3-4 Human rights issues and incidents paragraph 36	Material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Not material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Not material
ESRS S4-4 Human rights issues and incidents paragraph 35	Not material
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Not material
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Not material
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Not material
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Not material

Environment

E1	Climate change	125
E2	Pollution	135
E3	Water and marine resources	135
E4	Biodiversity and ecosystems	135
E5	Circular economy	135
EU Taxonomy		136

Climate change

Our approach and policies

Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Climate change is a global phenomenon that is already being felt in many regions of the world, manifesting itself in rising temperatures, changing weather conditions and an increase in extreme weather events. Klöckner & Co also has an impact on the climate through its business activities and the associated CO₂ emissions.

A description of how Klöckner & Co screened its activities and plans in order to identify actual and potential future CO₂ emission sources in its own operations and along the value chain, and how it intends to reduce its CO₂ emissions, is provided in this section under "Our commitments."

This results in both opportunities and risks for Klöckner & Co's business activities. Klöckner & Co therefore performed an analysis of its climate risks and opportunities in fiscal year 2024. We included both physical and transition risks in the analysis. The climate scenario analysis is mainly based on the International Energy Agency (IEA) net zero emissions by 2050 scenario. The scenario describes a comprehensive plan to fully decarbonize the global energy system by 2050 in order to meet the Paris Agreement climate targets and limit global warming to no more than 1.5 °C. Specifically for physical risks, Klöckner & Co commissioned Munich Re to compile a risk analysis for the Company's own sites on the basis of their geographic coordinates, using the scenarios published by the Intergovernmental Panel on Climate Change (IPCC). These scenarios are unanimously regarded as being consistent with the current state of scientific research. The scenarios cover a wide range of societal measures and address future uncertainties regarding political, macroeconomic, energy system-related and technological developments:

- SSP1-2.6
- SSP2-4.5
- SSP3-7.0
- SSP5-8.5

The scenarios assume increases in global average surface temperatures through global warming of 1.6 °C, 2.8 °C, 4.4 °C and 5.8 °C by 2100. The risk analysis was based on short (2030), medium (2040) and long-term (beyond 2050) time horizons. The 2030 timeframe is in line with our Science Based Targets initiative (SBTi) targets, while the 2050 timeframe is in line with our commitment to net zero by 2050. This year's analysis of Klöckner & Co's physical risks considered 15 chronic and acute climate-related hazards listed in the EU Taxonomy to which Klöckner & Co's operations could be exposed. These include heat stress, wildfires, storms and floods. For each site, changes in climate hazards were assessed for the selected scenarios and the key time horizons. The data used for this analysis includes the latest climate models and databases, as well as published research and information from the IPCC. This year's climate risk analysis did not assess the actual risk and vulnerability of a site or its business activities. In particular, it did not analyze the influence of scenarios on risk levels. Klöckner & Co plans to further intensify its assessment of climate risks in the coming years.

In view of Klöckner & Co's numerous geographically dispersed locations, we do not overall consider ourselves particularly exposed to physical climate risks. Through our processing and distribution network and by maintaining safety stocks and working with alternative suppliers and service providers, we have a high degree of redundancy for the event that one or more sites are temporarily unable to operate as expected due to one or more climate change impacts.

The basis for identifying and assessing transition opportunities and risks is the IPCC SSP1-1.9 scenario, which aims to limit global warming by 2100 to below 1.5 °C in comparison to pre-industrial levels, consistent with the Paris Agreement targets. Once again, short (2030), medium (2040) and long-term (beyond 2050) time horizons are used. For both steel and aluminum, the greatest impact is expected at metal producers – a key category of Klöckner & Co suppliers – but not at Klöckner & Co itself.

Category	Transition event/driver	Risik/Opportunity
Policy and legal	Dynamic regulatory changes with increased sustainability requirements	<p>Risik: Increased requirements tie up time and staff resources</p> <p>Opportunity: Increased transparency requirements in the market play a key role in accelerating the implementation of Klöckner & Co's decarbonization</p>
Market	Rising carbon prices	<p>Opportunity: Rising costs of conventional steel open up opportunities to switch to more sustainable product alternatives; growing demand for CO₂-reduced products and services creates new market potential</p>
Market	Rising demand for steel scrap, CO ₂ -reduced steel and aluminum	<p>Opportunity: Potential to increase market share by expanding Klöckner & Co's portfolio of CO₂-reduced steel and aluminum</p> <p>Strengthening of competitiveness through differentiation</p>
Technology	<p>Conversion of steel production technologies to lower-emission processes</p> <p>Development of lower-emission logistics options</p>	<p>Opportunity: New decarbonization and market potential</p> <p>Decarbonization of the Company's own operations and the supply chain to achieve Klöckner & Co's climate targets</p>
Reputation	Change in customer preferences towards products with lower carbon emissions	<p>Opportunity: Klöckner & Co can position itself as a pioneer in the industry by providing climate-friendly steel and sustainable customer solutions</p> <p>A focus on CO₂-reduced products makes it possible to stand out from the competition</p>

To determine Klöckner & Co's resilience to climate change, we conducted a resilience analysis. This covered Klöckner & Co's own business activities, suppliers and customers. None of the climate change risks and hazards identified in our climate risk assessment were left out of the resilience analysis.

The resilience analysis was performed in fiscal year 2024. It includes both physical and climate-related risks to which our own business activities may be exposed in the future and takes into account Klöckner & Co's dependency on the value chain. With regard to transition risks, it is based on a scenario that assumes that the world will move towards net zero emissions by 2050. While this scenario is expected to lead to a significant change in steel and metal production, these are upstream effects that should have only a limited impact on Klöckner & Co itself.

We consider our business to be resilient to both physical and transition risks of climate change. Our resilience is based on the large number of suppliers we buy from, the wide range of locations where we operate and the broad customer base to whom we sell. This means that we are not dependent on individual suppliers, locations or customers. On the contrary, we can make up for the loss of a supplier, a customer or one or more of our own sites without being significantly affected as a whole.

Furthermore, our business is not asset-intensive. Our physical assets consist of our sites (land and buildings) and vehicles. Our sites are warehouses with stationary systems for receiving, shipping and processing metal products sold by Klöckner & Co. If one of our sites should be threatened by a physical climate hazard, we can switch to another site in the region. As our buildings are generally basic structures (designed to protect employees, inventory and equipment from the elements), with limited insulation and building services and few windows, their individual asset value is limited. Most or all of the other assets associated with a given site – mobile and fixed equipment and the site vehicle fleet – can in principle be relocated from one site to another.

While we consider our business model and strategy to be resilient to climate change, the above resilience analysis is subject to uncertainties. However, these are limited to the associated risk analysis. In particular, we still need to assess the physical risks to which our sites are exposed, along with the identified transition risks. However, we do not expect these uncertainties to have a material impact on the findings of the resilience analysis for the reasons discussed above (no dependence on any one supplier, location or customer given the large number of suppliers, locations and customers). This means that although Klöckner & Co's suppliers, its own sites and its customers are exposed to risks from climate change, the impact on our Company as a whole is considered to be minor.

Policies related to climate change mitigation and adaptation

Climate change mitigation and responsible energy management are of central importance to Klöckner & Co as a company in the steel and metals industry. We have enshrined this in our Climate Change Mitigation and Energy Policy. As a distributor and an important link in the value chain, we see it as our duty to continuously improve processes in order to minimize the negative and maximize the positive impacts and opportunities of our business activities.

Our Climate Change Mitigation and Energy Policy applies to our own operations, including all Group companies worldwide over which we exercise control. These are normally companies in which Klöckner & Co SE directly or indirectly holds the majority of the shares or voting rights. This policy serves as a guide for all employees, managers and Management Board members of all Klöckner & Co Group companies.

The Management Board of Klöckner & Co attaches a high priority to reducing the negative environmental impact of the Company's business activities and holds functional responsibility for this effort. One of the largest levers here is the impact of greenhouse gas (GHG) emissions and energy consumption arising from our own operations and our value chain. This responsibility extends to all global, regional and local management, as well as to the heads of department who are responsible for ensuring that the standards and commitments are implemented, communicated, monitored and integrated into the work processes of each organization.

Our Climate Change Mitigation and Energy Policy describes our commitment to reducing the environmental impact of our operations and promoting sustainable business practices within the Company. Our primary climate targets are focused on reducing GHG emissions from Klöckner & Co's direct operations as well as upstream and downstream supply chain to net zero by 2050. We use science-based targets to ensure the systematic decarbonization of our business and entire value chain. To achieve this, we focus on improving our energy efficiency and increasing the use of renewable energy sources. We also aim to further optimize the efficiency of our logistics processes and progressively reduce the use of fossil fuel. Transparency about our own emissions and the emissions at our customers is particularly important to us, as it forms the basis for sustainable procurement practices. Furthermore, we are expanding our portfolio of CO₂-reduced steel and metal products and of sustainable services in order to actively help our customers to achieve their decarbonization targets.

Our overarching energy goals include the adoption of energy-efficient technologies and practices throughout the Company to ensure sustainable use of resources. By making greater use of renewable energy sources and integrating our own energy generation at our sites, we are supporting the transition to a more environmentally friendly energy supply. Moreover, we are committed to complying with all national and international energy laws, and we provide transparent annual reporting on our energy consumption to continually track our progress and action areas.

Our climate and energy strategies are both supported by continuous monitoring and transparent reporting. This process covers all units and serves to establish a consistent approach.

Our climate targets are based on the United Nations Sustainable Development Goals (SDGs) and supported by our participation in the UN Global Compact. To adopt science-based targets and monitor GHG emissions throughout the Company, we have joined the Science Based Targets initiative. Klöckner & Co's data collection methodology is consistent with the international framework provided by the GHG Protocol. We are also in the process of implementing the ISO 14001 standard throughout the Group. This will assist us in the continuous improvement of our environmental management systems.

Our policy takes into account the interests of key stakeholders, including employees, management, customers, suppliers and regulators. Given the major environmental impact of steel and metals production, we are committed to reducing emissions in our operations and throughout our supply chain, and to using our position in the industry to further this goal. Ongoing dialogue comprises the starting point for setting standards and creating transparency to promote a low-emissions economy in which all parties work towards common decarbonization targets. The policy is available for all employees and external stakeholders on our website.

Our commitments

As a company in the steel and metals industry, we recognize our responsibility to actively contribute to the protection of our planet, especially with regard to reducing carbon emissions and their impact on the global climate.

Klöckner & Co's climate strategy and transition plan for climate change mitigation are an integral part of the overall corporate strategy. The net zero targets adopted by Klöckner & Co are aligned with a successful transition to a 1.5 °C economy and based on current climate science and the Paris Agreement targets. Klöckner & Co's decarbonization strategy is based on three main targets geared to reducing the climate impact of the Company's own business activities while also creating sustainable business opportunities by enabling customers and the upstream value chain to take action to reduce emissions:

- Reduction in emissions from our own business activities: Reduction in Scope 1 and 2 carbon emissions^{*)} of 62.5% by 2030 and net zero by 2040
- Decarbonization of the value chain: Klöckner & Co plans to reduce all Scope 3 carbon emissions^{**)} within its direct control – a 50% reduction by 2030 and net zero by 2040
- Promotion of CO₂-reduced steel: With regard to indirectly controllable Scope 3 carbon emissions^{***)} – primarily from externally sourced steel and metal products – we aim for a 30% reduction by 2030 and net zero by 2050

*) We have raised our near-term reduction target for Scope 1 and 2 carbon emissions by 2030 from 50% to 62.5% to underscore our commitment to the 1.5 °C pathway. Our updated climate targets were confirmed by the SBTi in January 2025.

**) Directly controllable Scope 3 emissions: Fuel and energy-related activities (3.3) [not included in Scope 1 and 2]; waste generated in operations (3.5); business travel (3.6); employee commuting (3.7); downstream transportation and distribution (3.9).

***) Indirectly controllable Scope 3 emissions: Purchased goods and services (3.1); Capital goods (3.2); Upstream transportation and distribution (3.4).

62.5%	50%	30%	Net zero
reduction in Scope 1 and 2 emissions by 2030	reduction in directly controllable Scope 1, 2 and 3 emissions by 2030	reduction in indirectly controllable emissions by 2030	in directly controllable Scope 1, 2 and 3 emissions by 2040; in indirectly controllable Scope 3 emissions by 2050

The targets for reducing carbon emissions do not include any offsetting. They were not formulated on the basis of a sectoral decarbonization pathway. The targets and emissions reporting are based on identical GHG inventory boundaries. Klöckner& Co's targets have been externally validated by the SBTi.

The climate strategy has been approved by the Management Board and Supervisory Board of Klöckner & Co. Since 2022, the decarbonization pathway and the climate targets have been confirmed by SBTi and incorporated into the remuneration of the Group Management Board, throughout the Group at management level 1 below the Management Board, and at management levels 1 to 3 in the holding company. All significant investment decisions are reviewed for their impact on the climate strategy.

In the "Kloeckner Takes Action 2040" initiative, we focus on reducing emissions from our operations and supply chain. Compared to the 2019 base year, we have already reduced our Scope 1 and Scope 2 emissions by over 50%. Klöckner & Co's baseline meets the requirements of the GHG Protocol, covers the significant activities and reflects the current organizational structure. A key factor in the emission reduction is the transition to renewable energy. Many of our sites already purchase renewable electricity, which met 98% of our global electricity consumption in 2024.

Our directly controllable Scope 3 emissions have increased by 10% relative to the 2019 base year. This increase is mainly due to higher emissions from waste activities. In contrast, not directly-controllable Scope 3 emissions have decreased by 21% due to smaller volumes of steel and metal products.

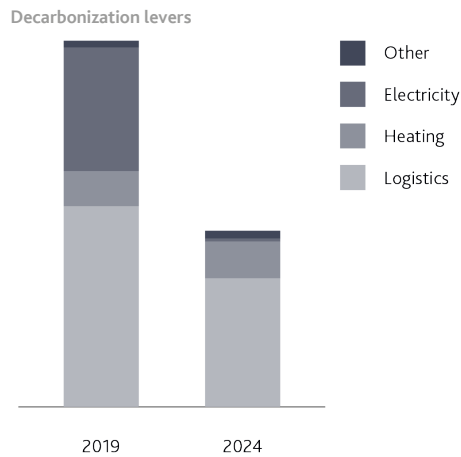
As part of our corporate strategy, the decarbonization of our business activities and supply chain plays a central role in delivering on our environmental responsibilities and shaping a sustainable future. We have identified a number of strategic levers and actions in our own operations and along our value chain that will enable us to significantly reduce carbon emissions.

In focusing on sustainability, we begin with our own business activities. To reduce direct emissions, we plan to use more electric vehicles and renewable fuels in our logistics and fleet management. In our US operations during the reporting year, we introduced a high-performance forklift at California Steel & Tube that saves some 80 tons of greenhouse gas emissions a year. Also since this year, an electric truck has been in use at our Santa Fe Springs site. We have additionally purchased eight electric trucks for our German sites and expect they will go into operation in 2025. Other initiatives include introducing sustainable heating systems to cut facility energy emissions, ongoing use of renewable energy, and exploring district heating options to minimize fossil fuel dependence. We expect that relocating our headquarters to a more energy-efficient building will significantly reduce the facility's headquarters electricity and heating emissions.

Reducing Scope 3 emissions in our direct control involves targeted action for waste reduction and optimization as well as the switch to low-carbon alternatives for business travel and commuting. We have also extended the use of solar power to five additional sites. This makes us less dependent on externally sourced electricity while at the same time reducing emissions from energy and fuel-consuming activities in our value chain. More photovoltaic systems are planned for 2025. In regard to business travel, we promote the use of low-carbon options and minimize non-essential travel. In 2021, we introduced a revised travel expenses policy that limits domestic flights in European countries and requires carbon offsetting for flights over 1,500 kilometers. For commuting, we likewise promote low-carbon mobility options and have established flexible working time models to reduce commuting emissions. We have also launched a transition process in Germany to electrify our company car fleet, with over half the fleet now switched to electric vehicles. Furthermore, since 2023, we have provided subsidized "job tickets" for all employees of our German country organizations. We also continue to work with external logistics providers that pursue clear decarbonization strategies to ensure alignment with our sustainability goals.

For Scope 3 emissions over which we have only indirect control, we are actively working with our suppliers and customers to promote decarbonization along the entire value chain. A key element here consists of sourcing low-carbon steel and metal products to minimize the environmental impact of the materials we sell. By promoting these low-carbon products to our customers, we not only help them achieve their sustainability targets, but also contribute to the broader adoption of more environmentally friendly materials in the industry. Although demand for green steel and metals is on the rise, Klöckner & Co moved early to position itself in the market with a carbon transparency strategy and supply agreements in place.

Most of the identified decarbonization levers can be implemented independently without being significantly affected by resource constraints. However, achieving the net zero target for Scope 3 emissions heavily depends on the steel industry's transition to low-carbon technologies and widespread market availability of CO₂-reduced steel. This dependence on external factors shows that although Klöckner & Co's own efforts are not subject to significant resource constraints, further systemic changes in the steel industry's technology landscape are needed in order for the Company to fully achieve its decarbonization targets.



Klöckner & Co has no significant assets or products with locked-in GHG emissions that could jeopardize the achievement of emission reduction targets and pose a transition risk. Klöckner & Co is not excluded from the EU Paris-aligned benchmarks.

GHG mitigation projects

Our prime focus is on the direct reduction and avoidance of carbon emissions. At the same time, we recognize that the transition to net zero is a long-term process for our Company that requires investment and the development of new technologies. We therefore use the possibility of reducing our impact in the meantime through high-quality carbon compensation projects. In addition to our reduction measures, we have consequently decided to compensate all of our Scope 1 and 2 carbon emissions from 2022 onwards, without taking them into account against our reduction targets.

The carbon credits that were already purchased and cancelled in 2022 originated from outside of Klöckner & Co's value chain and encompass a total of 300 thousand tons of CO₂e. They cover Klöckner & Co's direct emissions in the medium term. This timeframe may be longer or shorter depending on business performance and Klöckner & Co's onward reduction pathway.

All credits that Klöckner & Co has acquired have already been decommissioned in the electronic register of the German Emissions Trading Authority (DEHSt), even where they relate to future emissions. There are currently no plans to purchase further carbon credits. All purchased carbon credits were Gold Standard verified and originate from two climate change mitigation projects in Nepal and Rwanda. The focus of the projects is on renewable energy and energy efficiency.

The quality criteria for project selection are as follows:

- **Additionality:** The projects could not have been carried out without carbon credit financing as they would have not been economically viable otherwise.
- **Verifiability:** The emission reductions are verifiable and ongoing project implementation is regularly audited by independent third parties. A double counting of the achieved reduction from the projects is ruled out.
- **Irreversibility:** The carbon emission reduction from the purchased carbon credits is irreversible, without the possibility of release in the future.

Both projects focus on the social as well as the environmental dimension.

Our metrics

Energy consumption and mix

All of Klöckner & Co's business activities fall within the metals industry or wholesale sectors, both of which are classified as high climate impact sectors. Klöckner & Co's entire revenue is therefore from activities in high climate impact sectors (see Note 7 to the consolidated financial statements).

Energy consumption and mix ^{*)}	2023	2024
(1) Fuel consumption from coal and coal products (MWh)	n/a	0
(2) Fuel consumption from crude oil and petroleum products (MWh)	n/a	146,431
(3) Fuel consumption from natural gas (MWh)	n/a	35,945
(4) Fuel consumption from other fossil sources (MWh)	n/a	9,858
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	n/a	1,853
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	n/a	194,087
Share of fossil sources in total energy consumption (%)	n/a	70
(7) Consumption from nuclear sources (MWh)	n/a	304
Share of consumption from nuclear sources in total energy consumption (%)	n/a	0
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	n/a	502
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	n/a	82,054
(10) The consumption of self-generated non-fuel renewable energy (MWh)	n/a	0
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	n/a	82,556
Share of renewable sources in total energy consumption (%)	n/a	30
Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)	n/a	276,947

^{*)} In accordance with Section 42 (3a) of the German Energy Act (Energiewirtschaftsgesetz), for electricity from German points of purchase, the renewable energy share includes renewable energy subsidized under the Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz). The presentation therefore reflects the actual energy mix and takes into account the specific market conditions in Germany.

Klöckner & Co's energy consumption and mix were determined on the basis of direct and indirect energy consumption. With regard to indirect consumption, we aim to identify the procurement mix at our electricity suppliers. Where we do not have precise information on the energy mix, we use information from the IEA database.

Energy intensity per net revenue	2023	2024	% 2024/2023
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/T€)	n/a	0.04	n/a

Gross Scopes 1, 2, 3 and Total GHG emissions

In 2020, Klöckner & Co conducted a process to identify all sources of carbon emissions in its own operations and along the value chain. This analyzed both internal processes as well as upstream and downstream emissions. The collected data was assessed and classified based on the GHG Protocol in order to obtain a valid basis for classifying emission sources.

Klöckner & Co's baseline data has been adjusted to reflect changes in the organizational structure, including the sale of the steel distribution businesses in France, the United Kingdom, the Netherlands and Belgium and the acquisition of National Material of Mexico. These adjustments ensure that the data remains comparable from year to year and is consistent with the requirements of the GHG Protocol.

Klöckner & Co calculates its carbon emissions using the methodology of the GHG Protocol. The average-data method was used for purchased goods and services (Category 3.1) and the distance-based method for upstream transportation and distribution (Category 3.4). The system boundaries also follow the GHG Protocol, with cradle-to-gate emissions included for purchased goods and services as well as capital goods. The sources of the emission factors used are Ecoinvent, Ecometrica, Defra and Ademe. These sources were selected for their scientific basis and relevance for different industries and regions.

The majority of Scope 3 emissions stem from direct expenditure, specifically from the purchases of steel and metals. The calculation is currently based on industry averages, divided into material classes and product groups. In the future, we plan to use data from the Nexigen® PCF algorithm developed by Klöckner & Co. This approach incorporates a greater proportion of primary data from manufacturers and enables a more detailed analysis of different production processes.

There were no significant events or changes between the reporting dates of Klöckner & Co's financial and non-financial reporting that would affect the calculation of the GHG emissions. Furthermore, the net revenue used to calculate GHG intensity in the Group non-financial report is identical to the net sales reported in the financial report, as both reports are published at the same time.

Klöckner & Co uses both bundled and unbundled contractual instruments for energy, based on regional availability. In total, unbundled electricity accounts for 62% and bundled electricity for 38% of electricity purchased by Klöckner & Co. This approach enables Klöckner & Co to align its energy procurement strategy with local market conditions while continuing to support its sustainability targets.

Scope 3 categories not included in the reporting are upstream leased assets (3.8), processing of sold products (3.10), use of sold products (3.11), end-of-life treatment of sold products (3.12), downstream leased assets (3.13), franchises (3.14) and investments (3.15). In accordance with the GHG Protocol, these have been excluded due to their limited materiality or relevance to Klöckner & Co's operations.

12 End-of-life treatment of sold products	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
13 Downstream leased assets	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
14 Franchises	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
15 Investments	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total GHG emissions								
Total GHG emissions (location-based) (t CO ₂ e)	n/a	6,381,917	7,852,652	23.0	n/a	n/a	n/a	n/a
Total GHG emissions (market-based) (t CO ₂ e)	9,849,769	6,358,919	7,824,819	23.1	n/a	6,847,461	984,977	n/a

*) Carbon emissions for the 2019 base year adjusted for continuing operations, excluding the steel distribution business in France, the United Kingdom, the Netherlands and Belgium and including the operations of National Material of Mexico.

**) Minor, in total negative differences from the prior-year figure are due to methodological changes involving conversion and emission factors.

***) In line with SBTi target: 62.5% reduction by 2030, 90% reduction by 2040

GHG intensity per net revenue	2024
Total GHG emissions (location-based) per net revenue (t CO ₂ e/T€)	1.18
Total GHG emissions (market-based) per net revenue (t CO ₂ e/T€)	1.18

Other environmental topics

Detailed information on the double materiality assessment and the description of the processes to identify and assess material impacts, risks and opportunities can be found in the "General disclosures" section under "Description of the processes to identify and assess material impacts, risks and opportunities" (see page 110 et seq.).

The double materiality assessment identified the following sustainability topics as material solely for the upstream value chain:

- Pollution (E2)
- Water and marine resources (E3)
- Biodiversity and ecosystems (E4)
- Circular economy (E5)

Potential negative impacts arise in the upstream supply chain from the processing of metals such as iron or steel, which can release various pollutants into the atmosphere. Mining and production activities can also pollute water and soil. This is due to chemicals used in mining and production as well as waste products from the mining process and leaching. Living organisms and food resources can also be affected by the inhalation of contaminated dust, the consumption of contaminated water and food or the contact with contaminated water.

Due to limited transparency in the upstream supply chain, there is no overarching policy and there are no specific targets or actions to prevent and reduce pollution that extend to the value chain. In order to develop an effective policy and derive targets and actions, Klöckner & Co needs a well-founded basis of data on pollution along the value chain. Targeted improvement is sought in this area for the future.

Mining and production activities in the upstream supply chain involve moderate water withdrawals. In addition, mining activities in the upstream supply chain can lead to untreated water discharges, which can result in water pollution from chemicals in wastewater. As Klöckner & Co does not have any information on or access to the water withdrawals of its steel-producing suppliers or the mines within its value chain, management in this regard is limited to business relationships with direct suppliers. Due to limited transparency in the upstream supply chain, there is no overarching policy and there are no specific targets or actions related to water and marine resources that extend to the value chain. In order to develop an effective policy and derive targets and actions, Klöckner & Co needs a well-founded basis of data on water withdrawals and water discharge along the value chain. Targeted improvement is sought in this area for the future.

Mining activities in the upstream supply chain can lead to soil degradation and usually take place in ecosystems with high levels of biodiversity, which can have harmful impacts on people and on flora and fauna. Due to limited transparency in the upstream supply chain, there is no overarching policy and there are no specific targets or actions related to biodiversity and ecosystems that extend to the value chain. In order to develop an effective policy and derive targets and actions, Klöckner & Co needs a well-founded basis of data on negative impacts on ecosystems along the value chain. Targeted improvement is sought in this area for the future.

Mining activities in upstream supply chains can lead to the landfilling of hazardous waste, which can indirectly pollute human and animal habitats. Due to limited transparency in the upstream supply chain, there is no overarching policy and there are no specific targets or actions related to the circular economy that extend to the value chain. In order to develop an effective policy and derive targets and actions, Klöckner & Co needs a well-founded basis of data on the management of hazardous waste along the value chain. Targeted improvement is sought in this area for the future.

EU Taxonomy

In 2019, the EU Member States agreed to reduce net GHG emissions to zero by 2050 as part of the European Green Deal. Europe is to be the first continent to become climate-neutral. By means of the European Green Deal, under the EU Taxonomy Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, the European Union (EU) places obligations on companies to operate more sustainably.

The EU Taxonomy requires companies to review and evaluate whether and to what extent their activities fall under the definition of "environmentally sustainable activities." Six environmental targets have been defined by the EU for this purpose:

- (1) Climate change mitigation
- (2) Climate change adaptation
- (3) The sustainable use and protection of water and marine resources
- (4) The transition to a circular economy
- (5) Pollution prevention and control
- (6) The protection and restoration of biodiversity and ecosystems

For the 2024 reporting year, the percentage of taxonomy-eligible and taxonomy-aligned economic activities has to be reported for the two climate objectives under the Climate Delegated Act and the percentage of taxonomy-eligible and, for the first time, taxonomy-aligned economic activities for the four environmental objectives under the Environmental Delegated Act.

Under Article 3 of the Taxonomy Regulation, economic activities are taxonomy-aligned if they meet the following three criteria. An economic activity is considered to be environmentally sustainable if it makes a substantial contribution to at least one of the environmental goals and does no significant harm with regard to any of the other environmental targets. An environmentally sustainable economic activity must also meet social criteria referred to as minimum safeguards. These relate to recognized frameworks such as the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

The EU Taxonomy Regulation is focused primarily on sectors that can make a substantial contribution and whose transformation therefore has a material influence on achieving the stated targets. Only a few activities in combination with technical screening criteria within the meaning of the EU Taxonomy have been specified so far for Klöckner & Co SE's sales revenue-generating economic activities. Because of this, an adequate presentation is not possible due to the lack of regulatory coverage of our activities under the EU Taxonomy. This limits the representativeness and interpretability of the figures with regard to taxonomy eligibility and taxonomy alignment of Klöckner & Co's sales. Given the dynamic pace of regulatory development, we expect that activities will be specified for our sales revenue-generating economic activities in the future and that these will allow us to report more comprehensively. We are already aware of the vital and in particular strategic importance that sustainability has for our business. We report on our climate targets and sustainable business solutions in the Environment chapter, starting on page 124.

Identification of taxonomy-eligible activities

After identifying the potential main activities based on the product groups and services of Klöckner & Co, we conclude that the following economic activities are taxonomy-eligible with regard to EU environmental targets 1 and 4 according to the Climate Delegated Act and the Environmental Delegated Act. With regard to EU environmental targets 2, 3, 5 and 6, Klöckner & Co does not generate any sales from taxonomy-eligible activities. In addition, we have not identified any separate CAPEX or OPEX that contributes to the aforementioned environmental objectives:

- CCM activity 6.6 "Freight transport services by road": According to Annex I of the Climate Delegated Act, this economic activity includes the purchase, financing, leasing, rental and operation of vehicles designated as category N1, N2 or N3 falling under the scope of EURO VI, step E or its successor, for freight transport services by road. Klöckner & Co mainly makes use of N3 class vehicles for freight transport due to the high payload capacity required. Freight transport by Klöckner & Co with vehicles that meet the above criteria can therefore be taken into account as a taxonomy-eligible economic activity within the meaning of the EU Taxonomy. Only Klöckner & Co trucks that at minimum comply with emission level E were taken into account. In addition, it should be noted that we provide logistics services that fall under CCM category 6.6 generally in conjunction with other activities belonging to steel distribution that are not covered by the EU Taxonomy.

- Activity CCM 8.2 "Data-driven solutions for GHG emissions reductions": According to Annex I of the Climate Delegated Act, this economic activity includes the development or use of information and communication technology (ICT) solutions that are aimed at collecting, transmitting and storing data, and at its modelling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions. Klöckner & Co's Nexigen® Data Services solution enables customers to actively manage and reduce their carbon emissions. It provides a clear and transparent overview by collating the carbon footprint of all products procured through Klöckner & Co in a single place. Customers also receive concrete suggestions for more environment-friendly alternatives and are shown ways in which they can reduce carbon emissions compared to previous orders.
- Activity CE 2.3 "Collection and transport of non-hazardous and hazardous waste": According to Annex II of the Environmental Delegated Act, this activity comprises the separate collection and transport of non-hazardous and hazardous waste aimed at preparing for reuse or recycling, including the construction, operation and upgrade of facilities involved in the collection and transport of such waste, as a means for material recovery. Klöckner & Co sells its own steel scrap to business partners for reuse and recycling.

In addition, Klöckner & Co has identified the following additional taxonomy-eligible activities in terms of CAPEX and OPEX which are not directly related to the product and service portfolio:

- Activity CCM 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles".
- Section CCM 7 "Construction and real estate activities", in particular the activities "Installation, maintenance and repair of energy efficiency equipment" (CCM 7.3), "Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)" (CCM 7.4), "Installation, maintenance and repair of renewable energy technologies" (CCM 7.6) and "Acquisition and ownership of buildings" (CCM 7.7).

Beyond these, no taxonomy-relevant activities were identified within our business activities, either separately or in the aggregate.

Derivation of key figures

As the EU has not yet specified any activities for the material economic activities of Klöckner & Co SE, the possible scope of taxonomy reporting for our Company is very limited. This results in the small percentages stated in the following with regard to taxonomy eligibility and taxonomy alignment. The share of taxonomy-eligible economic activities (activity CE 2.3) in total sales in the fiscal year 2024 amounted to less than 0.1% of the total sales reported in the Annual Report (see Note [7] to the consolidated financial statements).

Capital expenditure ("eligible CAPEX") related to assets or processes associated with taxonomy-eligible economic activities was differentiated by asset class. In fiscal year 2024, approximately 28% of Klöckner & Co's capital expenditure was taxonomy-eligible. Total capital expenditure is the sum of the additions disclosed in Note (16) Intangible assets and property, plant and equipment to the consolidated financial statements from (a) additions to intangible assets excluding goodwill, (b) property, plant and equipment, and (c) leases.

In fiscal year 2024, taxonomy-eligible operating expenses amounted to less than 7% of the total EU taxonomy-relevant expenses. Total operating expenses as defined by the EU taxonomy include maintenance and repair costs, building renovation measures, as well as short-term leasing expenses.

All taxonomy-eligible capital expenditure relates to capital expenditure on property, plant and equipment. As CAPEX on activity CCM 6.6, "Freight transport services by road," and turnover from activity CE 2.3, "Collection and transport of non-hazardous and hazardous waste," do not meet the "do no significant harm" criteria, no taxonomy-aligned CAPEX, OPEX or turnover is reported. The activities identified in addition as taxonomy-eligible relate exclusively to the purchase of services and products of taxonomy-eligible activities of other companies, comprising CAPEX (c) and OPEX (c). In respect of these services and products, the proof of taxonomy alignment is required to be furnished by our service providers and suppliers. However, there is a lack of transparency with regard to the information required. It is therefore not possible to provide positive confirmation of the taxonomy alignment of the reported CAPEX (c) and OPEX (c).

Given the dynamically changing nature of EU Taxonomy legislation, we note that our impact analysis may be subject to gradual future adjustments. Our taxonomy-relevant disclosures are listed in full in the tables below.

Table: Taxonomy turnover (sales) in 2024

Reporting Year N	Year		Substantial contribution criteria							
	Code(s) (2)	Turnover (3)	Proportion of turnover year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	
Economic activities (1)		T€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	
A. Taxonomy-eligible activities										
A.1 Environmentally sustainable activities (Taxonomy-aligned)										
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-							
Of which enabling		-	-							
Of which transitional		-	-							
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Collection and transport of non-hazardous and hazardous waste	CE 2.3	4,254.42	0.06	N / EL	N / EL	N / EL	N / EL	EL	N / EL	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,254.42	0.06							
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		4,254.42	0.06							
B. Taxonomy-non-eligible activities										
Turnover of Taxonomy-non-eligible activities (B)		6,627,938.58	99.94							
Total (A + B)		6,632,193.00	100.00							

Table: Taxonomy CAPEX 2024

Reporting year N	Year		Substantial contribution criteria						
Economic activities (1)	Code(s) (2)	CAPEX (3)	Proporti	Climate	Climate	Water and	Pollution	Circular	Biodiversity
			on of						
			CAPEX	mitigation	adaptation	resources	(8)	(9)	ecosystems
		TE	year N	(5)	(6)	(7)	(8)	(9)	(10)
			(4)	(5)	(6)	(7)	(8)	(9)	(10)
			%	Y; N;	Y; N;	Y; N;	Y; N;	Y; N;	Y; N;
				N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-						
Of which enabling		-	-						
Of which transitional		-	-						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Transport by motorbikes, passenger cars and commercial vehicles	CCM 6.5	4,275.56	2.55	EL	N / EL	N / EL	N / EL	N / EL	N / EL
Freight transport services by road	CCM 6.6	6,369.03	3.81	EL	N / EL	N / EL	N / EL	N / EL	N / EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1,378.46	0.82	EL	N / EL	N / EL	N / EL	N / EL	N / EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	395.72	0.24	EL	N / EL	N / EL	N / EL	N / EL	N / EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	2,285.73	1.37	EL	N / EL	N / EL	N / EL	N / EL	N / EL
Acquisition and ownership of buildings	CCM 7.7	31,444.39	18.79	EL	N / EL	N / EL	N / EL	N / EL	N / EL
Data-driven solutions for GHG emissions reductions	CCM 8.2	0.00	0.00	EL	N / EL	N / EL	N / EL	N / EL	N / EL
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		46,148.87	27.57						
A. CAPEX of Taxonomy-eligible activities (A.1 + A.2)		46,148.87	27.57						
B. Taxonomy-non-eligible activities									
CAPEX of Taxonomy-non-eligible activities (B)		121,229.79	72.43						
Total (A + B)		167,378.67	100.00						

DNSH criteria ("Do no significant harm")

Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CAPEX, year N-1 (18)	Category enabling activities (19)	Category transitional activities (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
							-		
							-	E	
							-		T
							0.99		
							3.57		
							0.11		
							0.18		
							0.00		
							5.32		
							0.85		
							11.02		
							11.02		

Table: Taxonomy OPEX 2024

Reporting year N	Year	Substantial contribution criteriag								
		Code(s) (2)	OPEX (3)	Proporti on of OPEX year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)
Economic activities (1)		T€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	
A. Taxonomy-eligible activities										
A.1. Environmentally sustainable activities (Taxonomy-aligned)										
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-							
Of which enabling		-	-							
Of which transitional		-	-							
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Transport by motorbikes, passenger cars and commercial vehicles	CCM 6.5	1,642.30	2.96	EL	N / EL	N / EL	N / EL	N / EL	N / EL	
Freight transport services by road	CCM 6.6	1,697.32	3.06	EL	N / EL	N / EL	N / EL	N / EL	N / EL	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	80.13	0.14	EL	N / EL	N / EL	N / EL	N / EL	N / EL	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	-	-	EL	N / EL	N / EL	N / EL	N / EL	N / EL	
Data-driven solutions for GHG emissions reductions	CCM 8.2	319.10	0.58	EL	N / EL	N / EL	N / EL	N / EL	N / EL	
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3,738.85	6.74	-	-	-	-	-	-	
A. OPEX of Taxonomy-eligible activities (A.1 + A.2)		3,738.85	6.74	-	-	-	-	-	-	
B. Taxonomy-non-eligible activities										
OPEX of Taxonomy-non-eligible activities (B)		51,726.42	93.26							
Total (A + B)		55,465.26	100.00							

DNSH criteria ("Do no significant harm")

Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OPEX, year N-1 (18)	Category enabling activities (19)	Category transitional activities (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
							-		
							-	E	
							-		T
							1.77		
							1.83		
							-		
							-		
							-		
							3.60		
							3.60		

Template 1: Nuclear and fossil gas related activities

Row	Nuclear energy related activities	Result
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No



Social

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S2	Workers in the value chain _____	158
S3	Affected communities _____	164

Own workforce

Processes for engaging with own workforce and workers' representatives

Klöckner & Co attaches great importance to employee collaboration and communication and uses various channels to understand employees' perspectives and needs. We are committed to creating a culture where all employees feel safe and confident to raise important concerns. This includes encouraging them to freely express their opinions, including to more senior colleagues. In support of this, we conduct an annual Group-wide employee survey that provides insights into how employees perceive Klöckner & Co as an employer, how they experience their day-to-day work, how their direct supervisors ensure occupational health, safety and well-being at work, and how respectful and free of prejudice they perceive the working environment in our branches and departments to be. The results of the survey provide a valuable basis for dialogue and for identifying action to further improve our work environment.

Klöckner & Co actively promotes an appreciative working environment characterized by diversity and equal opportunities. The Company promotes an inclusive culture in which everyone has the same opportunities for personal and professional development. This is supported by various initiatives, such as the Women@Kloeckner network meetings and KloecknerPride, our commitment to LGBTQ+ inclusion. In addition, the company offers virtual discussion groups, known as espresso calls, on a regular basis. These provide a forum for employees to exchange ideas on various aspects of diversity in an informal setting. Promoting employee development is also a key component of our corporate culture. That is why we offer employees a wide variety of continuing education and personal development opportunities.

The Head of Group HR and his team are responsible for the ongoing management of employee development activities. Klöckner & Co also operates the "Let us know" whistleblower system described in this section under "Complaints mechanism."

To systematically address actual and potential impacts on the workforce, Klöckner & Co takes the perspectives of employees into account when making decisions and taking action. This takes place through adherence to internationally recognized standards and principles, including the United Nations Universal Declaration of Human Rights (UDHR), the UN Guiding Principles on Business and Human Rights, and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We also follow the Guidelines for Multinational Enterprises published by the Organisation for Economic Cooperation and Development (OECD) and the 10 principles of the UN Global Compact. These frameworks and agreements enable us to incorporate employee perspectives on an ongoing basis, and establish the parameters within which we operate to respect and protect employee rights. Our agreements with employee representatives provide continuous insight into the perspectives of our workforce, enabling us to adapt measures accordingly.

We once again conducted an employee survey in 2024. All Group companies participated with the exception of Brazil. The overall response rate increased slightly compared to the prior year, from 67% to 69%. The questions that received the most positive responses were whether everyone knows how they can contribute to achieving the Company's targets (90%), whether employees feel they are treated with respect by their immediate supervisor (89%) and whether everyone knows who they can turn to if they are exposed to or observe violations of our Code of Conduct (89%). 86% agreed that their immediate supervisor acts to ensure the health, safety and welfare of the team at work. Around three out of four of our employees (76%) would recommend Klöckner & Co as an employer. Despite the overall positive findings, employees still saw room for improvement in the use of the employee training programmes.

Since the survey was conducted with site-level granularity, we can take targeted action. The survey findings are being used to implement systematic change management and provide the basis for initiating new HR management measures and developing our culture.

Characteristics of the Klöckner & Co workforce

Gender	Number of employees (head count)
Male	5,195
Female	1,107
Other	n/a
Not reported	n/a
Total employees	6,302

Country	Number of employees (head count)
Brazil	150
Germany	1,543
Mexico	584
Netherlands	62
Austria	95
Switzerland	1,345
USA	2,435
Other	88

2024

FEMALE	MALE	OTHER ^{*)}	NOT REPORTED	TOTAL
Number of employees (head count/FTE)				
1,045.0	5,168.0	n/a	n/a	6,213.0
Number of permanent employees (head count/FTE)				
1,032.7	5,103.3	n/a	n/a	6,136.0
Number of temporary employees (head count/FTE)				
12.3	64.7	n/a	n/a	77.0
Number of non-guaranteed hours employees (head count/FTE)				
0.0	0.0	n/a	n/a	0.0
Number of full-time employees (head count/FTE)				
927.0	5,116.0	n/a	n/a	6,043.0
Number of part-time employees (head count/FTE)				
118.0	52.0	n/a	n/a	170.0

^{*)} Gender as specified by the employees themselves.

The total number of employees who left the Company between January 1, 2024 and December 31, 2024 was 1,118. The rate of employee turnover was 18.1% in the reporting period. The rate of employee turnover is calculated as the ratio of the number of employees who left voluntarily or non-voluntarily to the average number of employees in fiscal year 2024. The disclosures on permanent employees, temporary employees and non-guaranteed hours employees are stated in full-time equivalents (FTEs) as of the December 31, 2024 reporting date, with the FTE calculation being based on the respective country-specific definition. This also applies to the disclosures on full-time and part-time employees. The disclosures on the total number of employees at Klöckner & Co is likewise based on the December 31, 2024 reporting date. This data is collected on the basis of Group-wide database records from the Group's standard reporting systems. External validation of the data does not take place. Apprentices, interns, work-study students and long-term absentees were not included in the calculation. As a result, the figures differ from the number of employees reported in the notes to the consolidated financial statements under (10) Personnel expenses.

Health and safety

Material impacts and their interaction with strategy and business model

As a company in steel and metal distribution, Klöckner & Co employs a large number of workers who are exposed to specific safety risks when handling heavy stock such as steel at its warehouses. Responsibility – especially for our employees and their well-being – is at the heart of Klöckner & Co's strategy and closely tied to our business model. Occupational health and safety are therefore not only an integral part of our social responsibility. They are also an essential element for the success of our business activities. A safe and healthy working environment not only protects our employees, but also contributes significantly to the process stability and efficiency that is essential to our value creation and customer satisfaction.

We attach great importance to the physical, social and psychological safety of all employees in the workplace and are committed to their protection. This is a central driver of our strategic goals and our positioning as a trusted partner in steel distribution. Klöckner & Co's Group-wide health and safety activities are covered by our Occupational Health and Safety Policy. Through proactive risk management and by engaging with our employees, we aim to establish a working environment where safety is a shared responsibility and a core value. We aim to integrate occupational safety into all our decisions and actions and to adopt processes to prevent occupational accidents in order to ensure the safety and wellbeing of our employees. Accordingly, we are committed to regularly reviewing and updating our local occupational health and safety policies in order to align them with the best standards and legal requirements.

We prevent safety incidents in practice through regular health and safety training throughout the Group, through continuous and regular assessment of the operational and administrative work environment, incident management, and by setting targets and measuring progress.

Our approach and policies

Klöckner & Co's activities in the area of occupational safety are covered by the Company's Occupational Health and Safety Policy. This sets the standard for how we want to protect and ensure the wellbeing of our employees. The policy applies to our own operations, including all companies in which we have a decisive influence. These are normally companies in which Klöckner & Co SE directly or indirectly holds a majority interest. The Occupational Health and Safety Policy applies to all employees, managers and Management Board members of all Group companies belonging to Klöckner & Co SE. Klöckner & Co also expects its business partners – such as suppliers and subcontractors – to recognize their responsibility for occupational health and safety. The entire global, regional and local management, as well as the respective heads of department, are responsible for ensuring that the standards and commitments under our Occupational Health and Safety Policy are implemented, communicated, monitored and integrated into the work processes of each organization. Occupational health and safety is also a responsibility of all employees.

Klöckner & Co's Occupational Health and Safety Policy describes the Company's commitment to providing a safe and healthy working environment for all employees and business partners. The objective is to define minimum standards with regard to health and safety, minimize risks and promote a culture of safety. The policy describes the specific risks associated with steel and metal distribution and processing, including manual handling injuries, trips and falls, vehicle-related accidents, repetitive motion injuries, noise, as well as chemical and physical hazards.

Responsibility for implementing the policy lies with global, regional and local management and the respective heads of department. Their responsibilities include ensuring compliance with local regulations and Company standards, developing and implementing safety strategies, implementing safety measures and promoting a positive safety culture through training and awareness programs. Local occupational safety teams focus on systematically reducing accident risks, conducting hazard analyses, implementing regional safety measures and organizing training. Each employee shares responsibility for workplace safety by following rules, reporting hazards, participating in training and using required personal protective equipment.

Klöckner & Co has various systems and processes in place for the continuous improvement of occupational safety. This includes conducting risk assessments before introducing new equipment or processes and updating them when changes are made, and systematically investigating accidents and near-misses. The aim here is to analyze the causes in order to take suitable action to avoid future incidents.

The metric for occupational safety performance is the lost time injury frequency (LTIF), which measures the number of accidents in relation to the number of hours worked. This metric is monitored for all business units and reported to the Management Board on a monthly basis.

The overarching aim of the policy is to prevent accidents and injuries at work by implementing preventive safety measures, ensuring regular training and guaranteeing a minimum standard of safety at all Company sites. We are committed to developing our processes and systems in accordance with global health and safety standards, including ISO 45001, and to setting our goals based on these guidelines. In areas where such certifications have not yet been obtained, we work with comparable internal systems that systematically identify hazards and implement continuous improvements.

Our Occupational Health and Safety Policy has been developed in consultation with our departments and based on the requirements of our external stakeholders, taking into account their own and legal requirements. It is communicated to all employees and is published for all other stakeholders on our website.

Actions

To ensure regular exchange on occupational safety within the Group, a global working group has been established, consisting of the relevant managers from our country organizations. The working group meets at least three times a year and is responsible for monitoring global activities and coordinating our occupational safety strategy. This ensures that current and planned occupational safety measures contribute exclusively to the improvement of working conditions and do not have any additional negative impacts. The working group reports directly to the management responsible for operations. A Group-wide Occupational Health and Safety Policy has also been published, setting out clear conditions and responsibilities.

Furthermore, at country and branch level, occupational safety teams in each of our country organizations work continuously to systematically reduce the risk of accidents and to raise occupational safety awareness among the workforce. Experts at each country organization are responsible for the regional implementation of measures, investigate accident causes, perform risk analyses and coordinate cross-site training.

Local occupational health and safety officers are present at branch level to raise awareness of employees. This is done, for example, through further training courses and training videos as well as visual management tools such as posters. In addition, the country organizations each coordinate individual measures and campaigns focusing on areas for improvement that they have identified. Safety audits and certifications such as ISO 45001 contribute to the continuous improvement of our safety standards. The US and Mexican subsidiaries use an external security program (Intelex) based on ISO 45001. There is also a safety initiative called Top Dog, in which employees receive monthly, quarterly and annual awards for their safety efforts. Employees nominate colleagues for the award at national level as safety champions. Our operational processes are also optimized with individual improvements on an ongoing basis. Examples include a series of training videos and a Safety 1st e-learning course that is an integral part of the onboarding process for new employees.

In the coming reporting year, Klöckner & Co plans to introduce a digital system for tracking occupational accidents throughout the Group. This is intended to improve the quality of the data in relation to accidents and to allow for more detailed analysis. Accidents are always avoidable, and preventive action enables us to avert loss or harm to employees or our business in advance. In the event that an accident does happen, the occupational health and safety officer analyzes it together with those concerned in local teams in order to identify measures for improvement and systematically avoid a repeat occurrence. The country organization officer files a detailed accident report to the holding company's occupational health and safety officer via our reporting system. Additional specific action is taken in the event of any unusual occurrences such as a spate of similar accidents at one country organization or site. Occupational safety is always the first topic on the agenda at the monthly business update calls with the Group Management Board, the managements of the country organizations and department heads at the holding company. This ensures ongoing awareness at top management level. No significant amounts of OPEX or CAPEX are required to implement the actions as they are included in the annual budget of the country organizations.

The effectiveness of our actions and initiatives to improve occupational health and safety is continuously monitored and evaluated. Legal obligations are always met and regularly reviewed with local safety organizations, such as the employers' liability insurance association in Germany. Feedback from stakeholders is also obtained through a working group on occupational safety and employee surveys, which include specific questions on occupational safety and the employee perceptions of safety. In the reporting year, 86% of employees agreed that their immediate supervisor acts to ensure workplace health, safety and wellbeing. Additionally, the reduction of the LTIF serves as a performance measurement, which is also incorporated as a variable component into the remuneration of the Management Board, throughout the Group at management level 1 below the Management Board, and at management levels 1 to 3 in the holding company.

Klöckner & Co has various processes to identify action to be taken and address negative impacts on its own workforce. This includes an accident reporting system that is used to record incidents in all areas. Furthermore, regular safety audits and inspections are conducted to assess workplace safety and verify compliance with safety protocols. Employee feedback and engagement in the form of surveys are used to learn about employee perception of safety and identify scope for improvement. In the event of accidents, a thorough accident investigation is carried out to determine the causes and infer future preventive measures. In addition, the company offers health screening programs to improve the wellbeing of employees, especially those in high-risk areas, and provides medical evaluations.

Targets

We believe that non-financial targets likewise support the Company's success. Accordingly, we have adopted suitable initiatives to improve workplace safety and health in our Company. The measures aim to ensure safe working conditions as well as to reduce accidents at work and the costs they entail. Our key performance indicator for this purpose is the lost time injury frequency (LTIF).

This is defined as the number of accidents/number of hours worked x 1,000,000. It was selected as a metric that is recognized as a market and industry standard. This ensures comparability within the industry. No specific international, European or national policy targets are used as the metric is based on established industry standards.

We take accidents into account from the first lost working day. The development in the LTIF is an integral part of the regular Management and Supervisory Board meetings, in which monthly reporting is carried out. The LTIF was reduced from 5.7 in the prior year to 4.7 in the 2024 reporting year. This means that the Group met its LTIF target for 2024 of ≤ 5.0 . Against the background of systematically updated targets for the reduction of Group-wide average accident rate, the target for the coming 2025 reporting year is an LTIF of ≤ 4.0 . The targets are set in collaboration with the occupational safety working group, the Management Board and the respective management teams.

Health and safety metrics

	2024
LTIF ^{*) **)}	4.7
Deaths	0

*) Including accidents reported up to February 15, 2024.

***) The LTIF applies solely to Klöckner & Co employees. Commuting accidents are not included.

Gender equality and equal pay for work of equal value

Material impacts and their interaction with strategy and business model

Klöckner & Co is committed to equal pay for work of equal value throughout the Group, promotes gender equality and ensures that all employees, regardless of gender, have equal access to resources and opportunities. Certain groups of employees such as women require special attention in this context as they are often underrepresented in many areas – such as management positions. In a traditional industry such as steel, we at Klöckner & Co consider the promotion of diversity, equity and inclusion (DEI) to be particularly important in order to create a balanced and fair working environment and to avoid potential negative impacts on our employees.

To this end, we undertake a combination of global and local initiatives. We believe that a safe and inclusive workplace culture can best be achieved by encouraging our employees to speak up and take active responsibility for shaping a work environment where they feel they belong. These measures and initiatives are supported by management to ensure broad acceptance and lasting impact. Our strategy is continually reviewed and adjusted to ensure equal treatment in all areas of the Company, including decision-making processes and employee development.

Employee remuneration at Klöckner & Co is largely based on collective agreements and minimum wages, thus providing a uniform point of departure. This helps to avoid major imbalances in the medium term and ensures that remuneration is fundamentally fair.

Moreover, the Klöckner & Co People Strategy places particular emphasis on individual responsibility and equal rights in order to promote an inclusive and fair working culture. As part of the annual review process, employees have the opportunity to discuss their individual performance and remuneration with their supervisor. This can provide a starting point for any adjustments. The regular evaluation ensures that Klöckner & Co can respond flexibly to change and that all employees are treated fairly and equally.

Our approach and policies

Klöckner & Co's commitment to equal pay and gender equality is enshrined in our Declaration of Principles on Respect for Human Rights.

Further details on the Declaration of Principles can be found in this section under "Workers in the value chain."

Actions

Klöckner & Co took action in various ways in the reporting year and plans further steps to promote equal treatment and diversity in the Company. This action supports our strategic orientation in the area of DEI and contributes towards an inclusive working environment.

Key actions:

- **Equal treatment:** We ensure that all employees are treated fairly through our Group-wide Code of Conduct and Declaration of Principles on Respect for Human Rights. This is additionally supported by our Klöckner & Co values, with the focus on diversity and equal opportunities.
- **Compliance training:** Training on our Code of Conduct and other relevant topics is provided annually. To promote a common understanding of the corporate culture, every new employee also receives training on the Klöckner values.
- **Diversity initiatives:** We show our support for diversity by sponsoring and actively participating in Duisburg's Christopher Street Day. The Kloeckner Academy also has various e-learning modules on DEI topics.
- **Diversity in recruitment:** A requirement for external recruiters ensures that at least 30% of the profiles on the longlist for vacancies must be from women.
- **Klöckner & Co is committed to intensifying its work with established support networks** such as KloecknerPride and Women@Kloeckner to advance positive impacts on its workforce. These Group-wide networks provide platforms for sharing experiences, supporting employees from marginalized groups, and promoting change and equal opportunities within the Company. By supporting diversity and inclusion, we foster an environment where all employees feel respected and valued.

Compliance training is an ongoing process that repeats annually and is subject to continuous development. The "Let Us Know" complaints mechanism allows employees to report discrimination or unfair treatment so that appropriate action can be immediately taken. Further details on our complaints mechanism are provided in this section under "Complaints mechanism."

No significant amounts of OPEX or CAPEX are required to implement the actions as the corresponding expenditure is included in the annual budget of the country organizations and the holding company.

The effectiveness of these actions is monitored through feedback from departing employees and by tracking the development of responses to anti-discrimination questions in the annual Group-wide employee survey. In the reporting year, 81% of employees agreed that their locations and departments are committed to an appreciative and prejudice-free working environment. This helps us understand how our initiatives are perceived and how well they actually contribute to promoting an inclusive and respectful work environment.

To ensure that our managers support these goals, a portion of their variable remuneration is linked to employee satisfaction and to feedback on their own leadership performance. This applies to the entire Management Board, throughout the Group at management level 1 below the Management Board, and at management levels 1 to 3 in the holding company.

Targets

In terms of equal opportunity, the inclusion of women in specialist and management positions is an important concern for us. We have set ourselves the Group-wide goal of increasing the percentage of women in management positions.

In fiscal year 2022, the Supervisory Board of Klöckner & Co SE set new targets for the percentage of women on the Supervisory Board and the Management Board, to be met by June 30, 2027: 33.33% (i.e., with six members, two members) for the Supervisory Board and 25% (i.e., with currently three members, one member) for the Management Board. As in fiscal year 2022, the current quota of women is 16.67% on the Supervisory Board and 0% on the Management Board. The Supervisory Board will give priority to the aforementioned target quotas in the next Supervisory Board elections, with the next regular elections due to take place no later than 2026, as well as in the event of any changes or new appointments to the Management Board.

The percentage of women employed at management levels one to three below Management Board level has already been raised from 8% in 2011 to 14% Group-wide in the reporting period. The target for 2024 of 21% has therefore not yet been reached. The aim is now to further increase the share to 25% by the end of 2030.

The targets were set on the basis of an analysis of the percentage of women at the time of target setting, the availability of female managers for the relevant positions, and the average employee turnover rate at Klöckner & Co. There was no further stakeholder involvement in target setting.

Adequate wages

Material risks and their interaction with strategy and business model

Klöckner & Co recognizes that adequate wages can potentially lead to higher costs, for example due to inflation or increased competition for skilled workers. These risks relate to the entire workforce and are concentrated in Klöckner & Co's own business activities. Most company sites are in countries with statutory minimum wage requirements. As part of the annual salary review, we use regional benchmark analyses to ensure that local legal requirements are met and that we offer competitive salaries compared to other companies.

For us as a distributor, personnel is the biggest cost factor after materials sourcing. Due to the shortage of skilled workers and demographic change, the provision of adequate wages is increasingly cost-intensive. As the labor market is currently moving in employees' favor, wages are already at a high level, and this tends to limit the financial risk in relation to Klöckner & Co's future cost structure. In addition, the structure of pay scale and salary groups at Klöckner & Co offers a certain degree of predictability with regard to pay trends. The Company's resilience is supported by annual cost budgeting in human resources departments, which is consolidated by Corporate Controlling as part of the budgeting process. This analysis incorporates the impact of wage increases and demographic changes into medium and long-term planning.

No cases of forced labor or child labor were recorded during the reporting period. No incidents of discrimination, including harassment, were reported either. There are also no material impacts on our own workforce that arise from transition plans for reducing negative impacts on the environment and achieving greener and climate-neutral operations.

Our approach and policies

Our commitment to adequate wages is enshrined in our Declaration of Principles on Respect for Human Rights. Further details on the Declaration of Principles can be found in this section under "Workers in the value chain."

Actions

No specific action has so far been taken as data on adequate wages has been gathered and analyzed for the first time this year. Future actions can be inferred from the analysis findings and implemented as necessary.

Targets

No measurable results-oriented targets have been set so far as the relevant data has been gathered and analyzed for the first time this year.

Workers in the value chain

Material impacts and their interaction with strategy and business model

For Klöckner & Co, respect for human rights is a fundamental component of responsible conduct. Meeting our human rights due diligence obligations is one of Klöckner & Co's core values and is firmly embedded in our strategy and our policies. Based on our business model as the link between steel producers and consumers, we work with numerous global steel and metals producers. We regard this as indicating significant indirect influence on the value chain. By implementing our due diligence obligations, we not only acknowledge our responsibility for human rights in our own operations, but also work to ensure that those rights are complied with in our global value chain.

Steel and metals distributors supply key inputs for sectors such as automotive, construction, machinery and mechanical engineering. However, the value chain upstream of steel production often lacks transparency, with raw materials such as iron ore and bauxite sourced in many cases from countries with low human rights standards. Potential negative impacts in Klöckner & Co's upstream value chain include disregard of worker rights, precarious working conditions and harmful environmental pollution. As part of risk analysis, Klöckner & Co has identified the most significant human rights risks for its own operations that could have an impact on workers in the value chain.

Geographical areas with a high risk of child and/or forced labor are found primarily in steel and metal production in Southeast Asian countries. In light of the difficult human rights situation and limited governmental protection of human rights, there is considered to be a high risk of human rights violations in China. There is a particularly high risk of human rights violations against Uyghurs and other Muslim minorities within and outside the Xinjiang region.

All existing and prospective suppliers with heightened geographic risk are subject to a comprehensive supplier due diligence process.

Our approach and policies

As well as in our strategy, compliance with our human rights due diligence obligations is firmly anchored in our Declaration of Principles on Respect for Human Rights and our policies, including our Code of Conduct and the Supplier Code of Conduct.

In our activities with regard to the human rights of our own workforce, workers in the value chain and affected communities, we are committed to the following international frameworks:

- Universal Declaration of Human Rights (UDHR) of the United Nations
- UN Guiding Principles on Business and Human Rights
- International Labor Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work
- 10 Principles of the UN Global Compact
- Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

The corporate due diligence obligations apply to our own operations, including all Group companies. The scope of application of the corporate due diligence obligation extends to our own business area, including all companies in which we have a decisive influence. These are normally companies in which Klöckner & Co SE directly or indirectly holds a majority interest. The Declaration of Principles on Respect for Human Rights applies to all employees, managers and Management Board members of all Group companies belonging to Klöckner & Co SE. We not only hold ourselves to high standards but also demand that our business partners comply with environmental and social standards.

Our Declaration of Principles on Respect for Human Rights expressly underscores our commitment to freedom of association and assembly and the right to collective bargaining, the right to health and safety at work, the right to adequate wages and reasonable working hours, the protection of personal data, the prohibition of forced labor and human trafficking, the effective abolition of child labor, equal opportunities and protection against discrimination, and the rights of local and affected communities and indigenous peoples.

Equal opportunities and protection against discrimination encompass the seven dimensions of diversity: 1. Age, 2. Gender and gender identity, 3. Ethnic origin and nationality, 4. Sexual orientation, 5. Mental and physical abilities/status, 6. Beliefs and world view and 7. Social origin (education and financial situation of the family of origin).

Klöckner & Co is committed to adequately complying with human rights and environmental due diligence obligations, identifying any negative impacts of our business activity, ending or mitigating such impacts as far as possible, and ensuring victims of human rights violations have access to remedy.

Respecting human rights and the associated environmental rights requires a continuous process. We continually review the implementation of our due diligence obligations to ensure that they align with changing legal frameworks, the type and extent of business activity, and insights from the handling of matters reported through our complaints mechanism. Based on this information, we constantly develop our due diligence processes regarding human rights and the environment.

Successful collaboration with our business partners requires compliance with the standards of the Declaration of Principles. We expect our existing and new direct suppliers to identify human rights risks in their supply chain, mitigate them as far as possible, and communicate that expectation to their own supply chain. Before entering into contract with a new supplier, we therefore carry out a transparent risk examination. We have formulated our expectations of our business partners in our Code of Conduct and our Supplier Code of Conduct. Suppliers are also encouraged to work with their own suppliers to ensure compliance with environmental and social standards, for example by likewise agreeing principles with them.

To support and monitor these due diligence obligations, requirements and processes, the Management Board of Klöckner & Co SE has established the position of Human Rights Officer in the Corporate Strategic Sustainability Department. The due diligence process is put into operation by central or local divisions. Corporate Internal Audit also verifies adherence to the frameworks underlying the Declaration of Principles.

Preventive and remedial measures are developed and coordinated in cross-functional teams. Those teams consist of human rights and compliance experts, our global Human Resources and Procurement departments, and other departments as needed.

In our regular annual risk analysis, we check for human rights-related and environmental risks that might arise during our business activities. Based on systematic data collection and processing and on external indices, we first determine country and sector-specific risks for our own operations and the supply chain. We assess and rank the risks using the two criteria stipulated by law: severity of violation and probability of occurrence. This allows us to focus on those areas where we have identified the greatest risks for human rights and the environment.

We aim to make our supply chain transparent and traceable, including beyond our direct business relationships. We use continuous media screening of our direct suppliers to keep abreast of developments reported elsewhere, criticism and other perspectives. Focusing on risk, we examine how suppliers are individually positioned to deal with potential human rights-related and environmental risks.

We perform risk analyses in the supply chain and in our own operations as the need arises (for example in response to changes in country risks, reports received through the whistleblower system and public reports from authorities and NGOs). The same applies to new products or the development of new lines of business. We consistently follow up on every indication of human rights violations. All findings are used to develop and adjust internal and external processes and training programs. They are discussed in the Human Rights Committee and serve as motivation to seek dialogue with external stakeholder groups.

The Declaration of Principles on Respect for Human Rights has been approved by the Management Board. It is managed and compliance is monitored by our Human Rights Office. In addition, the Declaration of Principles is made available to all our employees and the stakeholder groups, among other places on our website.

Klöckner & Co's most important human rights topics are identified on the basis of our due diligence processes, risk assessments and regular stakeholder dialogues. Our Declaration of Principles on Respect for Human Rights and on the related environmental standards were developed in consultation with our departments and in ongoing dialogue with our external stakeholders with regard to their own and legal requirements.

No cases of non-respect of the United Nations Guiding Principles on Business and Human Rights, the Core Labour Standards of the International Labour Organization or the OECD Guidelines for Multinational Enterprises involving workers in the value chain were reported to us in the reporting year.

Actions

In order to meet our due diligence obligations, we once again carried out a risk analysis of our own operations and the supply chain in the reporting year, and further optimized our risk management system.

Our initial focus in the reporting year was on establishing a standardized and transparent process for supply chain management. For abstract risk assessment, Klöckner & Co has developed an individual country risk matrix that categorizes all suppliers and the Company's own operations into risk levels. Specific risk assessments are performed using the IntegrityNext supply chain due diligence platform. Suppliers with a heightened inherent risk, together with all core suppliers and the Company's own operations, undergo specific risk assessment based on an ESG questionnaire and an AI-based risk model that monitors daily media news for critical supplier mentions that could impact the assessment. The questionnaire covers the most important ESG topics and calls upon suppliers to provide information, including certificates and documentation. If the risk assessment of an existing or prospective supplier raises concerns, Klöckner & Co conducts a more comprehensive review and enters into dialogue with the supplier. This takes into account the OECD Due Diligence Guidance for Responsible Business Conduct and the knowledge of networks of human rights officers, consultants and human rights due diligence helpdesks. The mandatory due diligence process for all suppliers is described in the Group-wide Sustainable Supply Chain procedure. It commences with supplier onboarding and ends with supplier phase-out.

Our "Let Us Know" complaints mechanism allows value chain workers to report human rights violations so that appropriate measures can be taken. Further details on our complaints mechanism are provided in this section under "Complaints mechanism." No significant amounts of OPEX or CAPEX are required to implement the actions as the corresponding expenditure is included in the annual budget of the country organizations and the holding company.

The effectiveness of the prevention and mitigation measures throughout the due diligence process is assessed using metrics such as quotas or by monitoring action plans that are assigned to suppliers and monitored and controlled within our due diligence system.

No severe human rights issues and incidents in the upstream and downstream value chain were reported to Klöckner & Co in the reporting year.

Targets

There are currently no measurable targets in relation to material negative impacts on workers in the value chain.

Processes for engaging with value chain workers

We have started to participate in multi-stakeholder initiatives to promote responsible supply chains in terms of due diligence and the protection of human rights, and we intend to intensify this participation over time. Potentially high human rights risks arise particularly in the deeper tiers of the supply chain. As a steel and metals distributor, Klöckner & Co is far removed from the mining value chain, hence its impact is likely to be small. In order to obtain well-founded information on the situation of potentially marginalized groups, Klöckner & Co gathers information from multi-stakeholder initiatives and a network of human rights officers, and maintains direct contact with NGOs. The insights gained are incorporated into the risk analysis and are primarily addressed at suppliers from high risk countries (risk-based approach).

Responsibility for the ongoing management of activities lies with the Human Rights Officer. Klöckner & Co also operates the "Let us know" whistleblower system, which is described in this section under "Complaints mechanism." We adhere to internationally recognized standards and principles when it comes to engaging with workers in the value chain, as elsewhere. Further information can be found in this section under "Our approach and policies." The effectiveness of engagement with workers in the value chain is reviewed annually, for example by evaluating reports received through the "Let us know" whistleblower system during the year.

Complaints mechanism

Klöckner & Co's complaints mechanism is an important element in upholding our corporate values and policies. It helps us to identify, remedy or minimize potential grievances. Employees can report their concerns to their supervisor and to human resources. Furthermore, employees and third parties can likewise report matters using the web-based and telephone-based "Let us know" platform, set up by Klöckner & Co and operated by a specialized external service provider.

The complaints mechanism is integrated into the Corporate Compliance Office. The Group Compliance Office provides the channels and, applying detailed procedural instructions, processes all reports of possible violations by Klöckner & Co Group employees and business partners in the supply chain.

To make people aware that the complaints mechanism also covers the legal positions under the Declaration of Principles, we make explicit reference there to the complaints mechanism, including the website link. People can thus submit matters through the web and telephone-based "Let us Know" platform. Concerns can also be reported by telephone. The complaints mechanism is open and accessible to all Klöckner & Co stakeholders.

The complaints mechanism is also confidential, secure, available in seven languages, and provides the option of submitting reports anonymously. Awareness of the complaints mechanism is monitored with questions about it in our Group-wide employee survey. For warehouses and service center sites, where digital access is more limited, awareness is tracked in internal audits. On publication of the Declaration of Principles, the Human Rights Office also set up an email address, humanrights@kloeckner.com.

We do not yet have a mechanism to assess whether value chain workers trust the complaints mechanism.

The following matters can be reported:

- Potential irregularities, where Klöckner & Co Group employees are suspected of having broken applicable law (primary and secondary legislation, etc., and in particular the violations listed in Section 2 (2) of the German Whistleblower Protection Act (Hinweisgeberschutzgesetz) and EU Directive 2019/1937 or failure to comply with Group policies such as the Code of Conduct and the Declaration of Principles)
- Suspected business partner violations of applicable law or the Code of Conduct and the Supplier Code of Conduct
- Attributable human rights-related and environmental risks, and violations of human rights and environmental obligations under the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz/LkSG), by Klöckner & Co or an indirect or direct supplier
- Other potentially unlawful conduct by the Klöckner & Co Group or its suppliers

It is of paramount importance to Klöckner & Co for violations of our Code of Conduct or Human Rights Declaration to be investigated. How we handle investigations has implications for workforce integrity and the credibility of our line managers and corporate management. Klöckner & Co believes that all complaints regarding the conduct of its own employees and business partners in the supply chain must be investigated.

Each investigation is carried out in five steps:

1. Develop a communication plan
2. Preserve, collect and review evidence
3. Field work information and investigative resources
4. Conducting interviews
5. Closing the investigation

Swift, efficient and effective internal investigations make it possible to take appropriate and consistent remedial action.

It is important for all cases to be processed as set out in the procedural instructions. These describe:

- Procedures for conducting and reporting on internal investigations
- Roles and responsibilities of those engaged with conducting and managing investigations
- Appropriate disciplinary and remedial action resulting from an investigation

The detailed Compliance procedures support and protect employees conducting an internal investigation. In them, we emphasize teamwork, case management and fair play. An annual analysis is conducted of the cases arising each year.

At least once a year, using test phone calls, the effectiveness of the channels is verified for accessibility, language availability, legal compliance and other criteria. In particular, the effectiveness review in 2023/2024 included topics related to the protected legal positions under the German Act on Corporate Due Diligence Obligations in Supply Chains, such as forced labor, working conditions and discrimination. A question about awareness of the complaints mechanism was also included in the annual employee survey. The level of awareness is currently 68%.

Klöckner & Co assures whistleblowers that they will not suffer reprisals for reporting a matter unless they knowingly provide false information, otherwise misuse the whistleblower system or incriminate themselves.

Affected Communities

Material impacts and their interaction with strategy and business model

As a steel and metals distributor that purchases products from suppliers, Klöckner & Co has an indirect impact on local populations and Indigenous communities along the value chain, starting in the regions where raw materials are extracted.

Given the inadequate standards of regulation in the main countries at the start of the supply chain, such as in resource extraction, a range of negative impacts may be widespread, particularly with regard to the following:

- Communities' economic, social and cultural rights
- Communities' civil and political rights
- Rights of Indigenous peoples

Klöckner & Co currently obtains information via multi-stakeholder initiatives, in which the rights of Indigenous peoples are represented, for example by NGOs. Reports from and experience shared through these stakeholder initiatives inform our assessment of the human rights situation of Indigenous peoples in our supply chain.

Our approach and policies

Klöckner & Co's commitments under our Declaration of Principles on Respect for Human Rights extend not only to our own workforce and workers in the value chain, but also to affected communities.

In order to clearly convey this expectation to our suppliers, we thoroughly revised our Group-wide Supplier Code of Conduct in 2022 to already take into account the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains. Our Supplier Code of Conduct now has an even stronger focus on the prevention of human rights and environmental risks, and underscores our clear expectation that our suppliers actively identify and assess such risks in their own operations and supply chains, and prevent or mitigate them within their sphere of influence.

No cases of non-respect of the United Nations Guiding Principles on Business and Human Rights, the Core Labour Standards of the International Labour Organization or the OECD Guidelines for Multinational Enterprises involving affected communities were reported to us in the reporting year.

Other

Klöckner & Co does not have any actions or targets relating to affected communities.

In addition, Klöckner & Co does not currently have a general process for engaging with affected communities or a process for remediating negative impacts or channels for affected communities to raise concerns.



Business conduct

G1 Business conduct _____ 167

Business conduct

Detailed information on the double materiality assessment and the description of the processes to identify and assess material impacts, risks and opportunities can be found in the "General disclosures" section under "Description of the processes to identify and assess material impacts, risks and opportunities" (see page 110 et seq.).

We have made important changes within Klöckner & Co and reinforced our corporate culture by formulating our corporate values. Our values of Collaboration, Excellence and Responsibility are the cornerstones and the foundation of our success.

By "Collaboration" we mean our collective teamwork, which extends far beyond individual departments and country organizations and is characterized by mutual trust and open communication. Under our value of "Excellence", we strive for the best solutions for our customers and aim to create added value. "Responsibility" accompanies us in everything we do, from the safety of our employees to our commitment along the entire value chain to people and the planet.

The values we represent are an integral part of our daily work. They shape how we think and the way we work together in our team and with our customers. At the same time, they provide our employees with guidance for their daily work.

Ensuring adherence to international regulations and fair conduct toward our business partners and competitors is also one of our Company's guiding principles. Klöckner & Co considers itself to be bound in this connection not only by statutory and other legal provisions. Voluntary obligations and ethical principles are likewise integral to our corporate culture and our values. Klöckner & Co is committed to providing an appreciative and prejudice-free working environment in which employees are recognized for their performance. In April 2021, we signed the Charta der Vielfalt, or Diversity Charter, to promote diversity in the workplace. We leverage different ways of thinking, experiences, perspectives and lifestyles to secure the Company's long-term success. This applies irrespective of age, gender and gender identity, ethnic origin and nationality, religion and world view, sexual orientation and identity, or physical abilities. As a signatory to the Diversity Charter, we are committed to fostering an organizational culture of mutual respect and appreciation for each individual. We also ensure that both managers and employees recognize, share and live these values. We respect the diversity of society within and outside the organization, value the potential it holds, and harness it to the benefit of our Company.

A core element of our corporate culture is compliance on the part of our employees and business partners, constituting the basis of corporate responsibility. Alongside consistent respect for human rights, social responsibility and sustainability, adherence to our fundamental corporate values and principles is of central importance to us. We have formulated those values and principles in our Group-wide Code of Conduct. The Code of Conduct is published, among other places on our website. members of the Management Board and all managerial personnel are required to lead by example, and have heightened responsibility for ensuring that the Code of Conduct is put into practice. Moreover, all employees are called upon to contribute actively in applying and adhering to these principles across their areas of responsibility and to act with integrity in their work within our Company. In the interest of all employees and to avert harm to the Company, directives and procedural instructions are provided that detail permissible conduct. The country organizations adopt the measures needed to implement the respective requirements.

All Group employees are required to participate in a Group-wide training program to raise awareness of our Code of Conduct. The training program is divided into various modules for the different target groups, whose knowledge is kept up to date through regular refresher training sessions. Mandatory training modules are assigned to employees and completion is monitored in an IT-based learning management system. As part of the onboarding program, classroom training and e-learning programs familiarize new employees with the content of the Code of Conduct and other compliance-related issues.

Our corporate values were defined by the Management Board together with our employees. Coupled with our purpose statement – “We partner with customers and suppliers to deliver innovative metal solutions for a sustainable tomorrow” – this has resulted in the formulation of an all-encompassing identity for our Company and further strengthened our corporate culture. The basis has thus been laid for our future teamwork, and a framework is established that facilitates day-to-day interactions and the integration of new employees. Furthermore, the Company’s Management Board has clearly expressed its zero tolerance policy with regard to compliance violations in “Tone from the Top” published on the Company website. Breaches of the law and human rights violations are not tolerated in any way and result in sanctions against the offending governing bodies, employees or business partners. Our corporate values and policy of zero tolerance for compliance violations create a supportive, professional work environment based on mutual respect, clear ethical standards and a shared identity. In a regular reporting cycle, and in urgent cases as the need arises, the Chief Governance Officer (CGO) reports to the Company’s entire Management Board and Supervisory Board on current compliance-related developments in the Group.

These disclosures supplement the disclosures under “The role of the administrative, management and supervisory bodies” in the “General disclosures” section (see page 100 et seq.).

Duisburg, March 5, 2025

Klöckner & Co SE
MANAGEMENT BOARD

Guido Kerkhoff
CHAIRMAN OF THE MANAGEMENT BOARD
(CEO)

Dr. Oliver Falk
MEMBER OF THE MANAGEMENT BOARD
(CFO)

John Ganem
MEMBER OF THE MANAGEMENT BOARD
(CEO AMERICAS)

Assurance report of the independent german public auditor on a limited assurance engagement in relation to a separate non-financial group report*

To Klöckner & Co SE, Duisburg

Assurance Conclusion

We have conducted a limited assurance engagement on the separate non-financial group report of Klöckner & Co SE, Duisburg, (hereinafter the „Company“) to comply with §§ [Articles] 315b to 315c HGB [Handelsgesetzbuch: German Commercial Code] including the disclosures contained in this separate non-financial group report to fulfil the requirements of Article 8 of Regulation (EU) 2020/852 (hereinafter the „Non-Financial Group Reporting“) for the financial year from 1 January to 31 December 2024.

Not subject to our assurance engagement were the external sources of documentation or expert opinions mentioned in the Non-Financial Group Reporting, which are marked as unassured.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Non-Financial Group Reporting for the financial year from 1 January to 31 December 2024 is not prepared, in all material respects, in accordance with § 315c in conjunction with §§ 289c to 289e HGB and the requirements of Article 8 of Regulation (EU) 2020/852 as well as with the supplementary criteria presented by the executive directors of the Company.

We do not express an assurance conclusion on the external sources of documentation or expert opinions mentioned in the Non-Financial Group Reporting, which are marked as unassured.

Basis for the Assurance Conclusion

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the "German Public Auditor's Responsibilities for the Assurance Engagement on the Non-Financial Group Reporting" section.

*) PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial group report and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has complied with the quality management system requirements of the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Emphasis of Matter - Principles for the Preparation of the Non-Financial Group Reporting

Without modifying our assurance conclusion, we refer to the disclosures in the Non-Financial Group Reporting, which describe the principles for the preparation of the Non-Financial Group Reporting. According to these, the Company has applied the European Sustainability Reporting Standards (ESRS) to the extent specified in section "General basis for preparation of the Group non-financial report" of the Non-Financial Group Reporting.

Responsibility of the Executive Directors and the Supervisory Board for the Non-Financial Group Reporting

The executive directors are responsible for the preparation of the Non-Financial Group Reporting in accordance with the relevant German legal and European regulations as well as with the supplementary criteria presented by the executive directors of the Company. They are also responsible for the design, implementation and maintenance of such internal controls that they have considered necessary to enable the preparation of a Non-Financial Group Reporting in accordance with these regulations that is free from material misstatement, whether due to fraud (i.e., manipulation of the Non-Financial Group Reporting) or error.

This responsibility of the executive directors includes establishing and maintaining the process performed by the Company to identify the disclosures to be included in the Non-Financial Group Reporting (hereinafter the "materiality assessment"), selecting and applying appropriate reporting policies for preparing the Non-Financial Group Reporting, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Non-Financial Group Reporting.

Inherent Limitations in the Preparation of the Non-Financial Group Reporting

The relevant German statutory legal and European regulations contain wording and terms that are still subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. Therefore, the executive directors have disclosed their interpretations of such wording and terms in sections "Disclosures in relation to specific circumstances" and "EU-Taxonomy" of the Non-Financial Group Reporting. The executive directors are responsible for the defensibility of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Non-Financial Group Reporting.

German Public Auditor's Responsibilities for the Assurance Engagement on the Non-Financial Group Reporting

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Non-Financial Group Reporting has not been prepared, in all material respects, in accordance with the relevant German legal and European regulations as well as with the supplementary criteria presented by the executive directors of the Company, and to issue an assurance report that includes our assurance conclusion on the Non-Financial Group Reporting.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process to prepare the Non-Financial Group Reporting, including the materiality assessment process carried out by the Company to identify the information to be included in the Non-Financial Group Reporting.

- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls. In addition, the risk of not detecting a material misstatement within value chain information from sources not under the control of the company (value chain information) is generally higher than the risk of not detecting a material misstatement of value chain information from sources under the control of the company, as both the executive directors of the Company and we, as assurance practitioners, are ordinarily subject to limitations on direct access to the sources of value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In conducting our limited assurance engagement, we have, amongst other things:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Non-Financial Group Reporting.
- inquired of the executive directors and relevant employees involved in the preparation of the Non-Financial Group Reporting about the preparation process, including the materiality assessment process carried out by the company to identify the information to be included in the Non-Financial Group Reporting, and about the internal controls relating to this process.
- evaluated the reporting policies used by the executive directors to prepare the Non-Financial Group Reporting.
- evaluated the reasonableness of the estimates and the related disclosures provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors have been unable to obtain.
- performed analytical procedures and made inquiries in relation to selected information in the Non-Financial Group Reporting.
- performed site visits.
- considered the presentation of the information in the Non-Financial Group Reporting.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Non-Financial Group Reporting.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is solely towards the Company. We do not accept any responsibility, duty of care or liability towards third parties.

Düsseldorf, 5 March 2025

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