

SUSTAINABILITY **REPORT**

KME Group SpA
Consolidated sustainability report
pursuant to Directive (EU)
2022/2464 (CSRD) and Italian
Legislative Decree no. 125/2024
Year 2024



KME Group prepared and approved its Consolidated Sustainability Report on 14 April 2025. In accordance with the provisions of EU Directive 2022/2464 (CSRD), the report has been included in a specific section of the Management Report accompanying the Financial Statements.

In order to communicate significant environmental, social and governance information on the Group's activities to stakeholders in the most comprehensive and effective manner possible, the sustainability reporting is also disclosed in this separate report.



CONTENTS

1	
GENERAL DISCLOSURES	05
Basis for preparation	06
of the sustainability report	
Governance	08
Business model and strategy	11
Relationships with stakeholders	13
Double materiality analysis	17
2 ENVIRONMENTAL INFORMATION	29
Climate change	30
Pollution	42
Water	45
Biodiversity	47
Resource use and circular economy	48
SOCIAL INFORMATION	60
Own workforce	62
Workers in the value chain	70
Affected communities	71
4	
GOVERNANCE INFORMATION	75
Business conduct policies	76
APPENDIX	80
Table of contents ESRS	82
Methodological notes	88
- Methodological flotes	- 00





AMONG THE WORLD'S LEADING PRODUCERS OF COPPER PRODUCTS AND COPPER ALLOYS

GLOBAL FOOTPRINT

10 production sites in Europe supported by service centres and a global sales network

ECONOMIC VALUE

over

1.5 billion
of turnover

WORK

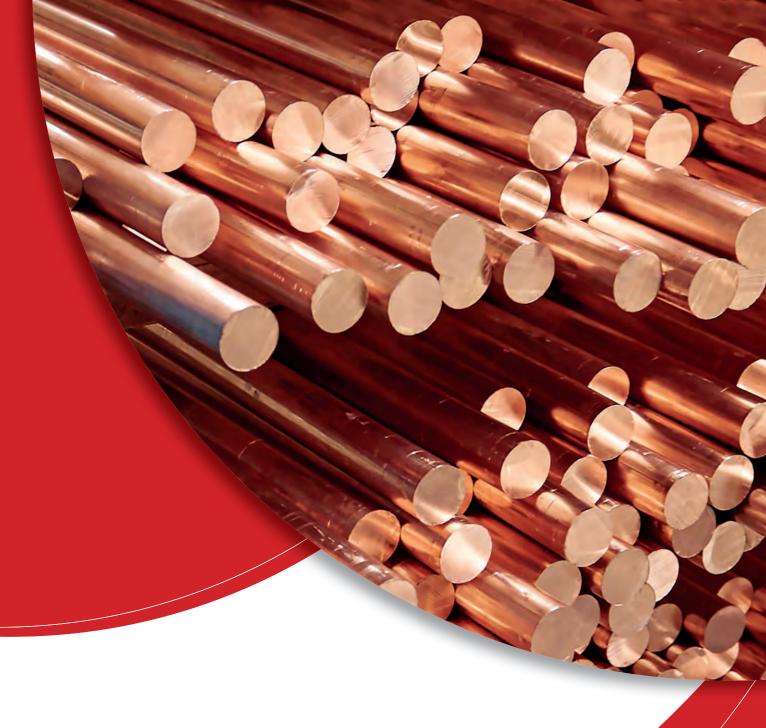
3,239 employees

SOCIAL RESPONSIBILITY

relations with affected communities and projects of social, environmental and cultural value through the Dynamo System

SHARED ETHICS

respect for human rights, fair competition, sustainability of supplies, environmental protection, health and safety at work





General disclosures



The consolidated sustainability report (hereinafter also referred to as "sustainability statement" or "sustainability report") was prepared in accordance with Directive (EU) 2022/2464 (hereinafter also referred to as "CSRD"), implemented in Italy by Italian Legislative Decree no. 125/2024, and the European sustainability reporting standards (ESRS) defined in Delegated Regulation (EU) 2023/2772 of the European Commission. Moreover, the information useful for the disclosure envisaged by Article 8 of Regulation 852/2020 (Taxonomy Regulation) and subsequent delegated regulations is reported.

KME Group's sustainability report aims to provide stakeholders with a fair and transparent view of significant environmental, social and governance impacts, risks and opportunities for 2024.

Basis for preparation of the sustainability report (BP-1)

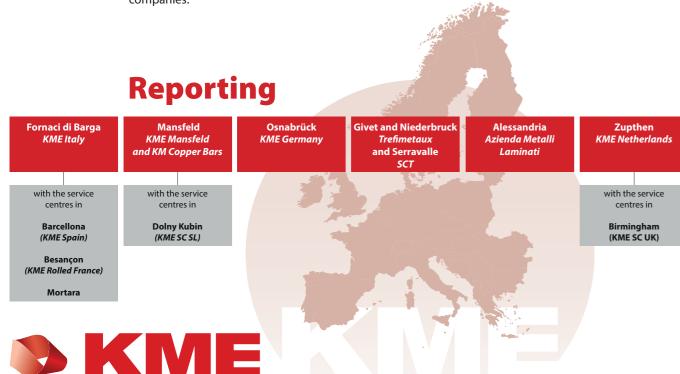
The report was prepared using the same scope as the Company's consolidated annual financial statements; therefore, the data and information contained therein concern both the parent company and its subsidiaries consolidated on a line-by-line basis in the 2024 financial statements.

As at 31 December 2024, there were no investments in associated companies and/or joint ventures subject to operational control. Therefore, the scope of consolidation of this report coincides with that of the Annual Financial Report, as illustrated in the paragraph "Scope of Consolidation" of the notes to the consolidated financial statements.

Reporting framework

The subsidiaries of KME Group are not required to report on sustainability on an individual or consolidated basis. Although there are no requirements under Directive 2022/2464/EU and national regulations, the main Group companies that manage industrial sites in the copper sector nevertheless voluntarily submit their own sustainability reports, to which reference should be made for specific information.

Presenting the sustainability report is an act of transparency and social responsibility for the KME Group companies, even when not legally required. This report also serves as a tool for developing appropriate corporate strategies and new business models in the context of ecological transition and sustainable development. The reports relating to the 2024 financial year cover the following production sites and companies:



6

Value chain information

The report contains upstream and downstream value chain information, as required by ESRS 1. The assessment of impacts, risks and opportunities was carried out based on the available information. In addition to the qualitative disclosures described in the SBM-3 sections, the sustainability report also includes metrics derived from upstream and downstream value chain data, including estimates. In particular, the measurement of Scope 3 greenhouse gas (GHG) emissions is based on estimated figures when direct measurements are not available. The estimate of Scope 3 GHG emissions for the reporting year includes categories 1, 3, 4, 5 and 7 as classified by the GHG Protocol, and was carried out following a materiality analysis that identified the above categories and excluded others as not material or not applicable. For details on the methodologies and sources used, please refer to the information contained in the methodological note in the appendix.

KME Group is committed to further expanding the value chain information in the coming years, including assessments of impacts, risks and opportunities, as well as improving the accuracy of estimates.

Disclosures in relation to specific circumstances (BP-2)

Time horizons

As a general rule, KME Group uses the same definition of medium-term and long-term as the ESRS standards: medium-term is up to five years and long-term is more than five years. The targets set out in the sustainability strategy and policies are both medium-term and long-term, in line with international strategic guidelines and, in particular, with the European Union's climate and ecological transition policies, as well as with the UN's 2030 Agenda for Sustainable Development.

Sources of estimation and outcome uncertainty

In order to ensure the reliability of the information provided, the use of estimates has been limited as much as possible. Any estimates are based on the best available information, either in-house or publicly. In particular, the report contains data on the value chain that includes the use of estimates. The report of Scope 3 GHG emissions includes estimated figures and is therefore subject to greater implicit limitations due to the limited availability and accuracy of the information used for the calculation, as described in detail in the relevant methodological description (for further details, please refer to the note in the appendix "Greenhouse gas emissions and energy consumption"). Where figures are estimates, the sources used are generally indicated in the relevant methodological notes. When reporting forwardlooking information, including future targets and objectives, uncertainties are inherent and therefore such information may be subject to change. Finally, Azienda Laminati Metalli (hereinafter also referred to as "AML") has been consolidated since 1 August 2024; therefore, the environmental data was estimated considering 5/12 of the annual base value reported by the subsidiary.

Over the next few years, KME Group will strive to further improve the accuracy of information and refine estimates, for example relating to the number of suppliers with certified data and the inclusion of additional categories in the calculation of Scope 3

GHG emissions.

Information derived from other legislation or other generally accepted sustainability reporting standards

Circularity indicators.

Considering the importance of the KME Group's activities in the transition to a circular economy, in addition to the information provided in accordance with the ESRS, the report provides further information on its circularity performance, with reference to the circular economy monitoring framework published in May 2023 by the European Commission and the UNI/TS 11820:2024 technical specifications.

Intensity indicators.

In order to enable an even more accurate assessment of environmental performance and more comprehensive monitoring of progress towards targets, intensity indicators (i.e. energy intensity, emissions intensity, etc.) are also calculated in relation to production, as well as in relation to net revenues based on the ESRS. This enables an even more accurate assessment of environmental performance, which is not subject to the variability of economic and financial factors.

Incorporation by reference

As explained in the paragraph "Basis for preparation of the sustainability report (BP-1)", the consolidation scope of this report is the same as that in paragraph "Scope of consolidation" of the Annual Financial Report. Moreover, the section "Material impacts, risks and opportunities and their interaction with business model, strategy and decision-making process (SBM-3)" includes a reference to the paragraph "Trend in investments and operating segments" in the Notes to the Consolidated Financial Statements.

Changes to the preparation or presentation of sustainability information and reporting errors in previous periods

As this is the first year of reporting based on ESRS, KME Group reports no changes to the preparation or presentation of the sustainability report, nor are there any errors to report in previous periods. The information contained in previous reports was based on the NFS Directive and the Global Reporting Initiative (GRI) standards. Changes in scope, thresholds, definitions, and others may cause

differences in figures.

Compared to the previous sustainability report (Non-financial statement pursuant to Italian Legislative Decree 254/2016, relating to the 2023 financial year) the reporting scope includes some new companies (KME France; from 1 August 2024, Azienda Metalli Laminati; Intek Investimenti SpA), while KME Real Estate Germany, KME Recycle and two companies within the Culti scope are no longer included; moreover, KME SC Italy was merged by incorporation into KME Italy S.p.A). If a qualitative comparison is made between 2024 and 2023 in specific cases, these changes in the reporting scope must therefore be taken into account, as well as the fact that different reporting standards (GRI) were used in the previous year.

Use of the phase-in provisions in accordance with the ESRS 1

In preparing the report, KME Group focused on meeting the disclosure requirements for the first year as set out in the ESRS, using the phase-in provisions contained in the appendix to ESRS 1. In particular, it made use of this option in relation to the potential financial effects expected with regard to environmental and social topics. The information will be progressively expanded over the next few financial years to meet the requirements and further implement reporting. Moreover, as described in the environmental information section, the Group has not yet adopted a transition plan in line with the requirements of the standards.



Governance

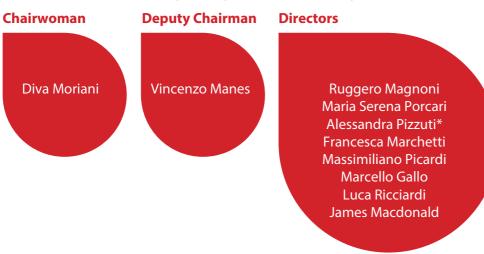
The role of the administrative, management and supervisory bodies (GOV-1)

To ensure the effective management of its sustainability strategy and policies, KME Group adopted a governance system that integrates responsibilities across both its governing bodies and organisational structure. Without prejudice to the functions and powers of the BoD of KME Group – as well as the administrative bodies of the individual companies included in the scope of consolidation – the Sustainability Department is responsible for coordinating the Group's policies on this matter. The sustainability strategy aims to engage, as much as possible, the supply chain through specific sustainability criteria, as well as stakeholders who can contribute to its implementation. The implementation of the strategy is supported by an assessment of impacts, risks and opportunities and is subject to periodic monitoring.

Composition of the highest governance body

(*) Alessandra Pizzuti. already a member of the board of directors as at 1 January 2024, resigned with immediate effect as from 20 November 2024.

She was co-opted by the Board of Directors on 24 January 2025 as the personal reasons that had led to her resignation no longer applied



Board of Statutory Auditors



The attributions and rules of operation of the corporate bodies are governed by the provisions of law and regulations in force, the Articles of Association and a series of principles and procedures, which are periodically updated in line with regulatory developments, doctrinal and legal evolution, and the Board's orientations and guidance. The report on operations, which is published on the website, contains complete and detailed information on the adopted governance structure.

and organisational model with regard to sustainability topics

Thanks to the skills and experience of its executive and non-executive directors, the governance body in office has extensive knowledge of all three areas of sustainable development: environmental, social and governance. These elements, together with the vision of the executive directors, enabled important ESG milestones to be achieved, including the creation of the "Dynamo System" - an international best practice in social responsibility and the third

Moreover, all executive directors, as well as certain non-executive directors, have gained significant experience in some of Italy's leading companies (both listed and unlisted) and third-sector entities, serving as members of the Board of Directors and related board committees in the most important industrial and financial contexts. This has further strengthened the wealth of knowledge, experience and networking that constitutes a distinctive feature and a source of value for accelerating the Group's sustainable development.

To ensure the effective management of its sustainability strategy, KME Group adopted a governance system that integrates responsibilities across both its governing bodies and organisational structure. In particular, the Board of Directors is responsible for pursuing sustainability targets, which are defined as the ability to create long-term value for shareholders while considering the environmental and social impacts and benefits for stakeholders. At the organisational level, the Sustainability Department is responsible for coordinating and managing the Group's sustainability aspects, based on an assessment of the risks and opportunities

Role of the highest governance body related to environmental and social sustainability, as well as preparing the consolidated sustainability report, which is approved by the Board of Directors, also responsible for approving the information reported in the aforementioned document.

Performance assessment of the highest governance body

With regard to procedures for assessing the performance of the board of directors in managing the impact on the economy, the environment and people, the company has not yet established a formal assessment process. However, with the support of the Control, Risk and Sustainability Committee - so named as of 28 March 2023, when it expanded its remit to include sustainability issues - the main KPIs (relating to the copper sector) that reflect the Group's progress towards its 2030 targets are monitored annually as performance indicators of the governance body. The Group also launched further assessments to understand, analyse and adopt one or more metrics/tools for assessing the group ESG performance in the short term. By way of example, we refer to the BIA-B impact assessment procedure developed by B Lab, and the ratings assigned by MSCI, Sustanalitics and S&P Global ESG Scores. It should be noted that the aforementioned analysis is ongoing in order to determine which tool provides the best coverage and enhancement of the "S" dimension of the ESG acronym. This is an area in which our Group performs particularly well, partly thanks to the Dynamo system. The selection of an assessment tool will enable, among other things, the implementation of a monitoring process that may also support the assessment of the highest governance body.

Information provided to the administrative, management and supervisory bodies on sustainability matters (GOV-2)

KME Group defined measurable sustainability targets and implemented a specific internal monitoring system, involving the relevant management functions of the Group companies, for sustainability reporting. Monitoring enables progress to be measured and necessary revisions to be made to the sustainability strategy. It also provides a regular flow of information to the administrative, management and control bodies. KME Group is committed to further developing its control systems and specific procedures, in addition to those already in place, to monitor and manage impacts, risks and opportunities related to sustainability topics, engaging all Group companies and ensuring a structured flow of information with the active participation of all those performing functions in this area.

Reporting critical issues

Any critical issues are reported to the highest governance body in accordance with the established procedures.

Integration of sustainability-related performance in incentive schemes (GOV-3)

Sustainability, also understood in terms of economic and financial sustainability of the Company, is taken into account by incentivising directors and managers to choose investments with medium- to long-term returns, rather than short-term monetisation for beneficiaries. With regard to sustainability, understood as the environmental and social profile, the Company started a process of analysis that will result in concrete Corporate Social Responsibility targets to which part of the variable remuneration of management may be

Statement on due diligence (GOV-4)

KME Group is committed to developing a group-wide sustainability due diligence process covering the company's activities and value chain with their impact on people and the environment. This activity is based on actions that KME Group has already undertaken to mitigate its impact on the environment and people, with particular reference to the United Nations GuidingPrinciples (UNGP) on business and human rights. The main focus is on the supply chains of raw materials that have been identified as having the greatest potential impact on human rights. The due diligence approach aims to reduce the KME Group's exposure to risks and impacts and to seize opportunities.

KME Group considers due diligence to be an ongoing and dynamic process for identifying and managing risks and negative impacts on the environment and people related to it sown activities and those of its partners in the commercial chain. It integrates due diligence into management systems and procedures, there by promoting alignment between different internal functions. The sustainability due diligence process will be further developed for its own activities and for its supply chains. Through its own sustainability reports and those of the main companies in the group, KME has been implementing a fair and transparent reporting system for some time now, communicating information and progress to stakeholders.

Risk management and internal controls over sustainability reporting (GOV-5)

KME Group identified and assessed the risks relating to the accuracy and timeliness of reporting, as well as the reporting process. The risks are mitigated by implementing the process of collecting information from group companies and the relevant KME Group corporate functions in such a way as to enable controlled sustainability reporting. Control activities comprise measures that ensure sustainability information is accurate and communicated correctly. The main control activities involve analysing sustainability information to ensure the reported data is both complete and accurate.

As part of its monitoring of sustainability topics, the Group also carefully maps non-financial risks – whether potential or current, direct or indirect - and the opportunities arising from the effective and efficient management of each topic.

As part of the internal control and risk management system, risk assessment is carried out to identify potential risks arising from sources both inside and outside the Group. The companies of the Group adopt a system of delegated powers aimed at preventing risks and ensuring the effective organisation of occupational safety and environmental protection. Company management involves ongoing risk management by both delegated persons and top management, based on reports received from delegated persons and the supervisory board.

Processes to remediate negative impacts

The KME Group pays constant and growing attention to any impact that its business activities may have on stakeholders, thanks to the monitoring that allows appropriate remedial action to be taken. The activation of the remedy is guaranteed by specific processes that enable employees and third parties, such as customers, suppliers and other stakeholders, to report concerns and issues securely and confidentially and receive a

The main whistle-blowing channel is accessible to both internal and external stakeholders via the website or a dedicated phone number, as indicated on the dedicated webpage (whistle-blowing procedure). Various processes and tools are also available to communities affected by our activities, as well as customer complaint and information channels via email and our website. The key elements of the whistle-blowing process ensure that it functions correctly and in line with industry best practices:

- anonymity;
- protection against any form of retaliation, threat, discrimination, or unlawful act that constitutes or may constitute a violation of - or inducement to violate - laws and regulations, the values and principles established in the KME Code of Conduct, and company policies and procedures;
- uniform treatment across the Group, guaranteed by the presence of an external focal point for managing

Mechanisms for seeking advice and raising concerns

The mechanisms made available by the Group to request clarification on the implementation of the organisation's policies and practices for responsible business conduct, and to raise concerns about business conduct, are part of the whistle-blowing management process, as described in detail in the previous section ("Processes to remediate negative impacts").



Business model and strategy (SBM 1)

KME Group SpA is a holding company based in Milan that owns and manages industrial investments. Today, KME Group focuses on managing KME SE, its main subsidiary, which occupies a leading position in the global market for the production of semifinished copper and copper alloy products, mainly in the production of rolled products.

The industrial group has eight production sites and seven slitting and service centres located in Europe, as well as a network of commercial companies in Europe and in the main industrialised areas of the world. The holding company also has a controlling interest in Culti Milano SpA, a company operating in the home fragrance sector, with a particular focus on the "rattan diffuser" product, listed on the EGM segment of the Italian Stock Exchange since 2017.

KME, a leading manufacturer of copper and copper alloys, is committed to contributing to the ecological transition and sustainable development. To this end, it aims to reducing greenhouse gas emissions in line with targets for climate neutrality. Its activities are largely based on the principles of the circular economy: its products are made using a high percentage of recycled materials and are recyclable and durable themselves.

KME is also committed to protecting human rights, ensuring occupational safety, strengthening social inclusion and cohesion, conducting business in an ethicaland responsible manner, and promoting sustainability throughout the value chain.

Value chain

production and transformation and is specifically

positioned as a "transformer" by placing itself in the "downstream" section of the chain, as illustrated in the figure below. The upstream section includes producers of virgin raw materials from mining and also includes those involved in the other stages of refining following extraction, which are necessary for the production of copper cathodes or other virgin metals (e.g. zinc ingots) in the form required to start the transformation process. In addition to the virgin metal, suppliers of metal scrap (i.e. copper, brass, other alloys) are also identified downstream of the upstream section, which is the source of "post-consumer scrap", a secondary raw material originating from the end of its previous life cycle.

In addition to metal, KME purchases energy (electricity, gas, fuel) as well as certain categories of goods and services from upstream suppliers, including product packaging materials and transport and logistics services.

As a pure transformer, KME starts with the melting and casting (continuous and non-continuous) of raw materials and is able to produce various forms of semi-finished products (pre-rolled materials), which are then used as input for the subsequent hot and/or cold rolling processes required to produce rolled metal strips with different technical specifications (alloy, thickness, width, length, etc.) to meet the requirements of the Group's customers. The pre-rolled material also serves as input for the pipe production process.

KME products have a wide range of applications in end markets. KME's customers are distributors KME operates in the value chain of copper and/or manufacturers of industrial components, including large companies, which in turn serve other

customers operating in various industries such as the electrical and electronics industry, renewable energy, power transmission, automotive, mechanical engineering, telecommunications, construction, architecture and thermo-hydraulics for pipes.

Value chain of copper production and processing

Downstream - Trasforming 🚯 KME



Mining	Leaching ar	nd Electrowing		Manufacturing	,	Client
Willing	Smelting	Refining	Formats	Pre-production	Semi-fabrication	Industry
Extracting copper ore from mine (crushing, grining, flotation)	Purifying to copper anodes (99% pure)	Electrolytic converting to cathodes (99.9999% pure)	Producing basic shapes: rods, cakes, billets	Reshaping into Intermediary products	Finalizing products	Engineered productsfor use in a range of end markets
		Sourcing of post consumer scraps (secondary Copper)				





Relationships with stakeholders (SBM 2)

KME Group SpA considers it a priority to develop ongoing and transparent relationships with all its stakeholders, working to create economic value for shareholders through strategies that aim to ensure social, environmental and economic sustainability.

To this end, the individual companies within the Group also engage in ongoing dialogue with their stakeholders and carry out engagement activities. The publication of the Sustainability Report is an essential element of transparent disclosure of its activities in environmental, social and governance areas, also with a view to strengthening dialogue with stakeholders.

In 2023, KME Group SpA approved a specific policy for managing dialogue with investors (Stakeholder Engagement Policy), published on the website, to which reference should be made for further information.

In order to manage its activities in accordance with sustainability criteria, KME considers the impact of its activities on its stakeholders, understood as all individuals, entities or institutions that influence or are influenced by the Group, or that in some way have an interest in the achievement of

Identifying the Group's main stakeholders is essential for implementing a strategy that is concretely oriented towards sustainable development, creating value and having a positive impact not only on KME's economic performance, but also on its environmental and social performance. It is also crucial for the development of stakeholder engagement.

Associations and **institutes**

Stakeholders also include the following industrial and sector associations representing the interests of member companies, as well as the following institutions, at international level and in the countries where the Group companies operate.

Industrial and financial partners









Employees

and trade union

representatives

Main stakeholders of the **KME Group**



Third-sector associations







Research centres







Public administration, public institutions, regulatory authorities

- Assometalli Confindustria
- · Copper Association Germany Economic Association Metals
- · Economic Association of Metals, Metals Pro
- · Economic Association of Metals, Metal Alliance for Responsible Sourcing
- · Economic Association of Metals, WVM+ Energy Efficiency
- · Economic Association of Metals, Safety and Health Initiative
- Copper Mark
- International Wrought Copper Council, IWCC
- European Copper Institute (REACH Consortium)
- German Institute for Standardization, Berlin
- German Society for Materials Science (DGM)
- · Society for Mining, Metallurgy, Resource and Environmental Technology, GDMB enplify eG

- BUJ Federal Association of Corporate Lawyers
- BPM Federal Association of Personnel Managers
- Association of German Metal Traders
- · Federal Association of Materials Management (BME) • GDD (Society for Data Protection
- and Data Security) Saxony-Anhalt Metal and Electrical
- Industry Association, VME Industrial Employers' Association
- Osnabrück Emsland Grafschaft Bentheim e. V. (IAV)
- Chamber of Industry and Commerce Halle Dessau
- Osnabrück Chamber of Commerce and Industry

Relations with institutional investors, shareholders and bondholders

The "Policy for managing dialogue with institutional investors, shareholders and bondholders" of KME Group defines the operating procedures aimed at establishing and maintaining a transparent and ongoing dialogue with investors (institutional investors, financial analysts and holders of financial instruments issued by the Company, including proxy holders), characterised by symmetry of information, in order to enable them to exerci-

se their rights. To provide investors with useful information on the activities of the Company and its subsidiaries, and on the corporate governance system, KME Group SpA has set up specific sections on its website containing information and documents deemed to be of interest to investors. The Shareholders' Meeting provides an additional opportunity for dialogue and discussion between the Company's directors and shareholders. To facilitate dialogue with investors, a dedicated email inbox has been set up to receive requests for information.



Material impacts, risks and opportunities and their interaction with business model, strategy and decision-making process (SBM-3)

KME Group has integrated sustainability into its strategy. KME Group's values are aligned with strategies aimed at mitigating climate-related risks and seizing the opportunities associated with the transition to a low-carbon, circular and resilient economy, with particular reference to the European Union's Green Deal and Clean Industrial Deal.

The identified impacts, risks and opportunities, particularly those related to climate change and the circular economy, influence KME Group's business model, fostering product and production process innovation as well as the adoption of clean technologies. In the value chain, sustainability factors are essential for promoting resilience and improving supply chain practices. The commitment to promoting the principles of the circular economy mitigates risks in the supply of resources and strengthens environmental sustainability throughout the value chain. Decision-making processes include criteria for compliance with

laws and regulations. KME Group is committed to maintaining high ethical standards and to complying with the laws and regulations in force in the countries in which it operates, and honouring the agreements and commitments it has entered into.

With regard to the financial impacts and risks relating to the health and safety of its employees, as stated in the paragraph "Trend in investments and operating segments" of the report on operations, it should be noted that the 2024 results for the copper segment were affected by non-recurring costs relating to higher expenses necessary for managing the supply of materials, following the shutdown of an operating section of the Fornaci di Barga plant due to the fatal accident that occurred on 24 May. No other significant financial impacts relating to identified risks and opportunities have been observed. The table below shows the material impacts.

Material impacts

Topic	Sub-topics	Impact	Positive/ Negative	Actual/ Potential	Value chain/ Own operations	Time horizon
ESRS E1 Climate change	Climate change mitigation	Reducing the environmental impact of its sites through green revamping of plants, machinery and buildings	Positive	Actual	Own operations	Long-term
	Climate change adaptation Climate change mitigation Energy Selection of suppliers with environmental management system certification. Self-production and purchase of certified renewable energy (scope 2)		Positive	Actual	Value chain	Medium-term
	Climate change adaptation Climate change mitigation Energy	Emissions generation (Scope 1)	Negative	Actual	Own operations	Medium-term
	Climate change adaptation Climate change mitigation	Generation of supplier-linked indirect emissions (Scope 3)	Negative	Actual	Value chain	Medium-term

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Topic	Sub-topics	Impact	Positive/ Negative	Actual/ Potential	Value chain/ Own operations	Time horizon
	Pollution of air water soil	Emissions of air pollutants from copper smelting and refining	Negative	Actual	Own operations	Short-term
ESRS E2 Pollution	Pollution of air water soil	Impact generated by the production of virgin raw materials by VC suppliers	Negative	Actual	Value chain	Short-term
	Pollution of air water soil	Promote awareness of, and commitment to, reducing the pollution produced by the Company.	Positive	Potential	Own operations	Medium-term
	Water - Water consumption	Increase in direct environ- mental impact due to plant malfunction and the use of water resources	Negative	Actual	Own operations	Short-term
ESRS E3 Water and marine	Water - Water consumption	Reduction in the water withdrawn thanks to the recycling systems in the plants	Positive	Actual	Own operations	Medium-term
- V oc - E	Marine resources - Water discharges into the oceans - Extraction and use of marine resources	Marine water contamination caused by the discharge of process water containing heavy metals and chemicals	Negative	Actual	Value chain	Medium-term
ESRS E5 Resource	Resources inflows, including resource use Waste	Increased direct environ- mental impact due to the failure to implement policies and/or procedures promo- ting the responsible use of resources and proper waste management.	Negative	Actual	Own operations	Medium-term
use and circular economy	Waste Outflow	Increase the use of secondary raw materials to promote the circular economy (copper scrap and other alloys to replace virgin raw materials) and waste recycling	Positive	Actual	Own operations	Medium-term
ESRS S1 Own workforce	Working conditions - Health and safety	EMPLOYEES Damage to workers resulting from accidents and occupational diseases.	Negative	Actual	Own operations	Medium-term
	Working conditions - Health and safety	Pressures related to productivity and long	Negative	Potential	Own operations	Medium-term

working shifts

Topic	Sub-topics	Impact	Positive/ Negative	Actual/ Potential	Value chain/ Own operations	Time horizon
ESRS S2	Working conditions - Secure employment - Working time - Adequate wages - Social dialogue - Freedom of association, the existence of works councils - Collective bargaining - Work-life balance - Health and safety	Violation of workers' rights by using suppliers who do not protect them (e.g. adequate wages, secure employment, health and safety, etc.)	Negative	Potential	Value chain	Medium-term
Workers in the value chain	Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value - Training and skills development - Employment and inclusion of persons with disabilities - Measures against violence and harassment in the workplace - Diversity	Lack of development of young talent, promotion of gender equality and inclusive and non-discriminatory practices towards workers in the value chain.	Negative	Potential	Value chain	Medium-term
ESRS 53	Communities' economic, social and cultural rights - Adequate housing - Adequate food - Water and sanitation - Land-related impacts - Security-related impacts	Socio-economic develop- ment of the affected com- munities through support initiatives, partnerships with third parties, donations and/ or sponsorships	Positive	Actual	Own operations	Medium-term
Affected communities	Communities' civil and political rights - Freedom of expression - freedom of association - Impacts on human rights defenders	Contribution to the promotion of civil and political rights relating to freedom of expression and association that has a positive impact on affected communities (e.g. human rights defenders).	Positive	Actual	Own operations	Medium-term
	Corporate culture Protection of whistle-blowers	Promoting a culture of fairness and ethics among employees and in the market	Positive	Actual	Value chain	Medium-term
ESRS G1 Business conduct	Political engagement and lobbying activities	Participation in organisations involved in political causes with negative impacts related to corruption, bribery, undue influence on public opinion and the political process.	Negative	Potential	Own operations	Long-term



Double materiality analysis (IRO-1)

Process for identifying and assessing impacts, risks and opportunities

The materiality analysis made it possible to identify the relevant sustainability topics in accordance with the double materiality approach. Impacts, risks and opportunities were identified by assessing, on the one hand, the company's impact related to sustainability topics on people and the environment and, on the other hand, the risks and opportunities that may arise for the company in relation to sustainability topics.

The report considered the macro-phases that characterise the Group's core business and its main activities. The negative, positive, actual and potential impacts can be:

- direct: as part of the activities and operations directly managed by the Group companies;
- indirect: along the upstream and downstream value chain, connected on the one hand to the supply chain and on the other to the development of finished products and their life cycle.

KME Group undertakes to periodically update its materiality analysis in order to incorporate any future methodological updates and assess the resulting changes to the list of material topics, also with reference to developments in the scenario in which it operates, trends and emerging topics in the sector. For details on the process of identifying and assessing impacts, risks and opportunities, please refer to the methodological note published in the appendix "Double materiality analysis".

Material impacts, risks and opportunities resulting from the double materiality assessment

The production of copper and copper alloys, and the related supply chain, require significant amounts of energy and raw materials, contributing to GHG emissions with a negative impact on climate change. The volatility of energy and raw material prices can pose financial risks to the company's business; however, further initiatives aimed at increasing energy efficiency and self-production of renewable energy create opportunities to reduce energy consumption and related costs. KME Group mitigates its impact by using recycled raw materials and trying to reduce emissions and improve energy efficiency. The use of recycled raw materials has a positive impact as it reduces dependence on virgin raw consequences. The company adopted a Code materials, carbon emissions and other impacts of Ethics and specific procedures to ensure the caused by mining. Financial risks could arise from increases in the price of carbon, problems with the availability of recycled raw materials and the impact of decarbonisation strategies. At the same time, the essential role of copper in the energy transition and the efficient use of resources through the adoption of business

models inspired by the principles of the circular economy has the potential to create financial opportunities and increase KME's competitiveness. Detailed assessments of the impacts, risks and opportunities associated with climate change are contained in the chapter on environmental information.

Production processes and extraction operations in the supply chain can have a negative impact on the environment. These potential impacts are mainly caused by emissions into the air and waste generation, if not properly mitigated. Any tightening of regulations and increase in waste disposal costs could potentially increase risks for the company. However, the advantages related to the copper's durability and recyclability can have a positive impact, ensuring sustainability and safety in applications downstream of production processes. The recycling of raw materials and the recovery of by-products and production waste, which are reintroduced into the production cycle, represent additional financial opportunities.

While water itself does not impact or pose risks to marine resources, it is considered relevant from the perspective of water withdrawal, partly due to its association with both the risks arising from climate change and opportunities for efficient and circular use of the resource. In production plants, employees may encounter potential health and safety risks. The Group is committed to ensuring high safety standards, as well as to providing employee benefits and training. This not only protects workers' rights, but also creates financial opportunities by helping to improve performance and professional skills.

Copper has a complex global value chain with suppliers that may be located in countries where working conditions could have a negative impact. By adopting criteria for the protection of human rights in the supply chain, KME Group can have a positive impact on the sustainability of the supply chain and create financial opportunities thanks to greater transparency towards its stakeholders and improved business resilience.

Should there be any failure to comply with the law or any instance of misconduct, KME Group will face legal, financial and reputational correctness of its conduct, working to ensure that its business partners also maintain similar standards

Material risks and opportunities

Торіс	Sub -topic	Risk / opportunity	Description	Value chain / Own opera- tions	Time horizon
	Climate change adaptation	Risk	Operational risk Disruption of the supply chain due to extreme weather events. Climate change is increasing the frequency and intensity of extreme weather events. The following are more likely to occur: - damage to infrastructure - interruptions in the transport of raw materials or finished products - energy supply issues	Own operations	Short-/ Medium-term
ESRS E1 Climate change	Copper process that emissions be value chain, terial extract change grow from the pul become more		Reputational Risk Copper processing is an energy-intensive process that often involves significant GHG emissions both for the company and along the value chain, with particular regard to raw material extraction As public awareness of climate change grows, this could result in criticism from the public, pressure from investors to become more sustainable, and a potential loss of customers	Value chain	Short-/ Medium-term
	Climate change adaptation Climate change mitigation Energy	Opportunities	Expansion into the market of renewable energy and electrification technologies. There is an increasing demand for materials used in renewable energy and electrification technologies.	Own operations	Medium-/ Long-term
	Pollution of air Pollution of water Pollution of soil	Risk	Operational Risk Copper processing operations generate pollution of air, water and soil. These operations can have environmental impacts, including the emission of dust containing heavy metals, the release of toxic gases, water contamination, and the accumulation of metals in the soil	Own operations	Medium-/ Long-term
ESRS E2 Pollution	Pollution of air Pollution of water Pollution of soil	Risk	Reputational Risk Potential damage to the company's image and reputation stemming from public perception of its negative impact on the environment through the pollution of air, water and soil	Own operations	Medium-/ Long-term
	Pollution of air Pollution of water Pollution of soil	Risk	Reputational Risk Potential damage to the company's image and reputation stemming from public perception of its negative impact on the environment through the pollution of air, water and soil	Value chain	Medium-/ Long-term
	Pollution of air Pollution of water Pollution of soil	Opportunities	Opportunity to establish a leading position in the market through the development and implementation of innovative technologies and processes that minimise pollution and promote more sustainable copper production.	Own operations	Medium-/ Long-term

Topic	Sub -topic	Risk / opportunity	Description	Value chain / Own opera- tions	Time horizon
	Water - Water consumption - Withdrawals	Risk	Operational Risk Excessive use of local water resources. Copper production can result in unsustainable water consumption causing impacts on the environment and local communities.	Own operations	Medium-/ Long-term
ESRS E3	Water - Water consumption - Withdrawals	Risk	Operational Risk Malfunction of the recycling plant and increased need to draw water from third-party sources	Own operations	Short-term
Water and marine resources	Water - Water consumption - Withdrawals	Risk	Reputational risk The company's copper production activities can be perceived negatively by stakeholders and investors due to the excessive exploitation of local water resources	Own operations	Medium-/ Long-term
	Water - Water consumption - Withdrawals	Opportunities	Innovation in water-saving technologies through the development of low water consumption transformation processes and the creation of advanced water recycling and reuse systems	Own operations	Medium-/ Long-term
	Resources inflows, including resource use Waste Resource outflows	Risk	Operational risk Environmental contamination related to the leakage or infiltration of waste material and the dispersion of dust containing heavy metals from waste storage areas (i.e. during the storage and handling of scrap metal)	Both	Medium-term
ESRS E5 Resource use and circular economy	Waste	Risk	Operational risk Increased operating costs for waste disposal and treatment and the need for significant investments to upgrade infrastructure	Own operations	Medium-term
	Resource outflows Waste	Opportunities	Increased use of recycled materials other than metal	Own operations	Short-/ Medium-term
	Resources inflows, including resource use	Opportunities	Generation of added value through the conti- nuous growth in the use of scrap (secondary raw material) in the production process of copper and copper alloy rolled products	Own operations	Short-/ Medium-term

Topic	Sub -topic	Risk/Oppor- tunity	Description	Value chain/ Own opera- tions	Time horizon
	- Secure employment - Working time	Risk	Regulatory risk Violation of labour legislation, suboptimal management of employment relationships and failure to ensure a safe working environment	Own operations	Short-term
	Working conditions - Secure employment - Wor- king time	Risk	Operational risk Risk of shortage of personnel due to work-re- lated accidents and expenses related to claim management	Own operations	Short-term
ESRS S1 Own workforce	Working conditions: - Adequate wages - Social dialogue - Freedom of association, the existence of works councils and the information, consultation and participation rights of workers - Collective bargaining, including the rate of the undertaking's workforce covered by collective agreements - Work-life balance Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value	Risk	Reputational risk Potential legal actions relating to the level of working conditions (request for adequate working time, guarantee of social dialogue and freedom of association, compliance with collective bargaining agreements, protection of health and safety conditions) remuneration, allowances and employment relationships (dismissals, illegal transfers, fatalities, illnesses, etc.) for employees and/or non-employees	Own operations	Short-term
	Equal treatment and opportunities for all - Training and skills development	Opportunities	Promote a culture of caring for people, both inside and outside the organisation, as well as the concept of the common good, thanks in part to the successful "Dynamo" initiative (known as the Dynamo system) promoted and supported by the KME Group.	Own operations	Medium-term
	Working conditions: - Social dialogue	Opportunities	Promote initiatives that can improve dialogue and the development of relationships across different business functions (see Benevolent fund)	Own operations	Medium-term

Topic	Sub -topic	Risk/Oppor- tunity	Description	Value chain/ Own opera- tions	Time horizon
	Working conditions - Secure employment - Working hours - Adequate wages - Social dialogue - Freedom of association, the existence of works councils - Collective bargaining - Work-life balance - Health and safety	Risk	Reputational risk Presence of suppliers along the value chain whose employees have initiated legal actions regarding working conditions (adequate working time, guarantee of social dialogue and freedom of association, compliance with collective bargaining agreements, protection of health and safety conditions), remuneration, allowances and employment relationships (dismissals, illegal transfers, fatalities, illness, etc.)	Value chain	Medium-term
ESRS S2 Workers in the value chain	Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value - Training and skills development - Employment and inclusion of persons with disabilities - Measures against violence and harassment in the workplace - Diversity	Risk	Reputational risk Presence along the value chain of commercial relationships with entities that: - do not have adequate measures/policies in place for the prevention of violence and harassment, inclusion and diversity, employment and inclusion of persons with disabilities, training activities, ensuring equal treatment and opportunities, gender pay gap; - do not have an inclusive working environment	Value chain	Medium-term
	Working conditions - Secure employment - Working hours - Adequate wages - Social dialogue - Freedom of association, the existence of works councils - Collective bargaining - Work-life balance - Health and safety	Opportunities	Updating and improving the Group's rules for selecting suppliers and business partners to include social and environmental performance assessments for all	Value chain	Medium-term
	Communities' economic, social and cultural rights	Risk	Operational/reputational risk Social unrest or dissatisfaction could damage the Company's reputation and the trust of the affected communities	Own operations	Medium-term
ESRS S3 Affected communities	Communities' economic, social and cultural rights	Risk	Operational Risk Supply chain disruption due to plant closures impacting external communities	Value chain	Medium-term
	Communities' economic, social and cultural rights	Opportunities	Collaborations with local organisations, industry and professional associations, and community groups to create sustainable and impactful programmes	Own operations	Medium-term
	Corporate culture Protection of whistle-blowers	Risk	Compliance risk Failure to update the internal regulations in line with the expansion of the regulatory framework concerning corporate culture and the protection of whistle-blowers	Own operations	Medium-term
ESRS G1 Business conduct	Political engagement and lobbying activities	Risk	Reputational risk Exposure to potential conflicts of interest arising from its exposure and political influence	Own operations	Short-term
	Management of relations with suppliers, including payment practices	Opportunities	Improvement of payment processes by defi- ning internal policies and system automation	Own operations	Medium-term

Topics identified as non-material

- Biodiversity and ecosystems (ESRS E4). In the double materiality analysis, the topic was not considered material in terms of impacts and risks with regard to the protection of biodiversity in the areas where the plants are located. However, the report provides information on the activities of Natural Capital, a company belonging to the KME Group, as they have a significant positive impact on biodiversity and the enhancement of natural capital.
- Consumers and end users (ESRS S4). The topic was not considered material as KME is a Business-to-Business operator and its products do not reach consumers or end users directly. KME's products also comply with European and international standards that guarantee their quality and safety.

KME policies, actions and targets

In order to address the challenges of our time, there is a need for sustainable development in line with the goals set out in the United Nations 2030 Agenda. An environmentally sustainable development to preserve ecological balance and combat climate change, accelerating the ecological transition. A socially sustainable development to guarantee human rights and strengthen inclusion and cohesion, which is also economically sustainable, thanks to companies capable of creating value for stakeholders. KME Group is working in this direction, aware that this represents a challenge for continuous innovation and, at the same time, a responsibility towards the environment, society and future generations.

The copper industry – a sector in which KME is one of the leading players – plays an important role in the transition to a sustainable economy, so much so that the European Union has classified copper as a "strategic raw material", considering it necessary for 78% of key technologies in key strategic sectors (digital, renewable energy, electric mobility, space economy). Copper is an essential material for the energy transition because it is vital for renewable energy, energy efficiency, sustainable mobility, and electricity distribution networks. Moreover, due to its potentially infinite recyclability and durability, it plays an essential role in the transition to a more circular economy.

Sustainability policy

The KME Group Sustainability Policy was updated and approved by the Board of Directors at its meeting on 14 April 2025. It establishes the strategies, guidance and targets of the entire group, with a particular focus on industrial companies in the copper sector. It is based on two fundamental pillars - environmental sustainability and social sustainability - and is supported by an adequate governance system for sustainability topics. The Group's policy is focused on the sustainability of its production activities, while also working to promote sustainability throughout the value chain.

Environmental sustainability is both a value and a strategic driver for KME Group in the context of ecological transition. Contributing to the growth of an environmentally sustainable economy is essential, but ensuring ever greater efficiency in the use of resources is an even more strategic choice because it makes it possible to reduce costs, increase economic competitiveness, and promote and stabilise long-termprofitability. Sustainable innovation represents a significant opportunity for growth, particularly in a sector such as copper, which is vital for the energy transition. KME is particularly committed to the following targets:

- · contribute to the transition to a circular economy by further developing the already high circularity performance of its production processes, increasing the use of secondary raw materials and recovering by-products and production waste, ensuring the durability and recyclability of products, and using material, energy and water resources efficiently;
- increase the portion of energy from renewable sources, including through self-production plants, and improve the energy efficiency of its production processes;
- reduce GHG emissions in line with the European Union's strategies and targets for achieving climate neutrality by promoting the use of low-carbon technologies and production processes;
- use the best technologies to protect the environment and health by preventing pollution risks, minimising environmental impact and managing waste correctly;
- · implement a proper environmental management in compliance with the laws and regulations in force, aiming to guarantee higher standards than those required by the regulations, including through voluntary certification systems, and ensuring monitoring and continuous improvement actions to achieve sustainability targets.

KME Group is committed to pursuing social sustainability, starting with its relationship with its employees and local communities.

The actions are primarily aimed at ensuring respect for workers' rights, combating all forms of discrimination and promoting equal opportunities, providing a safe and healthy working environment with the aim of achieving "zero accidents".

KME Group takes concrete action to strengthen social inclusion and cohesion through the Dynamo System, and promotes relation ships with local communities by supporting social and cultural initiatives. Moreover, by strictly complying with the Code of Conduct, KME Group undertakes to:

- ensure that the group conducts its business, its relations with stakeholders and its dealings with business partners in a fair, transparent and ethical manner;
- respect international conventions on human rights;
- comply with regulations relating to the environment, health and safety, and corporate social responsibility;
- promote sustainability throughout the value chain by adopting sustainability criteria in the selection of

































Actions and targets of the sustainability strategy

KME established and updated its sustainability strategy, setting a series of targets (which take into account the starting conditions) to be achieved by 2032, with intermediate targets for 2027 and 2030. KME's strategy is based on four main guidelines and is implemented through a series of actions that, although they may differ between different production and geographical contexts (being focused, for obvious reasons, on the copper industry), involve all Group companies and contribute to the achievement of the targets set.

The sustainability strategy aims to engage, as much as possible, the supply chain through specific sustainability criteria, as well as stakeholders who can contribute to its implementation. The implementation of the strategy is supported by an assessment of impacts, risks and opportunities and is subject to periodic monitoring. Without prejudice to the functions and powers of the BoD of KME Group - as well as the administrative bodies of the individual companies included in the scope of consolidation - the Sustainability Department is responsible for coordinating the Group's sustainability policies.

Maximum use of recycled raw materials and development of the circular economy

KME has always aimed to maximise the use of recycled metals, not only for the significant environmental benefits but also for the obvious economic advantages. This choice was subject to certain challenges, such as the ongoing availability of scrap on the market and the technological challenges associated with its use in the production process. Market difficulties have decreased significantly in recent years thanks to positive factors such as growing awareness of, and attention to, the recovery of raw materials, easier transport of goods due to more organised logistics, industrial development in certain global areas and the resulting greater availability of secondary raw materials.

KME has made further decisive progress in the field of scrap refining and recovery technologies since the 2000s. Copper is one of the few materials that can be recycled repeatedly without losing its quality. Although there is no difference between recycled and extracted copper, using scrap to obtain raw materials with the same characteristics as those obtained from virgin materials requires significant investment and specific know-how.

For KME, this translates into: investments (made and planned) of over Euro 60 million; the development of Research Centres (two in Germany and one in Italy); over 100,000 hours of specific training. This allows KME to use high percentages of recycled material in its operations. Advanced know-how and technology are the basis of this competitive advantage, which will be further enhanced over the next decade.

that can operate using recycled materials, thereby expanding the range of scrap that can be used. However, it should be noted that it is not possible to use 100% recycled material. This is due to the production mix consisting of different families of • in water consumption; alloys with technical limitations, maximum quotas • in waste production; for the percentage of scrap that can be used in the • in GHG emissions; production process and administrative limitations • in pollutants.

imposed by the bodies that regulate products sold in relevant markets.

The development of circular business models and the increased use of recycled raw materials, which aims to reach 66% by 2030 (excluding additional internal recovery processes within the plants) and 80% when metals recycled through internal recovery processes are also considered, contributes to the development of the circular economy and significantly reduces greenhouse gas emissions.

In line with the European Commission's proposals to make products on the EU market more sustainable and circular throughout their life cycle, KME is committed to reducing CO2 emissions across its product portfolio. This portfolio already includes products made almost entirely from recycled metals for use in sectors such as automotive and telecommunications.

Optimisation of production processes and resource use

This involves a series of complex and innovative activities that involve the digitalisation of the company.

All data, including process data and data that was previously disregarded due to a lack of adequate tools, is stored on a cloud platform and managed using specific algorithms. The data management system enables the constant optimisation of all resources and the possibility of standardising processes at group level, with the clear advantage of being able to quickly and widely implement any improvements achieved in one or more of the group's plants.

Investments are underway to build new foundries
The results of these activities are full control and reduction:

- · in the consumption of raw materials, process materials and packaging;
- in energy consumption;



improvements in occupational safety, resulting in further improvements in the indicators of frequency (Frequency Rate) and severity (Gravity index) of accidents. The ultimate goal is to achieve "zero accidents".

Decarbonisation of processes and reduction of

In addition to the measures already described (development of circularity and digitalisation), this target will be achieved through three main actions:

- · conversion of some of the methane-fuelled smelting furnaces to electric furnaces where possible, while aiming at the same time to increase the use of renewable energy;
- · construction of energy platforms for selfconsumption powered by renewable energy;
- certification projects for electricity purchased from third-party suppliers and offsetting CO2 emissions.

Continued growth and evolution of the social

KME is committed to carrying out solidarity projects and initiatives with a significant social impact through a series of activities that go beyond the boundaries of the company.

Since its inception, it has supported the households of its employees, the communities in which its factories are located, and children from all over the world. In 2007, it established Dynamo Camp, Italy's

These activities also lead to significant first recreational therapy camp, which provides free holiday periods with qualified assistance for children and young people with serious or chronic illnesses and their families.

> Dynamo lies at the heart of a social economy system – a "new social enterprise" – which is an additional activity of KME. In 17 years of operation, it has created a sustainable economic system by providing ongoing support in various forms, including investment, donations of resources and assets, support for current expenses, and donations of expertise.

Through Dynamo, which is now a solid and independent organisation, KME has combined its commitment to sustainability with new social businesses: it provides practical support for children and households affected by serious illnesses, works to preserve the community's natural heritage, and trains thousands of people and professionals on issues relating to the common good.

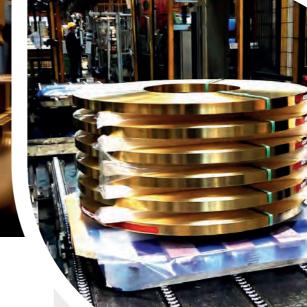
Therefore, the Dynamo system is a fundamental pillar of the Group's sustainability strategy. KME will ensure its ongoing development characterised by a constant focus on innovation and the creation of new models capable of maximising social impact.

The following table shows the targets that need to be achieved by 2032, along with the interim targets

for 2027 and 2030 relating to the industrial scope.

Targets and KPIs





Projects completed in 2024

or currently underway

KME Italy



In the second half of 2024, construction work commenced on a photovoltaic system at the KME Italy plant in Fornaci di Barga to be installed on the roofs of most of the site's warehouses and on some undeveloped areas of the site.

The system, which will have a total capacity of 15 MWp, will be connected to the grid partly by the first half of 2025 and partly by the second half of this year.

It will cover approximately 15% of the factory's energy requirements, which are currently met almost exclusively by electricity, thanks to the energy transition process completed in recent years aimed at replacing gas with electricity for powering the smelting furnaces. In addition, KME has submitted a request to the Tuscany Regional Administration for an environmental impact assessment of a project involving the possible addition of another electric furnace to those currently in operation.

Use recycled metals¹ %



58%

2032 68% 66%



CO2 emissions per unit of product4 (t CO2 /tprod)

2.03



Use Recycled and recovered metals² (%)

2024	2027
64%	69%

80%

82%



Waste sent for recovery (%)



83%

87%

Use renewable energy³ (%)

43%

2032 85%



Occupational safety



(Rate of work-related accidents - Frequency rate)5 2032 7.6 0

- 1- Percentage of metals from recycling in relation to total metals used
- 2- Percentage of metals from recycling and internal recovery in relation to total metals processed
- 3- Percentage of renewable energy (purchased and self-generated) in relation to total electricity consumption
- 4- CO₂e emissions (scope 1, scope 2 market based, scope 3) per unit of product (tonne)
- 5- Number of accidents with more than 1 day of absence/total hours worked x 1,000,000

It should be noted that previous reports already contained a series of KPIs with related targets, but given the introduction of new reporting standards and some updates to the methodology used to calculate metal circularity rates, the 2024 financial year must be adopted as the new baseline.

At the same time, in order to enable a comparison of indicators relating to the efficient and circular use of resources, it is considered appropriate to note that, had the same calculation methodology been used as in previous years, the ratio of recycled metals to total metals used would have been 47.1% in 2024, compared to 42.9% in 2023 and 38.7% in 2022. Similarly, the ratio of recycled and recovered metals to total metals processed would have been 54% in 2024, compared to 60% in 2023 and 55.7% in 2022.

KME Germany



New smelting furnace.

A new copper smelting and refining furnace is scheduled to come into operation at the beginning of the second quarter of 2025. The investment will support the increased use of copper scrap in place of virgin metals, while also allowing for a broader range of scrap types to be utilised — including certain categories that previously contained a copper content too low to be processed by the Group's plants.

The aim is to integrate the new furnace into the existing plant while maintaining the total smelting capacity of 45 tonnes per hour. The modernisation of the production plants in Osnabrück is a strategic step towards optimising resource use and reducing the ecological footprint at the same time.

The innovative refining furnace will enable selective fire refining of copper scrap, allowing unwanted impurities to be removed more effectively. The investment of approximately Euro 15 million strengthens KME's commitment to environmental sustainability.

Hydrogen project.

One of the technological options for pursuing climate neutrality is to replace natural gas with hydrogen as a fuel gas for thermal processes such as the smelting of copper and copper alloys.

A consortium consisting of three industrial partners (KME, SMS-group, Aurubis) and three institutes (INEMET, IKFVW, IEC) from the Technical University Bergakademie Freiberg (TUBAF) is addressing the issue of replacing natural gas with hydrogen. Taking ecological, technical and economic aspects into account, it should be possible to evaluate the extent to which hydrogen can be transferred to industrial use in large-scale plants by the end of the assessment period (2027).









KME Netherlands



The construction of a hydrogen production plant using electrolysis is expected to begin at the **KME Netherlands** BV industrial plant near **Zutphen**.

The plant will have an initial capacity of 5 MW, scalable up to 10 MW, with a production capacity of approximately 18 kg per hour of green hydrogen.

The Dutch plant currently consumes over 10 tonnes of grey hydrogen per year, used in the production process as a protective gas in combination with nitrogen, which will be replaced by green hydrogen produced on site. KME Netherlands is also considering the possibility of partially replacing its natural gas consumption, amounting to approximately 300,000 m³, with green hydrogen produced on site. The hydrogen production plant is expected to start in the first half of 2026.

KME wants to further consolidate the principle of sustainability throughout the entire value chain

By 2030, the entire capital expenditure on material supplies must be with suppliers that are certified or subject to sustainability checks

Sustainable Supplies
Objective
100%

Sustainability of the supply chain

KME adopts sustainability criteria in the organisation of its commercial processes. The corporate guidelines define binding standards for all companies operating within the Group. When selecting suppliers, criteria are adopted that qualify potential partners in terms of their organisational, environmental and social performance. For the supply of products and services, environmental management system certifications (ISO 14001 or EMAS), occupational health and safety management system (ISO 45001).

KME's supply chain mainly involves primary metals (copper, zinc, nickel, tin), scrap (copper, zinc, brass) and energy (electricity, gas, fuels). Notably, the supply of goods and services includes packaging materials and transportation. As regards the supply of metals, given the specific nature of the raw materials, purchases are made according to market availability and making extensive use of secondary raw materials (scrap). Energy suppliers are usually national companies, and preferenceis given to those that produce a higher proportion of energy from renewable sources. For purchases of other goods and services, where possible preference is given to local suppliers, based on quality/price

KME does not source any minerals from regions affected by armed conflict for use in its products. Due to the complex supply chain and the many steps involved in metal processing, KME – aware that it is not always possible to fully track the materials purchased, especially recycled materials – considers participation in EICC-Gesi Confict-Free (an initiative of the Electronic Industry Citizenship Coalition and Global e-Sustainability) an essential requirement when selecting

new suppliers.

Social and environmental criteria for selecting new suppliers

Human rights - and in particular labour practices, including but not limited to the rejection of forced or child labour, respect for diversity, non-discrimination, freedom of association, fair and favourable working conditions, protection of workers' privacy and relations with communities - are essential aspects of the KME Group's assessment when selecting new suppliers. In line with the update of the regulatory framework governing the supply chain assessment, the Group is updating its supplier assessment processes and procedures to formalise activities that are currently carried out in accordance with established company practices but are not part of a formal, structured process.

Suppliers are not selected based solely on environmental criteria, but in the process of selecting new suppliers, the KME Group works with them to define criteria, technical requirements and solutions in order to further strengthen circularity and environmental sustainability standards within the supply relationship. The profile of the potential supplier is also assessed in terms of climate-changing emissions.





Environmental management

Companies producing copper and semi-finished copper products must operate in compliance with European Union environmental regulations and domestic laws. Environmental authorisations are regulated by the Industrial Emissions Directive 2024/1785/EU (to be implemented into national law by 2025), which, by amending the previous Directive 2010/75, sets emission limits and requires the use of the best available technologies (BAT) to reduce polluting emissions into the air and water, support the transition to climate neutrality and the circular economy, strengthen healt hand environmental protection, and improve transparency and public access to environmental data. The copper industry is subject to the Emissions Trading Scheme (ETS) for the reduction of CO2 emissions.

They are also directly or indirectly affected by European Union legislation on chemicals, such as the REACH Regulation and the RoHS and WEEE Directives, which aim to protect the environment, human health and consumer safety.

As part of its careful and rigorous management of all environmental aspects, KME adopted voluntary certification systems, including ISO 14001:2015 (protection of the environment) and ISO 50001:2018 (energy management), in order to guarantee even higher environmental protection standards than those required by regulations, pursuing targets of continuous improvement.

The KME Group companies have the necessary environmental authorisations and are committed to operating in compliance with the provisions thereof, adopting procedures to identify, control, measure and reduce the environmental impact of their activities.

During the reporting period, there were no violations or penalties regarding compliance with environmental regulations and with product safety, and labelling standards and regulations.





Climate change (ESRS E1)

Transition plan for climate change mitigation (E1-1)

As part of its sustainability strategy, KME has committed to defining a detailed Transition Plan for climate change mitigation.

Although this Plan has not yet been formally approved and adopted, KME has been developing measures aimed to reduce GHG emissions for some time, in line with international agreements and European Union targets.

Impacts, risks and opportunities and their interaction with business model - Resilience analysis (ESRS 2 SBM-3)

Mitigation and adaptation strategies

Combating climate change is one of the most important challenges facing the world today. In this regard, the main reference is the agreement signed by 185 countries at the World Climate Conference in Paris in 2015, with the aim of

limiting global temperature rise to below 2°C compared to pre-industrial levels, and if possible to 1.5°C. As part of its Green Deal for the ecological transition, the European Union has set itself the goal of achieving climate neutrality by 2050, with an interim emission reduction target of 55%



by 2030. According to the latest estimates, 2024 was the hottest year ever recorded globally: the European Copernicus Centre (Copernicus Climate Change Service-C3S) estimates that the average temperature exceeded the pre-industrial level (defined as the period between 1850 and 1900) by 1.5°C. The international scientific community shows (2024 IPCC report) that without significant reductions in emissions in the short term, it will not be possible to limit global warming to 1.5°C or 2°C, with a high probability of reaching levels that are extremely critical for human and natural ecosystems. It is already clear that the growing concentration of greenhouse gases in the atmosphere is linked to an increase in extreme weather events, such as heavy rainfall, flooding, heatwaves and prolonged droughts, becoming more intense and frequent. In terms of the economic and financial impacts of climate change, it should be noted that economic losses due to extreme weather events in the EU have averaged Euro 26 billion per year over the last decade (Eurostat, Climate-related economic losses). A conservative estimate suggests that if the European Union economy were exposed to global warming of between 1.5 and 3°C above preindustrial levels, there would be an annual economic loss of between Euro 42 billion and Euro 175 billion (JRC, Economic analysis of selected climate impact). The "Global Risks" report of the World Economic Forum, as well as an increasing number of analyses and reports from financial authorities, economic entities, study centres and scientific institutions, provides authoritative evidence of how awareness of the importance of risks has increased. The European Central Bank identified climate risks as one of the main factors to be monitored under the European Single Supervisory Mechanism, as the physical damage caused by climate change can have significant impacts on the real economy and the financial sector.

In this context, accelerating mitigation actions aimed at reducing GHG emissions is necessary in order to achieve climate neutrality. However, even in the best-case scenario, this will only prevent the worst consequences for human and natural ecosystems; it will not reverse the effects of climate change that are already underway. Therefore, adaptation measures that complement the mitigation actions are also necessary to reduce vulnerability as much as possible and increase resilience. Alongside adequate and effective planning by governments and public institutions at all levels, all this also requires appropriate strategies and actions by businesses and economic operators. The National Climate Change Adaptation Plan for Italy highlights that, alongside a series of opportunities related to the ecological transition, industrial sectors are also exposed to multiple risks. In addition to risks related to higher costs affecting competitiveness, including changes in the taxation of emissions, the most significant risks are related to the increase in the frequency and intensity of extreme weather events (violent rainfall, floods and landslides, droughts and forest fires) that can directly impact industrial activities and infrastructure located in the most vulnerable areas. According to data collected in the insurance sector and reported by the European Environment Agency, the number of natural disasters in EU countries has increased since

1980 and approximately two-thirds of economic losses attributable to natural disasters were caused by extreme precipitation and floods. Although it is currently difficult to accurately determine the proportion of losses attributable to climate change, an increase is nevertheless expected in the light of the foreseeable impacts and risks, particularly with regard to flood-related losses. Global warming will intensify the hydrological cycle, increasing the frequency of floods across much of Europe. It may also impact the quantity and quality of water resources by altering hydrogeological cycles and systems.

KME Group strategy and resilience of the business model

Climate change also increases the risks and potential impacts on production in the countries and areas where KME Group operates. In this context, it is essential to increase the resilience of the corporate business model in order to prevent and mitigate risks. Emission reduction strategies and technological innovations for environmental sustainability are equally important in seizing the opportunities of the ecological transition and strengthening corporate competitiveness. To contribute to achieving climate neutrality and mitigating the effects of climate change, the KME Group, as described in more detail in other sections, develops strategies for reducing emissions and decarbonising industrial processes, in line with the objectives of the 2015 Paris Agreement and the European Union's "Net Zero" target. KME's commitment is structured on several levels:

- reduction of direct emissions (scope 1) generated by its industrial activities;
- increase in energy efficiency;
- reduction of indirect emissions related to electricity consumption (scope 2), with an increase in the use of renewable energy;
- reduction of indirect emissions in the value chain (scope 3), further increasing the use of secondary raw materials for its productions, recycling as much waste as possible, and selecting suppliers based on environmental criteria;
- investments and innovative technologies;
- · resilience of the business model;
- adaptation measures for risk prevention and mitigation;
- · partnerships and shared initiatives.

Analysis of risks and opportunities

Although there is inevitably an element of uncertainty, it is essential to identify the most significant climate change-related risks in order to prevent or at least minimise them through adaptation measures, and to strengthen business resilience in the short, medium and long term.

In line with the recommendations of the Task Force on Climate-related Financial Disclosures, which focuses on the risks and opportunities of climate change and on the actions to be taken as a result, as well as on the main types of risks and opportunities and their impact on the business are grouped into two categories:

- physical risks, i.e. both acute risks related toextreme weather events and chronic risks related to gradual but structural climate changes;
- risks and opportunities deriving from the evolution of ecological transition scenarios relating to regulatory changes, limits on emissions and carbon pricing, energy and raw material costs, carbon-free technological development trends, investments for innovative activities and new markets, sustainable finance measures to support ecological transition, etc.

Based on general analytical and forecasting data available at the European level¹, as well as the analytical data available at company level regarding potential physical risks in the areas where the Group's activities are located, and the assessment of the risks and opportunities associated with the ecological transition in the copper industry, KME Group is committed to carrying out analyses that are as detailed as possible and periodically updated in order to implement mitigation actions, strengthen adaptation measures and ensure adequate risk management. The disclosure of risks and opportunities will be progressively expanded and deepened from year to year in consideration of the changed operating environment resulting from climate change (which also requires changes in established management decisions) and its impact on cost structure, financial decisions and creation of corporate value.

The climate change adaptation strategy is based on a set of complementary approaches and measures for managing the main risks primarily related to the possibility of extreme weather events and their consequences, as was the case in 2021 with the flooding that affected the North Rhine-Westphalia region of Germany, causing material and operational damage to the KME plant in Stolberg.

The companies of the KME Group are committed to defining possible measures to prevent and mitigate these risks, in line with the guidelines of the adaptation plans prepared or being prepared by the competent local, regional and national authorities.

For example, KME Italy has already carried out some works along an embankment of the Serchio river near the industrial area and the town of Fornaci di Barga.

The mitigation and adaptation measures also include nature restoration and natural capital conser-vation initiatives carried out by the subsidiary Natural Capital Italia. At the same time, by analysing and identifying opportunities related to the ecological transition that can contribute to growth and competitiveness, KME Group integrates the results of this analysis into its corporate strategy. In particular, considering the essential role of copper in the energy transition and the promotion of the circular economy, KME Group adopts strategies aimed at fully seizing the opportunities related to these areas, combining them with operational best practices. The strategic objective of KME, in relation to the risks deriving from climate change and the opportunities related to the ecological transition, is to mitigate the risks and maximise the opportunities with a positioning that takes into account the medium-and long-term outlook.

1- using institutional tools for monitoring and forecasting information, data and models currently available at the European level to improve the hydro-climatic assessment and the environmental protection at national, regional and local level.

Physical risks

The assessment of physical risksis made more complex by the lack of a unified and comprehensive European framework for evaluating the potential impacts of climate change on industrial operations and infrastructure. The current limitations in knowledge are marked by a lack of detailed impact scenario studies at the territorial level, making it difficult to analyse risks to the production system. This is further compounded by the absence of a structured system for gathering and organising informationon issues, bestpractices, available options at both local and national levels, and their associated costs. Despite the limited knowledge and inevitable uncertainties involved in forecasting, KME Group and its subsidiaries work to identify potential risk factors, especially those relating to water risk in the event of severe weather. This risk is related to physical events that could damage companies' operating assets and properties, thereby limiting their operations, even for extended periods of time, and causing impairment losses. The analysis of potential flood risks in areas where KME's industrial plants are located is carried out using mapping carried out by EEA2 on behalf of the European Commission in implementation of the Floods Directive (https://discomap.eea.europa.eu/floodsviewer/). In this context, with regard to Italy, the assessment also refers to information provided by the Idro-GEO platform developed by ISPRA (Italian National Institute for Environmental Protection and Research) on the basis of data provided by the basin authorities (https://idrogeo.isprambiente.it/app/).

With regard to chronic physical risks – with particular reference to drought and the consequent availability of water resources – the forecast scenarios related to climate change show that the risks arising from drought and desertification mainly affect southern European countries. According to the European Drought Risk Atlas, with varying intensity depending on the level of global warming, the Mediterranean area (in particular, with regard to the areas where KME Group's plants are located, i.e. Italy, the Iberian Peninsula and the southern and western parts of France) will be the area most affected by water scarcity in the soil as a result of changes in precipitation and evapotranspiration. In

any case, the KME Group companies are not considered to be at significant risk of water shortages, partly because their industrial plants already use operating systems that allow for high levels of water recycling and reuse, thereby limiting withdrawals and consumption; in addition, some plants have systems for collecting and using rainwater. The KME Group's strategy also aims to further increase the levels of recycling and reuse of water resources, minimising withdrawals and water requirements. In addition to the above information, the following

table shows the water stress levels (World Resources Institute-Water Risk Atlas) of the areas where the Group's industrial plants and service centres are located. Water stress measures the ratio between total demand for water (for domestic, industrial, irrigation and livestock uses) and renewable surface and groundwater reserves available.

WATER STRESS	PRODUCTION PLANTS AND SERVICE CENTRES
LOW	KME Netherlands (Zutphen) SCT (Serravalle) KME Rolled France (Besancon) KME SC SL (Dolny Kubin)
MEDIUM-LOW	KME MANSFELD (Hettstedt) KM Copper Bars (Hettstedt) KME SC UK (Birmingham) TMX (Niederbruck)
MEDIUM-HIGH	KME Italy (Fornaci di Barga) KME Germany (Osnabruck) AML (Alessandria) TMX (Givet)
HIGH	KME Spain (Barcelona)
EXTREMELY HIGH	-

2- Member States define what constitutes a potentially significant flood risk in accordance with their particular circumstances and their approaches to flood risk management.

For example, some countries include existing flood protection measures in their calculations, while others do not.

Therefore, it is not advisable to make direct comparisons between Member States.

Member states may designate areas at risk of significant flooding as points, lines or polygons.

Identifying areas at risk of potentially significant flooding is just one step in the flood risk

Transition risks

Transition risks refer to the inevitable uncertainties and complex challenges that KME Group must face when transitioning to a low-carbon economy.

KME's strategy aims to minimise, on the one hand, these risks through careful risk management, and on the other, to maximise the economic opportunities and benefits related to technological innovation and the resilience of the business model. With regard to the risks related to the ecological transition, which are often intertwined with those arising from geopolitical tensions and changes in international trade relations, the following should be noted in particular:

Risks related to regulatory policies and measures, legal risks

The general risk of regulatory change for the manufacturing industry of semi-finished copper and copper alloy products must be considered in several areas: (i) first and foremost, the risks related to the renewal and confirmation of authorisations and licences necessary for operating production plants must be considered.

Any changes in regulations, whether national or supranational, could have a significant financial impact, jeopardising the continuity of operations of the plants (it should be noted that the KME Group considers this risk to be very remote); (ii) a second area is related to the European Union Emissions Trading Scheme (EU ETS), which is

currently one of the European Union's main measures for reducing emissions in industrial sectors with the greatest impact on climate change; any changes to GHG emission thresholds could have a negative financial impact, resulting in higher costs than those currently incurred; (iii) there are also legal risks inherent in new regulations that could introduce the payment of "appropriated taxes", such as a carbon tax designed to tax each tonne of carbon dioxide emitted at an ad-hoc rate, thereby introducing an additional tax burden.

Other potential risks related to insurance requirements complete the picture, increasing operating costs for insurance companies. For example, Italian companies have recently been required to insure themselves against natural disasters and catastrophes, and therefore to extend the scope of their existing policies or take out a policy that protects the company against damage caused by such events.

Market risks

With reference to any market risks relating to sales volumes caused by the effects of climate change, it should be noted that the expected growth in demand for copper and copper alloy products in the medium to long term, with regard to the rolled products family, which is the company's core business, related both to their central role in electrification and energy transition and to the sustainability and circularity requirements that

copper products guarantee to consumers, makes it possible to exclude significant risks from the point of view of market outlets for the Group's products.

However, the situation is different when it comes to the market risks related to purchase of products and services by the Group: (i) the expected increase in electricity demand, together with taxes and restrictions that could affect electricity generated from fossil sources, especially in Europe, could push up energy prices, generating a negative impact that could become significant on the Group's economic and financial performance; (ii) a similar scenario could also occur for gas, which could experience price increases caused, among other things, by certain effects of climate change.

To mitigate these risks, the Group — classified as an energy-intensive entity in both Italy and Germany and therefore entitled to specific economic benefits — has begun constructing renewable energy plants for the self-generation of electricity at certain facilities. In Germany in particular, the Group is evaluating medium- to long-term alternatives to natural gas for powering its smelting furnaces, including the potential use of hydrogen. In parallel, it continuously monitors gas and energy market trends, entering into pricehedging contracts for specific volumes to mitigate exposure and reduce price volatility; (iii) there are also market risks related to the metal supply chain, which is the Group's main cost component. Estimates of global copper demand show an increase in consumption in the medium term, which could rise from the current level of over 20 million tonnes to around 30 million tonnes, driven by the transition effect to a green economy, although this effect is not yet identifiable.

The growing demand for metal, together with potential restrictive effects introduced by regulations aimed at improving the environmental impact of companies engaged in mining, could lead to a significant increase in the price of the material. This effect could also be seen in the price of copper scrap, which is directly related to the value of virgin metal. In this scenario of rising prices for both virgin metal and scrap, there is a risk of becoming increasingly dependent on certain areas of the world for the procurement of virgin metal, as well as limited availability of the secondary raw materials needed to replace primary materials.

The Group considers this risk to be remote, as the availability of raw materials does not present any critical issues for both types of metal. Moreover, the company's business model is not directly

affected by the dynamics listed above, as the metal component of the sales price is passed through to the customer, with whom the price is fixed at the time of order placement in order to avoid any impact from market fluctuations.

Moreover, the Group also operates on a tolling basis, an operating model that involves only the processing of virgin raw materials purchased directly from the customer, who governs the terms and conditions of purchase and sends the metal to KME's plants for processing only.

Technological risks

The emission reduction target requires constant innovation based on BAT (best available technologies).

The Group's investment strategy is based on the best available technologies, thereby seeking to minimise the risk profile in question. As a result, no particular technical or technological risks have been identified.

Reputational risks

With regard to reputational risks, it is also appropriate to refer to the two areas described below: (i) risks related to the value chain, including the risk of selecting suppliers (mainly related to the categories of purchases, metal and energy) that do not comply with the relevant regulations on sustainability topics (i.e. environment, emissions, occupational health and safety);this risk, which the Group considers remote, is mitigated and countered by supplier selection procedures and processes that are not based solely on cost-effectiveness but include a broader assessment that also takes into account other evaluation factors; (ii) risks related to own operations, consisting of non-compliance with general disclosures and reporting requirements on sustainability in the broad sense, as well as reporting requirements in relation to specific topics (i.e. ETS).

KME Group fulfils its reporting requirements correctly; therefore, there are no risks in this regard.

The company is committed to reducing emissions (in relation to production volume) and to achieving the targets set out in its sustainability policies in order to contribute to the achievement of the progressive decarbonisation targets set at a European level; working consistently to achieve these targets is also essential from a reputational standpoint, avoiding the risk of losing the trust of investors and other stakeholders, including local communities.

Opportunities

Thanks to its properties, copper plays an important role in the ecological transition. Firstly, because it is an essential material for the energy transition: its electrical conductivity and its mechanical properties make it indispensable for technologies related to renewable energy, energy efficiency systems, sustainable mobility and electrification in general.

Secondly, due to its infinite recyclability and the durability of its products, it plays an important role in the transition to a circular economy, which is essential for achieving climate neutrality and, at the same time, a factor in contributing to greater resource efficiency, cost reduction and economic competitiveness for businesses.

Therefore, the copper industry is among those that can best seize development opportunities linked to products and markets that play a crucial role in the ecological and digital transition. It is no coincidence that the European Union has classified copper as a "strategic raw material".

Also with reference to these scenarios and in order to seize all the opportunities they present, the KME Group further focused its activities and strategy in the copper sector, particularly on flat products. Indeed, in recent years the Company's activities have focused on managing the shareholding in KME SE and its subsidiaries, carrying out several acquisitions and disposal operations that have created a new strategic configuration of the copper sector, focused mainly on the rolled products sector.

The copper industry also offers interesting mediumterm development prospects, both in terms of profitability and cash generation, reinforced by the increased competitive positioning of KME SE, in line with the expectations of most relevant markets.

Further opportunities may arise in relation to the Clean Industrial Deal, presented by the European Commission on 26 February 2025, with the aim of supporting businesses in the ecological transition, and the related Sectoral Action Plan presented on 19 March 2025, which sets out specific measures for the metallurgical industry (ferrous and non-ferrous metals).

Climate policies and actions (E1-2 E1-3)

KME Group, aware of the crucial role that the metallurgical sector plays in the ecological transition, adopted a climate policy based on clear commitments and concrete measures aimed at mitigating the environmental impact of its activities and adapting to the effects of climate change. This policy is an integral part of the broader Sustainability Policy approved by the Board of Directors, which ensures its strategic supervision and periodic updating. The Sustainability Department is responsible for its implementation, working in coordination with the Group's various corporate functions and subsidiaries in Italy and abroad.

KME is committed to reducing its GHG emissions through improved energy efficiency, the adoption of low-carbon technologies, the use of certified renewable sources, and the self-production of green energy. In particular, the Group promotes the green revamping of plants wherever possible, with the aim of reducing the use of natural gas. These actions are accompanied by the voluntary adoption of the ISO 50001 standard for energy management, demonstrating a systematic and transparent commitment to decarbonisation.

The Group's climate policies also include adaptation measures with the aim of reducing pollution produced by Group companies through an efficient management of the materials used and waste produced, both within their premises, promoting circular economy practices and the use of secondary raw materials, and through waste reduction and recycling initiatives. Finally, the monitoring of both direct and indirect emissions is an integral part of the climate strategy and is carried out with the aim of measuring and reducing the impact per unit of product, including through initiatives involving suppliers. In defining its climate policy, KME has considered the interests and expectations of its main stakeholders – including customers, local communities, investors and public authorities – through structured stakeholder engagement activities and an annual double materiality update process. The contents of the policy are made public via the Group's official channels, including the company website and reporting documents, thus promoting full transparency towards all stakeholders.

The transformation of production methods and related operating processes lies at the heart of KME's climate-neutrality strategy. The KME Group develops initiatives to reduce emissions and decarbonise industrial processes, in line with the targets of the 2015 Paris Agreement and with the Business Plan for the European Union Green Deal. KME's commitment is structured on several levels:

- reduction of direct emissions generated by its industrial activities;
- reduction of indirect emissions related to electricity purchased and consumed;
- CO₂ offsetting measures;
- innovative technologies and projects for decarbonisation;
- use of secondary raw materials from recycling and development of circularity;
- partnerships and shared initiatives.



KME's business focuses on copper. Thanks to its properties, copper is essential for energy transition and for achieving climate neutrality. Moreover, the fact that this material can be recycled indefinitely makes it particularly climate-friendly.

Energy Management

KME's ISO 50001-certified energy management system is an important step towards the efficient use of resources.

Copper recycling

Several measures were already implemented for the use of innovative technologies for using secondary raw materials.

Ecological copper

KME offers the market a material with a particularly climate-friendly CO₂ balance, guaranteed by the exclusive use of secondary raw materials (100% copper scrap). This allows us to avoid the use of new metals, the extraction and processing of which are highly energy-intensive and generate significant climate-changing emissions.

Energy transition

KME works constantly to optimise processes in order to reduce energy consumption, with continuous improvement in energy efficiency in all areas of operation, to progressively replace fossil fuels with renewable energy sources and to recover heat.

Metals pro Climate

KME is a member of Metals pro Climate, an initiative of leading companies from the non-ferrous metals industry committed to climate protection.

Use of hydrogen for climate neutrality

KME Germany, together with Georgsmarienhütte, Q1, EWE and the KNI logistics network, intends to implement hydrogen projects in the Osnabrück area, thereby promoting the region's transition to climate neutrality. To this end, a memorandum of understanding was signed in 2022 between the partners, who are planning, among other things, the construction of a hydrogen production plant with a hydrogen pipeline network to connect Georgsmarienhütte and KME, as well as the construction of hydrogen refuelling stations at the Q1 sites. Thanks to its central geographical location, the region has grown to become a major economic hub, attracting large industrial companies, small- and medium-sized enterprises, and start-ups. In the long term, the use of hydrogen is set to play an important role in making production and logistics more sustainable and climate-neutral. With this project, the KME group further strengthens its commitment to the ecological transition, with the goal of achieving zero climate impact.

Further actions

- CO₂ emission values are recorded and reported transparently. Taking part in various benchmarking projects in the copper industry ensures an accurate assessment.
- By engaging in the Science-Based Targets Initiative (SBTi), we are committed to setting a science-based climate target to reduce our CO₂ emissions, which will contribute to limiting global warming to 1.5°C in accordance with the Paris Agreement and to becoming climate neutral by 2050.
- To help achieve the goal of climate neutrality, KME collaborates with competent partners. Customers and suppliers are also involved in order to achieve the best possible results.

Energy efficiency and self-production of renewable energy

The KME Group is committed to continuously improving energy efficiency. Using energy efficiently is important not only from an environmental perspective to reduce GHG emissions, but also from an economic perspective to reduce operating costs. KME adopted the ISO 50001:2018 certification for continuous improvement in the performance of energy use. Energy efficiency is improved through management innovations and measures to make plants more efficient, particularly by streamlining processes, rationalising production procedures and implementing technological measures.

Other actions concern energy efficiency in buildings and workplaces, with improvements to the efficiency of heating and air conditioning systems, including through computerised remote control systems and the use of LED lighting. Photovoltaic systems are also being installed for the self-production of energy from renewable sources.

Voluntary sustainable forest management initiatives and estimation of climate benefits

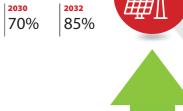
With the aim of contributing to the reduction of the Group's carbon footprint, the Group's main industrial companies (KME Italy, KME Mansfeld and KME Germany) launched, as from 2022, a voluntary (non-certified) initiative to absorb CO₂ emissions in collaboration with Natural Capital Italia S.p.A., an Italian holding company committed to the

protection and enhancement of natural capital (water, air, soil, biodiversity) through sustainable forest management projects. Based on internal methodologies and recognised technical and scientific references (IPCC, FAO), it is estimated that this initiative generated in 2024 a climate benefit equivalent to approximately 11,000 tonnes of CO₂ absorbed during the expected life cycle of the greenery. The activities take place at Oasi Dynamo, a nature reserve covering approximately 1,000 hectares affiliated with the WWF and located in the Pistoia Apennines. The area is subject to a sustainable forest management plan, aimed at maximising the CO₂ absorption capacity of the greenery through the active and responsible care of the forest heritage. The offsets described are not certified by third parties and are therefore not recognised as reductions in emissions in the official scope 1, 2 or 3 balances, but are reported solely for disclosure and transparency purposes.

These activities are an integral part of the KME Group's proactive approach to ecological transition and the enhancement of natural capital.

Use of **renewable energy** (% on total consumption)

2024 43% 55% 70% 85%



Main targets (E1- 4)

KME Group aims to reduce its GHG emissions (defined as total scope 1, 2 and 3 emissions per unit of product, taking 2024 as the baseline) by 5% by 2027, 10% by 2030 and 12% by 2032.

Among the actions aimed at achieving this target, those aimed at increasing the use of renewable electricity (self-generated and purchased) are particularly important: in this area, the aim is to move from 43% in 2024 to 55% in 2027, 70% in 2030 and 85% in 2032.



Emission reduction per unit of product (t CO₂ /tprod)

24	2027	2030	2032
.03	-5%	-10%	-12%

 $\mathbf{36}$

Remuneration of directors in relation to climate targets

In relation to the ESRS 2 GOV-3 disclosure requirement (Integration of sustainability-related performance in incentive schemes), please note that, to date, company performance relating to climate change mitigation targets does not affect the remuneration of directors.

Metrics

KME Group reports its GHG emissions in accordance with the main international standards and ESRS requirements. For Scope 1 emissions, the energy flows considered are: natural gas; extra light O.C. (heating gas oil); LPG (also referred to as propane); biomass (such as charcoal); petrol; diesel.

The consumption of petrol and diesel is divided between instrumental use and mixed use: it was assumed that 100% of instrumental use and 70% of mixed use fall within the scope 1 business consumption. For Scope 2 emissions, the energy flows considered are: electricity purchased, broken down by supplier (from contract with supplier

renewable energy certificates/from contract with supplier with partial certified renewable sources and with a specific energy mix and emissions other than the "residual mix"/from contract with supplier based on the "residual mix"); electricity self-generated from renewable sources (of which self-consumed/of which released to the grid). Emissions are considered according to market-based and location-based approaches. The energy mixes used for the ESRS E1 data on energy consumption are based on a market-based approach.

Scope 3 emissions are reported in accordance with the classification provided by the GHG Protocol, based on a materiality analysis that identified the main impact categories in the value chain. KME Group operates in sectors with a high climate impact and energy consumption refers to these sectors. Energy intensity is calculated not only in relation to net revenues but also in relation to industrial production. Forfurther details on the reporting methods used and sources, please refer to the methodological note published in the appendix.

Energy consumption (E1-5)

In 2024, energy consumption amounted to 488,405 MWh, almost entirely concentrated (99.8%) in companies in the copper sector. Compared to 2023, there has been a significant reduction in energy consumption. 50.4% of total consumption consists of electricity, 47.9% of natural gas, and 1.7% of other fuels (LPG, diesel, petrol, biomass, extra light oil). 76% comes from fossil sources, 22% from renewable sources, and 2% from nuclear sources.

Total energy consumption		Industrial companies	Other companies	Total
	Unit of measurement	2024	2024	2024
Fuel consumption from crude oil and petroleum products	MWh	7,167	207	7,374
Fuel consumption from natural gas	MWh	233,720	289	234,009
Consumption of coal and coal products	MWh	-	-	-
Fuel consumption from other fossil sources	MWh	-	-	-
Consumption of electricity, heat, steam or cooling purchased or pur- chased from fossil sources	MWh	129,169	533	129,702
Total energy consumption from fossil sources	MWh	370,056	1,029	371,085
Total consumption from nuclear sources	MWh	9,912	26	9,938
Consumption of fuels from renewable sources, including biomass (including industrial and municipal waste of biological origin), biofuels, biogas, hydrogen from renewable sources	MWh	842	-	842
Consumption of electricity, heat, steam and cooling from purchased or acquired renewable sources	MWh	106,296	43	106,339
Consumption of self-generated non-combustible renewable energy	MWh	202	-	202
Total energy consumption from renewable sources	MWh	107,340	43	107,383
Total energy consumption	MWh	487,307	1,098	488,405

Generation of energy		Industrial companies	Other companies	Total
	Unit of measurement	2024	2024	2024
Generation of energy from non-renewable sources	MWh	-	-	-
Generation of energy from renewable sources	MWh	236	-	236

Energy intensity

With revenues from sales and services amounting to Euro 1,565.4 million, energy intensity is 312 MWh per million euro. When compared to industrial production, energy intensity is 2.12 MWh per tonne (up from the previous year). It should be noted that KME Group operates in sectors with a high climate impact and energy consumption refers to these sectors.

ENERGY INTENSITY in relation to revenues from sales and services	2024
Total energy consumption (MWh)	488,405
Revenues from sales and services (million euro)	1,565.4
Energy intensity (MWh/million euros)	312.0

ENERGY INTENSITY in relation to production (industrial companies)	2024
Energy consumption (MWh) Production (t)	487,307
Production (t)	229,836
Energy intensity (MWh/tprod)	2.12

GHG emissions (E1-6)

Direct emissions (scope 1)

Scope 1 direct emissions amounted to 53,251 tonnes of CO₂e. They derive almost entirely (99.9%) from the activities of industrial companies. Compared to last year, there has been a slight increase. Biogenic emissions from biomass combustion amounted to 340 tonnes of CO₂e.

The intensity of Scope 1 emissions is equal to 34 t of CO_2e per million euros of net revenues. When compared to industrial production, it was equal to 0.23 CO_2 per tonne (up from the previous year).

Greenhouse gas emissions (Scope 1)	2024			
	Unit of measurement	Industrial companies	Other companies	Total
Gross GHG emissions (scope 1)	tCO ₂ e	53,163	88	53,251
Scope 1 GHG emissions from regulated emission trading schemes	tCO ₂ e	36,452	-	36,452
% of Scope 1 GHG emissions from regulated emissions trading schemes	%	68.6%	-	68.5%

Biogenic emissions	2024
t CO ₂ e	340
Scope 1 EMISSION INTENSITY to net revenues	2024
tCO ₂ /million euros	34
Scope 1 EMISSION INTENSITY to production (industrial companies)	2024
tCO ₂ /tprod	0.23

GHG refrigerant gasesThere is no use of GHG refrigerant gases with dispersion.

Indirect emissions (scope 2)

Indirect emissions linked to the generation of purchased electricity amounted to 73,257 t CO₂e according to the location-based approach and 91,213 t CO₂e according to the market-based approach. Compared to 2023, there has been a reduction in location-based emissions, while market-based emissions remain essentially unchanged.

The intensity of Scope 2 emissions is equal to 46.8 t CO₂e (location-based) and 58.3 t CO₂e (market-based) per million euros of net revenues. When compared to the production of industrial companies, it was equal to 0.32 t CO₂e/t location based (similar to the previous year) and 0.40 t CO₂e/t market based (an increase compared to the previous year).

Greenhouse gas emissions (Scope 2)		2024		
	Unit of measurement	Industrial companies	Other companies	Total
Gross Scope 2 GHG emissions (location based)	t CO2e	73,132	125	73,257
Gross Scope 2 GHG emissions (market based)	t CO₂e	90,990	224	91,213

Scope 2 EMISSION INTENSITY to net revenues	Unit of measurement	2024
Location based emissions Market based emissions	tCO ₂ /million euros	46.8
Emissioni market based	tCO ₂ /million euros	58.3

Scope 2 EMISSION INTENSITY to production (industrial companies)	Unit of measurement	2024
Location based emissions	tCO ₂ /tprod	0.32
Market based emissions	tCO ₂ /tprod	0.40

Indirect emissions (Scope 3)

Following the significance analysis included in the methodological note in the appendix "Greenhouse gas emissions and energy consumption", categories 1, 3, 4, 5, 7, and 9 were included as significant.

Greenhouse gas emissions (Scope 3)	Unit of measurement	2024
Gross Scope 3 GHG emissions	tCO ₂ e	324,567
Category 1 Purchased goods and services	tCO ₂ e	271,896
Category 2 Capital Goods	tCO ₂ e	Not significant
Category 3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	tCO ₂ e	30,971
Category 4 Upstream transportation and distribution	tCO ₂ e	7,590
Category 5 Waste generated in operations	tCO ₂ e	128
Category 6 Business travel	tCO ₂ e	Not significant
Category 7 Employee commuting	tCO ₂ e	1,651
Category 8 Upstream leased assets	tCO ₂ e	Not applicable
Category 9 Downstream transportation and distribution	tCO ₂ e	12,332
Category 10 Processing of sold products	tCO ₂ e	Not significant
Category 11 Use of sold products	tCO ₂ e	Not significant
Category 12 End-of-life treatment of sold products	tCO ₂ e	Not significant
Category 13 Downstream leased assets	tCO ₂ e	Not applicable
Category 14 Franchises	tCO ₂ e	Not applicable
Category 15 Investments	tCO ₂ e	Not significant

Greenhouse gas emissions (Scope 3)	Industrial companies	Other companie	Total
tCO₂e	324,301	26	6 324,567
Scope 3 EMISSION INTENSITY to net revenues			2024
tCO ₂ /million euro			207.3

Scope 3 EMISSION INTENSITY to production (industrial companies)	2024
tCO ₂ /tprod	1.41

TOTAL EMISSIONS	Unit of measurement	2024
Scope 1	t CO ₂	53,251
Scope 2 location based	t CO ₂	73,257
Scope 2 market based	t CO ₂	91,213
Scope 3	t CO ₂	324,567
TOTAL (location based)	t CO ₂	451,075
TOTAL(market based)	t CO ₂	469,031

TOTAL EMISSION INTENSITY to net revenues	2024
tCO2/million euro (location based)	288.2
tCO2 million euro (market based)	299.6

TOTAL EMISSION INTENSITY to production (industrial companies)	2024
tCO ₂ /tprod (location based)	1.96
tCO ₂ /tprod (market based)	2.03

Carbon credits (E1-7)

KME Group did not purchase any carbon credits in 2024.

Carbon pricing (E1-8)

KME Group does not adopt internal carbon pricing systems.







Impacts, risks and opportunities

The description of impacts, risks and opportunities related to pollution is contained in the section General Disclosures (ESRS 2).

Policies, actions, targets (E2-1 E2-2 E2-3)

Protecting air, water and soil quality by minimising protecting the environment and human health. The recent Industrial Emissions Directive 2024/1785/ EU (to be implemented into national law by 2025), amending the previous Directive 2010/75, sets the use of best available techniques (BAT) in order prevent and avoid all forms of soil pollution.

KME operates in compliance with current to reduce polluting emissions into the air and regulations and is committed to adopting the water, support the ecological transition, strengthen best available techniques in its industrial plants. health and environmental protection and improve transparency and public access to environmental the impact of polluting emissions is essential for data. According to this directive, industrial installations must implement the updated best available techniques (BAT) by 2028. KME Group's aim is to minimise the environmental impact of air emissions by reducing them further, protect water emission limits to be complied with and requires quality through adequate purification systems, and

Emissions (E2-4)

Substances	2024			
	Unit of measurement	Air	Water	Soil
Non-methane volatile organic compounds (NMVOCs)	kg/y	26,760	0	0
Nitrogen oxides (NOx/NO2)	kg/y	37,381	6,737	0
Sulphur oxides (SOx/SO2	kg/y	6,244	35,232	0
Total nitrogen	kg/y	0	4.,94	0
Total phosphorus	kg/y	0	51	0
Arsenic and compounds (such as As)	kg/y	12	0	0
Cadmium and compounds (such as Cd)	kg/y	1	0	0
Chromium and compounds (such as Cr)	kg/y	1	89	0
Copper and compounds (such as Cu)	kg/y	161	168	0
Mercury and compounds (such as Hg)	kg/y	2	0	0
Nickel and compounds (such as Ni)	kg/y	6	101	0
Lead and compounds (such as Pb)	kg/y	26	11	0
Zinc and compounds (such as Zn)	kg/y	54	358	0
Halogenated organic compounds (such as AOX)	kg/y	0	18	0
PCDD + PCDF	mg/y	8,8	0	0
PCB	mg/y	0.4	0	0
Tetrachloroethylene (PER)	kg/y	555	0	0
Benzene	kg/y	53	0	0
Ethylbenzene	kg/y	1	0	0
Organotin compounds (such as total Sn)	kg/y	1	4	0
Polycyclic aromatic hydrocarbons (PAHs)	kg/y	15	0	0
Toluene	kg/y	11	0	0

Substances	2024				
	Unit of measurement	Air	Water	Soil	
Total organic carbon (TOC) (such as total C or COD/3)	kg/y	3,194	3,375	0	
Xylenes	kg/y	3	0	0	
Chlorides (such as total CI)	kg/y	0	19,593	0	
Chlorine and inorganic compounds (such as HCl)	kg/y	621	1	0	
Fluorine and inorganic compounds (such as HF)	kg/y	677	0	0	
Hydrogen cyanide HCN	kg/y	0.2	0	0	
Particulate matter (PM10)	kg/y	12,840	0	0	

Microplastics

No microplastics are used or generated.

Substances of concern and substances of very high concern (E2-5)

Substances of concern	2024		
	Unit of measurement	Emissions	
Arsenic and compounds (such as As)	kg/y	12	
Cadmium and compounds (such as Cd)	kg/y	1	
Chromium and compounds (such as Cr)	kg/y	90	
Mercury and compounds (such as Hg)	kg/y	2	
Nickel and compounds (such as Ni)	kg/y	107	
Lead and compounds (such as Pb)	kg/y	38	
PCB	mg/y	0.4	
Tetrachlorethylene (PER)	kg/y	555	
Benzene	kg/y	53	
Ethylbenzene	kg/y	1	
Toluene	kg/y	11	
Hydrogen cyanide (HCN)	kg/y	0.2	

Substances of very high concern	20	24
	Unit of measurement	Emissions
Cadmium and compounds (such as Cd)	kg/y	0.5
Lead and compounds (such as Pb)	kg/y	37.6
PCDD + PCDF (dioxins and furans)	mg/y	8.8

REACH compliance

REACH is an European Union regulation that has been in force since 2017, designed to protect people and the environment from the potential risks posed by chemicals. KME supplies copper and copper alloy products in the form of hot- and cold-rolled sheets and strips, as well as pressed and drawn tubes, profiles, bars and perforated parts.

These products are considered to be within the scope of the REACH Regulation. All materials or preparations contained in the products have either been registered or pre-registered byeither KME or another party within the supply chain. KME is a downstream user of substances contained in copper or copper alloy products.

These substances are subject to registration as substances subject to a transitional regime, whose use in the production of copper and copper alloys is being considered for registration. With regard to semi-finished products made of copper and copper alloys, according to REACH regulation, these products are not subject to the legal requirement for a safety data sheet. In any case, KME's intention is to provide its customers with the information contained in the safety data sheets by making these product information documents available.

The data sheet is a voluntary document and does not set out the formal requirements of REACH regulation. The compliance with the REACH requirements is coordinated centrally by KME.



RoHS complianc

The European RoHS (2011/65/EU) and WEEE (2012/19/EU) Directives impose restrictions on the use of hazardous substances in electrical and electronic equipment with the aim of contributing to the protection of human health and the environment, including the environmentally sound recovery and disposal of electrical and electronic equipment waste. KME operates in compliance with these directives and issues specific declarations.









Impacts, risks and opportunities

The description of impacts, risks and opportunities related to the use and management of water resources is contained in the section General Disclosures (ESRS 2).

Policies, actions, targets (E3-1 E3-2 E3-3)

Water is a precious resource that KME is committed to using efficiently, avoiding any possible waste as well as recycling and reusing it in the production cycle.

KME aims to minimise the amount of water drawn from various sources (surface water, wells, water networks, etc.), also by using rainwater collection. Moreover, thanks to a series of technological and plant engineering solutions, a significant amount of water is recycled and reused in industrial processes.

Water discharges are processed in water treatment plants before being returned to the ecosystem. There are no interactions with marine resources.

KME aims to further increase efficiency in the use of water resources, which is all the more necessary in view of the risks related to climate change and in areas of high water stress, as well as to achieve even higher levels of water recycling and reuse.

Water consumption (E3-4)

In 2024, 4,194,322 m³ of water were withdrawn (a slight increase compared to 2023). Of these, 48.7% were groundwater, 23.2% rainwater, 19.9% surface water and 8.2% water from water networks. The volume of water discharged was 3,310,073 m³ (+16% compared to 2023). Consumption amounted to 884,249 m³, a significant reduction compared to the previous year.

The volume of recycled and reused water amounted to 27,280,822 m³; in relation to the total water used (water withdrawn plus recycled and reused water), this represents a percentage of 86.7%, a significant increase compared to the previous year.



WATER WITHDRAWN			
Sources	Unit of measurement	2024	
Surface water	m³	851,364	
Fresh water	m³	851,364	
Other waters (with average annual salinity <0.5%)	m³	0	
Groundwater	m³	2,027,949	
Fresh water	m³	2,027,949	
Other waters (with average annual salinity <0.5%)	m³	0	
Seawater	m³	0	
Fresh water	m³	0	
Other waters (with average annual salinity <0.5%)	m ³	0	
Rainwater collected at the production site	m³	971,500	
Fresh water	m³	971,500	
Other waters (with average annual salinity < 0.5%)	m³	0	
From public or private organisations (e.g. Municipality)	m³	343,509	
Fresh water	m³	343,457	
Other waters (with average annual salinity <0.5%)	m³	52	
TOTAL WITHDRAWALS	m³	4,194,322	
of which fresh water	m³	4,194,270	
of which other waters	m³	52	

Water discharges	Unit of measurement	2024
Total volume	m ³	3,310,073

Water storage	Unit of measurement	2024
Total volume	m³	616

Water consumption	Unit of measurement	2024
TOTAL WATER CONSUMPTION	m³	884,249
of which fresh water	m³	884,197
of which other waters	m ³	52

Recycled and reused water	Unit of measurement	2024
TOTAL VOLUME OF RECYCLED AND REUSED WATER	m³	27,280,822
of which reused (with no or minimal treatment)	m³	20,724,581
of which recycled (with a higher-level physical or chemical treatment)	m³	6,556,241

	Recycling and reuse of	2024		
1	water	Recycled and reused water	Water used*	% recycled water
	m³	27,280,822	31,475,144	86.7%

^{*}The total volume of water used includes both the withdrawn water and the recycled and reused water within production plants.

WATER INTENSITY to net revenues				
Total water consumption	m ³	884,249		
Net revenues	million euro	1,565.4		
Water intensity	m³/million euro	564.9		

WATER INTENSITY to production (industrial companies)				
Total water consumption	m³	884,249		
Production	tonnes	229,836		
Water intensity	m³/tprod	3.8		



Biodiversity and ecosystems (ESRS E4)



Although it was not identified as a material topic in the materiality analysis – partly because KME takes the necessary measures to prevent damage to biodiversity when managing its industrial activities, and does not generate significant risks or impacts in this regard – it is worth noting that the KME Group works to protect and enhance biodiversity through its benefit company, Natural Capital Italia.

Natural Capital is a holding company that manages, coordinates and finances investments aimed at preserving natural capital. If environmental sustainability is pursued through the company's main mission, namely the conservation of natural systems, economic sustainability is developed through services aimed at conserving natural capital, experiences within the oases and a management model aimed at improving biodiversity protection, also promoting coexistence with the maintenance and development of organic farming.

The company, which has the WWF as a partner, aims to manage, coordinate and finance investments intended for the conservation of some of Italy's most beautiful natural oases. This innovative approach seeks to reconcile the protection of natural capital with economic profitability. The mission can be summarised as follows:

- promotion and development of nature-based tourism, with the aim of raising environmental awareness through experiences involving contact with nature and outdoor activities;
- development of sustainable agriculture and projects aimed at preserving the natural heritage;
- harmony with the naturalistic management that characterises the WWF's mission, in compliance with existing protocols and supporting modern forms of conservation.

Alongside the CO2 emission off setting measures already mentioned in the report, the agreement between the main industrial companies of the KME Group and Natural Capital Italia also includes measures relating to the conservation and enhancement of the forest and rural heritage in the "Oasi Dynamo" area (located in the heart of Tuscany, in the Pistoia Apennines, it is a nature reserve affiliated with the WWF). These include biodiversity conservation measures, maintenance of the hydrographic network and water regulation services, soil conservation through ecofriendly agricultural practices and maintenance of the oasis's structures. This area is home to animal and plant species included in the Red List of the International Union for Conservation of Nature (IUCN).







Resource use and circular economy (ESRS E5)



Impacts, risks and opportunities

The description of impacts, risks and opportunities related to resource use and circular economy is contained in the section General Disclosures (ESRS 2

Policies and actions (E5-1 E5-2)

KME Group works to contribute to the transition involving KME Italy and KME Germany are illustrated towards a more circular economy. Its production is already largely based on circularity principles, using recycled and recovered metals. KME is committed to continuously improving its efficiency in the use of material, energy and water resources; this commitment is also developed through projects aimed at process and product innovation, as well as through the training of the professional skills required to develop circular business models.

KME ranks among the leading companies in the adoption of circular practices. It has been working for a long time to reduce its dependence on virgin raw materials. This also contributes to improving economic resilience, particularly during periods of geopolitical crisis and commercial uncertainty. The adoption of circular models can reduce dependence on global supply chains and mitigate risks related to raw material price volatility. As part of its sustainability strategies and in the context of the transition to a circular economy, the ongoing improvement in the efficient use of materials is a priority for KME. To this end, actions are developed and measures adopted to reduce production waste and promote its recovery within production processes, to increase the use of secondary raw materials from recycling instead of virgin raw materials, to develop process and product innovations according to business models consistent with the principles of the circular economy.

KME products, used in a wide range of industrial applications, must meet extremely high durability and recyclability requirements. This is because, thanks to its characteristics, copper is a truly "permanent" material that can be recycled without losing its properties, and is therefore highly consistent with the principles of the circular economy. This also offers significant opportunities in relation to European Union strategies, with particular reference to the Circular Economy Action Plan adopted in 2020, the Ecodesign Regulation approved in 2024, the Clean Industrial Deal presented in February 2025 and the Action Plan for Steel and Metals presented in March 2025.

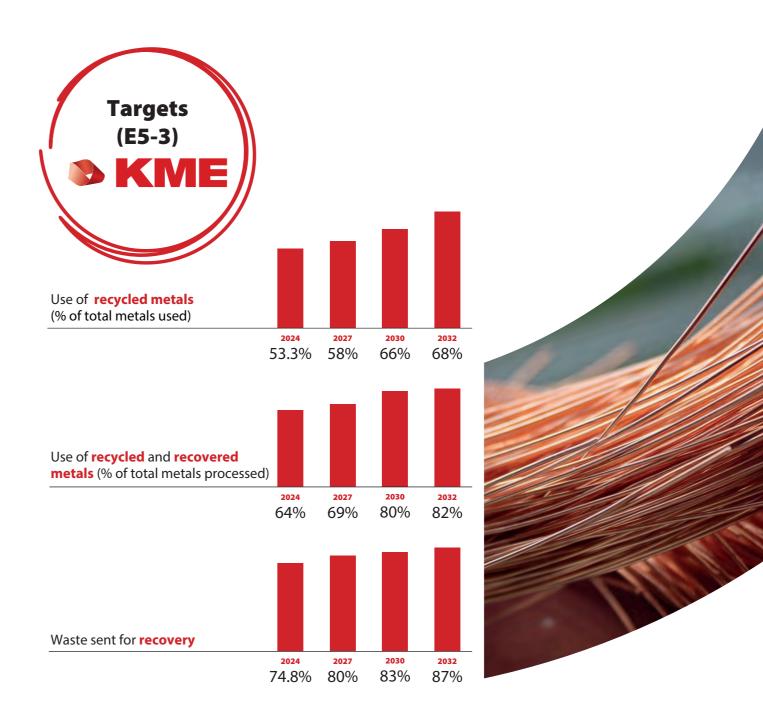
The transition to a circular economy requires investments in research and development, training, and technological innovation in processes and products. KME is committed to achieving this goal by carrying out projects that are consistent with the principles of circularity. Two specific projects

below by way of example:

- KME Italy has set up the CircularAcademy, a training, research and innovation centre dedicated to the circular economy. The activities, carried out in collaboration with the Scuola Universitaria superiore Sant'Anna (Sant'Anna School ofAdvanced Studies) in Pisa, aim to: provide functional knowledge to interpret the role of circular economy manager in an informed and innovative way; develop the ability to manage companies in a circular manner; address transformation processes according to the principles of the circular economy throughout all business processes, including design, supply chain management, production and marketing.
- KME Germany is implementing a project that aims to contribute to the transition to a circular economy and to the reduction of CO2 emissions by means of a new copper smelting and refining furnace. The investment is aimed at increasing the use of copper scrap over virgin metals. The aim is to integrate the new furnace into the existing plant while maintaining the total smelting capacity of 45 tonnes per hour. The modernisation of the production plants in Osnabrück is a strategic step towards optimising resource use and reducing the ecological footprint at the same time. The innovative refining furnace enables selective refining of copper scrap, allowing unwanted impurities to be removed more effectively. In this way, the Osnabrück site aims to set an example for sustainable and efficient resource use.

KME Group aims to further improve its circularity performance and the levels of efficiency in the use of resources. As regards the use of recycled metals, which accounted for 53.3% of metals used in 2024, the target is to reach 58% in 2027, 66% in 2030 and 68% in 2032.

If internal recovery is also considered, the aim is to increase the circularity rate of total processed metals from 64.3% in 2024 to 69% in 2027, 80% in 2030 and 82% in 2032. Moreover, KME Group intends to increase the proportion of waste sent for recovery from 74.8% in 2024 to 80% in 2027, 83% in 2030 and 87% in 2032.



Resource inflows (E5-4)

In 2024, inflows of materials amounted to 239,501 tonnes* (down on the previous year). To calculate the materials actually used and processed, 97,194 tonnes from internal recycling and 55,833 tonnes of semi-finished products from plants within the KME scope must also be added.

*the reported data refers to companies in the copper sector (plants and service centres). Moreover, Culti and its subsidiaries used 202 tonnes of materials (approximately 90% of which consisted of packaging).

Type of resource inflows	Unit of measurement	2024
Metals	t	110,438
Metals from recycling	t	87,534
Semi-finished products	t	15,868
Packaging	t	5,816
Other process materials	t	19,845
TOTAL inflows of materials	t	239,501

Processed materials	Unit of measurement	2024
Inflows of materials	t	239,501
Metals from internal recovery	t	97,194
Semi-finished products within the KME scope	t	55,833
TOTAL materials processed	t	392,528

Recycled materials

KMÉ makes extensive use of recycled materials. These consist mainly of copper scrap, classified as "end of waste" (meaning it ceases to be considered waste) in accordance with European Union Regulation 715/22013. In addition, internal recycling processes within the plants allow production residues and waste to be reused, thus returning them to the production cycle.

In 2024, the percentage of recycled materials out of the total materials used was 47.7%. If only metals are considered, this percentage rises to 53.3%. A significant proportion of production residues and waste is also reused through recovery processes within the production cycle (internal recycling). This allows for a further reduction in the consumption of virgin raw materials and scrap, reducing waste and increasing efficiency in the use of materials. If we also consider materials reintroduced into the production cycle through internal recycling processes, the percentage of metals from recycling and internal recycling is 64% of the total metals processed.

To calculate the recycling rate, the estimated recycled content of products containing recycled material is calculated. It has been assumed that the recycled content of copper, the primary material consisting mainly of cathodes, is 24.9% (as reported in European Copper Institute 2023: *Copper the Pathway to net zero*). As a precaution, a recycled content rate of 44% was assumed for semi-finished products declared as containing recycled content (mainly intercompany semi-finished products), equal to the proportion of scrap in the total amount of scrap and metal used by KME.

Recycled content in purchased materials	Unit of measurement	2024
Purchased materials	t	239,501
Recycled content in purchased materials	t	114,267
Percentage of recycled content in purchased materials	%	47.7%

Recycled content in processed materials	Quantity (t)	Recycled Content (t)	Percentage
Packaging from primary material	5,529	0	0
Process materials from primary material	19,845	0	0
Recycled packaging	287	287	100%
Recycled process materials	0.4	0.4	100%
Metal (primary copper cathode)	99,417	24,755	25%
Other primary metal	11,021	0	0
Scrap	87,534	87,534	100%
Semi-finished products (internal and external)	71,701	25,247	35.2%
Internal recycling	97,194	97,194	100%
Total	392,528	235,018	59.9%

Recycled content in processed metals	Unit of measurement	2024
Metals purchased	t	213,840
Recycled content in purchased metals (1)	t	113,980
Percentage of recycled content in purchased metals	%	53.3%
Total metals processed (including KME intercompany semi-finished products and internal recycling)	t	366,867
Recycled content in processed metals (including internal recycling and intercompany semi-finished products) (2)	t	234,730
Percentage of recycled content in processed metals compared to the total processed metals	%	64%

- (1) Recycled content in purchased metals, scrap and semi-finished products
- (2) Recycled content in purchased metals + recycled content in internal semi-finished products + internal recycling

Renewable materials

As part of the materials used, 5,446 tonnes are renewable materials, i.e. of biological origin (wood, paper and cardboard), used for packaging.

Renewable (biological) materials	Unit of measurement	2024
Renewable materials (packaging)	t	5,446
Total inflows of materials	t	239,501
Percentage of renewable materials out of total materials	%	2.3%
Total packaging materials	t	5,816
Percentage of renewable materials out of total packaging	%	93.7%

Microplastics

No primary microplastics are used.

Resource outflows (ESRS E5-5)

Products and materials

The sales volumes recorded in 2024 amounted to 162,265 tonnes of copper and copper alloy products. In the same year, gross production, which also includes intercompany transfers and processing, amounted to 229,836 tonnes.

Production (tonnes)	2024
industrial plants	214,934
service centres*	14,902
Total	229,836

^{*}The service centres carry out cutting to size, packaging and shipping to customers. Some of them, such as the service centre in Besançon (France), also carry out surface treatment by electrolytic tin plating and are able to treat surfaces on copper and copper alloy strips.

Sales (tonnes)	2024
industrial plants	154,951
service centres	7,314
Total	162,265

KME manufactures copper and copper alloy intermediates, which undergo further processing before the finished product is placed on the market, with the exception of perfumery business. The durability and recyclability values for metals refer to the material produced by KME, not the final finished product (which is not determinable). Copper and copper alloys are permanent materials with long-term durability and almost complete recyclability. Perfumes are intended for consumption and therefore the recycling rate has been set at 0%. The packaging material is theoretically 100% recyclable, but the recyclability rate of packaging has been taken as the average value of the actual European recycling rate for packaging (Eurostat database, env_waspacr, 2022 figure EU27 average).

Expected durability of products placed on the market by the company compared to the industry average for each product group

Product group	Durability of the organisation	Average durability of the sector
Copper billets and copper alloys	> 100 years	> 100 years
Rolled products	> 100 years	> 100 years
Tubes	> 100 years	> 100 years
Perfumes	1 year	1 year

Rate of recyclable content in products and their packaging

Product group	% of recyclable content	% of recyclable content in packaging
Copper billets and copper alloys	100%	65.3%
Rolled products	100%	65.3%
Tubes	100%	65.3%
Perfumes	0%	65.3%

Waste

Proper waste management is essential for protecting the environment and health, and at the same time plays an important role in the transition to a circular economy. KME's main objective is to reduce waste production and increase its value as a resource through recycling and other forms of recovery, while reducing disposal. The main types of waste generated include production waste, packaging (wood, paper and cardboard, mixed materials), sludge, metals, refractory materials, waste oil and crushed dust. There is no radioactive waste.

The total amount of waste generated in 2024 was 15,997 tonnes (an increase compared to 2023), of which 56% was classified as non-hazardous and 44% as hazardous. 74.8% of waste was sent for recovery and the remaining 25.2% for disposal. Compared to the previous year, there has been a significant increase in waste sent for recovery.

WASTE GENERATED	Unit of measurement	Hazardous	Non-hazardous	Total
01 - waste from mineral exploration, extraction, and physical and chemical processing	t	-	-	-
02 - waste from agriculture, horticulture, aquaculture, forestry, hunting and fishing, food preparation and processing	t	-	235	235
03 - waste from wood processing and the production of panels and furniture, pulp, paper and cardboard	t	-	-	-
04 - waste from the leather, fur and textile industries	t	-	-	-
05 - waste from petroleum refining, natural gas purification and pyrolytic treatment of coal	t	137	5	142
06 - waste from inorganic chemical processes	t	-	0	0
07 - waste from organic chemical processes	t	-		
08 - waste from the manufacture, formulation, supply and use (pffu) of coatings (paints, varnishes and enamels), adhesives, sealants and printing inks	t	1		
09 - waste from the photographic industry 10 - waste from thermal processes	t	855	595	1,450
11 - waste from the surface chemical treatment and coating of metals and other materials; non-ferrous hydro-metallurgy	t	2,279	133	2,413
12 - waste from mould release and from the physical and mechanical surface treatment of metals and plastics	t	1,439	607	2,046
13 - oil waste and liquid fuel waste (excluding edible oils)	t	343	-	343
14 - waste organic solvents, coolants and propellants	t	4	-	4
15 - packaging waste; sanitary protections, wipes, filter materials and protective clothing not specified elsewhere	t	129	1,450	1,579
16 - waste not otherwise specified in the list	t	758	1,589	2,347
17 - construction and demolition waste (including excavated soil from contaminated sites)	t	666	3,449	4,115
18 - waste from human or animal health care and/or related research	t	0.1	4.4	4.5
19 - waste from waste treatment plants, off-site wastewater treatment plants and the preparation of water for human consumption and water for industrial use	t	426	331	757
20 - municipal waste (domestic and similar waste, commercial, industrial and institutio- nal waste) including separate collection	t	5	556	561
	t	7,041	8,955	15,997
TOTAL	%	44%	56%	100%

Waste sent for recovery	2024						
	Tonnes	%					
Hazardous waste	3,900	24.4					
Preparation for reuse	793	4.9					
Recycling (including composting and anaerobic digestion) (R4)	1,297	8.1					
Other recovery operations (R12/R13)	1,810	11.3					
Non-hazardous waste	8,063	50.4					
Preparation for reuse	1,410	8.8					
Recycling (including composting and anaerobic digestion) (R4)	3,791	23.7					
Other recovery operations (R12/R13)	2,862	17.9					
Total	11,963	74.8					

Waste sent for disposal	20	24
	Tonnes	%
Hazardous waste	3,142	19.7
Incineration (with energy recovery)	50	0.3
Incineration (without energy recovery)	250	1.6
Landfill	58	0.4
Other disposal operations not classified	2,784	17.4
Non-hazardous waste	891	5.5
Incineration (with energy recovery)	477	3.0
Incineration (without energy recovery)	-	0
Landfill	90	0.5
Other disposal operations not classified	325	2.0
Total	4,033	25.2

Additional circularity indicators

In order to accelerate the transition to a circular economy, it is necessary to be able to assess circularity performance at each stage of production and throughout the entire value chain. To this end, circularity measurement methodologies are becoming increasingly widespread with the aim of providing companies with analytical tools to improve resource efficiency and the circularity of the production cycle. Whereas, as part of the Circular Economy Action Plan, the European Commission adopted a new circularity monitoring system in 2023 with indicators aimed at assessing resource efficiency at the macroeconomic level, the UNI/TS 11820 technical specifications for measuring circularity at the "micro" (individual companies and organisations) and "meso" (territorial areas and industrial districts) levels were published in Italy in 2024. As in previous years, in addition to the data reported on the basis of the ESRS, the KME Group report contains additional circularity indicators with reference to a selection of the above technical specifications.

Resource productivity

The resource productivity rate measures the added value generated in relation to resource consumption. In 2024, with a total added value of Euro 296,023 thousand, KME Group generated Euro 1,236 for every tonne of materials used, a significant increase compared to 2023

Efficiency in resource use

The efficiency rate in the use of resources measures the consumption of materials in relation to production. In 2024, the copper sector of KME Group used 1.042 tonnes of materials for every tonne of product, a slight reduction compared to the previous year.

Circularity rate

The circularity rate measures the percentage of secondary raw materials (materials derived from recycling processes and from the recovery of production waste reintroduced into the production cycle) compared to

the total amount of materials used. The higher this percentage, the more virtuous the production cycle is. In 2024, secondary raw materials accounted for 47.7% of the materials used by KME Group, contributing to a significant reduction in the consumption of virgin raw materials and environmental impact. When measured on metals alone, the circularity rate rises to 53.3%. The circularity of KME's production processes does not end with these figures because, in addition to using recycled materials purchased on the market, the company also recovers production residues and waste within its plants, which are then reintroduced into the production cycle. This means that the percentage of metals both from the use of scrap and from the recovery of production waste and residues rises to 64% of the total metals processed.

Reduction of energy consumption and CO₂ emissions thanks to the use of recycled copper

The circular economy is a key component of the strategy to achieve climate neutrality, as the use of recycled materials instead of virgin raw materials significantly reduces energy consumption and the carbon footprint. It is estimated that, thanks to the use of recycled copper, in 2024 KME avoided energy consumption equal to 4,606,303 GJ and 217,947 tonnes of CO2*.

*The impacts considered are global averages, as calculated by the International Copper Association – Copper Environmental Profile

- Global 2023.



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AVOIDED ENERGY CONSUMPTION

4,606,303 GJ

AVOIDED CO₂ EMISSIONS

217,947 t

Waste production and management

The transition to a circular economy requires a gradua lreduction in waste and an increase in the recovery of materials, or alternatively of energy, downstream of production through a proper waste management. In 2024, 0.069 tonnes of waste were generated for every tonne of production (an increase compared to 2023, largely due to the temporary generation of a significant volume of construction and demolition waste). The percentage of waste sent for recovery rather than disposal was 74.8%, up on the previous year.

Use of water resources

Efficient use of water is essential for the transition to a more circular economy. The percentage of recycled water out of the total water used reached 86.7%.



Information pursuant to Regulation (EU) 2020/852 on taxonomy

KME Group considered the provisions relating to the European "Taxonomy" as regulated by Regulation (EU) 2020/582 and subsequent delegated regulations. Regulation (EU) 2020/582 "on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088" established the criteria for determining whether an economic activity can be considered environmentally sustainable for the purpose of identifying the degree of environmental sustainability of an investment. The Regulation applies, inter alia, to companies obliged to publish a non-financial statement or a consolidated non-financial statement pursuant to Article 19 bis or Article 29 bis of Directive 2013/34/EU of the European Parliament and of the Council, respectively.

As regulated by Article 8 of Regulation (EU) 2020/582, non-financial undertakings shall disclose:

- a. the proportion of their turnover derived from products or services associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9;
- b. the proportion of their capital expenditure and the proportion of their operating expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9.

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This procedure, known as "Taxonomy", applies to six environmental objectives:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

In 2023, the European Commission completed the publication of delegated regulations (Regulation 2023/2486) on all six environmental objectives, after previously issuing the regulation on "the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives". Therefore, the disclosure relating to the European Taxonomy for the 2024 financial year covers all environmental objectives set out in Regulation (EU) 2020/582. In accordance with this Regulation, the KME Group hereby discloses for the 2024 financial year the proportion of economic activities that are eligible and not eligible, and aligned and not aligned, with the taxonomy in terms of total turnover, CapEx and OpEx.

Application of taxonomy criteria to KME Group

Based on the criteria defined by the delegated regulations, as part of the scope of the company in question, the main activities of the copper production and mechanical processing sector are not eligible, as they are not covered by the regulations issued to date.

According to the NACE code, two companies are eligible in the sector NACE 68.2"rental and operating of owned or leased real estate".

Immobiliare Pictea carries out activities falling under points CCA 7.7 and CCM 7.7. of purchase and ownership of buildings, including their operating, eligible under the criteria set out in the EU Taxonomy, in particular with regard to Delegated Regulation 2021/2139 on climate change mitigation (Annex 1) and climate change adaptation (Annex 2).

"Natural Capital Italia" carries out activities falling under point Bio 1.1 of management, protection and restoration of forests and other natural and semi-natural ecosystems, eligible pursuant to regulation 2023/2486 in relation to the objective of "protection and restoration of biodiversity and ecosystems", while its activities are not related to those described in Regulation 2021/2134.

With regard to "Natural Capital Italia", activities relating to reforestation and management of nature reserves and sanctuaries — particularly the Dynamo Oasis — which currently have only a modest economic impact, were mainly carried out by companies outside the scope of consolidation.

The eligible turnover amounted to Euro 4.851 million (of which Euro 4,581,613 refers to Immobiliare Pictea and Euro 269,845 to Natural Capital Italia), corresponding to 0.310% of the consolidated turnover of KME Group (Euro 4.851 million as the sum of revenues from sales and services of Immobiliare Pictea + Natural Capital Italia/Euro 1,565.4 million in revenues of KME Group).

The eligible CapEx amounted to Euro 1.897 million (of which Euro 1.773 million refers to Immobiliare Pictea srl and Euro 0.034 million to Natural Capital Italia), corresponding to 3.697% of the Group's CapEx (Euro 1.897 million CapEx Immobiliare Pictea + Natural Capital Italia/Euro 48.882 million CapEx KME Group).

The eligible OpEx amounted to Euro 4.610 million (of which Euro 4.290 million refers to Immobiliare Pictea and Euro 0.320 million to Natural Capital Italia), corresponding to 1.918% of the Group's OpEx (Euro 4.610 million OpEx Immobiliare Pictea + Natural Capital Italia/Euro 240.34 million OpEx KME Group).

The analysis carried out on the activities of Immobiliare Pictea in relation to the technical screening criteria did not find any interventions that were aligned, i.e. compliant with the technical screening criteria in relation to both Annex 1 and Annex 2, despite the fact that management and maintenance interventions aimed at improving the energy efficiency of the buildings had been carried out. Notably, no buildings with class A energy performance were constructed before 31 December 2020.

The analysis carried out on the activities of Immobiliare Pictea did not find any that causes significant harm to any of the other environmental objectives.

The analysis carried out on the activities of Immobiliare Pictea showed that these activities fully comply with the minimum safeguards.

The analysis carried out on the activities of Natural Capital Italia in relation to the objective of restoring and protecting biodiversity, found that the activities comply with the technical screening criteria in terms of general conditions and the management plan, but there is no full alignment with the requirements of points 4 (audit) and 5 (guarantee of permanence) of the technical screening criteria set out in Annex IV of Regulation (EU) 2023/2486. The analysis carried out on the activities of Natural Capital Italia did not find any that cause significant harm to any of the other environmental objectives.

The analysis carried out on the activities of Natural Capital Italia has shown that these activities fully comply with the minimum safeguards.

Financial Year 2024 (Turnover)	Economic activities		A. Taxonomy-eligible activities	A.1 Taxonomy-aligned activities	Turnover of aligned activities A.1	A.2 Taxonomy-eligible but not taxonomy-aligned activities	Purchase and ownership of buildings	Conservation of habitats, ecosystems and species	Tumover of taxonomy- eligible but not taxonomy-aligned activities A.2	Total (A.1+A.2)	B. Taxonomy-non-eligible activities	Tumover of taxonomy-non-eligible activities (B)	Total (A + B)
r 2024 (Turi	Activity code						CCM 7.7 CCA 7.7	BIO 1.1.					
nover)	Total turnover	W)			%0		4.581	0.270	4.851	4.851		1,560.587	
	Proportion of turnover	%			%0		0.293%	0.017%	0.310%	0.310%		99.7%	
	Climate change mitigation	%			%0		0.293%						
v	Climate change adaptation	%			%0								
ubstantial	Water and marine resources	%			%0								
Substantial contribution	Circular economy	%			%0								
_	Pollution	%			%0								
	Biodiversity protection	%			%0			0.017%					
	Climate change mitigation	N/A					>-	,					
	Climate change adaptation	N/A					na	λ					
DNSH	Water and marine resources	N/X					na	>					
¥	Circular economy	N/X					na	na					
	Pollution	N/X					na	>-					
	Biodiversity and ecosystems	N/X											
	Minimum safeguards												
	% of aligned or eligible turnover, year N-1	%			%0		0.211%	0.020%	0.231%	0.231%		99.8%	
	Category enabling activity												
	Category transitional activity												

Financial Ye		Substantial contribution					DNSH												
Economic activities	Activity code	Total CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Climate change adaptation resources	Circular economy	Pollution	Biodiversity protection	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	% of aligned or eligible CapEx, year N-1	Category enabling activity	Category transitional activity
		€M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		%		
A. Taxonomy-eligible activities																			
A.1 Taxonomy-aligned activities																			
CapEx of aligned activities A.1		0%	0%	0%	0%	0%	0%	0%	0%								0%		
A.2 Taxonomy-eligible but not taxonomy-aligned activities																			
Purchase and ownership of buildings	CCM 7.7 CCA 7.7	1.773	3.63%	3.63%							Υ	na	na	na	na		6,.80%		
Conservation of habitats, ecosystems and species	BIO 1.1.	0.034	0.07%						0.07%	Y	Υ	Y	na	Υ			0.524%		
CapEx of taxonomy-eligible but not taxonomy-aligned activities A.2		1.807	3.70%														7.504%		
Total (A.1+A.2)		1.807	3.70%														7.504%		
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities (B)		47.075	96.30%														92.5%		
Total (A+B)		48.882	100.00%														100%		

Monetary values in million euros. For the CCM 7.7 and CCA 7.7 activities, the DNSH criteria for water, circular economy, pollution and biodiversity are not applicable (na). For the BIO 1.1 activity, the DNSH criteria for circular economy are not applicable

Financial Ye		Substantial contribution					DNSH												
Economic activities	Activity code	Total OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity protection	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	% of aligned or eligible OpEx, year N-1	Category enabling activity	Category transitional activity
		€M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		%		
A. Taxonomy-eligible activities																			
A.1 Taxonomy-aligned activities																			
OpEx of aligned activities A.1		0%	0%	0%	0%	0%	0%	0%	0%								0%		
A.2 Taxonomy-eligible but not taxonomy-aligned activities																			
Purchase and ownership of buildings	CCM 7.7 CCA 7.7	4.290	1.78%	1.78%							Υ	na	na	na	na		2.129%		
Conservation of habitats, ecosystems and species	BIO 1.1.	0.320	0.13%						0.13%	Υ	Υ	Υ	na	Y			0.129%		
OpEx of taxonomy-eligible but not taxonomy-aligned activities A.2		4.610	1.92%														2.258%		
Total (A.1+A.2)		4.610	1.92%														2.258%		
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities (B)		235.730	98.08%														97.7%		
Total (A+B)		240.340	100.00%														100%		

Monetary values in million euros. For the CCM 7.7 and CCA 7.7 activities, the DNSH criteria for water, circular economy, pollution and biodiversity are not applicable (na). For the BIO 1.1 activity, the DNSH criteria for circular economy are not applicable.

The summary tables in Annex II of Delegated Regulation (EU) 2021/2178 are also provided below and must be inserted after the main tables relating to turnover, CapEx and OpEx.

Nuclear and fossil gas related activities Finally, it should be noted that KME does not carry out, fund or have any exposures to activities related to nuclear energy, nor does KME carry out, fund or have any exposure to activities such as the construction or operation of electricity generation plants using fossil gaseous fuels, the construction and management of combined heat/cool and power generation plants, the construction, refurbishment and operation of generation plants that produce heat/cool using fossil gaseous fuels.

KME uses gaseous fossil fuels in industrial processes typical of copper metallurgy.

Proportion of turnover/Total turnover										
	Taxonomy-aligned per objective	Taxonomy-eligible per objective								
CCM	0%	0.29%								
CCA	0%	0.29%								
WTR	0%	0%								
CE	0%	0%								
PPC	0%	0%								
BIO	0%	0.017%								

Proportion of CapEx/Total CapEx										
	Taxonomy-aligned per objective	Taxonomy-eligible per objective								
CCM	0%	3.63%								
CCA	0%	0%								
WTR	0%	0%								
CE	0%	0%								
PPC	0%	0%								
BIO	0%	0.07%								

	Quota di OpEx / OpEx totali										
	Taxonomy-aligned per objective	Taxonomy-eligible per objective									
CCM	0%	1.78%									
CCA	0%	1.78%									
WTR	0%	0%									
CE	0%	0%									
PPC	0%	0%									
BIO	0%	0.13%									



The relevant table is provided below – Nuclear and fossil gas related activities as provided for in Annex XII of Delegated Regulation (EU) No. 2022/1214.

Nuclear energy related activities								
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						













Impacts, risks and opportunities

Impacts, risks and opportunities related to own workforce are described in the section "General Disclosures

Policies, actions and targets (S1-1)

KME Group recognises the central role of its Management of policies and working conditions employees and, in compliance with current ensuring fairness in its relations with employees and decent working conditions, promoting training and professional growth, protecting health and safety, guaranteeing equal opportunities and combating all forms of discrimination.

Workers' rights

KME Group guarantees the right to freedom of association and collective bargaining, respects the workers' right to join trade unions and promotes positive industrial relations and worker engagement in strategies aimed at increasing economic competitiveness and maximising employment. The Code of Conduct commits KME to guaranteeing respect for the personal dignity, privacy and rights of each individual and to never forcing anyone to work against their will.

The management of policies and working regulations and its Code of Conduct, is committed to conditions is governed by national regulations and relevant collective bargaining agreements. KME ensures compliance with the maximum number of working hours established by current regulations. The organisation, management and control model and the Code of Conduct specify all aspects to be protected in relations with personal and social partners. Employment relationships are regulated by the relevant national collective bargaining agreements.

Health and safety

KME considers the protection of workers' health and safety to be essential. To this end, it develops prevention activities and adopts safety measures with the aim of achieving "zero accidents at work". All workers, whether employees or non-employees, are covered by the occupational health and safety management system. The companies of the KME Group operate in compliance with laws and



Objectives

Injury Frequency Rate

2024 7.6 2027 < 5 2030

2032 0

regulations on occupational health and safety. KME adopted ISO 45001:2018 certification (Occupational Health and Safety Management Systems), which, in addition to the provisions of national laws on this subject, defines a voluntary system for managing the health and safety of workers.

The possible safety risks are identified and assessed in the RAD, which is updated annually, with a view to their prevention and mitigation. The main risks are related to possible mechanical accidents (cuts or contusions), accidents in foundries (burns) and accidents when handling loads inside factories and service centres.

The management of company policies on occupational health and safety, which applies to all workers, pursues the following targets: reducing stress and workloads; preventing occupational diseases and health and safety risks; ensuring occupational health and safety with the aim of achieving "zero accidents". In order to achieve these targets, medical services, flexible working models, integration management within the company and consulting activities are also planned, in addition to occupational safety measures. Training and information activities for employees are of fundamental importance in preventing health and safety risks, especially for those who, working in industrial plants and service centres, are most exposed to risks. Through these actions, KME Group aims to reduce gradually the accident frequency index from 7.6 in 2024 to below 5 by 2027 and below 3 by 2030, with the aim of achieving zero accidents by 2032.

Welfare

Based on the provisions of collective bargaining agreements and services provided by group companies, employees can take advantage of services that supplement public welfare systems in terms of healthcare, accident insurance, family expenses and company canteens.

This is complemented by the "Benevolent Fund", an initiative that supports those in need by helping them to identify the most appropriate medical facilities for their conditions and by managing diagnostic tests with the aim of providing financial and organisational support. All the KME Group employees and their families have access to the service, which supports them in a number of ways. This includes helping them to start or continue a costly diagnostic or treatment programme, identifying the most effective medical treatment for an existing or potential condition, and supporting those with serious, chronic or rare conditions, whether recognised or potential.

Inclusion and equal opportunities

The KME Group is committed to ensuring that there is no discrimination in the workplace on the basis of gender, ethnicity, nationality, sexual orientation, religious beliefs, political or trade union opinions. The Code of Conduct commits KME to promoting equal opportunities in employment and in the treatment of its employees. All employees are required to avoid any form of direct or indirect discrimination based on race, origin, colour, nationality, religion, ideology, gender, age, appearance and physical characteristics, sexual orientation or membership of protected categories. These principles apply to both internal collaboration and external partner relations.

Training

Training is an important aspect of business activities. In addition to carrying out mandatory training on occupational safety, the Group companies organise training activities aimed at retraining employees and developing professional skills, as well as on the principles and practices set out in the Code of Conduct, including sustainability topics.

With a view to expanding its business downstream of the production process, KME promoted the KME **Academy** for professional training in the field of construction and architecture, focusing on the needs of the end customer and promoting the use of copper. Moreover, some companies of the KME Group develop specific training activities aimed at apprentices, alongside training activities as part of work-study programmes. On average, approximately 80% of apprentices are hired at the end of their apprenticeship period.

Additional information

- · As part of trade union relationships, the minimum notice period for operational changes, transfers and changes in job duties is guaranteed by law and contractual provisions.
- · Social security and pension matters are managed in accordance with the regulations of the countries in which the companies operate.
- · Workers may also take parental leave in accordance with national laws and collective bargaining agreements.
- · Workers, executive managers and middle managers come from local communities or from countries where the production plants and service centres are located. The same criterion is generally applied to senior managers, except in certain cases where specific skills are required for top management positions.
- Employee performance is assessed based on company and individual objectives.
- The companies in the Group plan to adopt forms of smart working.
- KME's activities are not at risk of forced labour or child labour.

Processes for engaging with workers (S1-2)

KME Group maintains ongoing relations with trade unions and employee representative bodies, which may vary depending on the country in which each Group company operates, and is committed to constructive dialogue. KME Group guarantees the right to freedom of association and collective bargaining, respects the workers' right to join trade unions and promotes positive industrial relations and worker engagement in strategies aimed at increasing economic competitiveness and maximising employment. Provisions are envisaged for the involvement and participation of workers' representatives in the management of occupational health and safety activities.

Processes to remediate negative impacts and channels to raise concerns (\$1-3)

The KME Group proactively manages negative or needs confidentially and securely. These impacts by implementing structured policies and processes to prevent, identify and promptly address any issues.

Code of Conduct and Code of Ethics

The Code of Conduct of the KME Group defines the rules of behaviour for all employees, promoting integrity, respect and the adoption of ethical practices in all business operations. The Code of Ethics sets out the company's mission, vision and core values, serving as a guidance for daily decisions and interactions with stakeholders.

Training and awareness raising

The KME Group invests in the ongoing training of its employees, organising annual events such as "Safety Days" at its production plants and service centres. These events are designed to inform and raise awareness among workers on issues related to occupational safety, well-being and corporate culture.

Whistle-blowing channels

The KME Group set up whistle-blowing channels that allow employees to report any inconsistencies the workforce.

channels include a digital whistle-blowing platform that can be accessed anonymouslyand a direct communication option with plant managers. All reports received are treated with the utmost seriousness and confidentiality, adopting an objective and fact-based approach.

Disciplinary system and corrective actions

The Code of Conduct establishes a clear disciplinary system for handling violations of company regulations. If any negative impacts are identified, appropriate corrective actions are taken to remedy the situation and prevent similar events from recurring.

Employee engagement

The KME Group promotes an inclusive and participatory working environment, involving employees actively in the definition and implementation of company policies. The company collects feedback and suggestions through surveys, regular meetings and consultations with employee representatives in order to continuously improve its practices and respond appropriately to the needs of

Taking action on material impacts on own workforce (S1-4)

Actions taken, planned or ongoing to prevent or mitigate negative impacts on the workforce

The KME Group implemented a series of measures to ensure a safe, inclusive and respectful working environment for its employees. The main actions include:

- Ongoing training: recurring programmes designed to strengthen skills in health and safety, human rights, professional ethics and individual responsibility + internal dissemination activities;
- Safety Day: annual initiatives organised across all Group plants and service centres to strengthen the safety culture and raise awareness among workers through workshops, simulations and training sessions.
- 10 Golden Rules: operational guidelines that outline key behaviours for occupational safety, applicable on a daily basis by all workers.

Initiatives aimed at generating positive impacts for the workforce

KME promotes a working environment that values the professional growth, well-being and active participation of its employees. The main initiatives include:

- · Professional development: ongoing training courses, on-the-job shadowing and individual growth plans;
- Organisational well-being: actions aimed at improving the quality of working life, including psychological support, welfare initiatives and the promotion of work-life balance;
- Active engagement projects: regular feedback collection through company surveys, focus groups and structured listening and discussion sessions.

The effectiveness of the measures taken and identification of the actions required in response to negative

- Performance indicators: analysis of KPIs such as accident frequency and severity, absenteeism rate and internal satisfaction levels, as well as periodic surveys to gather suggestions from employees;
- Discussion with employee representatives through scheduled meetings with the WSR and trade unions;
- · Corrective action plans, drawn up following incidents or evidence emerging from internal audits or

Resources allocated to managing material impacts

The Group allocates specific resources to managing significant impacts, including an annual Budget dedicated to safety, training and welfare programmes for the company population.

Targets related to managing negative impacts (\$1-5)

As part of its sustainability strategy, the KME Group assigns priority to setting concrete and measurable targets for the prevention of negative impacts on its own workforce, with particular attention to occupational health and safety.

One of the Group's key targets is to progressively reduce work-related accidents, with the ambition of achieving "zero harm". This translates into constant monitoring of accident indicators and the widespread dissemination of a culture of prevention. In particular, the accident frequency rate is to be maintained below thresholds defined annually, in line with internal and industry benchmarks. The achievement of these results is supported by systematic mandatory training activities, widespread awareness initiatives such as "Safety Days" and the strict application of the 10 Golden Rules.

Employees are involved not only in setting priorities, but also in monitoring progress. Regular reports, meetings at individual plants and structured feedback systems enable ongoing assessment of progress against set targets. Similarly, any deviations present an opportunity to reconsider actions in the field, make improvements and update strategies.

Employees (S1-6)

As at 31 December 2024, the company had a total of 3,239 employees. 29% of employees work in Italy, 70.5% work in other European countries and 0.5% work in non-European countries. 97% of employees have permanent employment contracts. 94% have a full-time contract, with the remaining 6% work part-time. 87% are men, while 13% are women. The most common age group is over 50 (47%), followed by 30 to 50 (40%) and under 30 (13%). In terms of professional category, 65% are workers, 27% are office workers, 6% are middle managers and 2% are executives. As at 31 December 2024, 17 non-employees were also working in the Group companies.

Employees by geographical areas

	As at 31 December 2024								
Number of employees	Men	Women	Total						
Italia	798	143	941						
Other European countries	1,998	279	2,227						
Other non-European countries	7	14	21						
Total	2,803	436	3,239						

Employees by contract and gender

	As at 31 December 2024						
Number of employees	Men	Women	Total				
Permanent	2,727	415	3,142				
Temporary	75	17	92				
Employees with non-guaranteed working hours	1	4	5				
Total	2,803	436	3,239				

Employees by contract, gender and geographical areas

	As at 31 December 2024						
Number of employees	Men	Women	Total				
Italy	798	143	941				
Permanent	794	136	930				
Temporary	4	7	111				
Employees with non-guaranteed working hours	-	-	-				
Other European countries	1,998	279	2,277				
Permanent	1,928	270	2,198				
Temporary	70	9	79				
Employees with non-guaranteed working hours	-	-	-				
Other non-European countries	7	14	21				
Permanent	5	9	14				
Temporary	1	1	2				
Employees with non-guaranteed working hours	1	4	5				

Employees by contract type and gender

	As at 31 December 2024						
Number of employees	Men	Women	Total				
Full time	2,718	332	3,050				
Part time	85	104	189				
Total	2,803	436	3,239				

Employees by contract type, gender and geographical areas

		As at 31 December 2024						
Number of employees	Men	Women	Total					
Italy	798	143	941					
Full time	785	122	907					
Part time	13	21	34					
Other European countries	1,998	279	2,277					
Full time	1,928	201	2,129					
Part time	70	78	148					
Other non-European countries	7	14	21					
Full time	5	10	15					
Part time	2	4	6					

Turnover

	As at 31 December 2024							
Number and turnover rate	Men	Women	Total					
Termination of employment	256	38	294					
Turnover rate	9.1%	8.7%	9.1%					

Non-employees (S1-7)

Non-employees

	1	As at 31 December 2024	
	Men	Women	Total
Number	12	5	17

Collective bargaining and social dialogue (S1-8)

Employees covered by collective bargaining agreements

1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1										
	European Economic Area							Non-EEA		
	Italy	Germany	France	Netherland	Spain	Slovakia	UK	China	Hong Kong	- Total
Number of employees	941	1,851	160	210	18	17	21	12	9	3,239
Number of employees covered by collective bargaining	941	1,811	129	210	18	-	10	1	-	3,120
% Employees covered by collective bargaining	100%	97.8%	80.6%	100%	100%	0.0%	47.6%	8,3%	0	96.3%

Social dialogue

		E	uropean Ec	onomic Are		Total					
	Italy	Germany	France	Netherland	Spain	Slovakia	UK	China	Hong Kong	Iotai	
Number of employees covered by workers' representatives	484	1,711	123	210	18	-	10	-	-	2,556	
% of employees covered by workers' representatives	51%	92%	77%	100%	100%	0%	48%	0	0	78.9%	

Diversity and equal opportunities (S1-9)

Professional categories and		As a	it 31 December 2	024	
gender	M	en		Total	
Executives	55	2%	3	1%	58
Middle managers	149	5%	32	7%	181
Office workers	538	19%	352	82%	890
Worker	2,066	74%	44	10%	2,110
Total	2,808	100%	431	100%	3,239

Professional categories and age	As at 31 December 2024								
groups	< 30		30-	-50	>	Total			
Executives	-	0%	19	1%	39	3%	58		
Middle managers	2	0.5%	63	5%	116	8%	181		
Office workers	97	23%	397	31%	396	26%	890		
Worker	317	76%	805	63%	988	64%	2,110		
Total	416	100%	1,284	100%	1,539	100%	3,239		

87% of employees are men and 13% are women. In terms of professional roles, the highest percentage of women is found in the category of office workers (82% of the total number of women); it is lowest among middle managers (7%) and executives (1%). Out of a total of 13 executives, there is one woman in top management; in this case, the percentage is 8%.

With regard to the composition of the BoD, to date the Company has not applied any specific diversity or gender criteria, nor has it adopted a specific policy in this regard, as it considers compliance with current regulations, particularly with regard to "female quotas" and the provisions of the Articles of Association, to be sufficient for ensuring the appropriate composition of the administrative body. In compliance with these provisions, at the date of this report, the BoDis composed of four female directors (including the Chairwoman) and six male directors. No cases of discrimination in the workplace were reported during 2024.

Adequate wages (S1-10)

Employees who do not receive adequate wages

		European Economic Area Non-EEA				Non-EEA				
	Italy	Germany	France	Netherland	Spain	Slovakia	UK	Asia	Hong Kong	Total
Number of employees	942	1,851	162	210	18	17	21	11	9	3,239
Employees who do not receive adequate wages	-	-	-	-	-	-	-	-	-	-
% Employees who do not receive adequate wages	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Non-employees who do not receive adequate wages

		European Economic Area						Non-EEA			
	Italy	Germany	France	Netherland	Spain	Slovakia	UK	Asia	Hong Kong	Total	
Number of non-employees	3	1	8	4	-	-	-	1	-	17	
Non-employees who do not receive adequate wages	-	-	-	-	-	-	-	-	-	-	
% Non-employees who do not receive adequate wages	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	

Disabilities (S1-12)

Employees with disabilities	As at 31 December 2024		
	Men	Women	Total
Employees with disabilities	143	7	150
Total employees	2,803	436	3,239
Percentage	5%	2%	4.6%

Occupational health and safety (S1-14)

100% of workers are covered by health and safety management systems. For most of them (92%), these are management systems subject to third-party certification. A total of 33 accidents were recorded in 2024, one of which had fatal consequences.

There were 5 cases of occupational diseases. The accident frequency rate among employees was 7.6, while the severity index was 201 and the occupational disease rate was 1.1.

Workforce covered by health and safety management systems

	2024		
	Employees	Non-employees	Total
Number of people	3,239	17	3,256
Percentage of people covered by health and safety management systems	100%	100%	100%

Workforce covered by health and safety management systems subject to audit or certifications

	2024		
	Employees	Non-employees	Total
Number of people	2,999	15	3,014
Percentage of people covered by health and safety management systems subject to audit or certifications	92%	88%	92%

Accidents and occupational diseases

	2024		
	Employees	Non-employees	Total
Fatalities as a result of work-related accidents	1	-	1
Fatalities as a result of occupational diseases	-	-	-
Accidents	33	-	33
Number of hours worked	4,320,133	26,439	4,346,572
Accident frequency rate (injury rate) ¹	7.6		7,6
Days of absence due to work-related accidents	870	-	870
Accident severity index (gravity index) ²	201	-	201
Cases of occupational diseases	5	-	5
Days of absence due to occupational diseases	140	-	140
ODR (occupational disease rate) ³	1.1	-	1.1

¹⁻Frequency Rate: number of accidents with absence of more than 1 day/number of hours worked x 1,000,000

²⁻Gravity Index: days of absence due to accidents/number of hours worked x 1,000,000

³⁻ODR: cases of occupational diseases/number of hours worked x 1,000,000

Remuneration (S1-16)

Remuneration is in line with the salary levels set out in the relevant collective bargaining agreements and Directive (EU) 2022/2041 on adequate minimum wages. The ratio between the total annual remuneration of the person receiving the maximum remuneration and the median of the total annual remuneration of all employees is equal to 34.9. The difference between the average remuneration level of female and male employees is 5.8%.

Total annual remuneration ratio	2024
total annual remuneration of the person receiving the maximum remuneration	€ 1,690,062
median of the total annual remuneration of all employees	€ 48,419
Total annual remuneration ratio	34.90

Pay gap	2024		
	Men	Women	%
Gross hourly pay	€ 38,48	€ 36,26	5.8%

Cases of discrimination and non-compliance with human rights (S1-17)

During the period under review, no incidents of discrimination in the workplace based on gender, ethnicity, nationality, sexual orientation, religious beliefs, political or trade union opinions were identified or reported.





Impacts, risks and opportunities (ESRS 2 - SBM 3)

The description of impacts, risks and opportunities related to workers in the value chain is contained in the section "General Disclosures (ESRS 2)".

Policies, actions, targets (S2-1 S2-4 S2-5)

The policies relating to workers in the value chain are set out in the KME Group's Code of Ethics and Code of Conduct. Other supporting policies include the Sustainability Policy and supply chain policies. KME is committed to collaborating with partners, suppliers, subcontractors and customers to prevent and mitigate any potential negative impact on human rights and working conditions in the value chain, with a particular focus on workers employed by upstream entities involved in metal extraction and processing.

(ESRS S2)

With regard to the sustainability of the supply chain, KME ensures that its business partners comply with the principles set out in the specific Code of Conduct for business partners, with reference to globally established standards such as the "Global Compact of the United Nations", the "United Nations Guiding Principles on Business and Human Rights", and the "OECD Guidelines for Multinational Enterprises". KME purchases materials only from approved and registered suppliers. It is also a member of MARS (Metal Alliance for Responsible Sourcing).

All KME business partners must make a binding commitment to:

· comply with all law provisions of the applicable

legislation, including those relating to minimum wages and working hours;

- ensure respect for human rights, including respect for and promotion of equal opportunities and equal treatment for all employees (regardless of skin colour, ethical or social background, race, nationality, sexual orientation, political or religious beliefs or opinions, gender, age, disability, trade union membership, physical characteristics), the prohibition of forced labour, and the right to join workers' representative organisations;
- comply with the prohibition of child labour, which means not employing anyone under the minimum age set out in ILO Convention 138;
- take measures to ensure occupational health and safety.

When selecting new suppliers, KME refers to social sustainability criteria and the protection of human rights, including but not limited to the rejection of forced or child labour, respect for diversity, non-discrimination, freedom of association, fair and favourable working conditions, occupational health and safety.

As already explained in another section ("General Disclosures – Sustainability of the supply chain"), human rights – and in particular, labour practices, including but not limited to the rejection of forced or child labour, respect for diversity, non-discrimination, freedom of association, fair and favourable working conditions, protection of workers' privacy and relations with communities – are essential aspects of the KME Group's assessment

when selecting new suppliers. In line with the update of the regulatory framework governing the supply chain assessment, the Group is updating its supplier assessment processes and procedures to formalise activities that are currently carried out in accordance with established company practices but are not part of a formal, structured process. KME wants to further consolidate the principle of sustainability throughout the value chain, and by 2030, 100% of capital expenditure on material supplies must be made with suppliers that are certified or subject to sustainability checks.

Processes for engaging with workers in the value (\$2-2)

Beyond what is described in the previous paragraph, there are currently no specific procedures for engaging with workers in the value chain

Processes to remediate impacts on value chain workers and channels for raising concerns (S2-3) Workers in the value chain can use whistle-blowing procedures in accordance with the provisions of the Code of Ethics and Code of Conduct.



Impacts, risks and opportunities

The description of impacts, risks and opportunities related to the affected communities is contained in the section "General Disclosures (ESRS 2)".

Policies and actions (S3-1 S3-2)

Based on its Code of Ethics and Code of Conduct, KME is committed to establishing open communication with its stakeholders, including members of local communities and local authorities, with a view to pursuing the sustainable development of its activities and having a positive impact on the communities and territories in which the Group operates. The Group companies pay particular attention to their relationships with local institutions and organisations representing community interests, with a view to building relationships based on mutual trust.

The companies of the KME Group care about their relationships with local communities, aware that they can contribute to the development of the area and the well-being of communities, including through support for social initiatives, cultural and sporting activities, and infrastructure projects. The measures implemented are reported in detail in the sustainability reports of the individual companies. By way of example and not limited to, KME Italy has renovated a multi-purpose sports centre and adjoining premises over the last few years, which have been granted on a free loan for use and are therefore used for recreational and leisure activities; while KME Germany has, among other things, developed initiatives to support events of

cultural and social interest, supported solidarity initiatives with Ukrainian refugees, and developed forms of cooperation with schools and universities.

Throughout its history, KME has gradually intensified and expanded its commitment to social responsibility. It started with its employees, then turned its attention to their families and the communities that hosted the factories. Finally, a series of more recent initiatives were created through the Dynamo System. The KME Group has greatly strengthened its commitment to social sustainability through the Dynamo System, caring for children with serious illnesses and their families, preserving natural heritage, and providing training on issues related to the common good. The KME Group donated Euro 2 million to the Dynamo System in 2024.

Processes to remediate negative impacts, action plans and engagement with local communities (S3-3 S3-4 S3-5)

Although no specific procedures have been formalised at Group level, as part of their sustainability policies and in accordance with the Code of Conduct, each company (and industrial companies in particular) works to promote and ensure adequate relations with the affected communities, with a view to identifying the actual or potential impact of their activities, minimising risks and enhancing opportunities, addressing and removing the causes of any inconvenience and negative impacts, defining actions and interventions with the engagement of local stakeholders, and participating in engagement initiatives adopted by local institutions

The Dynamo System

The mission of Fondazione Dynamo is to support the design and development of business organisations that address social issues such as education, healthcare, social services and the environment, while promoting new employment. To date, there are three main projects developed by the Dynamo System: Dynamo Camp, Dynamo Academy and Oasi Dynamo

Dynamo Camp Founded in 2007, it is located in

Founded in 2007, it is located in Limestre (Pistoia), in an oasis covering over 900 hectares (Oasi Dynamo), and is part of the Serious Fun Children's Network, an association founded by Paul Newman in 1988 and operating worldwide.

Activities take place at the Dynamo Camp facility, as well as in hospitals, associations and foster homes through the Dynamo Programmes project. Dynamo Camp Onlus runs free recreational therapy programmes, providing specific support for children with serious or chronic illnesses and their families. The result of an industrial redevelopment project, Dynamo Camp consists of a series of buildings used as rooms, common areas, recreational facilities, sports facilities and workshops.

Dynamo Camp provides, in particular: recreational therapy programmes for sick children and teenagers, who are hosted at Dynamo Camp unaccompanied by their parents; programmes for the whole family; recreational therapy activities in hospitals and foster homes in major cities throughout Italy and in Riva degli Etruschi. In line with its mission of



social inclusivity, Dynamo Camp works to welcome an increasing number of children with complex medical conditions and specific medical needs.

In response to the need of families to have "Dynamo close to home", the Foundation is committed to developing the programmes outside the Camp, through the Dynamo City Camp project, visits to hospitals and hotel facilities in the Dynamo Off Camps. In 2024, the CityCamp project was carried out in Milan, Turin, Genoa, Florence, Rome, Termoli and Naples. The City Camp in Milan was the first open all year round. This is a "company-owned" Camp located in the building that houses the offices of the Foundation and Dynamo Academy in Milan.

Dynamo **Academy**

It is a social enterprise that promotes the sharing of projects for the common good: training courses, sustainability education for children and young people, experiential learning activities, consulting services for social entrepreneurs and companies, sharing of best practices in partnership with CEPC (Chief Executive for Corporate Purpose).

The Academy is based on a network of relationships with universities, foundations, companies, and public and private national and international institutions



Located in the heart of Tuscany, it is a WWF-affiliated nature reserve.

Dynamo Academy

This area used to be a hunting reserve, but today it is a virtuous model of environmental sustainability and social responsibility, thanks to the synergy between environmental conservation, dissemination of an environmentally friendly culture and traditional agricultural practices.







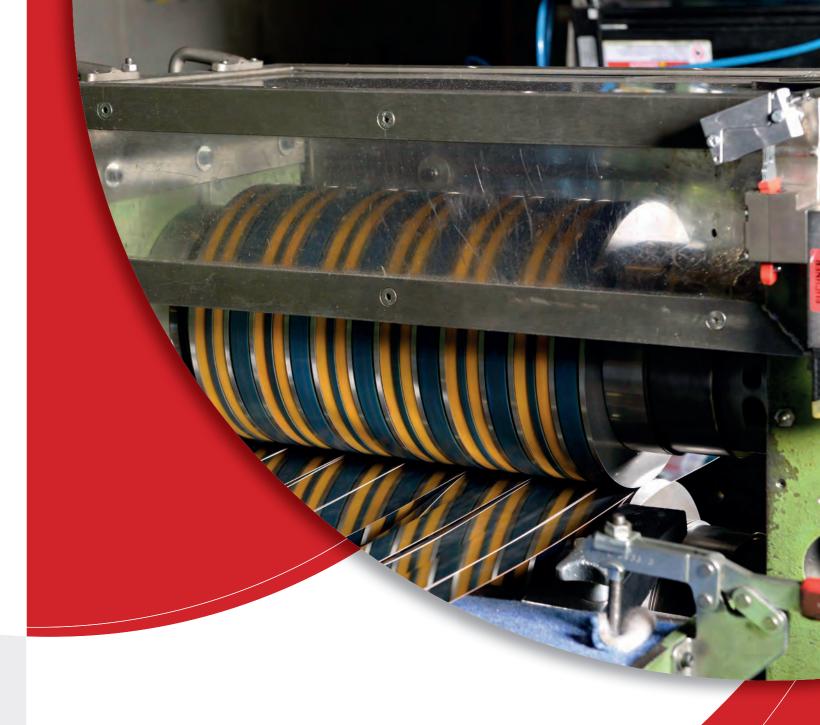
Museum of Contemporary Art
In 2024, work was carried out in Fornaci di Barga to
transform the former Centro Ricerche into Dynamo's
Museum of Contemporary Art, the MUDY (Museo di Arte
Contemporanea). The museum, linked to the system
of philanthropic, social, environmental and cultural
initiatives that revolve around Dynamo Camp's activities,
was inaugurated in April 2025.













4 Governance Information





Impacts, risks and opportunities

The description of impacts, risks and opportunities related to business conductis contained in the section "General Disclosures (ESRS 2)".

Business conduct policies (G1-1)

Code of ethics

The Code of Ethics defines the values that inspire the KME Group, as well as the principles and rules of conduct to be adopted in relations with key stakeholders. The rules apply, without exception, to all employees, members of corporate bodies and contractors of Group companies and to all those who establish relation ships with them or work to pursue their targets, either directly or indirectly, permanently or temporarily.

The Code of Ethics draws inspiration from the following national and international guidelines on human rights, corporate social responsibility and corporate governance:

- the Universal Declaration of Human Rights of the United Nations;
- the United Nations Convention on the Rights of the Child;
- the United Nations Convention on the Elimination of All Forms of Discrimination against Women;
- the UN Global Compact Principles:
- the 8 fundamental conventions of the ILO (International Labour Organisation);
- the OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises:
- the Charter of Fundamental Rights of the European Union;
- the Corporate Governance Code of Borsa Italia;
- the Charter of Values of the European Institute for Social Balance;
- Italian Legislative Decree No. 231 of 8 June 2001 "Regulations on the administrative liability of legal persons, companies and associations, including those without legal personality" as amended;
- the United Nations Convention against Corruption.

Code of Conduct

The Code of Conduct requires the KME Group companies and their employees to strictly comply with all applicable regulations, and to respect the rules and ethical principles established in company policy. The KME Code of Conduct covers the following topics, in particular:

- Fair competition and antitrust
- · Anti-corruption and anti-bribery
- · Environment, health and safety
- · Prohibition of child labour
- · Respect for human rights
- Preventing the violation of our property rights or those of third parties
- Avoiding conflicts of interest
- Processing of information

The Code of Conduct applicable to the KME Group companies defines the fundamental principles of cooperation with business partners, customers, colleagues, competitors and the public. As KME's reputation is greatly affected by the actions and behaviour of its employees, it is crucial that everyone complies with the Code of Conduct when carrying out their work, regardless of their function or position. All employees are required to comply with applicable laws and company directives. While the Code of Conduct is not a comprehensive document, and cannot anticipate every possible situation, unethical behaviour of any kind is not permitted, even if not explicitly covered in this document. It is clear that violations of the law are not permitted under any circumstances. KME employees who violate the principles of the Code of Conduct are subject to severe penalties, including termination of employment. Any employee who violates these principles cannot justify their behaviour by claiming that they were acting in KME's interests, since any violation inevitably has a detrimental effect on the Company.

The Code of Conduct aims to promote a culture of value creation by raising employee awareness of the current regulatory provisions and obliging them to comply with relevant rules and ethical principles in their day-to-day work. The Code of Conduct also encourages and raises awareness among employees to proactively seek clarification in case of doubt, as ignorance of the rules does not constitute a defence

against potential consequences of criminal, civil, or labour law violations. In case of doubt, employees can and should contact their line manager or the Legal Department. All employees also have the right to report any circumstances that may indicate a violation of internal rules. This opportunity should be used in the best interests of KME and its employees. To this end, KME appointed an external lawyer (ombudsman) to whom employees can report such irregularities, and this can be done anonymously if preferred. Any employee who makes a report in good faith is protected. All information will be handled professionally and in accordance with the rights of all parties involved.

- **Prohibition of child labour.** KME guarantees the prohibition of child labour, except where expressly permitted by international conventions (ILO Convention 138), such as in emerging countries where the age limit is 14.
- Respect for human rights. KME guarantees respect for the personal dignity, privacy and rights of
 each employee and does not force any individual to work against their will. The Group guarantees
 compliance with the maximum number of working hours established by the laws in force and
 recognises its employees' right to freedom of association. The Group companies carry out their activities
 in accordance with the applicable laws that protect working conditions in the countries where they
 operate, ensuring that child labour and forced labour are prohibited.
- **Equal opportunities and non-discrimination.** KME promotes equal opportunities in employment and in the treatment of its employees. Relationships between employees of Group companies must be based on the principles of civil coexistence and must be carried out with mutual respect for the rights and freedoms of individuals. In particular, discrimination or retaliation on the grounds of nationality, religious belief, political or trade union affiliation, language or gender shall not be permitted.
- Internal control processes. The Group believes it is essential for its human resources to be aware of the existence of control procedures and understand the contribution they make to corporate efficiency and the achievement of business objectives. The responsibility for establishing an effective internal control system is shared across all operational levels. Accordingly, all employees, within the scope of their duties, are responsible for designing, implementing, and ensuring the proper functioning of the controls related to their assigned operational areas.
- Customers. KME is committed to acting in compliance with the values of excellence and innovation, striving to respond to the needs of its customers in the best possible way and guaranteeing them high-standards of quality in the products and services offered. Each Recipient must pursue maximum customer satisfaction by providing, among other things, complete, accurate and transparent information on products, services offered and various aspects relating to commercial transactions, avoiding the use of misleading practices, so as to encourage informed and conscious choices with a view to mutual responsibility and respect.
- Investors and the financial community. The KME Group is committed to sustainable success, creating long-term value for its investors and all its stakeholders, and promoting the exchange of information and dialogue between the parties. KME is committed to building relationships with current and potential investors, as well as the financial community, based on the clear, complete and transparent sharing of information, aimed at ensuring that investors can make informed decisions about investing in the Group. The description of products and services, the organisational structure of the Group and financial statistics and reports must always be based on criteria of completeness, accuracy and transparency of information.
- **Media.** Relations between Group companies and the media are the responsibility of the specifically designated corporate functions and must be consistent with the communication policy defined by the Group and the corporate procedures in place. Any participation on behalf of or representation of KME Group in committees or associations of any kind, whether scientific, cultural or professional, must be authorised and formalised in writing in accordance with company rules.
- Local communities. KME is committed to establishing open communication with its stakeholders, including members of local communities and local authorities, with a view to pursuing the sustainable development of its activities and having a positive impact on the communities and territories in which the Group operates.
- Environment. The KME Group is committed to promoting and spreading a culture of environmental responsibility among its stakeholders. The Group's commitments in terms of environmental sustainability include the development of preventive strategies aimed at avoiding environmental pollution, the efficient use, recovery and/or recyclability of materials, and energy efficiency in the production and supply of its products and services. In performing their functions, the Recipients undertake to comply with the regulations in force on environmental protection and promotion, and also promote the conduct of their activities focused on the correct and functional use of resources and respect for the environment.

Cases of violation of the Code of Conduct

There were no significant violations of the provisions of the Code of Ethics and Code of Conduct recorded in 2024.

Compliance

There were no instances of non-compliance with laws and regulations in 2024.

Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

During the reporting period, no legal action was taken against any of the Group's companies in relation to anti-competitive behaviour and/or violations of anti-trust and monopolylaws. No proceedings were pending on these matters..

ESG certifications

To guarantee the highest standards on sustainability topics, the management systems implemented at KME comply with the following requirements regarding the environment, energy, occupational safety and product quality, as set out in international regulations and standards:

- ISO 9001:2015 (Quality management)
- ISO 14001:2015 (Environmental protection)
- ISO 45001:2018 (Occupational safety and health protection)
- ISO 50001:2018 (Energy management)
- IATF 16949:2016 (Additional QM requirements for the automotive industry)

KME aims to guarantee high environmental standards and continuous improvement in the efficient use of material resources, energy efficiency and climate protection. KME's environmental and energy management is certified in accordance with ISO 14001 and ISO 50001. Occupational health and safety are certified according to ISO 45001.

Ensuring product quality and safety is no less important a priority for KME. KME pays close attention to this goal throughout the entire process, from research and development to production and marketing. Within the supply chain, suppliers are selected based on the required quality standards. Constant and strict checks are carried out throughout the production phase. With regard to product safety, KME operates in compliance with the European REACH and ROHS directives. KME's quality management is certified according to ISO 9001 and IATF 16949.











Relationships with suppliers (G1-2)

The KME Group pays particular attention to the sustainability of its supply chain. For this reason, it ensures, wherever possible, that suppliers comply with the principles set out in the specific Code of Conduct for business partners, with reference to globally established standards such as, in particular, the "United Nations Global Compact", the "United Nations Guiding Principles on Business and Human Rights", and the "OECD Guidelines for Multinational Enterprises". KME purchases materials only from approved and registered suppliers, and constantly inspects their work. KME is a member of MARS (Metal Alliance for Responsible Sourcing), an initiative for sustainable design and certification of raw material sourcing.

All KME business partners must make a binding commitment to:

- comply with all applicable laws and regulations, in particular (but not exclusively) the provisions of the applicable law on competition, antitrust, trade restrictions, data protection, working hours, minimum wages and the environment;
- actively guarantee respect for fundamental rights. This includes respecting and promoting equal
 opportunities and equal treatment for all employees (regardless of skin colour, ethical or social
 background, race, nationality, sexual orientation, political or religious beliefs or opinions, gender, age,
 disability, trade union membership, physical characteristics), as well as respecting the dignity, privacy and
 the general right to privacy of each individual employee, the prohibition of forced labour, torture, sexual
 harassment, as well as the right to form an employee organisation;
- comply with the prohibition of child labour, which means not employing anyone under the minimum age set out in ILO Convention 138;
- · adopt measures that ensure the health and safety of their employees and consequently train their

employees in order to reduce the risk of occupational diseases and accidents;

- comply with applicable environmental legislation and international standards in this area;
- take appropriate measures to avoid the use of raw materials that, either directly or indirectly, finance armed groups responsible for human rights violations;
- not to recommend, tolerate or participate (either directly or indirectly, actively or passively) in any
 action involving corruption and/or extortion. This also includes not offering or granting any person
 illegal advantages, nor requesting or accepting them, with the aim of obtaining personal gain, creating
 dependencies, or causing conflicts of interest. The applicable regulations of the relevant legal system
 must be observed:
- comply with applicable anti-money laundering laws and regulations, as well as international standards in this area;
- respect the property (including intellectual property) of third parties and adopt IT security measures;
- promote compliance, within its supply chain, with the principles set out in the "Code of Conduct for business partners of the KME Group Companies".

Prevention of corruption and bribery (G1-3)

The KME Group is committed to combating corruption in all its forms, basing its activities on the values of integrity, honesty and transparency and maintaining fair and honest relationships with its stakeholders.

The possibility of obtaining greater profits or gains of whatever amount shall in no case justify the establishment of illegal commercial practices. This principle applies without exception to all levels within the KME Group. Therefore, the Group asks its stakeholders to comply with the rules of conduct defined in its Code and, where applicable, in the Organisation, Management and Control Model, pursuant to Italian Legislative Decree 231/01, adopted by each individual company of the Group, and to act in accordance with ethical and legal rules, without resorting to unlawful means, such as attempted corruption, favouritism and soliciting personal advantages.

In accordance with the provisions of fthe United Nations Convention against Corruption, adopted in 2003 and in force since 2005, KME rejects all forms of corruption and bribery. Therefore, KME will not enter into any business relationship

involving infringements of the regulations in force or violations of company regulations regarding the granting/acceptance of sums of money or other benefits, even if this results in the loss of business.

The possibility of obtaining greater profits or gains of whatever amount shall in no case justify the establishment of illegal commercial practices. This principle applies without exception to all levels within the KME Group. In some foreign countries, local customs require gifts to be given as a sign of courtesy and respect. In such cases, it is important to ensure that no dependence develops on either the donor or recipient side, and that all applicable national and international regulations are complied with.

The manager must be informed of any gifts received and the provisions contained in the Code of Ethics must be observed. KME complies with the anti-money laundering regulations set forth in international regulations and applicable national laws. Therefore, KME will not establish any business relationship that could be used to conceal the criminal origin of money or assets. In case of doubt, employees should contact their line manager or the Legal Department.

Incidents of corruption or bribery (G1-4)

There were no incidents of corruption or bribery during the reporting period.

78 | 79

Political influence and lobbying activities (G1-5)

Public Administration, Public Institutions and Regulatory Bodies. The undertaking of commitments with the Public Administration and Public Institutions is strictly reserved to the designated and authorised corporate functions. Recipients who, as part of their functions, find themselves legitimately dealing with the Public Administration, Public Institutions and Regulatory Bodies, are responsible for verifying in advance, and with due diligence, that the information declared and/or certified, in the interest of the Group, is true and correct.

Political and trade union organisations. KME is committed to open dialogue with trade union representatives to address topics relating to employment and industrial relations in a collaborative manner. In principle, Group companies do not make contributions to political parties, committees, or trade unions. If a contribution is deemed appropriate in the public interest, the Group assesses whether it is permissible under the laws in force. However, all contributions must be paid in strict compliance with the laws in force and properly recorded.

Payment policies (G1-6)

KME Group is committed to ensuring fair and responsible relations with its suppliers with regard to payments, complying with the terms set out in commercial agreements and, at the same time, with the principles of financial integrity. To this end, it aims to prevent late payments, paying particular attention to small-and medium-sized enterprises.

This is achieved by establishing standardised payment terms for the main categories of suppliers

and implementing a monitoring system to ensure compliance with these terms. Three key indicators are reported below: average payment duration (the time between an invoice being received and payment being completed); percentage of payments made on time (the percentage of invoices paid before the due date); average payment term (the agreed payment period). The sampling was carried out on the entire population of suppliers, including SMEs.

Payment duration	126 days
Percentage of payments made on time	91.7%
Average payment term	The contractual payment terms vary depending on the type of purchased materials or services. With regard to purchases of metals, the contractual terms range from 30 to 150 days; for other purchases, payment terms range from 30 days (mainly applicable to the supply of EE) to 90 days.







ESRS table of contents and table of contents from other EU legislation (IRO-2)

ESRS table of contents

Disclosure requirements and related datapoint	Chapter/paragraph Sustainability statement	Notes				
ESRS 2 — GENERAL DISCLOSURES						
ESRS 2 BP-1 General basis for preparation of the sustainability statement	General disclosures — General basis for preparation of the sustainability statement (BP-1)					
ESRS BP-2 Disclosures in relation to specific circumstances	General disclosures — Disclosures in relation to specific circumstances (BP-2)					
ESRS 2 GOV -1 The role of the administrative, management and supervisory bodies	Governance — The role of the administrative, management and supervisory bodies (GOV-1)					
ESRS 2 GOV -2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Governance — Information provided to the administrative, management and supervisory bodies on sustainability matters (GOV-2)					
ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes	Governance — Integration of sustainability-related performance in incentive schemes (GOV-3)					
ESRS 2 GOV-4 Statement on due diligence	Governance — Statement on due diligence (GOV-4)					
ESRS 2 GOV-5 Risk management and internal controls over sustainability reporting	Governance — Risk management and internal controls over sustainability reporting (GOV-5)					
ESRS 2 SBM-1 Strategy, business model and value chain	Business model and strategy (SBM 1)					
ESRS 2 SBM-2 Interests and views of stakeholders	Relationships with stakeholders (SBM 2)					
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities and their interaction with business model, strategy and decision-making process (SBM-3)					
ESRS 2 IRO-1 Description of the process to identify and assess material impacts, risks and opportunities	Double materiality analysis (IRO-1)					
ESRS 2 IRO-2 Disclosure requirements in ESRS covered by the sustainability statement	ESRS table of contents and table of contents from other EU legislation (IRO-2)					
ESRS 2 MDR-P Policies adopted to manage material sustainability matters	KME Group for sustainability — Sustainability policy					
ESRS 2 MDR-A Actions and resources in relation to material sustainability matters	KME Group for sustainability — Actions and targets of the sustainability strategy					
ESRS 2 MDR-T Tracking effectiveness of policies and actions through targets	KME Group for sustainability — Targets and KPIs					

Disclosure requirements and related datapoint	Chapter/paragraph Sustainability statement	Notes
	ESRS E1 – CLIMATE CHANGE	
E1-1 Transition plan for climate change mitigation	Environmental information — Climate change (ESRS E1) — Transition plan for climate change mitigation (E1-1)	
ESRS 2 IRO-1 SBM-3 Impacts, risks and opportunities	Environmental information — Climate change (ESRS E1) — Impacts, risks and opportunities and their interaction with business model — Resilience analysis (ESRS 2 SBM-3)	
E1-2 Policies related to climate change mitigation and adaptation	Environmental information — Climate change (ESRS E1) — Climate policies and actions (E1-2 E1-3)	
E1-3 Actions and resources in relation to climate change policies	Environmental information — Climate change (ESRS E1) — Climate policies and actions (E1-2 E1-3)	
E1-4 Targets related to climate change mitigation and adaptation	Environmental information — Climate change (ESRS E1) — Main targets (E1-4)	
E1-5 Energy consumption and mix	Environmental information — Climate change (ESRS E1) — Energy consumption (E1-5)	
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions — Emission intensity	Environmental information — Climate change (ESRS E1) — GHG emissions (E1-6)	
E1-7 GHG removals and GHG mitigation projects financed through carbon credits	Environmenta information — Climate change (ESRS E1) — GHG emissions (E1-7)I	No carbon credits are purchased for offsetting purposes
E1-8 Internal carbon pricing	Environmental information — Climate change (ESRS E1) — Carbon pricing (E1-8)	Not applicable
E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	-	Phase-in
	ESRS E2 - POLLUTION	
ESRS 2 IRO-1 Impacts, risks and opportunities	Environmental information — Pollution (ESRS E2) — Impacts, risks and opportunities	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Environmental information — Pollution (ESRS E2) — Impacts, risks and opportunities	
E2-1 Policies related to pollution	Environmental information — Pollution (ESRS E2) — Policies, actions, targets (E2-1 E2-2 E2-3)	
E2-2 Actions related to pollution	Environmental information — Pollution (ESRS E2) — Policies, actions, targets (E2-1 E2-2 E2-3)	
E2-3 Targets related to pollution	Environmental information — Pollution (ESRS E2) — Policies, actions, targets (E2-1 E2-2 E2-3)	
E2-4 Pollution of air, water and soil	Environmental information — Pollution (ESRS E2) — Emissions (E2-4)	
E2-5 Substances of concern and substances of very high concern	Environmental information — Pollution (ESRS E2) — Substances of concern and substances of very high concern (E2-5)	
E2-6 Anticipated financial effects from pollution-related impacts, risks and opportunities	-	Phase-in

Disclosure requirements and related datapoint	Chapter/paragraph Sustainability statement	Notes				
ESRS E3 — WATER AND MARINE RESOURCES						
ESRS 2 IRO-1 Impacts, risks and opportunities	Environmental Environmental information — Water (ESRS E3) — Impacts, risks and opportunities					
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	information – Water (ESRS E3) – Impacts, risks and opportunities					
E3-1 Policies related to water	Environmental information — Water (ESRS E3) — Policies, actions, targets (E3-1 E3-2 E3-3)					
E3-2 Actions related to water	Environmental information — Water (ESRS E3) — Policies, actions, targets (E3-1 E3-2 E3-3)					
E3-3 Targets related to water	Environmental information — Water (ESRS E3) — Policies, actions, targets (E3-1 E3-2 E3-3)					
E3-4 Water consumption, water recycled and reused, intensity	Environmental information — Water (ESRS E3) — Water consumption (E3-4)					
E3-5 Anticipated financial effects from material water and marine resources-related risks and opportunities	-	Phase-in				
ESR:	 5 E4 — BIODIVERSITY AND ECOSYSTEMS					
ESRS 2 IRO-1 Impacts, risks and opportunities	Environmental information — Biodiversity and ecosystems (ESRS E4)	Non material				
E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Environmental information — Biodiversity and ecosystems (ESRS E4)	Non material				
E4-2 Policies related to biodiversity and ecosystems	Environmental information — Biodiversity and ecosystems (ESRS E4)	Non material				
E4-3 Actions related to biodiversity and ecosystems	Environmental information — Biodiversity and ecosystems (ESRS E4)	Non material				
E4-4 Targets related to biodiversity and ecosystems	Environmental information — Biodiversity and ecosystems (ESRS E4)	Non material				
E4-5 Impact metrics related to biodiversity and ecosystems change	Environmental information — Biodiversity and ecosystems (ESRS E4)	Non material				
E4-6 Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	Environmental information — Biodiversity and ecosystems (ESRS E4)	Non material				
ESRS ES	 RESOURCE USE AND CIRCULAR ECONOMY					
ESRS 2 IRO-1 Impacts, risks and opportunities	Environmental information — Resource use and circular economy (ESRS E5) — Impacts, risks and opportunities					
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Environmental information — Resource use and circular economy (ESRS E5) — Impacts, risks and opportunities					
ES-1 Policies related to resource use and circular economy	Environmental information — Resource use and circular economy (ESRS E5) — Policies and actions (ES-1 ES-2)					
ES-2 Actions related to resource use and circular economy	Environmental information — Resource use and circular economy (ESRS E5) — Policies and actions (ES-1 ES-2)					

Disclosure requirements and related datapoint	Chapter/paragraph Sustainability statement	Notes				
ESRS E5 — RESOURCE USE AND CIRCULAR ECONOMY						
E5-3 Targets related to resource use and circular economy	Environmental information — Resource use and circular economy (ESRS E5) — Targets (E5-3)					
E5-4 Resource inflows	Environmental information — Resource use and circular economy (ESRS E5) — Resource inflows (E5-4)					
E5-5 Resource outflows	Environmental information — Resource use and circular economy (ESRS E5) — Resource outflows (ESRS E5-5)					
E5-6 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities						
	ESRS S1 — OWN WORKFORCE					
ESRS 2 IRO-1 Impacts, risks and opportunities	Social information — Own workforce (ESRS S1) — Impacts, risks and opportunities					
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Social information — Own workforce (ESRS S1) — Impacts, risks and opportunities					
S1-1 Policies related to own workforce	Social information — Own workforce (ESRS S1) — Policies, actions and targets (S1-1)					
S1-2 Processes for engaging with workers about impacts	Social information — Own workforce (ESRS S1) — Processes for engaging with workers (S1-2)					
S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	Social information — Own workforce (ESRS S1) — Processes to remediate negative impacts and channels to raise concerns (S1-3)					
S1-4 Taking action on material impacts, risks and opportunities related to own workforce	Social information — Own workforce (ESRS S1) — Taking action on material impacts on own workforce (S1-4)					
S1-5 Targets related to managing material impacts, risks and opportunities related to own workforce	Social information — Own workforce (ESRS S1) — Targets related to managing negative impacts (S1-5)					
S1-6 Characteristics of the employees	Social information — Own workforce (ESRS S1) — Employees (51-6)					
S1-7 Characteristics of non-employees	Social information — Own workforce (ESRS S1) — Non-employees (S1-7)					
S1-8 Collective bargaining coverage and social dialogue	Social information — Own workforce (ESRS S1) — Collective bargaining and social dialogue (S1-8)					
S1-9 Diversity metrics	Social information — Own workforce (ESRS S1) — Diversity and equal opportunities (S1-9)					
S1-10 Adequate wages	Social information — Own workforce (ESRS S1) — Adequate wages (S1-10)					
S1-11 Social protection	-	Non material				
S1-12 Persons with disabilities	Social information — Own workforce (ESRS S1) — Disability (S1-12)					
S1-13 Training	-	Non material				

Disclosure requirements and related datapoint	Chapter/paragraph Sustainability statement	Notes
	ESRS S1 - OWN WORKFORCE	
S1-14 Health and safety	Social information — Own workforce (ESRS S1) — Occupational health and safety (S1-14)	
S1-15 Work-life balance	-	Non material
S1-16 Remuneration	Social information — Own workforce (ESRS S1) — Remuneration (S1-16)	
S1-17 Incidents, complaints and severe human rights impacts	Social information — Own workforce (ESRS S1) — Cases of discrimination and non-compliance with human rights (S1-17)	
ESR	S S2 — WORKERS IN THE VALUE CHAIN	
ESRS 2 IRO-1 Impacts, risks and opportunities	Informazioni sociali — Forza lavoro propria (ESRS S1) - Salute e sicurezza sul lavoro (S1-14)	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Social information — interaction with strategy and business model Workers in the value	Non materiale
S2-1 Policies related to value chain workers	Social information — Workers in the value chain (ESRS S2) — Policies, actions, targets (S2-1 S2-4 S2-5)	
S2-2 Processes for engaging with value chain workers about impacts	Social information — Workers in the value chain (ESRS S2) — Processes for engaging with value chain workers about impacts (S2-2)	
52-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	Social information - Workers in the value chain (ESRS S2) — Processes to remediate impacts on value chain workers and channels for raising concerns (S2-3)	
S2-4 Taking action on material impacts, risks and opportunities on value chain workers	Social information - Workers in the value chain (ESRS S2) — Policies, actions, targets (S2-1 S2-4 S2-5)	
S2-5 Targets related to managing material impacts, risks and opportunities for workers in the value chain	Social information - Workers in the value chain (ESRS S2) — Policies, actions, targets (S2-1 S2-4 S2-5)	
E	SRS S3 — AFFECTED COMMUNITIES	
ESRS 2 IRO-1 Impacts, risks and opportunities	Social information — Affected communities (ESRS S3) —	
S3-1 Policies related to affected communities	Social information — Affected communities (ESRS S3) — Policies and actions (S3-1 S3-2)	
S3-2 Processes for engaging with affected communities about impacts	Social information — Affected communities (ESRS S3) — Policies and actions (S3-1 S3-2)	
S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns	Processes to remediate negative impacts, interventions and targets for affected communities (ESRS S3-3, S3-4, S3-5)	
S3-4 Taking action on material impacts, risks and opportunities for affected communities	Processes to remediate negative impacts, interventions and targets for affected communities (ESRS S3-3, S3-4, S3-5)	
S3-5 Targets related to managing material impacts, risks and opportunities for affected communities	Processes to remediate negative impacts, interventions and targets for affected communities (ESRS S3-3, S3-4, S3-5)	

Disclosure requirements and related datapoint	Chapter/paragraph Sustainability statement	Notes			
ESRS S4 — CONSUMERS AND END USERS					
ESRS IRO-1 Impacts, risks and opportunities		Non material			
S4-1 Policies related to consumers and end-users		Non material			
S4-2 Processes for engaging with consumers and end-users about impacts		Non material			
S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns		Non material			
S4-4 Taking action on material impacts, risks and opportunities for consumers and end-users		Non material			
S4-5 Targets related to managing material impacts, risks and opportunities for consumers and end-users		Non material			
	ESRS G1 - BUSINESS CONDUCT	'			
ESRS IRO-1 Impacts, risks and opportunities	Governance information — Business conduct (ESRS G1) — Impacts, risks and opportunities				
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Information on governance — Business conduct (ESRS G1) — Impacts, risks and opportunities				
G1-1 Business conduct policies	Governance information — Business conduct (ESRS G1) — Business conduct policies (G1-1)				
G1-2 Management of relationships with suppliers	Governance information — Business conduct (ESRS G1) — Relationships with suppliers (G1-2)				
G1-3 Prevention of corruption and bribery	Governance information — Business conduct (ESRS G1) — Prevention of corruption and bribery (G1-3)				
G1-4 Confirmed incidents of corruption or bribery	Governance information — Business conduct (ESRS G1) — Incidents of corruption and bribery (G1-4)				
G1-5 Political influence and lobbying activities	Governance information — Business conduct (ESRS G1) — Political influence and lobbying activities (G1-5)				
G1-6 Payment practices	Governance information — Business conduct (ESRS G1) — Payment policies (G1-6)				

List of datapoints that derive from other EU legislation

Disclosurerequirements and related datapoints	SFDR Reference	Pillar3 reference	Benchmark Regulation reference	EUClimate Law reference	Material/Non material
ESRS 2 GOV-1 Board's gender diversitypara- graph 21 (d)	Indicator number 13 of Table1 of Annex1	N/A	Commission Delegated Regulation (EU) 2020/1816, AnnexII	N/A	Material
ESRS GOV-1 Percentage ofboard members who areindependent paragraph 21 (e)	N/A	N/A	Delegated Regulation (EU) 2020/1816, AnnexII	N/A	Material
ESRS 2 GOV-4 Statement on duediligence paragraph 30	Indicator number 10 Table3 of Annex1	N/A	N/A	N/A	Material
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activitiesparagraph 40 (d) i	Indicatorsnumber 4 Table 1 of Annex 1	Article449a Regulation (EU) No 575/2013: Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table2: Qualitative informa- tion on Social risk	Delegated Regulation (EU) 2020/1816, AnnexII	N/A	Non Material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table2 of Annex1	N/A	Delegated Regulation (EU) 2020/1816, AnnexII	N/A	Non Material
ESRS 2 SBM-1 Involvement in activities related to controversial weaponsparagraph 40 (d) iii	Indicator number 14 Table1 of Annex1	N/A	Delegated Regulation (EU) 2020/1818, Article12(1) Delegated Regulation (EU) 2020/1816, AnnexII	N/A	Non Material

Methodological notes

Double materiality analysis

The EU rules on corporate sustainability reporting came into force on 5 January 2024. In accordance with the provisions of the new directive, compliance with ESG factors will therefore begin to be reported as a requirement in the Reports on Operations attached to company financial statements from this year onwards. In accordance with the requirements of the Corporate Sustainability Reporting Directive ("CSRD") and the European Sustainability Reporting Standards ("ESRS"), KME defined the double materiality process for the 2024 sustainability statement.

The materiality analysis is the tool through which a Company or Group identifies strategic topics in terms of their potential and/or actual positive and/or negative impact on the organisation itself, the environment and the communities in which it operates.

Over the past few years, the materiality analysis process implemented by the various categories of entities operating in the markets has undergone a gradual evolution. The increasing focus of stakeholders on environmental, social and governance (ESG) factors has made traditional reporting no longer sufficient for understanding how sustainability topics are integrated within different organisations. This requirement led to the development of a new analytical model that combines the assessments of external risks to which an organisation may be exposed with an assessment of the impact of its processes on the environment and the external society.

In particular, the ESRS defined by EFRAG adopt a "double materiality" perspective: i.e. they require companies to report both their environmental and social impact and the risks and opportunities that environmental and social sustainability topics in turn generate for the company. Directive (EU) 2464/2022 states that organisations shall report "both on the impacts of the activities of the undertaking on people and the environment, and on how sustainability matters affect the undertaking". According to ESRS, the materiality assessment process followed three consecutive phases: i) understanding the context combined with a

commercial overview of the Group; ii) identifying potential and actual IROs (impacts, risks and opportunities); iii) assessing identified IROs through a double materiality analysis (impact and financial). The first phase was dedicated to understanding the context and developing an overview of the Group with regard to: business activities and relationships, analysis of the relevant legal and regulatory framework for the transactions, and finally understanding the parties involved and the stakeholders affected.

This enabled the analysis and identification of a series of material impacts, risks and opportunities (IROs) related to ESG topics in its activities and value chain in a second phase. In particular, in accordance with the application requirements set out in Appendix A of the ESRS, the Group considered the list of sustainability topics covered in the topical ESRS (paragraph RA 16), integrating these with the material topics reported in the 2023 Non-Financial Statement and finally completing the list with any additional entity-specific topics.

Thanks to the initial phase of understanding the context, in determining the relevant issues, the Group considered and adapted the analysis to its specific situation, taking into account the sectors, markets and geographical areas in which the Group companies operate, while also considering its main stakeholders and an assessment of the main aspects on which its activities could have an impact. This made it possible to break down, for each topical ESRS, the specific topic covered by the topical standard based on the current situation of the group, so as to allow the selection of specific subtopics for assessing the materiality of impacts and specific subtopics for assessing risks and opportunities of financial materiality.

opportunities in the value chain to determine their materiality, the group paid particular attention to areas where such impacts, risks and opportunities were considered likely to occur based on the nature of activities, commercial relationships and geographical areas, among other factors. This enabled the identification of current and potential impacts, risks and opportunities (IROs), which were analysed separately in order to determine the material sustainability topics. Therefore, the double materiality concerned:

- Impact materiality assessment;
- Financial materiality assessment.

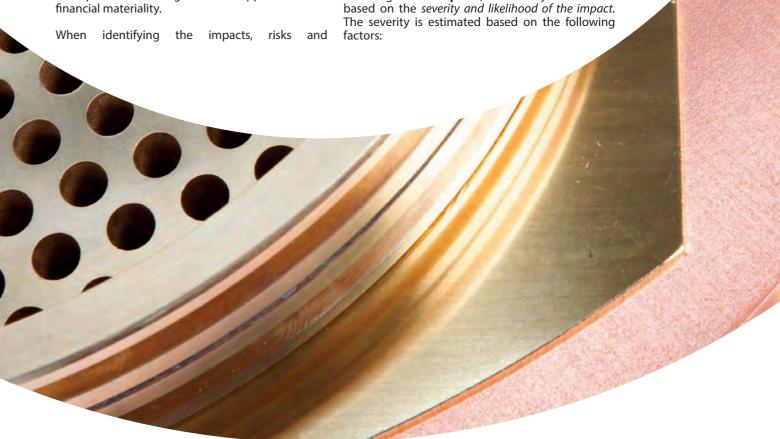
Impact materiality

A sustainability topic is material when it pertains to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- and long-term.

The impacts defined in this way include two aspects: theyrefer to the undertaking's own operations and/or the upstream and downstream value chain, through its products and services bought and sold, as well as through its business and non-business relationships (i.e. reference communities). Business relationships include those in the undertaking's upstream and downstream value chain and are not limited to direct contractual relationships.

The materiality assessment of a negative impact is based on the due diligence process defined in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

With regard to **impacts**, materiality is assessed



- a. the scale: how serious/positive the impact is or could be:
- b. the scope: how widespread the impact is or could be; and
- c. the irreversibility of the impact, only for negative impacts.

For the sake of completeness, a likelihood value was assigned not only to potential impacts, but

also to actual impacts, which have been assigned a maximum likelihood value as they are actual impacts.

To quantify the qualitative assessments of all factors associated with each individual impact, each attribute/factor was assigned a score from 1 (absent/negligible) to 5 (very high/likely), as shown in the table below.

Rate	1	2	3	4	5
Magnitude	Absent/ Negli- gible	Low	Medium	High	Very high
Impact	Negligible	Low	Medium	High	Very high
Irreversibility	Negligible	Low	Medium	High	Very high
Probability	Very remote	Remote	Possible	Likely	Very likely

Figure 1. Score table. Intermediate assessments (i.e. 2.5) were also used to represent an intermediate situation between one score and another.

This assignment made it possible to associate a quantitative value witheach individual impact ("Impact Value"), equal to the product of the Likelihood score and the Severity score, the latter obtained as the average of the scores assigned to entities, scope (and irreversibility in the case of negative impacts). In this way, a score was defined for each topical ESRS, taking the maximum value of the scores associated with the individual impacts included in the topic itself.

Finally, once a range of scores between 5 and 20 had been obtained, a minimum threshold for topic scores (equal to the average of the total scores) was set, allowing only topics considered to be material to be selected. The materiality threshold was determined in such a way as to include all topics that express a significant quantitative score above the average of the assessments, thus reflecting the quantitative combination of impact values considered material from a qualitative point of view.

Financial materiality

The financial materiality assessment corresponds to the identification of information that is considered material for primary users of general-purpose financial reports in making decisions relating to providing resources to the organisation under review. In particular, information is considered material for primary users of general-purpose financial reports if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that they make on the basis of the undertaking's sustainability statement. A sustainability matter is material from a financial perspective if it triggers or could reasonably be expected to trigger material financial effects on the undertaking. This occurs when a sustainability topic generates operational orreputational risks, or opportunities that have a material influence, or could reasonably be expected to have a material influence, on the undertaking's development, financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium- or long-term. Risks and opportunities may derive from past or future events. The financial materiality of a sustainability topic is not limited to matters within the control of the undertaking, but also includes information on material risks and opportunities arising frombusiness relationships beyond the scope of consolidation used in the preparation of the financial statements. As with impact analysis, risks and opportunities relating to both own actions and those along the value chain are considered.

The materiality of risks and opportunities is assessed based on a combination of the likelihood of occurrence and the potential magnitude of the financial effects. Again, for each risk and opportunity, a value ranging from 1 (absent/negligible) to 5 (very high/likely) was assigned to both factors (magnitude and likelihood), as shown in the table below:

Rate	1	2	3	4	5
Magnitude	Absent/negligible	Low	Medium	High	Very high
Occurence	Very remote event	Remote event	Possible	Likely	Very likely

 $\label{thm:constraints} \textit{Figure 2. Score table. Intermediate assessments (i.e. 2.5) were also used to represent an intermediate situation between one score and another.}$

This made it possible to calculate a financial materiality value equal to the product of the magnitude and likelihood values for each risk and opportunity identified in the analysis. As with the approach used for impact materiality, each topical ESRS was assigned a score equal to the highest financial materiality score associated with the individual risks and opportunities included in that topic.

Finally, setting a minimum threshold for topic scores of 9, given a range of scores between 1 and 14, made it possible to select the topical ESRS considered to be actually material. The materiality threshold was determined in such a way as to include all topics that scored above the average of the assessments carried out and that reflected the quantitative combination of financial materiality values associated with the risks and opportunities identified and considered material from a qualitative point of view.

GHG emissions and energy consumption

SCOPE 1 emission factors

For Scope 1 emissions, the energy flows considered are:

- Natural Gas
- Extra light O.C. (heating gas oil)
- LPG (also referred to as Propane)
- Biomass (such as charcoal)
- Petrol (for Scope 1 purposes, calculated on the basis of 100% of consumption for instrumental use and 70% of consumption for mixed use)
- Diesel (for scope 1 purposes, calculated on the basis of 100% of consumption for instrumental use and 70% of consumption for mixed use)

The emission factors for fuels in Scope 1, in continuity with previous years, were processed on the basis of the National Inventory Report (Italy) 2024, CRT 2024 and ISPRA 2024: Combustion emission factors.

Ispra 2024: National Inventory Report 2024; https://www.isprambiente.gov.it/en/publications/reports/italian-greenhouse-gas-inventory-1990-2022-national-inventory-report-2024

Italy 2024: Italy 2024 Common Reporting Tables; https://unfccc.int/documents/643764 ISPRA, 2024: Fattori di emissione dalla combustione (Combustion emission factors); https://emissioni.sina.isprambiente.it/wp-content/uploads/2024/07/EF-combustion-2022.xlsx

The energy value (GJ/Sm3 or GJ/l or GJ/kg) is not usually reported directly by the main source used for climate change factors, and therefore the implicit energy value was calculated from the data in tCO_2/TJ and the data in tCO_2/T or tCO_2/T and tCO_2/T or tCO_2/T

Where the data collected – such as petrol and diesel (automotive or heating) – were expressed in litres, a conversion factor based on the specific weight of the liquids was applied. This data was taken from the updated FIRE (Federazione italiana per l'uso razionale dell'energia, Italian Federation for the Rational Use of Energy) tables.

The details of the calculation are provided in the annex to the methodological note.

The GWP factors used for the CO2e calculation, where the source only indicated CO2, CH4 and N20 values, are those from the Sixth assessment IPCC: 1 for CO2, 27 for CH4, 273 for N20. In particular, in accordance with IPCC guidelines, the value for methane is the "non-fossil" value to be used as a reference for all combustion emissions.

SCOPE 1 emission factors in CO2 eq

	kgCO ₂ /GJ	kgCH4/GJ	kgN2O/GJ	kgCO2e/GJ	Source			
Natural gas	58.918	0.001	0.0003	59.027	Ispra (industry sheet)			
Heating gas oil	73.927	0.012	0.002	74.797	Ispra (non-industrial sheet)			
Petrol	73.081	0.093	0.002	76.220	Ispra (non-industrial sheet)			
Diesel	73.512	0.0006	0.003	74.319	ITA-CRT 2024, Table 1.A(a)s3			
LPG	65.980	0.0089	0.001	66.411	ITA-CRT 2024, Table 1.A(a)s3			
Charcoal (bio)				112	ETS Report KME Mansfeld and EC, MRR v.3 Guidelines (3,3 tCO2e/t)			

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Scope 1 emissions

•				
		Industrial	Non-industrial	Total
Gross Scope 1 GHG emissions	tCO2e	53,163	88	53,251
Of which Scope 1 GHG emissions from regulated emission trading schemes	tCO ₂ e	36,452	-	36,452
% of Scope 1 GHG emissions from regulated emissions trading schemes	%	68.57%	0,00%	68.45%
Biogenic CO ₂ emissions from biomass combustion			-	-
Emissioni biogeniche di CO ₂ derivanti dalla combustione di biomassa	tCO ₂ e	340	-	340

SCOPE 2 Emission factors (and energy source composition)

For Scope 2 emissions, the energy flows considered are:

Electricity purchased, broken down by supplier

- from contract with a certified renewable energy supplier
- from contract with supplier with partial certified renewable sources and with a specific energy mix and emissions (other than the "residual mix")
- from contract with supplier based on the "residual mix"

Electricity self-generated from renewable sources

- of which self-consumed
- · of which released to the grid

Emissions are considered according to market-based and location-based approaches. The energy mixes used for ESRS 1 data are based on a market-based approach.

(a) Market Based

"Residual mix" contracts apply to all suppliers, except in the cases indicated below. The values for the energy mix and CO2 eq emissions are derived from AIB, 2024: European Residual mix 2023 (table 2 Residual mix), https://www.aib-net.org/facts/european-residual-mix

For China and Hong Kong, the data (2023 mix and emissions) are derived from the Ember database. https://ember-energy.org/data/electricity-data-explorer/

Supplier contract with "Residual Mix": energy mix and CO2e emissions

	fossil %	nuclear %	renewable %	CO2eq (g/kWh)
Italy	88.32%	4.40%	7.28%	500,57
Germany	96.79%	3.21%	0.00%	719.90
France	8.81%	86.53%	4.66%	40.74
Spain	59.09%	37.51%	3.40%	282.45
UK	68.18%	18.57%	13.25%	388.40
Slovakia	48.60%	46.70%	4.69%	357.56
Netherlands	61.53%	0.30%	38.17%	379.89
China	64.80%	4.60%	30.60%	583.6
Hong Kong	99.1%	0	0.95%	682

92

Supplier contract with energy mix and emissions other than Residual Mix

		fossil %	nuclear %	renewable %	CO2eq (g/kWh)
KME Italy + SCT	GO(per portion of consumption)				0
SC UK	Total Energies Zero Carbon Energy for Business		10	90	0
SC Spain	L'electra			100	0
KME Mansfeld	Enercity – Verbleibender ET MIX 2023	47.7	1.6	50.7	392
KMCB	Enercity – Verbleibender ET MIX 2023	47.7	1.6	50.7	392
Germany	Enercity – Verbleibender ET MIX 2023	47.7	1.6	50.7	392
Stolberg	Enercity – Enercity Mix 2023	41	1.4	5.6	334

(b) Location based

Data on the production mix, provided by AIB for Europe and by Ember for non-European countries, was used for the location-based calculation.

Data from: AIB European Residual Mixes 2023 (table 5: Production mix): Data from Ember https://ember-energy.org/data/electricity-data-explorer/ for China and Hong Kong (data as at 2023).

Energy mix and CO2e emissions for Location Based approach

Energy mix and coze emissions for Eocation based approach								
	fossil %	nuclear %	renewable %	CO2eq (g/kWh)				
Italy	56.14%	0.00%	43.86%	273.63				
Germany	45.05%	1.49%	53.45%	335.09				
France	6.66%	65.45%	27.89%	30.80				
Spain	28.20%	20.95%	50.85%	121.84				
UK	38.58%	13.55%	47.87%	193.39				
Slovakia	15.03%	61.98%	22.99%	123.04				
Netherlands	48.84%	3.16%	48.00%	241.57				
China	64.80%	4.60%	30.60%	583.6				
Hong Kong	99.1%	0	0.95%	682				

Scope 2 emissions

Scope 2 GHG emissions	UOM	Industrial	Non-industrial	Total
Gross Scope 2 GHG emissions (Location-based)	tCO₂e	73,132	125	73,257
Gross Scope 2 GHG emissions (Market-based)	tCO₂e	90,990	224	91,213

Scope 3 emissions

For the purposes of Scope 3 analysis, a significance analysis (attached) was carried out on the various Scope 3 categories, considering four variables:

- Size: the size of the contribution of each Scope 3 category to the company's total emissions;
- Influence: the possibility for the company to determine or influence the reduction of potential emissions;
- Risk: contribution to the company's exposure to risk in terms of finance, regulation, supply chain and reputation;
- Stakeholders: importance perceived by stakeholders.

Each variable was assigned a score from 1 to 5, where scores of 1-2 are considered low, 2.5-3.5 are considered average, and 4-5 are considered high.

Impact categories with an average value equal to or greater than 2.5 were considered significant. In addition, particularly for categories characterised by a higher degree of uncertainty in the estimate, a threshold of 0.5% of Scope 3 emissions was considered significant.

The following impact categories were considered significant: Category 1 Purchased goods and services; Category 3 Fuel and energy-related activities (not included in Scope 1 or Scope 2); Category 4 Upstream transportation and distribution; Category 5 Waste generated in operations; Category 7 Employee commuting; Category 9 Downstream transportation and distribution.

Despite its modest impact, Category 5 (waste) was nevertheless included because it is associated with specific targets (% of waste recovery and recycling) and because it is relevant tostakeholders. Category7(employee commuting) was included because it exceeded the significance threshold (0.51% of Scope 3 emissions), material for stakeholders and management, and could be subject to appropriate reduction measures.

Other impact categories have been excluded because they are not applicable to the company's production (Category 8 Upstream leased assets; Category 13 Downstream leased assets; Category 14 Franchises).

Three categories were also excluded because they were not significant or material (using a threshold of 0.5% of Scope 3): Category 2 Capital goods, Category 6 Business travel, Category 12 End-of-life treatment of sold products, Category 10 Processing of sold products, Category 11 Use of sold products, Category 15 Investments.

With regard to capital goods (category 2), this exclusion could be reconsidered in the coming years if there are more significant investments in machinery and real estate. In the absence of such investments, the consumption of capital goods (typically furniture, electronics, etc.) is not significant (<0.1% of Scope 3 emissions). With regard to business travel (Category 6), an estimate of the number of trips was made. The estimated number of business trips amounts to approximately 1,923,374 passenger-kilometres by plane, 594,084 passenger-kilometres by car and 159,500 passenger-kilometres by train.

For the estimation of emissions, DEFRA emission factors are applied for airtravel in businessclass, distinguishing between short-haul flights (less than 1,400 km) and long-haul flights (over 1,400 km). For road travel, recalculated emission factors for the national vehicle fleet (as used in Category 7) are considered, while DEFRA emission factors are also used for domestic train travel.

Total estimated emissions amount to 661 t/a, equivalent to 0.1% of total Scope 1, Scope 2 market-based and Scope 3 emissions.

For the estimation of emissions, DEFRA emission factors are applied for airtravel in business class, distinguishing between short-haul flights (less than 1,400 km) and long-haul flights (over 1,400 km). For road travel, recalculated emission factors for the national vehicle fleet (as used in Category 7) are considered, while DEFRA emission factors are also used for domestic train travel.

Transport type	t CO ₂ e
Short-haul flights	498
Long-haul flights	62
Road travels	95
Train travels	6
Total	661

Therefore, these impacts are not significant. However, this exclusion could be reconsidered in the coming years if business travels are properly recognised.

With regard to Category11, it shouldbenoted that KMEproduces copper and copper alloyintermediatesthat are processed by other industries and there may also be two or three interim steps before the finished product is manufactured. As a result:

- KME has no visibility of the type of finished products manufactured with its intermediates, nor can this
 information be obtained directly from its customers, who are themselves only occasional manufacturers
 of finished products. Therefore, KME has no operational or contractual control over, or influence on, how
 end customers (i.e. manufacturers and consumers of the finished product) use the finished products.
- The use of finished products derived from the downstream processing of intermediates manufactured by KME is not significant in the materiality analysis or in stakeholder expectations.
- The materiality of impacts arising from the use of products is indefinable, as it is not possible to identify
 the finished products.

With regard to Category 12, the end-of-life treatment of sold products, it is possible to estimate, albeit with considerable uncertainty, the final disposal of finished products derived from KME's intermediate products. However, the estimated impacts appear to be not significant.

KME intermediate products sold to third parties (excluding intercompany transactions) amounted to 162,265 t/a. This is the quantity that can be transformed into finished product on which the potential end-of-life impact is calculated.

For the disposal methods, the estimate developed by JRC (Passarini F. et al 2018: Material Flow Analysis of Aluminium, Copper, and Iron in the EU-28; JRC Technical Report in https://publications.jrc.ec.europa.

eu/repository/handle/JRC111643)is used. According to JRC, approximately 61% of total copper scrap generated at the end of a product's life is sent for recycling. The type of disposal for the remaining portion of waste cannot be defined, so it can be assumed that it is disposed of in line with the EU average for total waste, net of the portion sent for recycling: 52% is sent to landfill (including backfilling) and 48% is sent for combustion (incineration and energy recovery).²

Based on DEFRA emission factors (with reference to metal waste disposal), the total emissions amounted to 1,121 t (equivalent to 0.2% of total Scope 1, Scope 2 market-based and Scope 3 emissions).

	disposal %	t/a disposed of	EF kg/t CO2e	t CO₂e
Recycling	61.0%	98,982	6.41	634
Combustion	18.7%	30,344	6.41	195
Landfill	20.3%	32.,940	8.88	293
Total				1,121

Scope 3 emissions

Gross Scope 3 GHG emissions	tCO ₂ e	324,567
Category 1 Purchased goods and services	tCO₂e	271,896
Category 2 Capital goods	tCO ₂ e	Not significant
Category 3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	tCO ₂ e	30,971
Category 4 Upstream transportation and distribution	tCO ₂ e	7,590
Category 5 Waste generated in operations	tCO ₂ e	128
Category 6 Business travel	tCO₂e	Not significant
Category 7 Employee commuting	tCO ₂ e	1,651
Category 8 Upstream leased assets	tCO ₂ e	Not applicable
Category 9 Downstream transportation and distribution	tCO ₂ e	12,332
Category 10 Processing of sold products	tCO ₂ e	Not significant
Category 11 Use of sold products	tCO ₂ e	Not significant
Category 12 End-of-life treatment of sold products	tCO ₂ e	Not significant
Category 13 Downstream leased assets		Not applicable
Category 14 Franchises	tCO₂e	Not applicable
Category 15 Investments	tCO ₂ e	Not significanta

Category 1 Purchased goods and services: data from Resources used (ES 5.4).

For Category 1, data is derived from the Resources used (ES 5.4) table.

The activities considered include metallurgical production, the purchase of water from the public water supply network, and the production of perfumery products.

Metallurgical production

It is important to note here that primary metals (this term is used even though these metals, primarily "copper cathode", containsecondarycopper fromrecycling) consideredfor Scope3purposes donotincludemetals processed (andconsidered in the data on resources used) as part of "tolling manufacture", i.e. third-party contract manufacturing. In these operations, a third party provides the materials and manages the resulting processed product. Therefore, these are activities over which KME has no operational control and, in line with GHG Protocol procedures and guidelines for other similar sectors, KME considers consumption, emissions and waste generated by these processes, but does not consider metals supplied for processing in the calculation of Scope 3 emissions.

As shown in the table, there is a significant difference between primary metals "processed" and metals purchased considered for Scope 3. The total amount of metals processed (excluding scrap and semi-finished products) is 110,438 tonnes, while the total amount of metals purchased (excluding tolling) is 59,405 tonnes. Similarly, scrap purchased amounted to 58,103 tonnes (net of tolling), compared with 87,534 tonnes used in the processes.

² According to the latest data available at EU level as at 2020, 19% of total waste was disposed of in landfills, 20% was disposed of by incineration or energy recovery, 58% was recycled, and 3% was used for backfilling (use for environmental filling). Net of the portion sent for recycling, 52% of waste is disposed of in landfills or backfilling and 48% is incinerated and recovered for energy (Eurostat source, database, env_wasoper indicator at https://ec.europa.eu/eurostat/databrowser/view/env_wasoper/default/table?lang=en&category=env.env_was.env_wasgt)

Comparison table between metals processed (as resources used in ES 5.4) and metals purchased (net of tolling)

		Total primary metals	Copper	Zinc	Pro-Alloy	Other
Total	Metals processed	110,438	99,417	8,328	1,623	1,070
Total	Metals purchased	59,405	51,767	7,004	0	634

The following table shows the total amounts for metallurgical production materials considered for Scope 3, highlighting specific emission factors and sources.

- For packaging materials, the emission factors provided by DEFRA 2024 were used.
- For process materials (chemical, inorganic and other non-metallic products), the emission factors provided by BAFA 2024 were generally used.
- With regard to metals, primary carbon footprint data provided by the supplier is available for three copper cathode supplies. These three suppliers amounted to 22,574 tonnes.
- For the remaining purchases of copper cathode (29,193 t), the figure for global production provided by the International Copper Association (2023) was used.
- For semi-finished copper products mainly billets the value referring to copper cathodes remained unchanged. It should be noted that semi-finished products, such as pipes and wire, which are not made solely of copper, have lower associated CO2e emissions than cathodes.
- For other metals used, the emission factors reported by BAFA 2024 were considered, with values typically referring to primary consumption. For silver, the value provided by Aurubis was used. Although Aurubis is not the supplier, its secondary processes and utilisation rates are comparable to those of KME's supplier.
- For scrap, whose transport is already considered in the calculation of Scope 3 and the "preparation for recycling", if any, in the calculation of Scope 1 (activities that take place within the plant), no other associated emissions were considered.

For scrap (waste resulting from previous use, of high quality and generally classified as "end of waste"), in compliance with the GHG Protocol, the "cut-off approach" applies, according to which the emissions of a recycled material do not include those of the original production (attributable to the first user of the product that later became scrap), but only those associated with recycling and transport activities. Due to the characteristics of the scrap metal used, there are no sorting or treatment activitiesupstreamthecontribution to the KME plant and therefore the impact considered is only that of transport (included in Category 4), equal to 1,269 t CO2e, equivalent to 21.8 kg CO2e/t scrap.

Scope 3 Cat. 1: Purchased materials - Metallurgical production

Scope S cat. 111 archased materials - Metallargical production						
Metallurgical production	Т	tCO ₂ e	kgCO₂e/t	Source	calculated as	
wood packaging		1.220	270	Defra 2024	wood packaging	
Eco-Pallet, REUSED wood pack.	207	8	39	Defra 2024	Eco-Pallet reused	
Paper, cardboard, VIRGIN	633	756	1,194	Defra 2024	Paper, cardboard, VIRGIN	
Paper, cardboard, RECYCLED	80	87	1,092	Defra 2024	Paper, cardboard, RECYCLED	
Iron straping	97	278	2,855	Defra 2024	as steel cans	
plastic foils	135	392	2,910	Defra 2024	as "average plastic film"	
plastic straping	115	296	2,569	Defra 2024	plastic straping [as PP]	
other packaging	22	71	3,165	Defra 2024	as "average plastics"	
insulation and firebrick	817	714	873	BAFA 2024	[as firebricks]	
material into products (PVC, PE)	675	1,980	2,936	Defra 2024	as PVC	
Liq. Nitrogen 99.996%	12,283	2,457	200	BAFA 2024	Nitrogen liquid	

Scope 3 Cat. 1: Purchased materials - Metallurgical production

Metallurgical production	Т	tCO ₂ e	kgCO2e/t	Source	Calculated as
Oxygen, liquid	3,257	1,628	500	BAFA 2024	02
Oil and Grease (Virgin)	402	619	1,540	BAFA 2024	Olio lubrificante
Hydrogen 99.95%	38	97	2,530	BAFA 2024	Hydrogen
abrasiv garnet	170	119	700	BAFA 2024	Minerali generico
Rocksalt	73	20	270	BAFA 2024	Rocksalt (come NaCl)
Nutriox 45%	38	76	2,000	BAFA 2024	Inorganic compounds and basic chemicals (generic)
white lime hydrate	36	72	2.000	BAFA 2024	Inorganic compounds and basic chemicals (generic)
Liq. Argon	25	32	1.250	BAFA 2024	Argon
Propane	11	4	353	Defra 2024	WTT Propane
other Chemicals non-re- newable and not recycled	1.424	2,849	2,000	BAFA 2024	Inorganic compounds and basic chemicals (generic)
Other	177	354	2,000	BAFA 2024	Inorganic compounds and basic chemicals (generic)
Copper, others	29,193	115,751	3,965	ICA (2023) Copper environmental profile Global (reference year 2019)	
Copper Supplier 1	11,236	33,271	2,961	Data certified by the supplier	
Copper Supplier 2	11,314	16,518	1,460	Data certified	by the supplier
Copper Supplier 3	24	18	739	Data certified	by the supplier
Zinc	7,004	18,841	2,690	BAFA 2024	
Nickel	474	8,316	17,530	BAFA 2024	
Tin	92	957	10.380	BAFA 2024	
Aluminium	50	492	9,890	BAFA 2024	
Silver	0.430	86	200,000	Aurubis (2024 Silver and Au	1) Environmental Profile of Aurubis rubis Gold
Silicon	3	248	98,900	BAFA 2024	
Lead	15	20	1,350	BAFA 2024	
Semi-finished copper (as cathode)	15,868	62,915	3,965	ICA (2023) Copper environmental profile Global (reference year 2019)	
Scrap metal (purchased, net of tolling)	58,104	0	0		nsidered in Cat. 4 (total equal to equivalent to 21.8 kg CO2e/t
Total Materials	155,918	270,915			

DEFRA 2024: UK Government GHG Conversion Factors for Company Reporting https://assets.publishing.service.gov.uk/media/6722567487df31a87d8c497e/ghg-conversion-factors-2024-full_set__for_advanced_users__v1_1.xlsx

BAFA 2024: Informationsblatt CO2 Faktoren https://www.bafa.de/SharedDocs/Downloads/DE/Energie/eew_infoblatt_co2_faktoren_2024.pdf?__blob=publicationFile &v=4

Purchase of water from the public water supply network

The calculation of Scope 3 purchased goods and services includes emissions associated with the production of water withdrawn from the public water supply network and used in all KME sites. The withdrawals from the public water supply network account for only part of the total water used, which is characterised by a high rate of reuse.

Scope 3 Cat. 1: Purchased materials – Water from the public water supply network

Water	МЗ	tCO₂eq	kgCO₂e/mc	Fonte	
Water supply from public or private organization	343,509	53	0.15311	defra 2024 - water supply	
(e.g. Municipality)					

Perfumery production

In the perfumery sector, Culti purchases essences and packaging.

The rose extract, which was formulated as rose oil, was taken as representative of the essences.

Scope 3 Cat. 1: Purchased materials – Perfumery production

PERFUMERY	Т	tCO ₂ e	kgCO₂e/t	Source	calculated as
wood packaging (not for transport)	7.20	1.94	269.50	Defra 2024	wood packaging
Paper, cardboard, VIRGIN	33.03	39.44	1,193.97	Defra 2024	Paper, cardboard, VIRGIN
Aluminium packaging	0.86	7.87	9,106.92	Defra 2024	as aluminium cans
Plastic packaging	12.31	31.62	2,568.59	Defra 2024	as PP
Glass packaging	129.50	181.66	1,402.77	Defra 2024	Glass
Essences	19.72	3.94	200.00	Hamador, Pe- latan (2019)	rose oil
Total		266.47			

Hamador, Pelatan (2019): Assessing the Sustainability of Natural Ingredients with LCA; in Perfurmer & Flavorist, vol 44 n4, 2019 https://www.perfumerflavorist.com/fragrance/ingredients/article/21856943/assessing-the-sustainability-of-natural-ingredients-with-lca

The total for Category 1 of Scope 3 is calculated as follows	tCO ₂ e
Metallurgical Production	
Packaging	3,107
Process materials	11,036
Metals	257,433
Perfumery	
Packaging	263
Essences	4
Water	
Water from the public network	53
Total	271,896

Category 3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)

The activities include WTT (Well to Tank, i.e. upstream of combustion in the production process) emissions from fuels used and WTTemissions attributable to distribution losses and upstreamofenergy sources used in the purchased electricity production.

The Scope 1 emissions for fuel consumption are taken from WTT Fuels of DEFRA 2024; emissions related to distribution losses and WTT electricity are taken from Carbon Footprint Ltd's Greenhouse Gas Emissions Factors for International Grid Electricity (calculated from fuel mix).

WTT emission factors (Scope 3) for used fuels

Source	UOM	Emission factor	Conversion to GJ	Kg CO₂eq/GJ	
Natural Gas	kg CO₂e/Sm3	0.337	0.0343	9.8285114	
Extra light oil	kg CO₂e/I	0.611	0.0360	16.9683195	
Gasoline	kg CO₂e/I	0.581	0.0319	18.2039215	
Diesel	kg CO₂e/I	0.611	0.0360	16.9750514	
LPG (Propane)	kg CO2e/kg	0.349	0.0459	7.6104496	

Original emission factor from DEFRA 2024. Conversion into GJ based on energy content

WTT and T&D emission factors (Scope 3) from electricity consumption

Country	Factor Year	Fuel Mix Data Year	Estimated T&D- Date Year Factor (kg CO2e/kWh)	Estimated WTT Factor (kg CO2e/kWh	CO₂eq (g/kWh)
China	2024	2022	0.046360	(kg CO2e/kWh)	0.008378
France	2024	2022	0.006136	0.014944	0.001300
Germany	2024	2022	0.017748	0.076499	0.003573
Hong Kong	2024	2022	0.091469	0.119401	0.015761
Italy	2024	2022	0.022247	0.061051	0.004321
Netherlands	2024	2022	0.013028	0.061947	0.002612
Slovakia	2024	2022	0.008854	0.036758	0.001956
Spain	2024	2022	0.019353	0.034295	0.003665
United Kingdom	2024	2022	0.018332	0.047374	0.004187

Carbon Footprint Ltd's Greenhouse Gas Emissions Factors for International Grid Electricity (calculated from fuel mix)

Calculation of emissions from activities related to fuel and energy

		Quantity	T CO ₂ e	EF kg CO₂e	Source
Natural Gas	GJ	842,425	8,280	9.829	Defra 2024
Extra light oil	GJ	335	6	16.968	Defra 2024
GPL (Propane)	GJ	1,625	12	7.610	Defra 2024
Charcoal	t	103	12	120.000	BAFA 2024
Gasoline	GJ	1,493	27	18.204	Defra 2024
Diesel	GJ	23.093	392	16.975	Defra 2024
Electricity France	kWh	6,249,157	140	0.022	Carbon Footprint 2024
Electricity Germany	kWh	139,027,439	13,600	0,098	Carbon Footprint 2024
Electricity Hong Kong	kWh	8,489	2	0,227	Carbon Footprint 2024
Electricity Italy	kWh	69,030,844	6,048	0.088	Carbon Footprint 2024
Electricity Netherlands	kWh	31,405,822	2,437	0.078	Carbon Footprint 2024
Electricity Slovakia	kWh	61,979	3	0.048	Carbon Footprint 2024
Electricity Spain	kWh	77,629	4	0.057	Carbon Footprint 2024
UK Electricity	kWh	116,799	8	0.070	Carbon Footprint 2024
TOTAL			30,971		

Note: The emission factor is expressed in kgCO2e/GJ or kgCO2e/t or kgCO2e/tWh depending on the unit of measurement of the quantity.

Category 4 Upstream transportation and distribution

Metal supplies refer to the purchases (excluding tolling) of metals and scrap. KME is not involved in transportation activities (both upstreamand downstream), these are carried out by third-party transport companies. As a result, KME does not have detailed information. The origin-destination of upstreamtransport, where the site of origin of the material or scrap is unknown (mainly for metals from certain non-European countries), has been estimated assuming departure from the main production site of the supplier company in the country of origin.

For metals, the origins-destinations of 93% of supplies (by weight) were tracked. The value obtained was extrapolated to total metal supplies (copper, zinc and others).

For scrap, the origins-destinations of 74% (by weight) of scrap purchases were tracked. The values obtained were extrapolated to the total quantities purchased.

Scope 3 Cat. 4: CO2e emissions and t-km transported for primary metals and scrap (net of tolling)

		_	
	t	tCO ₂ e	t-km
PRIMARY METALS	59,405	6,321	235,147,381
SCRAP	58,104	1,269	16,542,489

The calculation of the methods of transport, distances (km) and associated emissions (tCO2e) was carried out using EcotransIT.world software.

https://emissioncalculator.ecotransit.world/

EcoTransIT was developed in 2000 bya consortium of European transport companies and research institutes. It is currently managed by EcoTransIT World Initiative (EWI), an organisation supported by various transport and logistics companies. The current version is maintained by IFEU (Institut für Energie- und

98 \parallel

Umweltforschung Heidelberg). EcoTransIT has been updated over the years to adapt to new technologies and emission calculation methodologies, in line with international standards such as the GHG Protocol and EN 16258.

The calculation of distances also takes into account – where necessary, e.g. in the case of transport by ship – unloading-reloading (road transport) and calculates transport by ferry in other cases.

Distances, vehicle fleet structure (cars, ships, etc.) and load factors are updated on an annual basis and consider average values for each country. The methodology is available at https://www.ecotransit.org/wp-content/uploads/20240308_Methodology_Report_Update_2024.pdf

Category 5 Waste generated in operations. From ES 5.5

For waste generated in operations, emissions are calculated using DEFRA 2024 factors. For operations classified as "other recovery operations", the same recycling factor was used, distinguishing between operations for construction waste and non-construction waste.

The total waste figure also includes the treatment of conveyed wastewater.

Recovery	t	tCO₂eq	kgCO₂e/t	Source
Hazardous waste				
Preparation for reuse	793	0	0.00	Defra 2024 - reuse
Recycling and other recovery operations (not construction waste)	1,297	8	6.41	Defra 2024 - recycling open loop per metals, plastics, residual waste
Recycling and other recovery operations (construction waste)	1,809	2	0.98	Defra 2024 - "average construction waste - recycling open loop"
Non hazardous waste		0		
Preparation for reuse	1,410	0	0.00	Defra 2024 - reuse
Recycling and other recovery operations (not construction waste)	3,206	21	6.41	Defra 2024 - recycling open loop per metals, plastics, residual waste
Recycling and other recovery operations (construction waste)	3,477	3	0.98	Defra 2024 - "average construction waste - recycling open loop"
Disposal				
Hazardous waste				
Incineration (with energy recovery)	50	0	6.41	Defra 2024 - generic per incineration
Incineration (without energy recovery)	250	2	6.41	Defra 2024 - generic per incineration
Landfilling	58	1	8.88	Defra 2024 - generic for non- biodegradable landfilling
Other disposal operations and not classified	2,784	25	8.88	Defra 2024 - generic for non- biodegradable landfilling
Non-hazardous waste		0		
Incineration (with energy recovery)	477	3	6.41	Defra 2024 - generic for incineration
Incineration (without energy recovery)	0	0		
Landfilling	90	45	497.00	Defra 2024 - landfilling residual waste (include biodegradabili)
Other disposal operations and not classified	325	3	8.88	Defra 2024 - generico per landfil- ling non biodegradabili
Incineration (without energy recovery)	477	3	6.41	Defra 2024 - generic per incineration
Incineration (without energy recovery)	0	0		
Landfilling	90	45	497.00	Defra 2024 - landfilling residual waste (include biodegradabili)
Other disposal operations and not classified	325	3	8.88	Defra 2024 - ggeneric for non- biodegradable landfilling
	mc		kgCO₂e/mc	
Wastewater treatment	70,223	13	0.19	Defra 2024 - water treatment
Total Waste		128		

100

Category 9 Downstream transportation and distribution

KME does not manage transportation to customers, which is carried out by third-party companies. Therefore, the actual methods of transport are not available.

The data was calculated based on company databases.

The handlingof 84%of goods was tracked, including intercompany exchanges. No significant duplication was found when compared with the data from Category 4. In addition to some of the transactions of other companies, AML, SC UK, SC SL, SC IT (tracked for a small portion) are not trackable at this time (i.e. destinations are missing).

There are 3,272 origins-destinations. The main routes were mapped and quantified, amounting to 248 different origins-destinations representing 57% of trackable goods handled. The remaining flows were allocated based on the average of the national distances tracked or allocated to the main route in quantitative terms. The non-trackable flows (16% by weight of the production value sold) were assigned an emission and travel value corresponding to the average of the tracked flows – a cautious approach considering that a significant portion of the non-trackable flows are local.

Origin	Т	CO₂e kg	t-km
Fornaci di Barga (KME-It)	38,616	2,163,380	31,944,705
Brescia (KME-it)	1,519	37,454	447,847
Mortara (SC-It)	234	1,807	19,105
Devecey (Rolled France)	4,203	138,641	1,647,988
Barcelona (Sc SP)	1,635	49,641	599,037
Serravalle Scriva (SCT)	7,250	251,620	3,740,887
Stolberg (KMD)	6,851	320,846	9,868,525
Zutphen (KMNL)	16,796	1,679,374	110,219,051
Osnabrück (KME Germany)	37,918	1,444,125	29,150,360
Niederbrueck (TMX N)	2,495	142,224	1,687,259
Hettstedt (KME Mansfeld)	48,252	2,671,738	86,647,138
KMCB Hettstedt (KMCB)	17,372	747,863	26,184,095
Givet (TMX G)	8,869	653,638	7,742,547
TOTAL TRACKED	192,010	10,302,350	309,898,543
TOTAL EXTRAPOLATED	229,836	12,331,916	370,948,656

The calculation of the distances and associated emissions was carried out using EcotranslT.world software. https://emissioncalculator.ecotransit.world/

EcoTransIT was developed in 2000 bya consortiumofEuropean transport companies and research institutes. It is currently managed by EcoTransIT World Initiative (EWI), an organisation supported by various transport and logistics companies. The current version is maintained by IFEU (Institut für Energie- und Umweltforschung Heidelberg). EcoTransIT has been updated over the years to adapt to new technologies and emission calculation methodologies, in line with international standards such as the GHG Protocol and EN 16258.

The calculation of distances also takes into account – where necessary, e.g. in the case of transport by ship – unloading-reloading (road transport) and calculates transport by ferry in other cases.

Distances, vehicle fleet structure (cars, ships, etc.) and load factors are updated on an annual basis and consider average values for each country. The methodology is available at https://www.ecotransit.org/wp-content/uploads/20240308_Methodology_Report_Update_2024.pdf

Category 7 Employee commuting

Data collected from the main plants shows that some of the employees live near the plant and commute on foot, by bicycle, by motorbike, by car sharing or by public transport. Some administrative personnel also work remotely. It is not currently possible to quantify the percentage of personnel who work remotely. While awaiting the collection of specific data via a questionnaire scheduled for administration in 2025, preliminary assumptions are being made to provide an initial estimate.

The estimate assumes that 80% of employees will commute an average distance (round trip) of 20 km using private cars. The composition of the vehicle fleet is weighted according to the national average by fuel type. The unit emissions are derived from DEFRA 2024 for the average car in each fuel category

Vehicle fleet composition

	Petrol	Diesel	Electric	Plug-in	Hybrid	Gas	LPG	other /unknown
Italy	43.30%	41%	0.50%		5.40%	2.30%	7.40%	
Germany	61.60%	28.80%	6 2.90%	1.90%	4.10%	0.20%	0.60%	
France	40.60%	50.70%	2.20%	1.50%	4.40%	0.70%	0.00%	
Spain	39.40%	54.20%	0.60%	0.80%	4.70%	0.10%	0.40%	
Netherlands	76.50%	8.40%	4.90%	3.00%	6.10%	0.10%	1.00%	
UK	57.20%	32.90%	2.90%	1.50%	5.40%	0.00%	0.00%	0.10%
Slovakia	49.30%	43.60%	0.30%	0.30%	2.80%	0.10%	1.90%	1.70%

Source: Acea 2025: Vehicles on European Roads

https://www.acea.auto/files/ACEA_Report_-_Vehicles_on_European_roads_2025.pdf

Emissions (kgCO2eq/km) by fuel type

	Petrol	Diesel	Electric	Plug-in	Hybrid	Gas	LPG	Unknown
Average car	0.1645	0.16984	0	0.0936	0.12607	0.17514	0.19718	0.16691

Source: DEFRA 2024 (data for passenger vehicles; type: average car)

CO2e emissions/km weighted for the composition of the car fleet

	Petrol	Diesel	Electric	Plug-in	Hybrid	Gas	LPG	Unknown	Total
Italy		0.0696	0.0000	0.0000	0.0068	0.0040	0.0146	0.0000	0.1663
Germany	0.1013	0.0489	0.0000	0.0018	0.0052	0.0004	0.0012	0.0000	0.1587
France		0.0861	0.0000	0.0014	0.0055	0.0012	0.0000	0.0000	0.1611
Spain		0.0921	0.0000	0.0007	0.0059	0.0002	0.0008	0.0000	0.1645
Netherlands	0.1258	0.0143	0.0000	0.0028	0.0077	0.0002	0.0020	0.0000	0.1528
UK		0.0559	0.0000	0.0014	0.0068	0.0000	0.0000	0.0002	0.1584
Slovakia		0.0741	0.0000	0.0003	0.0035	0.0002	0.0037	0.0028	0.1657

Calculation of CO2e emissions from

	Tot employees	Days worked per year	Km/day	Average km tra- velled per year at 80%	kgCO₂/km	kg CO₂e per year
Italy	942	200	20	3,014,400	0.16629	501,265
Germany	1,851	200	20	5,923,200	0.15873	940,169
France	150	200	20	480,000	0.16107	77,315
Spain	18	200	20	57,600	0.16450	9,475
Netherlands	210	200	20	672,000	0.15275	102,651
UK	21	200	20	67,200	0.15835	10,641
Slovakia	17	200	20	54,400	0.16572	9,015
						1,650,532

100

Annex: calculation of energy conversion factors

The energy value (GJ/Sm3 or GJ/l or GJ/kg) is not usually reported directly by the main source used for climate change factors, and therefore the implicit energy value was calculated from the data in tCO₂/TJ and the data in tCO₂/t or 1000 Sm3. Where the data collected – such as petrol and diesel (automotive or heating) – were expressed in litres, a conversion factor based on the specific weight of the liquids was applied. This data was taken from the updated FIRE (Federazione italiana per l'uso razionale dell'energia, Italian Federation for the Rational Use of Energy) tables.

The gas conversion factor (natural gas 2021) is derived from Ispra 2023: National Inventory Report 2023 (table A6.1). The value in GJ/Sm3 is obtained from 2006 (tCO2/103 standard cubic metres)/58504 (tCO2/TJ) = 0.0343 GJ/Sm3. To four decimal places, the value is also equal to the natural gas figure for 2022 = 2020/58918 = 0.0343 GJ/Sm3, as can be inferred from the 2024 version of the NIR.

The conversion factor for petrol is derived from Ispra 2023: National Inventory Report 2023 (table A6.2; same values in NIR 2024). For petrol (experimental averages 2017-2020), the value in GJ/kg is derived from: $3,152 (tCO_2/t)/73,081 (tCO_2/tJ) = 0.0431 GJ/kg$

The diesel conversion factor is derived from Ispra 2023: National Inventory Report 2023 (table A6.2; same values in NIR 2024). For diesel (gas oil engines, experimental averages 2017-2020) the value of GJ/kg is derived from: 3150 (tCO2/t)/73510 (tCO2/TJ) = 0.0429 GJ/kg.

The heating gas oil (extra light oil) conversion factor is derived from Ispra 2023: National Inventory Report 2023 (table A6.2; same values in NIR 2024). For extra-light oil (gas oil heating, experimental averages 2017-2020), the GJ/kg value is derived from: 3169 (tCO₂/t)/73927 (tCO₂/TJ) = 0.0429 GJ/kg.

The LPG conversion factor, sometimes (improperly) called propane, is derived from Ispra 2023: National Inventory Report 2023(table A6.2; samevalues inNIR 2024).ForLPG(LPGexperimental averages 2017-2020),thevalueofGJ/kgis derived from: 3026 (tCO2/t)/65984 (tCO2/TJ) = 0.0459.

The value shown in the "national standard parameters table" i s 45.858 GJ/t (=0.0459 GJ/kg) https://www.ets.minambiente.it/Download/225/Tabella_coefficienti_standard_nazionali_2020-2022_v1.pdf

Data for petrol, diesel and extra-light oil are collected using litres as the unit of measurement. The energy factor (GJ/I) was derived from the conversion between litres and kg.

For petrol and diesel, the density conversion factor from litre to kg is 0.74 kg/l and 0.84 kg/l respectively, as reported in the 2023 conversion tables of FIRE Italia (see notes 1 and 4 of the table).

ttps://fire-italia.org/wp-content/uploads/2023/04/2023-01-Tabelle-contabilita-vuote.xlsx

Compared to the previous year, the value for petrol has changed with this update (from 0.75 kg/l to 0.74 kg/l). For extra-light oil (definition used in Germany, but equivalent to heating gas oil), the same conversion factor as for diesel was used (FIRE Italia does not distinguish between automotive and heating use, and other databases also report the same density). For charcoal, which is also used for energy production in Germany, the energy content is taken from the table of "national standard parameters", which indicates a value of 0.705 toe/t; when converted into GJ (1 toe = 41.868 GJ) this corresponds to 0.705*41.868 = 29.51694, rounded to 29.52 GJ/t. A similar value (but indicated with only one decimal place, 29.5) can be found on page 25 of the European Commission document "Guidance Document. Biomass issues in the EU ETS. MRR Guidance document No. 3".

On this basis, the conversion shown in the following table is obtained:

	tCO ₂ /TJ	tCO ₂ /1000 Sm3	GJ/Sm3	
Natural gas	58918	2020	0.0343	

	tCO ₂ /TJ	tCO ₂ /t	GJ/kg	kg/l	GJ/I	
Diesel	73510	3150	0.0429	0.84	0.0360	
Petrol	73081	3152	0.0431	0.74	0.0319	
Extra light oil	73927	3169	0.0429	0.84	0.0360	
LPG	65984	3026	0.0459			
			GJ/t			
Charcoal			29.52			

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED SUSTAINABILITY REPORT PURSUANT TO ARTICLE 14-BIS OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of KME Group S.p.A.

Conclusion

Pursuant to Arts. 8 and 18, paragraph 1, of Legislative Decree no. 125 of September 6, 2024 (hereinafter also the "Decree"), we have carried out a limited assurance engagement on the consolidated sustainability report of the KME Group (hereinafter also the "Group") for the year ended on December 31, 2024, prepared pursuant to Art. 4 of the Decree, included in the specific section of the report on operations.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability report of the KME Group for the year ended on December 31, 2024 is not prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to the Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS");
- the information included in the paragraph "Information pursuant to Regulation (EU) 2020/852 on taxonomy" of the consolidated sustainability report is not prepared, in all material respects, in accordance with Art. 8 of Regulation (EU) No. 852 of June 18, 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted the limited assurance engagement in accordance with the assurance standard of the sustainability report - "Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia)". The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained had we performed a reasonable assurance engagement.

Our responsibilities pursuant to that standard are further described in the paragraph *Auditor's* responsibilities for the limited assurance of the consolidated sustainability report of this report.

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We are independent in accordance with the independence and other ethical requirements applicable under Italian law to the limited assurance engagement of the consolidated sustainability report.

Our firm applies International Standard on Quality Management (ISQM Italia) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

The comparative information for the year ended on 31 December 2023 presented in the consolidated sustainability report in the paragraph "Information pursuant to Regulation (EU) 2020/852 on taxonomy" has not been verified.

Responsibility of the Directors and the Board of Statutory Auditors of KME Group S.p.A. for the consolidated sustainability report

The Directors are responsible for developing and implementing the procedures performed to identify the information reported in the consolidated sustainability report in accordance with the ESRS (hereinafter the "double materiality assessment process") and for disclosing this process in the paragraph "Double materiality analysis (IRO-1)" of the consolidated sustainability report.

The Directors are also responsible for the preparation of the consolidated sustainability report, which includes the information identified as part of the double materiality assessment process, in accordance with the requirements of Art. 4 of the Decree, including:

- compliance with ESRS;
- compliance of the information included in the paragraph "Information pursuant to Regulation (EU) 2020/852 on taxonomy" with Art. 8 of the Taxonomy Regulation.

Such responsibility involves designing, implementing and maintaining, within the terms established by the law, such internal control that the Directors determine necessary to enable the preparation of the consolidated sustainability report in accordance with the requirements of the Art. 4 of the Decree that is free from material misstatements, whether due to fraud or error. Furthermore, the abovementioned responsibility involves the selection and application of appropriate methods in elaborating information and making assumptions and estimates about specific sustainability information that are reasonable in the circumstances.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.



Inherent limitations in the preparation of the consolidated sustainability report

In reporting forward looking information in accordance with ESRS, the Directors are required to prepare the forward looking information on the basis of assumptions, as described in the consolidated sustainability report, regarding events that may occur in the future and possible future actions of the Group.

Due to the inherent uncertainty regarding any future event, including whether these events will take place and their extent and timing, the variances between actual outcomes and forward looking information could be significant.

The information provided by the Group regarding Scope 3 emissions is subject to greater inherent limitations compared to those related to Scope 1 and 2 emissions. This is due to the lower availability and relative accuracy of the data used to define the information on Scope 3 emissions, both quantitative and qualitative, in relation to the value chain.

Auditor's responsibilities for the limited assurance of the consolidated sustainability report

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability report is free from material misstatements, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could influence the decisions of users taken on the basis of consolidated sustainability report.

As part of the limited assurance engagement in accordance with the Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia), we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify and assess the disclosure where a material misstatement is likely to arise, either due to fraud or error;
- designing and performing procedures to verify disclosures in the sustainability statement where
 material misstatements are likely to arise. The risk of not detecting a material misstatement
 due to fraud is higher than the risk of not identifying a material misstatement due to error, as
 fraud may involve collusion, falsifications, intentional omissions, misrepresentations, or the
 override of internal control;
- the direction, supervision and performance of the limited assurance engagement of the consolidated sustainability report. We remain solely responsible for the conclusion on the consolidated sustainability report.

Deloitte.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence as the basis for expressing our conclusion.

The procedures performed on the consolidated sustainability report are based on our professional judgement and included inquiries, primarily with the personnel of the Group responsible for the preparation of information included in the consolidated sustainability report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we performed the following main procedures partly in a preliminary phase before year end and then in a final phase up to the date of issuance of this report:

- understanding the business model, the Group's strategies and the context in which the Group operates with reference to sustainability matters;
- understanding the processes underlying the generation, collection, and management of
 qualitative and quantitative information included in the consolidated sustainability report,
 including an analysis of the reporting perimeter;
- understanding the process carried out by the Group for the identification and evaluation of material impacts, risks and opportunities, based on the principle of double materiality, with reference to sustainability matters;
- identification of the information where a risk of material misstatement is likely to arise, taking
 into considerations, among others, risk factors related to the generation and collection of the
 information, to the estimates and to the complexity of the related calculation methods, as well
 as qualitative and quantitative factors related to the nature of such information;
- design and performance of procedures, based on the professional judgment of the auditor of the consolidated sustainability report, to respond to identified risks of material misstatement also with the support of Deloitte specialists, with reference to specific environmental information;
- understanding of the process set up by the Group to identify eligible economic activities and determine their aligned nature according to the requirements of the Taxonomy Regulation, and verifying the related information included in the consolidated sustainability report;
- comparison of the information reported in the consolidated sustainability report with the
 information included in the consolidated financial statements pursuant to the applicable
 financial reporting framework, or with the accounting data used for the preparation of the
 financial statements, or with the management data accounting in nature;

- verification of the structure and presentation of the information included in the consolidated sustainability report in accordance with ESRS, including the information related to the materiality assessment process;
- obtaining the representation letter.

DELOITTE & TOUCHE S.p.A.,

Signed by **Luca Franchino** Partner

Milan, Italy 24 April 2025

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.