

Declaration of Principles on Climate Change Mitigation & Energy Policy



1. Foreword by the Management Board

“Climate change mitigation and responsible energy management are fundamental components of acting responsibly.”

Klöckner & Co is one of the largest producer-independent distributors of steel and metal products, serving as a critical link between steel/metal production and consumption. Klöckner & Co's company culture is based on the following values: collaboration, excellence, and responsibility.

The Management Board of Klöckner & Co SE considers mitigating climate change and promoting efficient energy use to be fundamental elements of corporate governance. In alignment with our business model, we not only acknowledge our responsibility to reduce greenhouse gas emissions within our own operations but also strive to support these efforts across our global value chain.

This Climate Change Mitigation & Energy Policy serves as a framework for reducing environmental impact and promoting sustainable energy practices. All employees are required to adhere to and actively implement the principles outlined in this policy to contribute to climate protection and energy efficiency.



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)

The scope of application of this climate change mitigation and energy policy extends to our own business area, including all group companies in which we have a decisive influence. These are companies in which Klöckner & Co directly or indirectly holds most shares or voting rights. This policy serves as a guideline to all employees, managers, and Management Board members of all group companies belonging to Klöckner & Co.

To reduce the negative environmental impact, all Klöckner & Co employees and further stakeholders are obliged to follow and actively comply with this global climate change mitigation and energy policy. In the case of discrepancies between local laws and this policy, the stricter of the two will always be enforced. Furthermore, Klöckner & Co encourages its business partners, such as its suppliers and subcontractors, to commit to their responsibility for climate change mitigation.

Our policy reflects our commitment to balancing the interests of key stakeholders, including employees, management, customers, suppliers, and regulatory bodies. Our approach embeds environmental responsibility and energy efficiency across all operations, ensuring alignment with the values and expectations of both stakeholders and shareholders.

Given the substantial environmental impact of steel and metal production, we recognize our unique position to drive decarbonization within our industry and across the supply chain. Regular collaboration with suppliers, customers, and regulatory bodies is essential in setting standards, promoting transparency, and aligning transition plans toward a low-carbon industry.

Involving employees is fundamental to this strategy, as their participation is essential for building a sustainable future. We emphasize education on climate change and sustainable practices, equipping employees with knowledge and skills to actively support and advocate for our sustainability goals. Employees are our voice to the industry and our clients, fostering a shared commitment to sustainable practices.

2. General information about the policy

2.1 Scope

2.2 Consideration given to the interests of key stakeholders in setting the policy



2.3 Reference to third-party standards

As we work towards our long-term goal of achieving net-zero emissions across all scopes, we are committed to robust measurement and reporting systems. We set clear objectives using transparent and widely recognized metrics. Our initiatives are aligned with the United Nations Sustainable Development Goals, and our participation in the UN Global Compact further underscores our commitment to reducing our greenhouse gas ("GHG") emissions. We have also committed to the Science Based Targets initiative, setting evidence-based goals to track GHG emissions reduction across our scopes. Our calculation methodology corresponds to the international framework of the Greenhouse Gas Protocol. In addition, we are implementing ISO 14001 standards to ensure our environmental management systems are effective and continually improving.

2.4 Accountability

Reducing the negative impact of Klöckner & Co's business activities on the environment is a high priority for the Klöckner & Co Management Board. The impact of greenhouse gas emissions and energy usage arising from our company as well as our value chain is one of the biggest levers in this work.

This responsibility applies to all global, regional and local management, as well as the respective department heads, who must therefore ensure that these standards and commitments are implemented, communicated, monitored and integrated into the work processes of the respective organization.

2.5 Accessibility of the policy

The Climate Change & Energy policy is available for employees and stakeholders on the SharePoint platform. External stakeholders can access it on Klöckner & Co's official website (kloeckner.com) under the 'Sustainability' section.



The primary objective of this climate change mitigation policy relates to Klöckner & Co's endeavors to the general process of holding the increase in the global average temperature to well below 2°C and pursuing efforts to limit it to 1.5°C above pre-industrial levels, as laid down in the Paris Agreement. Therefore, we strive to minimize greenhouse gas emissions from our business activities and the environmental impact of our business activities.

The policy elements listed in this chapter describe our global minimum standard requirements around climate change mitigation, which are to be fulfilled by all Klöckner & Co entities, including all employees. All national (local) laws and regulations exceeding the content of this policy must be followed by respective countries. We are committed to regularly reviewing and updating our policies to reflect best practices and regulatory requirements.

Klöckner & Co's operations have an direct impact on climate change due to greenhouse gas emissions coming from our fleet as well as energy consumption. The fleet, including leased vehicles, relies on fossil fuels, contributing to carbon dioxide emissions. In addition, a percentage of Klöckner & Co's energy consumption stems from non-renewable sources, further adding to GHG emissions. Given that our business model involves trading carbon-intensive materials such as steel and metal, the majority of our emissions originate from our value chain.

Recognizing these impacts and acknowledging our responsibilities, we are dedicated to:

- In accordance with the objectives of the Paris Agreement and our commitments established through the Science Based Targets initiative, we are committed to reaching net zero by 2050 by implementing science-based decarbonization across our operations and value chain.
- Monitor and report carbon emissions from our operations and value chain and transparently showcasing our progress against our targets on an annual basis.
- Improve the efficiency of our logistic operations and reduce fossil fuel consumption.
- Maximize the use of renewable energy sources and, where possible, install systems to generate our own renewable energy on-site.
- Increasing the data transparency on carbon emissions for ourselves and our customers as well as enabling sustainable procurement practices.
- Develop and promote a sustainable product portfolio by expanding offerings of carbon-reduced and recycled steel and metal products to meet evolving customer demands.

3 Climate change mitigation policy

3.1 General objective of the policy, material impacts, risks and opportunities



3.2 Process for monitoring

As the fundament of our climate change strategy lies the continuous monitoring of emissions in our own operations and across our value chain. We conduct a detailed annual assessment of our emissions for Scope 1, 2, and 3, along with measuring progress toward our reduction targets, benchmarked against our 2019 baseline. This reporting process covers all businesses under our financial and operational control and is subject to a limited assurance review to ensure a consistent and transparent approach.

Given that most of our emissions stem from our value chain, we rely on our Nexigen® Product Carbon Footprint Algorithm to guide our efforts in sourcing carbon-reduced steel and metal materials and to disaggregate customer demand for products with a lower impact. The PCF algorithm currently covers nearly all of Klöckner's product portfolio, offering precise insights into each product's carbon footprint. This tool enables data-driven procurement practices, supporting our internal operations and empowering our customers to make sustainable choices based on carbon transparency. Regular updates and analysis of the PCF algorithm's data allow us to assess progress toward our emissions reduction goals, evaluate the effectiveness of our sustainable procurement strategies, and make targeted adjustments to advance decarbonization across our value chain.

We aim to:

- Implement energy efficient practices and technologies throughout our operations.
- Increase the use of renewable energy.
- Promote the transition to and optimisation of advanced heating solutions to optimise energy use.
- Comply with national and international regulations.
- Monitor and report energy use annually
- Improve building insulation and design for energy savings

We are committed to transparent and comprehensive monitoring of energy consumption across our operations. Each year we collect detailed data on all energy sources used, categorised by type and quantity, to accurately track our energy footprint. This data enables us to identify areas for improvement, review where energy sources can be swapped for environmental benefits and make informed decisions about energy efficiency measures.

In our annual report, we disclose the total direct and indirect energy used in our direct operations, providing a clear picture of our energy impact. Our energy use is independently verified with limited assurance to ensure reliability and accountability.

4.2 Process for monitoring

4 Energy Policy

4.1 General objective of the policy, material impacts, risks and opportunities

The primary objective of this energy policy is to guide Klöckner & Co towards a sustainable and efficient energy future. We are committed to reducing our reliance on fossil fuels, enhancing energy efficiency, and promoting the use of renewable energy sources.

The policy elements listed in this chapter describe our global minimum standard requirements, which are to be fulfilled by all Klöckner & Co entities and their respective executive teams. All national or local laws and regulations exceeding the content of this policy must be followed by respective countries. We are committed to regularly reviewing and updating our policies to reflect best practices and regulatory requirements.

Klöckner & Co's primary energy consumption results from electricity consumption, mobility, and heating of buildings/warehouses. We are committed to reducing our environmental impact by addressing these critical areas.



