

—SUSTAINABILITY

REPORT



2023—



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# INTRODUCTION

— "WITH CRONIMET,  
I WANT TO CREATE A  
PLACE WHERE TOGETHER  
WE CAN JOYFULLY MAKE  
A FAIRER AND A MORE  
SUSTAINABLE LIFE  
POSSIBLE FOR ALL!" —

JÜRGEN PILARSKY  
CEO

# ABOUT THIS REPORT

GRI 2-3, GRI 2-5, GRI 2-14, ESRS 2 GOV-1

We are pleased to introduce you to our newest Sustainability Report, which covers CRONIMET's activities from 01/01/2023 to 12/31/2023. From this year onwards, the report will be published on a yearly basis. Complementary notes on the scope of the publication and reinstatements of information can be found on [page 65](#).

— As in previous reports, we referred our process to the Global Reporting Initiative (GRI) framework. We based our analysis and selection of topics on a double materiality approach, with an additional assessment of impacts, risks, and opportunities integrated into the stakeholders' consultation. You can learn more about our materiality studies on [page 33](#).

As part of our approach, we have taken our first steps in preparing for our future mandatory compliance with the European Sustainability Reporting Standards (ESRS), set for 2026 in relation to our 2025 operations. Therefore, we have started disclosing some information related to these requirements, although partial or incomplete, and somewhat correlated with the GRI disclosures. To facilitate comprehension on how they connect to each other, we prepared an adapted index available on [page 68](#).

This publication has undergone a rigorous review and approval process supervised by our Management Board. This process included a thorough analysis and proper addressing of comments, based on the material topics also previously approved by the highest governance body. Although we have not submitted the report for verification with an external certificate, we plan to conduct an ESRS Readiness Check based on its content.



## FOR MORE INFORMATION

about the report or the strategy and management of sustainability and ESG aspects, please contact the Sustainability Management team at [SustainabilityManagement@cronimet.de](mailto:SustainabilityManagement@cronimet.de).



# MESSAGE FROM THE CEO

GRI 2-22, ESRS 2 SBM-1

Dear friends,

It is already widely known that we are all living in highly uncertain times. After an unprecedented global health crisis, the rise of worrisome regional conflicts brought additional distress to the worldwide economy, resulting in higher inflation and accompanying high interest rates. Meanwhile, we face the consequences of the development model humanity chose to prosper from, with unequal conditions preventing many people from having a fulfilling livelihood, and the accelerated changing of the climate conditions that make life the way we know it possible on our planet.

However, at CRONIMET, we weather these turbulent times by using them to come closer to one another and broaden our horizons. Our trusting partnership and cooperation with our customers and suppliers, coupled with the flexibility and professionalism of our employees, have allowed us to not only tackle these challenges but also build our strength. In 2023, despite a decline in turnover due to raw material prices, our operating result grew compared to 2022. The outlook for 2024 is positive, however, on a lower level of profitability than 2023.

Since I took over as the majority shareholder of CRONIMET about three years ago, I have been expressing my vision to create a place where we can make a fairer and more sustainable life possible for all. We strive to build trust, motivate and learn from each other, and cultivate our passion for working towards a circular economy. My family values are based on reliability and togetherness. As a company, we will continue to act on this base, combining tradition with open-mindedness. This approach gives us strength, stability, and flexibility to deal with current and future challenges.



Throughout the years, we have further solidified our market position as the world's leading specialist in stainless steel recycling. At the same time, we are continually increasing the contribution of our other business activities to the Group's results. With our dedication and expertise, we are working on developing a circular economy that increases resource conservation by maximizing the share of recyclable materials.

In 2023, we further extended our strategic partnership with our customer Outokumpu, thus intensifying our cooperation with the aim of optimizing the raw material cycle and using regionally processed scrap for the production of stainless steel in Europe. In addition, we established a new company for battery recycling, Revomet, and we directed efforts to start producing ferrotitanium (FeTi) from scrap in Brazil. We are encountering increasingly complex material compositions that challenge us to

develop further and steadily increase the share of recyclable metals while exploring intelligent ways to repurpose waste from this process.

At CRONIMET, sustainability is a guiding principle for shaping this new circular world. It has always been at the core of what we do—buying scrap and feeding it back into the economy. Nonetheless, in 2023, we pursued a clearer picture of our position and aspirations, leading to a commitment in all dimensions. Our climate strategy, for example, is being developed further after we decided to adhere to the science-based net-zero standards as part of our commitment to the SBTi, thus in alignment with our support for the “Business Ambition for 1.5°C” campaign sponsored by the UN Global Compact.

Moreover, we improved our governance by appointing new positions within our Management Board, reinforcing our sustainability team,

mapping our carbon emissions in scope 3 for the first time, and making voluntary advances to anticipate our supply chain compliance with the EU directives. Most importantly, we are developing joint solutions for anchoring sustainability through constructive dialog with our customers and suppliers, supported by a corporate culture that reflects our leadership principles in a unique way of collaborating while doing business. Hence, a skilled and committed workforce has a fundamental role in this regard, and we are diligently stepping up on strategies to attract, train, and retain the right people to achieve our goals, including efforts to overcome obstacles and integrate more women in an industry where old stereotypes still prevail.

Despite the forecast of continuing uncertainties in our broader operating scenario in the near future, we are constantly working on expanding our competencies around our core business, which puts us in a favorable position to consolidate our stance further and achieve profitable growth with a commitment to a sustainable approach in all dimensions of life. I look forward to sharing with you what we are learning and accomplishing throughout this journey.

Sincerely,

**Jürgen Pilarsky, CEO**



**"WE ARE DEVELOPING JOINT SOLUTIONS THROUGH CONSTRUCTIVE DIALOG WITH OUR CUSTOMERS AND SUPPLIERS."**

# ABOUT US

The CRONIMET Holding GmbH, known as CRONIMET Group, is a global specialist in stainless steel scrap and ferroalloys. We recycle metallic raw materials back into the economy, using the latest technical and digital solutions to safeguard the quality and efficiency of the processed materials.

— We are a limited liability company headquartered at Südbeckenstraße 22, 76189 Karlsruhe, Germany. The Group included 49 subsidiaries at the end of 2023, operating at about 70 locations on six continents. The entities within in the scope of this report operate in Australia, Brazil, Czech Republic, Estonia, Finland, France, Germany,

Great Britain, Italy, Latvia, Netherlands, Poland, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, and the USA. **GRI 2-1**

Founded in 1980 by Günter Pilarsky, we are a 100% family-owned business with fast decision-making processes and a solid financial structure. Our actions are guided by the commitment to sustainability at the core of our business model. This focus and our partnership-based approach have helped us attain and strengthen our position as the global market leader in stainless steel recycling. Our success results from the dedication of our highly experienced management team and our exceptionally skilled employees.

— **WE ARE PASSIONATE ABOUT WORKING TOWARD A CIRCULAR ECONOMY TO ENABLE A FAIR AND SUSTAINABLE LIFE.** —

## OUR VALUES



### ENTREPRENEURSHIP

We think and act entrepreneurially.



### LEARNING

We continuously develop as a learning company.



### RESPECT

We treat others the way we want to be treated.



### PARTNERSHIP

We are the most important contact for our business partners.



### RESPONSIBILITY

We are aware of our social and environmental responsibility.

# OUR RECENT SUSTAINABILITY JOURNEY



## 2018

— Nominating a project team to coordinate CSR activities within the CRONIMET Group.



## 2019

— Start of our investments in Santa Catarina/Brazil to produce green ferroalloys.



## 2020

— Starting to develop a groupwide sustainability strategy and to create a reporting process.



## 2021

— Integrating Sustainability Foundation in our Targets 2025.  
— Investments in solar energy and e-mobility.



## 2022

— Introduction of first battery-powered excavator in scrap yard operations.  
— Creation of a dedicated Sustainability Management department within CRONIMET Holding and increase in headcount afterwards.  
— Publication of a first groupwide Sustainability Report in accordance with GRI related to the year 2021.



## 2023

— Founding of Revomet GmbH. Entry into the new business area of battery recycling.  
— Commitment to the SBTi net-zero standards to reduce GHG emissions.  
— EcoVadis Silver for CRONIMET Ferroleq. GmbH and CRONIMET Brasil Ltda., as well as EcoVadis Bronze for CRONIMET Holding GmbH.  
— Joining Outokumpu’s “Inner Circle Initiative”.  
— First accounting of Scope 3 emissions across Group.



# OUR PORTFOLIO

Our main business activity comprises trading, treating, and reworking alloy waste material, and trading in ferrous alloys, metals, and stainless steel. We operate in two major business divisions: Recycling and Raw Materials & Processing. Around 70% of our revenue comes from stainless steel—with another 20% generated from special alloys and 10% from raw materials and processing.

## — STAINLESS STEEL

We recycle all types and forms of stainless steel scrap. Our portfolio includes chromium, nickel, molybdenum scrap, and other stainless steel alloys.

## — PRIMARIES AND PURE METAL SCRAP

Our pure metals are optimally adapted to our customers' products and applications. In our laboratory, with state-of-the-art analysis technology, we ensure that the pure metals meet the specifications for composition, degree of purity, shape, and packaging.

## — SPECIALTY METALS

As a system provider, both as a supplier and a customer, we operate sorted separation, remove contaminants, generate analyses, and prepare specialty metals (solids, turnings, or soft scrap) for direct use in melting shops, vacuum steelworks, or foundries.

## — BATTERY RECYCLING

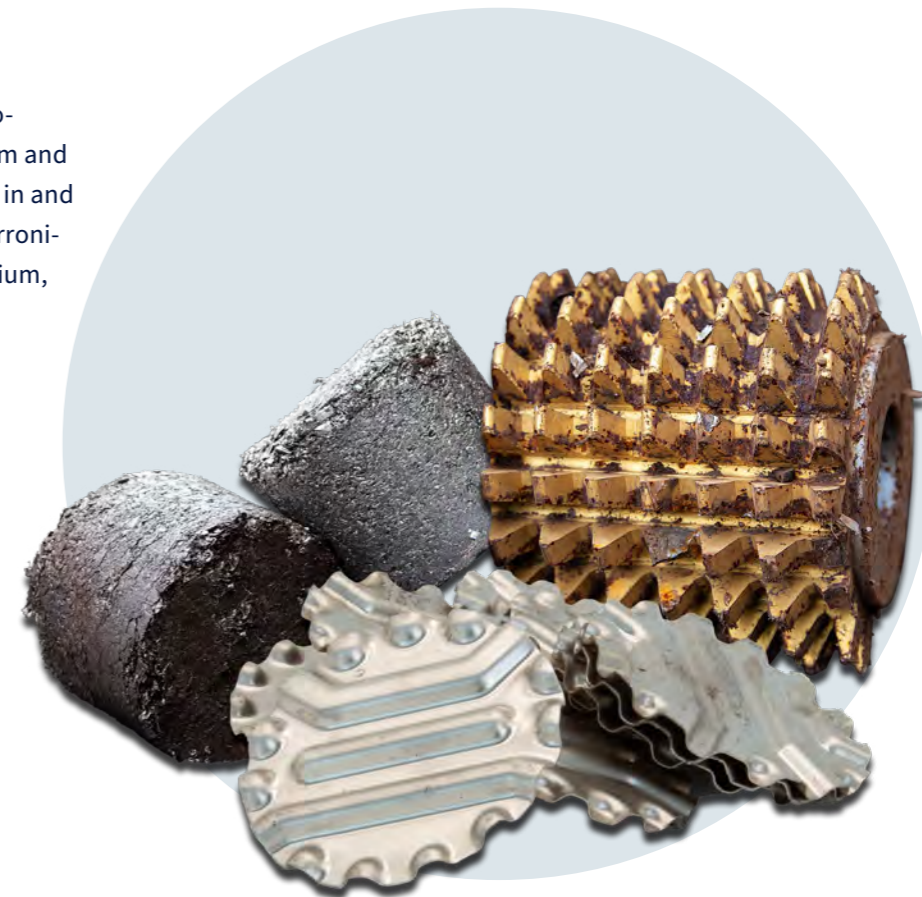
Our newly established subsidiary Revomet GmbH is transferring the CRONIMET know-how to the battery sector where we are enabling circularity through the recycling of critical raw materials from battery scrap.

## — FERROALLOYS

In addition to our secondary raw materials, we offer ferroalloys produced in-house (ferromolybdenum and ferrotungsten). Besides, we trade in and partly process ferrochromium, ferroniobium, ferrotitanium, ferrovanadium, ferro zirconium, and ferroboron.

## — FERROUS AND NON-FERROUS METAL SCRAP

To be an all-around supplier, our portfolio includes ferrous and non-ferrous metals. These are accepted and offered at individual CRONIMET locations. With this extension, we achieve worldwide recycling of raw materials that would otherwise not be returned to the production cycle.



# FACTS & FIGURES 2023

**100%**  
FAMILY-OWNED



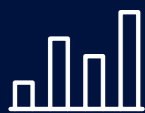
**1,428**  
EMPLOYEES  
in companies within the scope of this report



**18.33**  
LTIFR (1,000,000 HRS)



**18,626** TCO<sub>2</sub>E  
GHG EMISSIONS  
SCOPES 1 & 2 (MARKET-BASED)



**9.7** KGCO<sub>2</sub>E  
PER TON SOLD  
EMISSIONS INTENSITY



**15%**  
TOTAL SCOPES 1 & 2 REDUCTION  
SINCE BASE YEAR



**0.8%**  
of emissions across  
value chain from our  
own operations



**3 bi €**  
IN REVENUES

**93.3 mi €**  
IN OPERATING RESULTS



**#1**  
IN  
STAINLESS  
STEEL  
RECYCLING

**54**  
YARDS  
that handle material



**38%**  
REDUCTION  
in emissions for scope  
2 with the transition to  
renewable energy sources

— 44% OF THE ELECTRICITY WE PURCHASE IS  
ALREADY GREEN. IN 2021, IT WAS 5% —

**RECYCLED**



**97.6%**  
of the purchased  
materials are  
recycled



**1.9 million**  
TONS OF MATERIAL SOLD



**280,694 GJ**  
TOTAL ENERGY CONSUMED  
WITHIN THE ORGANIZATION

# OUR GOVERNANCE

GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-17, GRI 2-29, ESRS G1 GOV-1, ESRS 2 SMB-2; ESRS S1-1; S1-2; S2-1; S2-2, ESRS 2 GOV 1, GOV-2, SBM-2

**The highest governance structure within CRONIMET is our Management Board, which is supported by various functions, including Compliance, Internal Control System (ICS), and Risk Management. The Management Board receives advice internally from the Strategic Management Advisory Board (SMAB), established in 2023, and externally from an Advisory Board (Beirat), composed of industry experts and established in 2009.**

— The Management Board oversees all topics related to our impacts on the economy, the environment, and the people. In 2023, its composition included two male members, Jürgen Pilarsky (CEO and majority shareholder) and Bernhard Kunsmann (CFO), and one female member, Annette Gartner (CIO/CHRO). As of 2024, it has been extended by two men, but maintaining the commitment to always include at least one woman on the Board. Regarding the age distribution, all members were over 50 years old in 2023, but this number decreased with the appointment of new members from 2024.

GRI 405-1, ESRS 2 GOV-1, ESRS S1 S1-6, S1-9, S1-12

All members of the Management Board also hold other positions within CRONIMET and, in some cases, in other organizations. This accumulation of functions is due to the company being family-owned.

The members possess key skills crucial for overseeing impacts, including expertise in supply chain management with a focus on environmental sustainability, finance, human resources, IT, and extensive experience in the scrap business. Although we have not established a formal process for nominating and selecting advisors, the Management Board, together with senior management, conducts regular strategy reviews to ensure that we are set up for the upcoming challenges. If a skill gap is identified within the governance body, measures are taken to close it.



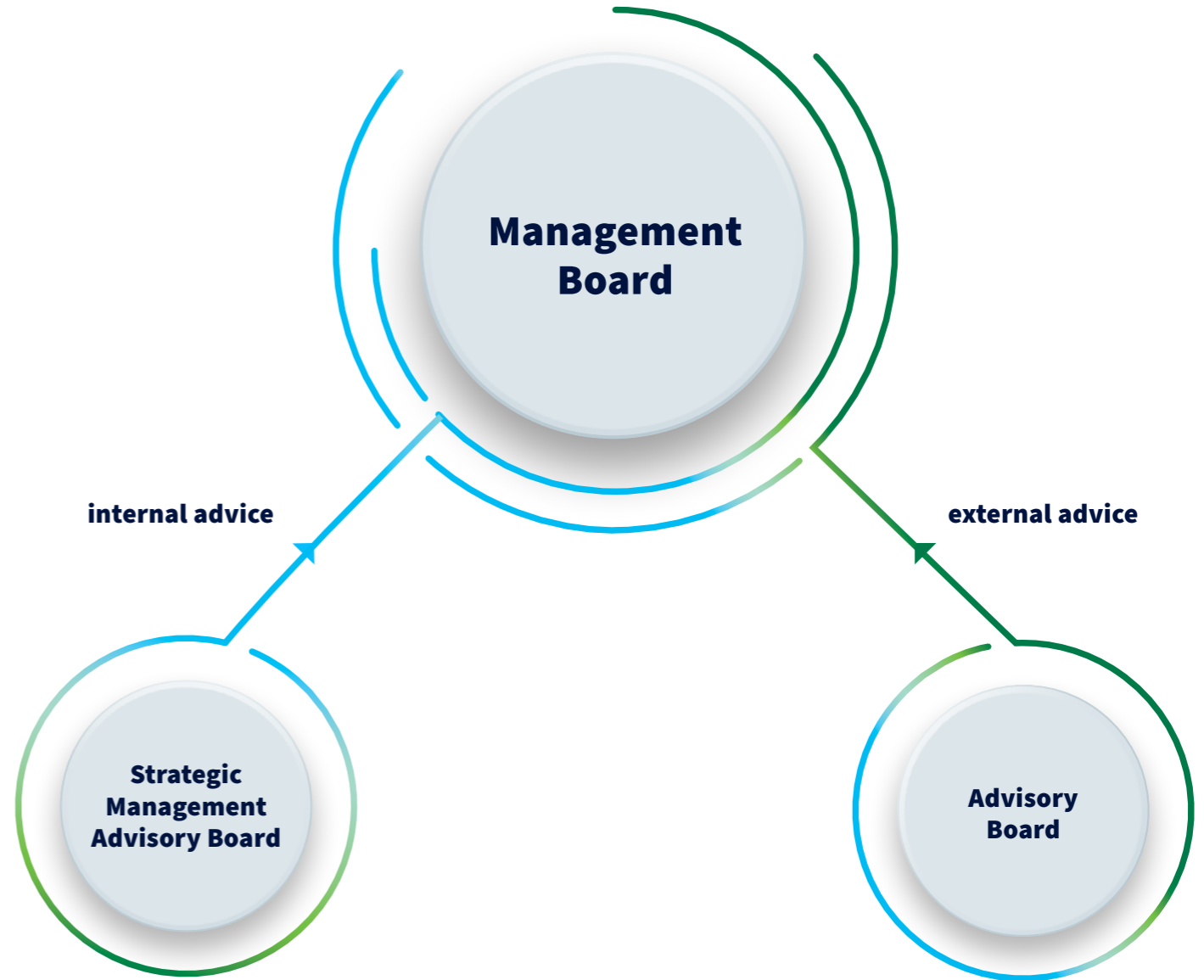
To expand the knowledge on sustainable development at the governance level, CRONIMET has promoted two additional colleagues to the Management Board, adding in-depth operational (COO) and technical (CTO) expertise for the strategic analyses as of January 1, 2024. The Board engages in continuous exchange with key internal and external stakeholders, and it is actively involved in industry associations and participates in industry, financial, HR, and sustainability-related conventions.

More broadly, CRONIMET regularly engages with business partners, customers, employees and other workers, local communities, NGOs, shareholders, suppliers, banks, legislators and author-

ities, public and local communities, associations and scientific partners, media and nature/environment protection groups. The purposes are to identify actual and potential impacts, build lasting relationships, understand needs and expectations, improve decision-making, manage risks and opportunities, build a reputation and brand image, promote sustainability, resolve conflicts, and foster innovation.

We strive to ensure a meaningful engagement by maintaining open and transparent communication, practicing active listening, offering training and awareness, publishing sustainability reports, and developing long-term relationships with a strong focus on personal conversation and direct contact.

**— OUR MANAGEMENT BOARD POSSESSES CRUCIAL SKILLS FOR OVERSEEING IMPACTS, INCLUDING EXPERTISE IN SUPPLY CHAIN. —**



# OUR VALUE CHAIN

GRI 2-6, ESRS 2 SBM-1

The CRONIMET Group operates in the recycling sector. Our portfolio includes stainless steel and metal scrap, special alloys, and super alloys, with material blends according to customer requirements and melted directly by industrial companies. Analyses and modern technologies play a significant role in preparing materials for direct use in steel mills, foundries, and vacuum smelters. We also produce ferroalloys, recycle slurries and sludge, and trade metals.

— Our recycling products include stainless steel, super and special alloys, high-speed and tool steel, titanium, carbides, engine destruction, and industrial sludge processing. We also produce ferromolybdenum, ferrotungsten, and metal powder for powder metallurgy. We acknowledge that we sell products subject to public concern or debate, such as tungsten, which is considered a conflict material. Hence, CRONIMET Brasil, which produces ferrotungsten, has set up processes and policies following the Responsible Mineral Initiative (RMI) and EU regulations to address these concerns (see more on [page 60](#)).

As for our services, the portfolio includes analytics, documented dismantling of serialized aircraft components, crushing, briquetting, integrated steel mill services, and storage and transport logistics.

Within our value chain, we ensure that metallic raw materials are preserved through recycling and then returned to the cycle. The demand for stainless steel remains high due to its wide range of consumer goods, vehicles, infrastructure, and industrial machinery applications.

— **RECYCLING AVOIDS THE ESG IMPACTS OF MINING SCARCE RAW MATERIALS.** —



The raw materials needed to produce stainless steel, such as chromium, molybdenum, and titanium, are in short supply, and mining these materials incurs high costs for both people and the environment. Therefore, it is crucial to close the material cycle through recycling.

To sustainably serve the economy's requirements, we rely on our global network and expertise in analyzing, purchasing, and processing secondary metallic raw materials. We employ well-defined processes and customized IT solutions, utilizing mobile X-ray fluorescence spectrometers to determine the chemical composition of materials at the incoming goods stage and to identify alloys. The results are transferred directly to the ERP system using a specialized app developed by CRONIMET. Materials are further analyzed in our laboratories for more precise information using methods

like laser-induced plasma spectroscopy and optical emission spectroscopy. This procedure allows for optimal consideration of single-variety batches when compiling and calculating the material mix.

Furthermore, we have been developing new business areas, building on our core metal recycling business. They include, for example, the processing of metal sludge, powder, and dust from the metal and oil industries by the subsidiary CRONIMET Envirotec GmbH in Bitterfeld, Germany, or the processing of a tungsten stockpile with approximately 12 million tons of ore tailings from a closed mine in Australia via a joint venture. We also engaged in the recycling of cobalt and nickel for the production of batteries for electric vehicles and exploring the potential of other segments, such as healthcare recycling (see [page 49](#)).

## — WE ARE ADVANCING IN NEW RECYCLING CAPABILITIES FOR THE PRODUCTION OF BATTERIES FOR ELECTRIC VEHICLES. —



### ENGAGED

in the recycling of cobalt and nickel for the production of batteries for electric vehicles.



### WE ENSURE

that metallic raw materials are preserved through recycling and then returned to the cycle.

## ADDED VALUE THROUGH EXPERTISE AND PARTNERSHIPS



### PURCHASING

Access to a wide network for stainless steel scrap  
Negotiations with dealers and companies



### RECEIPT OF GOODS

Logistical implementation of order processing  
Verification of quantities and radioactivity of incoming goods



### SEPARATING

Separating the delivered scrap according to the type of material  
Visual and haptic testing of the materials



### ANALYSIS

Chemical composition and material density testing  
Visual and haptic testing of contaminations, adhesions



### STORAGE

Storage of different types of materials



### BLENDING

Introduction of low-cost grades into the recycling circuit  
Quantitative increase in the quantity offered to steel mills



### SALES & SERVICE

Logistical expertise and infrastructural connectivity  
Supplying steel mills and foundries

# INNOVATION

**As a certified waste management company, we are able to produce secondary raw materials for reuse from many hazardous wastes through our subsidiary CRONIMET Envirotec.**

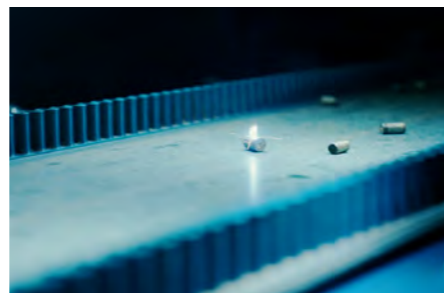
— We offer, for example, an innovative treatment of oil and metal-containing waste sludge. Our vacuum distillation allows an environmentally friendly separation of substances without chemical modification. Contaminants are removed without leaving any residues—while maintaining a high product quality. We retrieve oil from drilling mud for the oil and gas industry, keeping its chemical structure to be reused several times for the drilling process. We also separate saturated catalysts from oils and other contaminants from the industrial sludge of petroleum refineries and chemical plants to reuse the recycled materials. As for the metal industry, we recycle sludge, which results in an economical and sustainable resource alternative. Moreover, our briquetting technology returns metal waste powder into the production cycle.

## OTHER EXAMPLES OF OUR APPROACH TO EXPLORING NEW WAYS OF ADDRESSING WASTE ARE:



### — IMPROVING SOLVENTS

High performance alloy turnings must be cleaned before returning to the material cycle. We are constantly working to use safe, more environmentally friendly alternatives. Our subsidiary Metalloy has been testing a new concept that makes it possible to use environmentally friendly and largely safe detergents—and to do so in compact systems. Furthermore, the water required for the process is recycled. Tests with various wash solutions have even exceeded the quality of the old washing systems.



### — SORTING PRECISELY

The technical term ‘laser-induced-breakdown spectroscopy’ is considered a quantum leap in metal recycling. In the past, recycling valuable special alloys with a high content of critical raw materials such as tungsten, cobalt, or titanium was extraordinarily laborious and, therefore, not cost-effective. Thanks to our laser-technology-based sorting system, we can precisely determine scrap types within seconds. The system identifies more than ten alloys of high-speed steel (HSS) and several alloys of titanium and uses robotics to separate them into up to six fractions. This technology makes recycling more accurate, quicker, reliable, and cost-effective.



### — PROCESSING SLAG

The production of ferromolybdenum (FeMo) and ferrotungsten (FeW) in Brazil generates a large amount of slag, approximately 500 tons per month. But this is not a waste for us; it is the starting point for further processing. It is possible to recover up to 1.5% of the metal during the processing of the slag, which returns to the production process, and the rest of the reprocessed slag is reused as concrete aggregate or in road construction. Since the technology was developed, the entire amount of slag that was destined for industrial landfills is now being reused as raw materials for other purposes, making the ferroalloy production process more economical and sustainable. Our goal is to achieve a 100% waste-free process.

# AWARDS & RECOGNITIONS

**Our successful certification track record shows that we are evolving as a company, focusing on excellence and quality while actively pursuing more sustainable approaches. We endeavor to make the best possible use of opportunities and search for best practices. We will continue to strive to optimize our processes to comply with or exceed the expectations of our stakeholders and business partners.**

— CRONIMET’s certification rollout strategy focuses on our scrap yards. In 2023, CRONIMET Ferroleg. GmbH and CRONIMET Envirotec GmbH secured the 6-fold certifications, including ISO 9001, 14001, 50001, and 45001, and the regional standards for “End of Waste” and “Specialized Waste Management”. These certifications also comprise complex standards for reducing energy consumption, minimizing our environmental impact, and occupational safety and health.

We will continue to promote environmentally friendly practices and initiatives to ensure that even more subsidiaries comply with international standards and best practices. Of our 54 yards, 18 are ISO 45001 certified, 33 hold the ISO 9001, and 31 comply with ISO 14001. The ISO 50001 is planned only at the sites with the highest energy use, which includes CRONIMET Ferroleg. GmbH and CRONIMET Envirotec GmbH.

Some of the CRONIMET subsidiaries participated in the EcoVadis rating. EcoVadis is the global reference for sustainability ratings, and its assessment methodology is based on international standards, including the Global Reporting Initiative, UN Global Compact, and ISO 26000. CRONIMET Holding GmbH was awarded the bronze medal (best 50% of participants) with 52 out of 100 points in total, and 70 points in the environmental field. CRONIMET Ferroleg. GmbH was honored with the silver medal (best 25% of participants) with 62 out of 100 points. It performed above the industry average in every single category and was able to demonstrate

its greatest strengths in the area of the environment. In Brazil, where the importance of the ESG topic is also rapidly increasing, CRONIMET Brasil Ltda. was awarded the EcoVadis silver medal too, reaching 64 out of 100 points in the overall rating, narrowly missing the gold medal. In the area of environment and ethics, CRONIMET Brasil Ltda. achieved an outstanding 70 points. We use the EcoVadis ratings as a basis for further improvements in internal documentation related to the four core criteria that are evaluated: environment, human rights and labor practices, ethics, and sustainable procurement.

CRONIMET Brasil Ltda.'s achievement was built upon the lessons and actions from previous certification processes carried out by the subsidiary. In June 2021, CRONIMET was the first company in South America to be awarded the Responsible Minerals Initiative (RMI) certificate for our site in Santa Catarina, following successful ISO 9001 and 14001 accomplishments for the site located in São Paulo. In November 2022, Santa Catarina also got both certifications.



## CRONIMET FERROLEG.

was honored with the silver medal (best 25% of participants) with 62 out of 100 points.



## CRONIMET BRASIL

was awarded the EcoVadis silver medal too, reaching 64 out of 100 points in the overall rating.



## CRONIMET HOLDING

was awarded the bronze medal (best 50% of participants) with 52 out of 100 points in total, and 70 points in the environmental field.

**— THE GOAL IS TO CONTINUOUSLY IMPROVE OUR ESG PERFORMANCE AND SHARE BEST PRACTICES AMONG ALL SUBSIDIARIES. —**



# MEMBERSHIPS & PARTNERSHIPS

The SBTi (Science Based Target Initiative), the Federal Association of German Steel Recycling and Waste Management Companies (BDSV), and the Association of German Metal Traders and Recyclers e.V. (VDM) are the main organizations with which CRONIMET Holding GmbH is involved. Additionally, some of our subsidiaries participate in regional or material-specific organizations and networks, focusing, among others, on strategic sustainability-related topics. **GRI 2-28**

— True to our commitment to the UN Sustainable Development Goals, we work toward collaboration as the way forward to address the world’s most pressing and urgent challenges, as particularly highlighted in SDG 17. As a recycling company, it has always been important for CRONIMET to act sustainably in all ecological, social, and economic dimensions. Therefore, in 2023, we expanded our cooperation with the Finnish stainless steel producer Outokumpu, sealing a strategic partnership to contribute to the industry's decarbonization.

Convinced that this is the right approach to combine sustainability and business success in the circular economy, we started by being the first company signatory of Outokumpu’s “Inner Circle,” presented at the World Circular Economy Forum in June 2023, thus setting an example in the stainless steel industry. The initiative aims to connect processors, recyclers, and steel mills more directly, thereby rendering supply chains more transparent, faster, and more efficient to strengthen the circular economy.

Anchored in shared values, both companies decided to expand their long-standing partnership further. To this end, in November 2023, Outokumpu acquired a 10% stake of CRONIMET North-East GmbH, an intermediate holding company that directly and indirectly has shares in CRONIMET's Northeastern European subsidiaries. Working even closer together, we can optimize the regional raw material cycle through shorter transport routes to Outokumpu’s stainless steel mills, thus reducing the carbon footprint, costs, and waste within the supply chain. In addition, we agreed to collaborate on innovation and research of technologies that contribute to decarbonization across the stainless steel industry.



— **COLLABORATION IS THE WAY FORWARD TO ADDRESS THE WORLD’S MOST PRESSING AND URGENT CHALLENGES.** —



# OUR COMMITMENTS

— WE INTEND TO BE  
A DRIVING FORCE IN  
THE SUSTAINABLE  
TRANSFORMATION  
OF THE STAINLESS  
STEEL INDUSTRY. —

# OUR COMMITMENTS

GRI 2-23, ESRS 2 GOV-4, MDR-P, S1-1, S2-1

As a multinational, value-driven, family-owned company, everything we do is aligned with sustainability principles. We are committed to following the principle of precaution in everything we undertake and complying with human rights and environmental due diligence obligations. We see it as our responsibility to work towards improving the global human rights situation and to organize our business relationships in a socially responsible manner—especially in those areas where we enjoy a high level of influence.



**AT CRONIMET, WE RESPECT ALL INTERNATIONALLY RECOGNIZED HUMAN AND ENVIRONMENTAL RIGHTS WITHOUT EXCEPTION, AND ALIGN OUR BUSINESS ACTIVITIES ACCORDING TO THE:**

- UN Universal Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights
- ILO Core Labor Standards
- ILO Declaration on Fundamental Principles and Rights at Work
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
- UN Sustainable Development Goals (SDGs)
- UN Convention on the Rights of the Child
- UN Convention on the Elimination of all Forms of Discrimination Against Women
- Minamata Convention on Mercury
- Stockholm Convention on Persistent Organic Pollutants
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
- Paris Climate Agreement of 2015



# WE EMPHASIZE TO EMPLOYEES THE IMPORTANCE OF HUMAN RIGHTS.

— We have anchored our knowledge and awareness of social responsibility and sustainable business practices in our “Corporate Why”: a set of shared goals, values, and leadership principles that unites us as a company. Last reviewed in 2023, the Code of Conduct is of the utmost significance to us as it embodies those values and principles and forms the foundation of our actions throughout the CRONIMET Group. The document is intended to help us always make the right choice with integrity and to act responsibly by being reflective, just, and diligent. We have defined minimum standards for responsible and impeccable conduct in business transactions, mainly regarding an accountable approach to the environment, commitment to fair and safe working conditions, the fight against corruption, and respect for internationally recognized human rights. It also includes respect for cultural diversity and indigenous rights. You can find the complete document [here](#).

## WHAT IS IMPORTANT TO US?



### — Good Business Practice:

we comply with all the national and international laws applicable to our industry.



### — Respect and Tolerance:

we respect our employees, customers and suppliers regardless of their gender, skin color, age, ethnic background, religious orientation or sexual identity, and treat them fairly and with respect. We protect the personal dignity of the individual.



### — Environmental Protection:

we make careful use of resources such as water and energy, and wish to contribute to creating a safe and secure future for generations to come.



### — Honest Business Relationships:

we pursue exclusively honest business relationships, and implement all the measures available to us to prevent and eradicate any form of corruption and bribery from CRONIMET and the corporate environment.



### — Fair Competition:

we act fairly in our business dealings and do not use methods such as price fixing, market manipulation, or other unfair business practices.



### — Financial Transparency:

we are committed to complying with all legal requirements against money laundering and funding terrorism, taking decisive action to combat them in all their forms.

When making these commitments, we prioritize our employees, workers who are not employees, local communities, and suppliers. Our contribution to respecting and protecting these rights lies within our scope of business and throughout the supply chain with our direct and indirect business partners. In our analyses, decisions, and actions, we always include the perspectives of those tasked with safeguarding human and environmental rights, and we take particular account of the legitimate concerns and protection needs of vulnerable individuals and groups. In addition to the Code of Conduct, a Supplier Code of Conduct specifies expectations toward suppliers. See more about our supply chain improvements on [page 60](#).

Nonetheless, the commitments apply equally to all our activities and business relationships. The Code of Conduct and the Supplier Code of Conduct are communicated internally and externally. Training sessions for employees emphasize the importance of human rights and a responsible business conduct. Human rights considerations and environmental aspects are also included in supplier contracts and agreements.

Internally, our Policy Statement on Respect for Human Rights and the Environment is communicated via the intranet or the Cronicle (the employee magazine) and is available to our employees in German, English, and Spanish.

External communication is scheduled for 2024. The Policy Statement document was approved at the highest governance body level, and is binding for CRONIMET Holding GmbH and the business units of all companies in the Group on which CRONIMET Holding GmbH has determining influence according to §15 of the German Stock Corporations Act (“Aktengesetz”). For participation in companies where CRONIMET Holding GmbH does not have determining influence, we strive to apply our policy statement as appropriate.

**EMBEDDING OUR PRINCIPLES**

**GRI 2-24, ESRS 2 GOV-2, MDR-P, S1-4, S2-4**

In 2023, we once again increased the number of employees working within the area of governance, following a significant expansion in 2022. The growth allows our corporate team to proactively and systematically address the challenges of our ever-changing business environment. Our aim is not just to meet but also to exceed the highest standards, securing constant improvements and long-term success. These reinforcements involved the Internal Control System (ICS), Risk Management, and Compliance. In Risk Management, we raised internal awareness of relevant and current risks and integrated respect for human rights and the consideration of environmental issues into the process. We continued the rollout of our Internal Control System, running checks and working adequately on

gaps to safeguard our operations and guarantee transparency.

The incorporation of our commitments is overseen at the highest level by the Management Board. CRONIMET integrates them into organizational strategies, policies, and operations by setting aligned goals, providing training and awareness, internal communication, developing operational procedures, and conducting due diligence. We establish and delegate clear responsibilities for implementing our commitments at different organizational levels according to skills and competencies, promoting collaboration and teamwork, adjusting roles as needed, establishing authority and accountability, and communicating effectively.

Our business relationships are guided by a steadfast commitment to a responsible business conduct. We work closely with our suppliers to ensure alignment with CRONIMET's ethical standards, including human rights and sustainability criteria, as outlined in our Supplier Code of Conduct. This code is an integral part of all supplier contracts and agreements, ensuring that our partners share our values. We also embed our principles in our business relationships by carefully selecting partners, maintaining open and transparent communication, and focusing on problem-solving and continuous improvements. See more about our supply chain on [page 60](#).



**OUR BUSINESS**

relationships are guided by a steadfast commitment to a responsible business conduct.



**OUR AIM**

is to exceed the highest standards, securing constant improvements and long-term success.





## — WE WORK CLOSELY WITH OUR SUPPLIERS TO ENSURE ALIGNMENT WITH ETHICAL STANDARDS, INCLUDING HUMAN RIGHTS AND SUSTAINABILITY CRITERIA. —

In 2023, the primary training offered on our commitments included ethics training sessions for our employees, covering social responsibility. From late 2024 onwards, there will be basic e-training on due diligence, human rights, and environmental rights for employees, as well as several e-trainings for suppliers on the various "legal positions" of the German Supply Chain Act, most of which are linked to human rights and social criteria.

### ENSURING COMPLIANCE

We continue to stand for compliance with all legal and regulatory provisions and the fulfillment of other ethical standards and requirements that we have set ourselves. The focus of our Compliance work throughout the year—in addition to training courses, processing inquiries, and developing the

organization—was on revising and optimizing our business partner review process, growing and expanding communication channels to all managing directors, and developing dedicated e-learning in 10 different languages which will be rolled out in 2024. Moreover, we assigned a “Special Representative for Supply Chain Due Diligence” and started a project to anticipate our compliance with the German Supply Chain Due Diligence Act and the new EU Corporate Sustainability Due Diligence Directive (see more on [page 61](#)).

Critical compliance concerns are communicated to the Management Board through governance committees and regular updates from senior management. In 2023, the critical concerns that were reported encompassed governance, environmental matters, social and human rights, and economic factors. [GRI 2-16, ESRS 2 GOV-2](#)

## SEEKING ADVICE AND REPORTING VIOLATIONS

GRI 2-26, S1-3, S2-3

Uncovering violations to our compliance system at an early stage is crucial for fulfilling our social responsibility and for our economic success. We rely on our colleagues and business partners to act responsibly and welcome any information that help us uncover wrongdoings. All our employees are encouraged to contact anyone in the immediate work environment, such as colleagues who can help change the situation, direct superiors, compliance department, HR, Legal, employee representatives, or even the higher management.

Therefore, we provide mechanisms to support the implementation of our responsible policies and practices, including training and qualifications, and e-learning platforms. For concerns about CRONIMET's conduct, mechanisms include channels for reporting non-compliance with laws and regulations, confidential interviews during on-site visits, escalation processes through different hierarchical levels, and dedicated telephone numbers.

Individuals seeking advice on policy implementation can also reach out to the Governance team for assistance. Requests are processed by the Risk Management, Internal Control System (ICS), and Compliance departments, leading to the development of updated and new guidelines based on

the corporate policy "Guideline Standards". This policy defines formal criteria, such as deadlines, responsibilities, validity, and the approval process. The policy also specifies how guidelines should be published and communicated within the corporate structures, with audit-proof storage ensured via our document management system .

In addition, those wanting to raise concerns can use our Whistleblower System, which allows anonymous and secure reporting via a dedicated portal. Whistleblowers are assured protection and confidentiality to prevent any fears of discrimination. The process includes referring to the document "Do's & Don'ts" for instructions on submitting a notice safely and successfully. Reports can be made from any device completely anonymously. The tool is available in multiple languages, and whistleblowers can submit the notice in any language they prefer. Instructions for creating a notice are provided in five steps. The whistleblower portal can be accessed [here](#).

In the event of non-compliance, the necessary organizational, disciplinary, and legal measures will be taken to appropriately address the identified violations. Depending on the severity of the misconduct, this could also result in termination of employment.



**SCAN**  
QR code to access the system



# SUSTAINABILITY GOVERNANCE

GRI 2-12, GRI 2-13, ESRS 2 GOV-2, GOV-5, IRO-1

The central point of contact at CRONIMET is the holding company based in Karlsruhe, Germany, where our Sustainability Management team is located. It manages all central processes and collaborates with colleagues from all sites around the world to develop and execute the sustainability strategy.

— In 2023, following two years of laying the foundations for further developing the strategy, we continued to build up the necessary competencies throughout the organization. From early 2024, the sustainability team has been led by the Chief Information Officer (CIO), who is part of the Management Board and is also responsible for People & Organization and the Project Management Office.

Our Management Board plays a pivotal role in shaping the organization's direction and commitment to sustainable development. This role includes active involvement in developing, approving, and periodically updating our purpose, values, mission statements, strategies, policies, and sustainability goals. Not all members are involved in every topic, with differentiations according to each one's expertise. Senior management, particularly the Head of Sustainability Management, collaborate closely with the Management Board in the development and alignment of strategic initiatives, ensuring that sustainability is integrated into the core fabric of the business.

The members of the Management Board also supervise the processes of identifying and managing impacts on the economy, environment, and people, which includes:



— **ENGAGEMENT WITH STAKEHOLDERS**

The Management Board actively engages with stakeholders to gain insights that inform decision-making.



— **MONITORING ECONOMIC INDICATORS:**

Monthly reporting of relevant KPIs is conducted.



— **FINANCIAL RISK ASSESSMENT:**

An annual risk management process and reporting system has been established.



— **CARBON FOOTPRINT:**

An annual report of the group-wide carbon footprint is created, along with the identification and implementation of reduction measures.



— **SUPPLY CHAIN ANALYSIS:**

A "Special Representative for Supply Chain Due Diligence" was appointed in 2023.





The engagement with stakeholders is carried out through meetings, reporting and information dissemination, and an open-door policy. This approach helps the Management Board to understand diverse perspectives, expectations and concerns. The findings are considered in business management, influencing strategic decisions, report reviews, metric and indicator analysis, discussions and deliberations, risk and opportunity assessments and accountability, and external communication.

To ensure the effectiveness of our processes in managing impacts, we continuously supervise their implementation, assess results, identify gaps and opportunities for improvement, and communicate results. This analysis occurs at least annually or, if necessary, more frequently. The Management Board delegates this responsibility to Managing Directors of Subsidiaries, Heads of Departments, or other non-executive positions, depending on the topic and expertise required. This approach ensures that various ESG aspects are comprehensively addressed across different functional areas.

In addition, we have established a robust internal reporting process to ensure regular communication between senior executives and the Management Board regarding our impacts. The frequency of reporting information is at least annually and includes several mechanisms:



— **Weekly Jour Fixes:**

meetings where senior executives provide updates on impact management. These meetings serve as a platform for detailed discussions on crucial ESG initiatives and their progress.



— **Ad Hoc Reporting as Needed:**

in addition to scheduled reporting, senior executives and departments can provide ad hoc reports as needed, especially in response to emerging issues, significant events, or changes in the regulatory landscape.



— **Annual Sustainability Report:**

CRONIMET produces an annual Sustainability Report summarizing our overall impact management. This report is presented to the highest governance body and details progress against sustainability goals, and future strategies.



— **THE EXPECTATIONS AND CONCERNS OF OUR STAKEHOLDERS ARE CONSIDERED IN OUR BUSINESS MANAGEMENT AND INFLUENCE OUR STRATEGIC DECISIONS.** —

**SUSTAINABILITY APPROACH [GRI 2-22 \(CONT.\)](#), [ESRS 2 SBM-1 \(CONT.\)](#)**

The efforts of our Sustainability Team throughout the year were concentrated on revising and completing our materiality analysis in close collaboration with stakeholders, while accelerating toward better communication to improve internal awareness. With the appointment of two new positions for the Management Board from early 2024, the Group is reinforcing the businesses roles within the higher governance body to navigate challenging markets during the current geopolitical uncertainties successfully. They are the Chief Operating Officer (COO), responsible for the Recycling division, and the Chief Technology Officer (CTO), who answers for Raw Materials, mainly the Processing activities.

**— WE ARE IMPLEMENTING A PROACTIVE APPROACH TO THE FUTURE REQUIREMENTS OF THE EU DUE DILIGENCE DIRECTIVE. —**

Considering our ambitions, they also strengthen the focus on sustainability for future market developments. Nonetheless, our European team already started benefiting in 2023 from an additional member focused on the sustainable approach for our Recycling operations. Throughout the year, plant managers came together to share knowledge, create a shared vision of decarbonized scrap yards, assess our current status, and plan the measures and innovation efforts required to achieve our goals. In Processing, we developed a new line in Brazil to rework slag instead of sending them to landfills, thus recovering metals and producing an alternative product for the concrete industry.

So, at the same time we set the stage for the future development of a clear, amplified, and consolidated strategy, we kept the pace in delivering sustainability projects and processes that were already true to our values or connected to our business model. These initiatives are detailed in this Sustainability Report, which is one of our corporate goals for 2025—namely, establishing a detailed sustainability reporting process. Other broader goals are developing sustainable products with our partners and ambitiously reducing our carbon footprint (see more on our climate strategy on [page 27](#)). We are also actively working to implement group-wide international compli-

ance and environmental, social, and safety standards according to our ISO rollout plans. In this regard, we are paying particular attention to the supply chain and implementing a fundamental, proactive, and systematic approach to the future requirements of the EU Corporate Sustainability Due Diligence Directive (more on [page 60](#)).

Moving ahead, the sustainability team is counting on the support of the project management experts to deliver on the overarching strategy under design. In addition to submitting our targets to the SBTi (see Climate Strategy) and having them approved for all scopes, we will work on enhancing data collection, improving performance on criteria for external ratings, and developing products with lower carbon footprints.



**— MANAGEMENT OF NEGATIVE IMPACTS**

[GRI 2-25](#), [ESRS S1-3](#), [S2-1](#), [S2-3](#), [S2-4](#)

CRONIMET is committed to repairing actual or potential negative impacts caused by our operations. This commitment is derived from our values and Code of Conduct, which acknowledge the responsibility to take corrective measures and contribute to remediation actions. We have developed a robust approach to identifying and addressing grievances, with mechanisms that allow stakeholders, including employees, communities, and other affected parties, to report complaints related to the company's activities.

We also employ a systematic approach to tracking the effectiveness of the grievance mechanisms and other redress processes. It comprises regular monitoring and analysis of data related to complaints, resolutions, and follow-up actions, periodic reviews and assessments to identify areas for improvement, and incorporating stakeholder feedback.

# CLIMATE STRATEGY

ESRS E1-4

**We intend to be a driving force in the sustainable transformation of the stainless steel industry. Our ambition is to reduce the emissions from our operations to zero by 2030. As this goal is restricted by state-of-the-art technical possibilities, we will cooperate with our partners along the value chain to push these limits of feasibility.**

— As a company that is enabling the circular economy, taking responsibility for the conservation of limited resources and contributing to a sustainable future is part of our identity. This includes the fight against climate change, which requires rapid, extensive action. According to the Intergovernmental Panel on Climate Change (IPCC), the plans adopted by the countries following the Paris Conference in 2015 are currently on track to result in 2.7°C of warming instead of the intended limit of 1.5°C. However, beyond the national plans, each

player can do their part to prevent further detrimental consequences. This is particularly true for industrial companies, which produce significantly higher emissions than private households.

Since identifying our baseline emissions for scopes 1 and 2 in 2021, we have extended our corporate carbon footprint analysis in 2023 to include scope 3 for the first time. This was a massive achievement for us and created the transparency we needed to move forward. In the same year, we chose to raise the bar of our climate targets by joining the Science Based Targets Initiative (SBTi). With this, we align our targets with the Paris Agreement, ensure their scientific validation and firmly commit ourselves to climate protection. For scopes 1 and 2 of the entire CRONIMET Group, we commit to near-term green house gases (GHG) reductions, which far exceed the 42% by 2030 required to reduce global warming to 1,5°C. We want to have achieved net-zero emissions far sooner than 2050.





Our analysis shows that less than 1% of the total emissions in our value chain come from our own operations. All other emissions are part of our scope 3, which means they are caused upstream and downstream by other companies. More than 80% stem from our customer’s processing of our scrap into new steel. Steel production is one of the most emissions-intensive sectors, mobilizing vast amounts of raw materials and energy. Reducing these emissions will require a technological transformation of the furnaces away from fossil fuels. This is expected to be a reality in the mid-2040s.

The second largest emissions driver of our value chain is the sourcing of primary metals. To date, it is still necessary to add small amounts of primary materials in order to achieve the qualities required by our customers. To reduce our environmental impact in this field, we have used the CRONIMET core competencies of turning scrap into high quality products to develop ways to integrate primary

materials deviating from the norm specifications, which other companies cannot work with and that would otherwise go unused. These materials also have lower emissions, though there is not yet enough data transparency on supplier side for us to include the savings in our GHG accounting.

Although we are currently setting our targets by considering our corporate goals, SBTi requirements, technical opportunities and restraints, we are already actively working on decarbonization. Some levers we are using are switching to renewable energies, electrifying the machinery and vehicle fleet, and adopting efficiency and energy-saving projects. As part of our climate strategy, we are developing concrete measures for those responsible in our yards to plan and implement specific reduction targets. More information on our current measures can be found on [page 45](#). In addition, we are working on a detailed investment plan to address climate change mitigation. **ESRS E1-1**

Since multiple of our largest customers have also committed to the SBTi, we are on the same page in protecting the climate and intensifying our collaboration to reduce emissions in our industry. A significant example is the strategic partnership we sealed in 2023 with our customer Outokumpu to cooperate in innovation and research (see more on [page 17](#)). One goal of this partnership was the establishment of a joint venture to maximize the total amount and share of regionally processed scrap to produce stainless steel in Europe.

The risks CRONIMET itself faces related to climate change include extreme weather events, impacts on human health, and mitigation and adaptation costs. Extreme weather events are classified as physical risks with financial implications such as damage to infrastructure, economic losses, and adaptation costs. The impacts on human health from climate change involve increased heat stress, which results in rising healthcare and labor costs and challenges in management. Mitigation and adaptation costs are associated with physical and regulatory risks, requiring investments in green technologies and infrastructure, which entail high operating and compliance costs. **GRI 201-2, ESRS 2 SBM-3, E1-3, E1-9**

Meanwhile, our opportunities encompass the advancement of green technologies and increased environmental awareness and education.

**— IN 2023, WE COMMITTED TO THE SBTI TARGETS AND MAPPED OUR SCOPE 3 EMISSIONS FOR THE FIRST TIME. —**

Green technologies present physical and regulatory opportunities, leading to operational cost savings, access to green markets, and compliance with sustainable supply chains. Increasing environmental awareness in society fosters the development of sustainable products, increasing customer loyalty and strategic partnerships.

**GRI 201-2, ESRS 2 SBM-3, E1-9**

The methods we use to manage these risks and opportunities include emission and energy related aspects together with regular occupational health and safety measures integrated into our long-term planning. Costs related to managing these risks and opportunities include training and development, tools and software, investments in resilience, and compliance with regulations. **GRI 201-2, ESRS 2 SBM-3, E1-9**

We plan to integrate climate-related financial damage assessments into our risk management process to have concrete estimates for the financial costs of these risks or the potential revenue from opportunities in the future. These assessments are made only if they are relevant within the consideration horizon. Plans are underway to monitor climate-related risks and opportunities as part of the established group-wide risk management process, aligning with the increasing awareness and long-term impacts expected from climate change. **GRI 201-2, ESRS 2 SBM-3, E1-9**

## AT THE CORE OF OUR BUSINESS MODEL ESRS E5 IRO-1

The sustainability of our business model is measured by the benefits of metal recycling: metals can be recycled infinitely without loss of quality. Compared to metal production from primary materials, products from recycled materials cause lower CO<sub>2</sub> emissions and reduce social and environmental damages from mining. Our objective is to constantly maximize the share of recyclable metals to scale these benefits.

Recycling stainless steel offers a solution for the stability of the supply around the globe and provides a sustainable way to reuse the critical raw materials that have already been transformed into products at some point in time. However, while being significantly lower in emissions, recycling does not come without emissions and thus we continue to work on reducing the climate impact of our upstream and downstream value chain.

Many of the materials whose recycling we enable are precious materials that are essential to the functioning and integrity of a wide range of industrial ecosystems. They are crucial for the transition to clean energy, digitalization, and health care. Some of them are on the “critical raw materials” list published by the European Commission, which means they are of the



### CIRCULARITY

Metals can be recycled infinitely without loss of quality

highest economic importance while having high supply risks. Tungsten and titanium are prime examples of these critical raw materials, but lithium and cobalt are also on the list. These two materials are vital for producing the batteries at the heart of energy storage systems for the solar and wind power industries, and electric

vehicles. Tungsten is essential in producing high-performance magnets, such as those used in wind turbines. It is also needed to produce tungsten carbide, a key material for manufacturing carbide tools. Finally, titanium is used for high-strength industry components as well as in the healthcare sector, e.g. for artificial hip joints.

# SOCIAL ACTION

With operations on six continents, we regard ourselves as active members of society and take our responsibility seriously. We have been working with organizations and initiatives committed to fighting hunger and poverty, promoting culture and education, and preserving the environment. We address these challenges through three main pillars: the voluntary commitment of our employees, long-term partnerships with non-profit organizations, and emergency aid in natural and humanitarian disasters.

— We are developing a consolidated corporate citizenship strategy to inspire and motivate people internally and externally for the most significant possible impact. Meanwhile, we continue to run projects and initiatives that align with our values. Our main social action initiatives around the globe in 2023 were:



## — AID TO TURKEY AND SYRIA:

After the disastrous earthquake in February, we made donations to private relief organizations to help people on the spot quickly and directly. CRONIMET Turkey donated 10,000 dollars to AHBAP, whose mission is to provide coordination and support in the event of natural disasters. Meanwhile, CRONIMET Holding directed 10,000 euros to the White Helmets in Syria, which applied their expertise in rescuing people from rubble after bomb attacks in the aftermath of the earthquake.



## — PARTNERSHIP IN TOGO:

We have supported the non-profit organization Togo-Hilfe e.V. for more than ten years, with 100% of the donations used to benefit people in this West African country. In 2023, our contribution allowed further construction work (e.g., tiling transported from Germany to Togo) on the newly developed training center "Centre de Formation Professionnelle d'Excellence de Devikinme". The donations were particularly used to construct an adjacent women's refuge, where the safe shelter of the female students completing their apprenticeship will be ensured. Some rooms have already been occupied. The following training programs are offered: computer graphics, masonry, mechatronics, carpentry, renewable energies, agricultural and food economics, plumbing and sanitation, and applied computer science & networks.



## — REUSING FOR HELP IN THE CZECH REPUBLIC:

Our employees held a flea market in Ostrava for the fourth time, stimulating the reuse and donation of second-hand objects. CRONIMET doubled the proceeds from the sales and financial contributions, reaching 3,200 euros in support of the Ondrášek Mobile Hospice, which provides palliative care for people facing serious illnesses.





**— WORLD CLEAN UP DAY:**

In September, employees from Poland, Germany, the Czech Republic, and Great Britain gathered again to collect garbage from their facilities' surrounding areas. In Karlsruhe, the team collected trash along the Alb Creek.



**— SOCIAL ENGAGEMENT IN KARLSRUHE, GERMANY:**

Once a year, our employees and managers can engage in social activities during work hours through our partnership with Caritas Association, whose facilities in the city are available to our volunteers, including the Beiertheimer Tafel (a local food bank). In addition, our companies based in Karlsruhe donated 10,000 euros in 2023 to support ten selected projects or clubs that count with our employees' active involvement in areas such as care for children and teenagers, social commitment, sports, and nature and climate protection.



**— SUPPORT TO CHILDREN AND OLDER PEOPLE IN ESTONIA:**

For the second year, CRONIMET Nordic organized a Christmas campaign that raised 6,500 euros in sales. The proceeds from the scrap are being used for the extracurricular activities and cultural experiences of foster and family care children, with the support of the NGO Estonian Association of Welfare Institutions. Also, we made raised garden beds from recycled wood and donated them to nursing homes, participated in a campaign to provide waste sorting stations to schools, and supported a youth tennis club.



**— NEW POSSIBILITIES FOR THE YOUTH IN BRAZIL:**

We continued our partnership with the non-governmental organization Instituto Fazenda História, based in São Paulo, an NGO dedicated to helping children and young people who have been separated from their families due to mistreatment and violence, assisting them in education, work and social life to build a new personal story. CRONIMET Brasil also supports the work of Musicarium, in the city of Joinville, Santa Catarina. Musicarium is an orchestra-training center that develops young talents, investing in humanistic education and excellence in musical culture.



# OUR MATERIALITY

— AS WE PROGRESS,  
WE ALIGN OUR  
STRATEGIES WITH THE  
BEST PRACTICES AND  
REGULATIONS. —



# OUR MATERIALITY

GRI 3-1, GRI 3-2, ESRS 2 BP-1, IRO-1, SBM-3

We implemented a dedicated project team for developing a group-wide sustainability strategy and creating a reporting process in 2020. The effort latter evolved to a dedicated team with a representation in the Management Board (see more on [page 24](#)).

— Our journey began with a collaborative effort to identify and engage with our stakeholders. We interviewed employees from various internal areas within CRONIMET and representatives from our customer base, suppliers, banks, and Advisory Board. The insights from these discussions formed the basis of a materiality study we finalized in 2022. The most relevant topics then started guiding our efforts and were categorized into the three ESG areas: Environment, Social, and Governance, considering both our internal perspective and the expectations of our critical stakeholders.

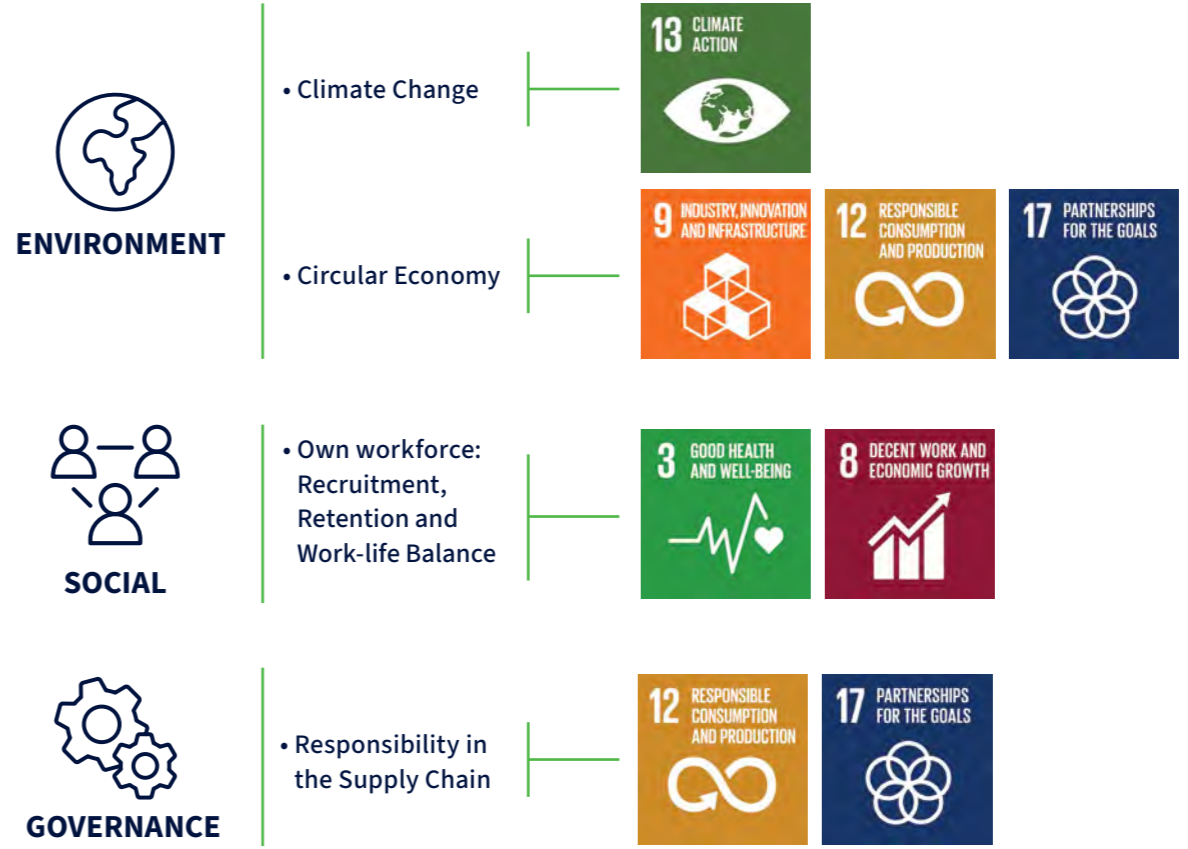
Thus far, we have been following the guidelines of the Global Reporting Initiative (GRI) framework, which is largely recognized as the best-suited for global companies. The GRI framework enables us to build clear transparen-

cy regarding our core business and its links to the complex topic of sustainability. Using it gives us valuable insights on identifying, managing, and reporting the issues that matter most to our stakeholders and us.

In 2023, as we progressed on our sustainability path, we decided to take a proactive approach to ensure our strategies were fine-tuned with the current best practices and regulations. Hence, we reviewed our initial analyses and turned our attention to the upcoming Corporate Social Responsibility Directive (CSRD), the legislation by the European Union that will apply to CRONIMET from January 1st, 2025. This forward-thinking approach allowed us to use a double materiality perspective in our findings combined with the risks and opportunities for CRONIMET worldwide.

As a result, from our initial list of stakeholders, we prioritized those who have the most influence on CRONIMET and are impacted by us. We selected them as the ones with whom we shall build strong partnerships, while the others are to be observed, informed, or should be regarded for relevant exchanges with us.

## OUR MATERIAL TOPICS\*



\*Several themes were removed from the list of material topics in the previous report, including Waste Management, Occupational Safety and Health, Training and Development, Diversity and Equal Opportunities, Philanthropic Activities/Contributions, Compliance & Good Corporate Governance, Risk Management, and Anti-Corruption. These changes occurred due to a review of the materiality process and update of relevant topics.

## OUR KEY STAKEHOLDERS



### 1. CUSTOMERS:

stainless steel producers and new customer groups (including recycled batteries)



### 2. EMPLOYEES AND APPLICANTS:

employees and their families, managers and managing directors, trainees, working students, interns, external employees, applicants



### 3. CAPITAL MARKETS:

banks, rating agencies, financing partners, public and private funding institutions, insurers



### 4. MANAGING DIRECTORS:

major shareholder (including managing partners), subsequent generations, and Advisory Board

## OUR ANALYSIS INVOLVED AN IRO (IMPACT, RISK, AND OPPORTUNITY) ASSESSMENT FOR THE MATERIAL TOPICS.

Although “Suppliers and Service Providers” have not been classified as our key stakeholders in this analysis, we consider them a group to be closely watched at this point due to their impact on our business model, as long scrap as commodities may become scarce or too competitive, and CRONIMET gradually increase its role and responsibility in safeguarding sustainability across the value chain.

The next step was to determine what different internal and external stakeholders deemed as essential topics in Environment, Society, and Governance from a double materiality point of view, which include the inside-out perspective (impact materiality) and the outside-in perspective (financial materiality). The analysis also involved an IRO (Impact, Risk, and Opportunity) assessment and a severity rating for the material topic from both perspectives.

Finally, the resulting revised and updated list of material topics indicates the most significant sustainability issues CRONIMET will diligently build a strategy to address and establish the necessary governance to manage and achieve the desired goals. Our Management Board closely followed the entire process and was responsible for validating the final list. The topics removed were considered to have no current significant impact or influence, are part of our required legal or regulatory license to operate or are already integrated into our daily management activities.



## OUR 'CLIMATE CHANGE' SCORECARD GRI 3-3, ESRS 2 IRO-1, SBM-3, ESRS E1-2, E1-3, E1-4, E1-7

INSIDE-OUT PERSPECTIVE

### POSITIVE IMPACTS

**Business model:** Reprocessing secondary raw materials reduces the mining and processing of primary raw materials in the steel value chain and thus enables the effective reduction of energy and the emission of greenhouse gasses.

**Top-level commitment:** The executive management supports ambitious CO<sub>2</sub> reduction targets—this sends a strong signal for climate protection measures.

**Conversion of energy sources (Scope 1):** Electrification of machinery and fleet has started.

**Use of renewable energies (Scope 2):** Transition to more sustainable sources underway.

### NEGATIVE IMPACTS

**Use of fossil energy sources (Scope 1):** Natural gas, LPG, diesel, gasoline, oil—this in turn generates high greenhouse gas emissions in operations and has contributed/is contributing to global warming, climate change, and resulting consequences.

**Purchase of indirect fossil energy sources (Scope 2):** Procurement of electricity generated with fossil fuels (including corresponding greenhouse gas emissions).

### OPPORTUNITIES

**Enabler of the decarbonization of the stainless steel industry:** Steel mills can reduce their CO<sub>2</sub> footprint through the use of secondary raw materials. The reliable supply of quality and quantities of secondary raw materials is both an economic factor and a competitive advantage.

**Communication and employee awareness:** Climate strategy and successes can be effectively conveyed through data, making its impact tangible and meaningful.

**Recruiting:** Positive effects on attracting applicants.

**Social relevance:** Decarbonizing makes sense from a business and economic perspective and is “the right thing to do” for today’s and future society.

### RISKS

**Increasing customer requirements:** If we cannot meet these requirements it might be a competitive disadvantage. This could also be an opportunity if we manage to be ahead of the competition.

**High investment needed for energy transition:** Currently, energy from renewable sources is more expensive than conventional energy.

**A blind spot in risk management:** To date, there is no systematic analysis and assessment of sustainability risks, including physical risks, and also transition risks.

**Scope 3:** High effort in data collection and incentivizing decarbonization in the supply chain with the medium influence of CRONIMET (e.g., delivery via truck from scrap dealers, minimization of transport to steelworks).

OUTSIDE-IN PERSPECTIVE



## — HOW DO WE MANAGE IT?

The "Climate Change" topic is addressed in our Code of Conduct, public statements, and sustainability reports. By committing to the Science Based Targets initiative (SBTi), we are currently developing our GHG emissions reduction path. However, there are additional ongoing measures that cover the following areas of climate change mitigation:

— **Operational emissions reduction:** for each operational site, "big pictures" are being created to define a reduction path. They include planning and implementation, starting with a switch to electric forklifts and excavators.



— **Energy efficiency:** efficiency measures for reducing fuel and energy demands are continuously developed and implemented.

— **Renewable energy deployment:** switching to renewable energy is underway, including investments in solar panels and switching contracts for purchased energy to renewable sources.

— **Partnerships for machinery electrification with manufacturers:** there is close cooperation with machinery developers to ensure our needs are met by newly developed electrified machinery.

To address actual negative impacts, we have implemented transparency with a group-wide CO<sub>2</sub> footprint across all scopes.

We continue to collaborate with partners across the value chain to accomplish positive impacts. The effectiveness of these measures will be visible in our emission reductions in the future.



## OUR 'CIRCULAR ECONOMY' SCORECARD GRI 3-3, ESRS 2 SBM-3, IRO-1, E5-1, E5-2, E5-3

INSIDE-OUT PERSPECTIVE

### POSITIVE IMPACTS

**Business model:** the recycling of stainless steel scrap is sustainable per se as it keeps valuable raw materials in the cycle, thus providing added value for the future and limiting the processing of raw materials.

### NEGATIVE IMPACTS

**Primary raw materials:** a small proportion of raw materials for blends are still necessary, which can negatively impact (depending on mining conditions and further processing) on water and marine resources, soil and air purity, and biodiversity, and may also include precarious working conditions and violations of human rights in the value chain.

### OPPORTUNITIES

**Macro trend:** Secondary raw materials in the stainless steel market are in high demand, and the circular economy is a long-term trend with a high impact on the environment and is perceived positively in society—contributing to recruiting efforts.

**Material security:** high recycling rates ensure supply amid political issues.

**Opening up new business areas:** expand or use existing core competencies to diversify the business (e.g., battery recycling in the course of electrification of mobility).

**Pioneer in the market:** working on reliable statements for our customers who are already asking about recycling percentages and carbon emissions.

### RISKS

**Secondary raw materials:** the market might become smaller in the long term (failing demand for stainless steel and price fluctuations for nickel), so it's necessary to occupy niches early enough.

**Regulations:** can limit values, add bureaucracy, complicate procedures, or not be designed consistently (such as those related to chemicals and waste).

**Permits:** approvals associated with strict requirements can lead to operational shutdown and criminal sentences.

**Customer:** reporting requirements and challenging emission reduction can overwhelm operations. Also, our company's high dependency on a small number of customers limits our influence on customer requirements.

**Availability of scrap:** high dependence on a supplier-led market (scarce commodity), mitigated with price policy and partnerships. Risk of smaller suppliers selling to competitors who have fewer sustainability requirements.

**New business areas:** Battery recycling was previously unexplored.

OUTSIDE-IN PERSPECTIVE

## HOW DO WE MANAGE IT?

The "Circular Economy" topic is addressed in CRONIMET's Code of Conduct and sustainability reports. Our business model is inherently sustainable, focusing on recycling stainless steel scrap and other secondary metals, thus keeping valuable raw materials in the cycle, providing added value for the future, and enabling the transition away from the extraction of virgin non-renewable resources to renewable energy. For more information, our policies or commitments can be accessed [here](#).

The vast majority of our materials is recycled. We purchase a very limited amount of primary materials and prioritize buying products deviating from norm specification, which still meet CRONIMET's requirements and would otherwise go unused. In addition, we installed a Special Representative for Supply Chain Due Diligence to address real negative impacts.

For actual and potential positive impacts, we maintain partnerships with customers and suppliers and retain a global network of traders.

## OUR ‘WORKFORCE (RECRUITMENT, RETENTION, WORK-LIFE-BALANCE)’ SCORECARD

GRI 3-3, ESRS 2 SBM-3, IRO-1, ESRS S1-1, S1-4, S1-5

INSIDE-OUT PERSPECTIVE

### POSITIVE IMPACTS

- Managing directors:** employee well-being is a management priority.
- Benefits for employees (work-life balance):** annual personnel development talks, mobile working, safe and secure workplace, company sports group, mental/psychological assistance.
- Retention:** supported through employee survey, preferential filling of vacancies with existing employees, and Intranet as an app for all employees (including blue-collar workers) currently developed.
- Recruitment:** people are looking for meaning, and CRONIMET can promote recycling as a sustainable and sensible business model, offering trial days on-site.
- Corporate culture:** strengthened by corporate values, leadership principles, a social mindset deeply rooted in management, philanthropic activities, and a strong emphasis on employee health and trust.

### NEGATIVE IMPACTS

**Risk of injury when working with scrap:** the nature of working with these materials presents an increased risk of punctured cuts; use of heavy equipment (e.g., alligator scissors, cutting and angle grinders) poses a risk of flying fragments and crushing; possible unrecognized radioactivity from scrap delivered to our yards.

### OPPORTUNITIES

- Communicating on the sustainability topic:** CRONIMET’s sustainability activities can leveraged for attraction in recruiting.
- Management:** managers can raise sustainability awareness and are an essential multiplier for CRONIMET.

### RISKS

- An aging workforce and talent competition:** a shortage of skilled workers and noticeable demographic change; strategy to find the right talent for CRONIMET; a global issue, particularly in some regions, including the headquarters in Karlsruhe.
- Corporate culture:** inconsistencies in the interpretation of and adherence to guidelines on our corporate values and leadership principles across countries and subsidiaries can lead to a reduced sense of unified corporate identity, inequality, reduced effectiveness, and negative impacts on our reputation.
- Blue-collar employees:** ensure equal treatment and appreciation for blue-collar employees is also a challenge. We want to mitigate it through the Intranet app for private devices currently developed to reduce exclusion.

OUTSIDE-IN PERSPECTIVE



## — HOW DO WE MANAGE IT?

We are currently restructuring our Human Resource Management to better address the global significance of managing our material impacts. In 2024, we will merge the existing departments of Human Resource Management and Personal & Organizational Development into a single entity named People & Organization. This new department will focus on three main areas: Compensation & Services, Recruiting & Retention, and Learning & Development. This consolidation will further streamline our processes, enhance communication, and foster a more cohesive people strategy. Our target is to create an even more efficient and supportive environment for our employees and their managers. It is important to have one face to our internal, global customers and to improve our global reach by keeping a strong personal touch.

We focus on mitigating potential negative impacts by prioritizing recruiting and retaining of the best employees, considering both qualifications and personality fit. Succession planning for critical key positions is essential to avoid a lack of skilled successors while strong identification with corporate values is crucial for long-term success.

The "employee survey" is a management tool for gathering feedback and assessing progress toward strategic goals. Annual employee feedback interviews, personal development interviews, and management feedback sessions address individual needs and concerns. Internal and external benchmarking is regularly conducted to ensure that conditions are suitable for employees, such as benefits and work-life balance. The Culture, Communication, Collaboration (CCC) Team addresses cultural annoyances within the company, working to reduce these issues through joint efforts. The CCC-Team was established at the headquarters and there are blueprints to roll out this approach to other subsidiaries. Additionally, the HR Forum connects the global HR community, facilitating the exchange of good practices.

Furthermore, the human rights policy commitments relevant to our workforce are outlined in our Code of Conduct. Adhering to national and international laws and conventions on the observance of human rights and the fight against child labor are standard conduct for us, and we explicitly address human trafficking, forced or compulsory labor, and child labor in our policies. We are convinced that respect for human rights, diversity, and acceptance increase

our employees' productivity and innovative strength and ensures trust in us. Hence, we do not accept or tolerate harassment, especially unwanted advances and assaults of a physical or verbal nature. Violence and abuse of any kind are deeply rejected. As a globally active company, we must work against injustice and for tolerance and acceptance in our area of responsibility and beyond through daily actions aligned with our values and fostering respectful cooperation.

To address additional actual negative impacts, we have implemented a Whistleblower Hotline and installed Equal Treatment Officers in Germany. Our Occupational Health and Safety (OHS) system is being rolled out, with a campaign planned to raise awareness among the workforce.

The effectiveness of these measures has been verified using stakeholder feedback on the measures taken. In 2023, the goals for employee satisfaction were assessed using various indicators from employee surveys. These measures have been quite effective. We have also incorporated learnings to better manage the topic, such as implementing exit interviews for voluntary leaves at the HQ to better understand the reasons and identify systemic areas for improvement.



## OUR ‘RESPONSIBILITY IN THE SUPPLY CHAIN’ SCORECARD

GRI 3-3, ESRS 2 SBM-3, IRO-1, S2-1, S2-2, S2-4, S2-5

INSIDE-OUT PERSPECTIVE

### POSITIVE IMPACTS

**Extended due diligence obligations for the value chain:** CRONIMET is not yet affected by the EU Corporate Sustainability Due Diligence Directive, but is voluntarily implementing the requirements to reduce the lack of transparency in the supply chain and revise business-focused purchasing behavior.

**Code of Conduct:** CRONIMET has already established a Code of Conduct for Suppliers and other internal regulations.

### NEGATIVE IMPACTS

**Conflict materials:** purchasing conflict materials (including tungsten), which may violate human rights or environmental regulations when mined.

### OPPORTUNITIES

**Sources of raw materials:** this is an opportunity to position ourselves well for the future (reputational risks) from the public and customers’ point of view—where materials come from and how suppliers treat the environment and employees.

**Market position:** CRONIMET has significant leverage for setting standards due to its market position.

### RISKS

**Customer requirements:** ambitious requirements for screening the supply chain and transparent exchange beyond the EU Corporate Due Diligence Directive standards or national regulations, such as zero accidents, living wages, and human rights assessments.

**Value chain:** extended due diligence is gaining importance due to public focus on past mining activities.

**Conflict minerals:** they pose a high reputational risk regarding human rights and environmental issues.

**Social issues among suppliers:** our analysis has revealed critical working conditions at some suppliers (e.g., not guaranteed minimum wages, use of temporary workers, and lack of implementation of occupational safety standards).

OUTSIDE-IN PERSPECTIVE





## — HOW DO WE MANAGE IT?

Our strategy and business models are connected to the supply chain impacts as we are active in the raw materials and stainless steel scrap sectors and aware of the major risks of human and environmental rights violations. Hence, we set up an internal organizational project called "Fit for CSDDD" in the second half of 2023 to implement necessary structures, processes, and capacities for voluntary compliance with the requirements of the existing German Supply Chain Due Diligence Act and the new EU Corporate Sustainability Due Diligence Directive as adopted by the EU institutions in 2024.

At the end of 2023, we issued a group-wide Policy Statement on Respect for Human Rights and the Environment. These commitments and policies address impacts and risks related to human trafficking, forced or compulsory labor, and child labor. External communication is scheduled for 2024.

## — WE PROACTIVELY COMMIT TO EU REGULATIONS ON SUPPLY CHAIN DUE DILIGENCE BEFORE THEY BECOME MANDATORY. —

We are also making adaptations to reduce negative and enhance positive impacts through extended due diligence obligations for the value chain, especially in terms of "conflict minerals" according to EU regulation EU 2017/821. CRONIMET proactively commits to working on these requirements before they become mandatory. Measures include a Supplier Code of Conduct (set to be updated in 2024) with special directives aligned with the RMI Responsible Mineral Initiative for purchasing tin, tantalum, tungsten, their ores, and gold from conflict-affected and high-risk areas, as well as internal procedures for buying conflict minerals.

To identify necessary actions towards actual or potential adverse impacts, we adopt the Business Partner Screening as a standard process, using the Supplier Code of Conduct as a legal basis for any contractual relationship, according to the Supply Chain Policy, and complying with internal procedural instructions for the purchase of materials. There are clear expectations regarding our suppliers, and we actively monitor and evaluate their performance through risk assessments, impact assessments, direct contact and, in certain cases, also by means of a supplier audit.

In terms of mitigation, we have taken several steps when there is "substantiated knowledge" of the high probability of actual human or environmental rights violations. Suppliers are asked to provide in-depth

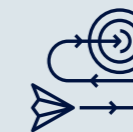
information and data on these matters. In severe cases, Human Rights Impact Assessment Reports are requested. Based on the analysis of these reports, we communicate our clear expectations and define preventive and reactive measures.

Suppliers are expected to implement preventive measures to avoid violations when risks are identified, and must take effective mitigation and remediation actions if they are already occurring. If immediate mitigation or elimination of the violation is not possible, a scheduled corrective plan must be agreed upon and implemented. In cases of particularly severe violations, where agreed measures do not remedy the situation, and our influence on the supplier is insufficient, we reserve the right to suspend or terminate the business relationship as a last resort.

On the other hand, we also have programs to accelerate positive trends, such as equal treatment programs and "women in leadership" initiatives. CRONIMET positions itself as a model for transparency and due diligence in the recycling sector, where these practices are only sometimes prevalent. To foster positive developments and encourage participation from other actors, we engage with stakeholders such as the German Association of German Metal Traders (VDM) and the Federal Association of German Steel Recycling and Waste Management Companies (BDSV).

To seek opportunities to further improve performance and outcomes concerning the supply chain and all involved workers, we strive to consult with experts, local NGOs, unions, and the workers themselves. Additionally, we are about to define tailored supply chain due diligence-related KPIs, which are fitting best to us and our business environment. We are focusing on setting up structures and processes and implementing the IT system, including Adverse Media Screening. The effectiveness of these measures will be analyzed once a significant number of measures have been finalized, which is expected to occur by 2025.

Regarding stakeholder engagement, there has been no involvement of affected stakeholders in the repair of impacts. In 2023 and so far in 2024, no rights holder has contacted us regarding potential or real human or environmental rights violations. Therefore, there has been no single "repair subject" and no involvement of stakeholders.



## OUR STRATEGY

and business models are connected to the supply chain impacts as we are active in the raw materials and stainless steel scrap sectors and aware of the major risks of human and environmental rights violations.



# ENVIRONMENT

— WE DO NOT  
SETTLE ON  
KNOWING THAT OUR  
BUSINESS MODEL  
IS SUSTAINABLE  
PER SE. —

# CLIMATE CHANGE

**CRONIMET is a leading company in metal recycling. The sector in which our value chain partners and we operate is among the most energy- and emission-intensive. By using our scrap, our customers can decrease their emissions significantly. Recycling stainless steel scrap, for example, avoids carbon emissions that would otherwise be generated during the extraction and processing of raw materials.**

— According to a study by the Fraunhofer Institute for Microstructure of Materials and Systems from 2020, savings range between 3.7 and 4.7 tons of carbon emissions per ton of stainless steel, depending on the alloying elements included. Besides assessing the emissions along the value chain of steel production, the study also calculated the economic effects of using scrap with regards to emissions avoidance and the conservation of natural resources. Avoided emissions were converted into avoided social costs, and scenarios with different assumptions of social costs per ton of CO<sub>2</sub> were calculated.

However, we do not settle on knowing that our business model is sustainable per se. As described in our climate strategy (page 27), we are setting ambitious goals for a drastic reduction of the emissions intensity of our operations. In addition, we also focus on expanding our already strong partnerships and creating new ones to reduce the emissions along our entire value chain with combined strength.

This chapter gives an overview of our figures and efforts in 2023. The standards, methodologies, and calculation tools adopted are based on the GHG Protocol. The gasses included in the calculation are carbon dioxide (CO<sub>2</sub>), hydrofluorocarbons (HFCs), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>).



## GHG EMISSIONS GRI 305-1, 305-2, 305-3, ESRS E1-4, E1-6

Total emissions (tCO <sub>2</sub> e)	
2023	
Direct emissions (scope 1)	13,540
Indirect emissions, market-based (scope 2)	5,086
Other indirect emissions (scope 3)	2,296,351
<b>Total</b>	<b>2,314,977</b>
Indirect emissions, location-based (scope 2)*	6,867

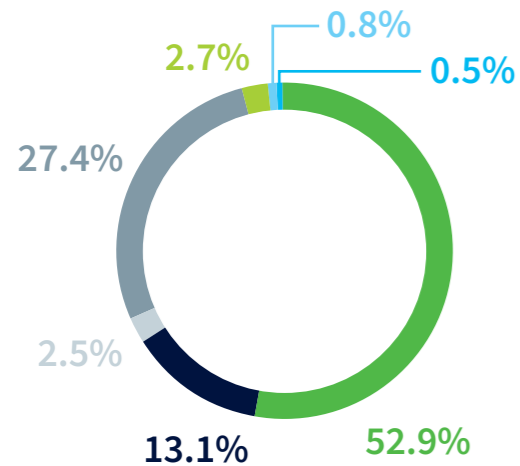
*Notes: Emission factors and global warming potentials (GWP) references used include recommendations from the IFEU Institute for Energy and Environmental Sciences in Heidelberg, Defra Conversion Factors 2021, 2022, and 2023, emissions of business travel types provided by the IFEU Institute for Energy and Environmental Research Heidelberg based on their own calculations, Ewers et al. (2023), petrol prices in Germany in 2023, Ecoinvent 3.8, 3.9.1, and 3.10, Ecotransit, the European Renewable Energy Directive RED II, hydrogenated used cooking oil and IFEU calculations based on Destatis, Microcensus 2020 and Federal Environment Agency TREMOD 6.51.*

\*Location-based indirect emissions (Scope 2) are not included in the sum above.



**18,626**  
TCO<sub>2</sub>E  
Scope 1 + 2 total.

**SCOPES 1 & 2 EMISSIONS BY CATEGORY**



- DIESEL, INCL. HVO
- NATURAL GAS
- LPG, INCL. PROPANE
- PURCHASED ELECTRICITY
- COMPANY CARS (FOSSIL, ELEC. & HYB.)
- OIL & GAS OIL
- OTHERS

**SCOPE 3 EMISSIONS BY CATEGORY\* GRI 305-3, ESRS E1-6**

	Total emissions (tCO <sub>2</sub> e)
<b>Upstream</b>	<b>2023</b>
Purchased goods	276,254
Fuel and energy-related activities	5,442
Upstream transportation	54,650
Waste	2,410
Business travel	472
Employee commuting	1,280
<b>Downstream</b>	
Downstream transportation	100,338
Processing of sold products	1,855,505
<b>Total</b>	<b>2,296,351</b>
Therein Upstream	340,508
Therein Downstream	1,955,843

\* For more information on how we calculated our scope 3 emissions, please check the Additional Information on scope 3 GHG emissions chapter on [page 70](#). There you can also find information on categories that are not included.

**REDUCTION OF GHG EMISSIONS GRI 305-5, ESRS E1-3, E1-4**

	Scope 1 (tCO <sub>2</sub> e)	Scope 2 (tCO <sub>2</sub> e)	Scope 1 & 2 (tCO <sub>2</sub> e)
Emissions in the base year (2021)	13,747	8,219	<b>21,966</b>
Emissions in the reporting year	13,540	5,086	<b>18,626</b>
<b>Difference in emissions compared to the base year</b>	<b>-207 (-1.5%)</b>	<b>-3,133 (-38.12%)</b>	<b>-3,340 (-15.20%)</b>

Notes: CRONIMET has already implemented a number of GHG emission reduction initiatives while developing SBTi compatible targets. The differences obtained in GHG emissions, specifically the reduction in emissions, are explained as follows:  
 Scope 1: Reduction of diesel usage, with measures described under 302-4. Scope 2: Many yards switched to green energy. In 2021, 5% of our energy demand was sourced from renewable sources (7 out of 52 active yards). By 2023, this increased to 44% (20 out of 54 active yards).  
 Scope 2 emissions are market-based.

**GHG EMISSIONS INTENSITY GRI 305-4, ESRS E1-6**

	tCO <sub>2</sub> e per tons of material sold
	<b>2023</b>
Scopes 1 and 2* (market-based)	0.0097
Scope 3 Upstream	0.1772
Scope 3 Downstream	1.0176

Notes: The metric defined for the calculation is tons of material sold, with a value of 1,921,930 tons.



**15%**

scopes 1 + 2 reductions since base year 2021.

**EFFORTS TOWARDS DECARBONIZATION**

Because avoiding and reducing carbon emissions is imperative, we have already started implementing measures across various areas of our business activity towards committing to restricting global warming to 1.5°C by 2030. We have been working to reduce our overall energy consumption, driving the switch to using renewable energy and expanding our use of photovoltaics. We also have started to convert our machinery pool from combustion engines to electric drives. Additionally, employee awareness training was conducted to ensure the efficient operation of the machinery and equipment used in the scrap yards.

We are pushing the electrification of the machinery fleet, including excavators, cranes, forklifts, cars, trucks, locomotives, and wheeled loaders. All of our larger yards already have at least one electrical excavator, and the first yards already run diesel-free. For some of the more technologically complex machinery, there are no electric alternatives available on the market yet. To support the solution to this situation, we are partnering with major industry suppliers to, among other things, develop excavators with a battery pack. As a result, CRONIMET Ferroleg. already has two fully battery-operating excavators in Karlsruhe, each avoiding the emission of 30 tons of CO<sub>2</sub> per year compared to the diesel-powered alternatives.

**ENERGY CONSUMPTION WITHIN THE ORGANIZATION** GRI 302-1, E1-5

<b>Fuel consumption</b>	<b>Amount of energy (GJ)</b>
<b>Non renewable sources</b>	
Diesel (including fuel for leased and owned diesel fueled company cars, excl. HVO)	139,978
Natural gas including propane	49,030
Oil & Gas Oil	2,166
Petrol (including fuel for leased petrol fueled & hybrid company cars)	5,123
Acetylene	274
LPG (Liquefied petroleum gas)	7,458
<b>Total</b>	<b>204,029</b>
<b>Renewable sources</b>	
HVO diesel <sup>1</sup>	3,780
District Heat	349
<b>Total</b>	<b>4,129</b>
<b>Power consumption</b>	
<b>Non renewable sources</b>	
Electricity	47,124
<b>Renewable sources</b>	
Purchased green electricity	22,770
Self-produced and consumed solar power	2,642
<b>Total</b>	<b>25,412</b>
<b>Total energy consumed within the organization</b>	<b>280,694</b>

<sup>1</sup> HVO diesel is made from Hydrotreated Vegetable Oils and is considered a renewable fuel because it uses plant oil, which doesn't release fossil CO<sub>2</sub> during combustion. However, its sustainability depends on the raw materials used. If local oils or waste products from the food industry are used, it can be sustainable. However, palm oil is often added due to limited supply of these oils. The production and transport of palm oil can result in emissions higher than fossil diesel, making such HVO unsustainable. CRONIMET seeks palm-oil-free HVO, but availability is limited, and they plan to use HVO only where diesel use cannot be avoided.

Notes: The electricity value includes 719 GJ of electric car charging. The hybrid car charging was documented under fossil fuels.

Consumption data was obtained from the sites and converted into kWh using factors provided by the IFEU Institute in Heidelberg from the sources below. The internal calculation was based on the GHG protocol without external verification.

The sources of conversion factors used were DEFRA Conversion Factors 2023, Tremod Traffic in Numbers 2020, GESTIS Substance Database from the Institute for Occupational Safety and Health of the German Social Accident Insurance for unit conversion of Acetylene, energy consumption of transportation provided by the IFEU Institute for Energy and Environmental Research Heidelberg based on their calculations, AIB Residual Mixes 2020-2023, IEA 2023 and the emission factors of the different eGrids in the US from <https://www.green-e.org/2023-residual-mix>.

In 2023, 13 of our subsidiaries produced their own energy, not only reducing purchasing but also selling 1,063 GJ to the grid.

**ENERGY INTENSITY** GRI 302-3, ESRS E1-5

<b>GJ/Tons of material sold</b>	
<b>2023</b>	
Scopes 1 & 2	0.146

Note: The metric defined for the calculation is tons of material sold, with a value of 1,921,930 tons.

## — OUR LARGER YARDS HAVE AT LEAST ONE ELECTRICAL EXCAVATOR, WHILE SOME ALREADY RUN DIESEL-FREE. —

One battery excavator was developed in cooperation with one of our suppliers in an innovation project sponsored by the German Federal Ministry of Economics and Climate Protection. We supported the product development with practical know-how and actively participated in prototyping the machine. We then proceeded to test the prototypes and are giving feedback based on our experience. Another new addition to the CRONIMET Ferroleg. yard is a battery-powered train locomotive for on-site material movement. Looking ahead, we plan to replace all the old diesel-powered material-handling machinery at all yards of the CRONIMET Group and help develop and influence the recycling industry towards more sustainable scrap yards.

Another driver in reducing our emissions is the consistent evaluation and investments in alternative power sources for our subsidiaries, such as solar panels. In 2023, for example, CRONIMET Ostrava purchased 80 solar panels with a total

capacity of 36.40 kWh, which were installed on the roofs of our company's buildings and connected to a distribution network. Yearly, the new panels will provide about 70% of the energy consumed on-site across the workshop, offices, and outbuildings. Meanwhile, in Dortmund, new solar panels now cover around 1,100 m<sup>2</sup> of the roofs—31% of the required electrical energy for the site is now self-generated. On top of that, Dortmund got its first electric excavator. Our subsidiary in Spain also installed solar panels on the roof to produce electricity on site.

We have also been moving our management's car fleet away from combustion engines. We have 40 charging stations in Karlsruhe that our employees can use for free. In addition, we have revised our travel policy, bringing together economic and ecological aspects. From 2023, the most sustainable means of travel should be chosen. For example, traveling by train should be preferred to traveling by car. Short-haul flights

of up to 600 km should be avoided for ecological reasons: they release almost twice as much carbon as a long-haul one due to very energy-intensive takeoff and landing maneuvers. For long-haul flights, the option should be economy class, as business flights cause higher CO<sub>2</sub> emissions.

In recognition of our employees in Karlsruhe and Norderstedt who have been cycling to work instead of using their cars, the management of CRONIMET Holding and CRONIMET Ferroleg. decided to support the UrwaldProjekt carried out by the Wohlleben's Waldakademie with 10 cents per kilometer cycled during a given time frame. In 2023, 7,651 km were cycled and 1,506 kg of CO<sub>2</sub> saved, resulting in 2,000 euros supporting the project. The donation will protect 652 m<sup>2</sup> of a deciduous forest with 120-year-old beech and oak trees for 50 years. During this period, the forest owners cannot exploit the forest economically and will receive compensation for the timber harvest they would get instead.



## MEASURING ENERGY REDUCTIONS ON OUR ISO 50001 CERTIFIED YARDS GRI 302-4

At the end of 2023, 13 of our subsidiaries produced their own solar energy. This initiative decreased the amount of power purchased from the grid and the need for energy transportation to the sites. The reductions obtained compared to the base year 2022 amounted to 2,642 GJ. Another 1,063 GJ were sold to the grid. The method used to determine the reduction was direct measurements of the own production of electricity.

In addition, the modernization of the CRONIMET Envirotec production plant to the International Energy Efficiency Class 4 increased the efficiency and decreased energy demand per ton of material. Threshold values for automatic on- and off-switching were introduced to the process control system of the

production plant, reducing the base load through the temporary deactivation of plant parts. The energy team collaborated with suppliers and producers to enhance the energy efficiency of other components, such as the cooling system. Furthermore, the baseload was reduced by adapting the suction unit to the production processes and reducing the energy demand of compressors through the identification and sealing of leakages.

These efforts reduced 1,678 GJ in energy consumption at CRONIMET Envirotec compared to the base year 2020. We chose 2020 as the base year for our ISO 50001 energy management system because we had successfully achieved our previous energy efficiency targets by then, and it was the right time to set new, more ambitious targets. The types of energy included in the reductions are fuel, electricity, and heating. The calculations for the reductions were based on continuous and direct measurement.

In parallel, we were assessing sustainable alternatives to heating buildings with natural gas in all our subsidiaries located at Karlsruhe Südbeckenstraße (this includes CRONIMET Ferrole, CRONIMET Holding, CRONIMET Services, and CRONIMET Raw Materials). This measure will result in reductions in the future. Additionally, an awareness campaign



**BY INVESTING IN SOLAR ENERGY, WE NOT ONLY REDUCED PURCHASING, BUT ALSO SOLD THE SURPLUS TO THE GRID.**

focused on reducing energy consumption for heating and air-conditioning in the offices was implemented, setting target temperatures of 20°C for heating during colder months and 25°C for cooling in the summer. This campaign was distributed via the intranet and on informational slips in offices and meeting rooms.

Along with the electrification of the machinery fleet, these actions yielded a reduction of 5,889 GJ in energy consumption compared to the base year

of 2019. This base year was chosen instead of 2020 because it provides representative and accurate data on our energy consumption and was free of exceptional impacts due to COVID-19, which made 2020 unrepresentative. The types of energy included in the reductions are fuel, electricity, and heating. The calculations for the reductions were based on continuous measurement. The specificity of data in 2019 was less detailed than in 2023, which introduces some uncertainty in comparing figures.

# CIRCULAR ECONOMY

**CRONIMET has become a byword for recycling without any loss of quality, developing a business model aligned with the principles of the circular economy. The complex processes required for that are based on a simple idea: the more material we recycle, the more secondary materials are returned to the cycle. Establishing a recycling economy is a crucial task of our time, given diminishing resources and in the interests of environmental protection.**

— To accomplish this purpose, we focus not only on our contribution but also on our approach. We have repeatedly engaged in innovations and collaboration with reliable partners to increase the circular material use rate (CMUR), and want to expand this approach further. An essential factor in this regard is the awareness that all products have a life span and that all processing activities generate valuable scrap. Processing scrap requires efficient procurement, precise analyses, and state-of-the-art technology to

fulfill our customers' wishes and quality requirements. Our skills and considerations enable us to offer tailor-made solutions regarding secondary input material, which is returned to the material cycle by using it in steel mills, foundries, and melting furnaces. We are constantly looking for opportunities and research findings to take the recycling of critical raw materials to new levels, with greater efficiency and recovery rate of valuable materials.

Our targets relate to inflows and outflows, including waste, products, and materials across various stages, such as production, use phase, and end of functional life. To minimize the use of virgin, non-renewable raw materials, we opt for off-grade materials that producers would otherwise dispose of whenever possible. This further contributes to waste reduction and resource conservation.

In 2023, thanks to our strengthened partnership with Outokumpu we gained new capabilities to generate ideas for our recycling business



## MATERIALS PURCHASED BY WEIGHT AND RECYCLED INPUT MATERIALS USED

GRI 301-1, 301-2, ESRS E5-4

	<b>Tons</b>
<b>Material</b>	<b>2023</b>
Recycled metals	1,761,151
Primary metals	43,341
<b>Total</b>	<b>1,804,492</b>
Percentage recycled materials	97.60%

*Note: These figures give an overview of the metals we have sourced from our suppliers. The discrepancy between this figure and the data given on the amount of material sold depicts changes in inventory. The data provided is estimated and sourced from the goods in material controlling, which either directly accesses the central ERP system or receives reported figures from subsidiaries. Due to stock fluctuations, this data is considered an estimate. Methods used for this estimation include additional reports from subsidiaries, especially when the current controlling report lacked specific information. All the materials mentioned in this table are non-renewable.*



worldwide and the opportunity to optimize the material flow from the Northeastern Europe, thus saving on transportation, and avoiding CO<sub>2</sub> emissions. Furthermore, we have started taking a closer look at our supply chain scrap flow in terms of not only environmental compliance but also social aspects (see more on [page 60](#)).

Internally, we optimized our sorting processes by adopting a sensor-based system capable of distinguishing among more than ten alloys of high-speed steel (HSS) and several alloys of titanium. Using laser-induced breakdown spectroscopy, also known as LIBS technology, these sensors allow us to accurately identify and separate alloys with diminutive differences, which was previously a challenging task for recyclers and manufacturers. In addition, it is possible to sort much smaller pieces in an economic way—the system segregates materials into their

respective alloys, thus enhancing the quality of recycled materials, reducing contamination in the recycling stream, minimizing waste, and reducing the need for raw materials extraction. In 2023, an average of 1,700 pieces was picked per hour, with total potential not yet reached. Further adoption of other alloys is an ongoing task, according to the market supply of scrap and demand from our customers.

Meanwhile, in Brazil, we successfully implemented a new recycling plant that reprocesses slag generated during ferroalloy production, so that the material is turned into a sub-product for applications in other industries (see more on [page 15](#)).

Moreover, after a thorough analysis, we considered that we are well-positioned to expand our horizons and become active in the battery recycling economy due to our deep knowledge of

nickel and cobalt recycling and vacuum distillation, the core technology used in the process. Electromobility is becoming increasingly important in the context of the world's energy transition—while demand for batteries will increase enormously, so will the need for capacities to ensure that the materials are returned to the cycle accordingly. Hence, in September 2023, we announced the creation of the new separate subsidiary, Revomet GmbH, 100% owned by CRONIMET, combining all our existing and future activities in the battery-recycling field. Revomet's first operational site will be located on the premises of CRONIMET Envirotec in Bitterfeld-Wolfen, Germany, and it will process end-of-life batteries and waste from battery production from Europe.



## — WE EXPAND OUR HORIZON AND BECOME ACTIVE IN THE BATTERY RECYCLING. —

## — A NEW FRONTIER IN HEALTHCARE

There is enormous potential for recycling materials from medical facilities, mainly stainless steel, cobalt-based alloys, chrome molybdenum (CrMo), and titanium alloys. Surgical instruments, for example, are commonly made of stainless steel—and are often used only once before being thrown away in special containers due to regulatory requirements. A research project at Pforzheim University, which CRONIMET supports, is developing a unique identification system to analyze the sealed containers and calculate the amount of valuable metals remaining after incineration. The project aims to simplify recycling and underline the economic reasoning for hospitals. At the same time, our subsidiary Cremetal has developed a comprehensive service offering for hospitals: orthopedic explants and single-use and reusable surgical instruments are collected in a cleaned and disinfected, but not sterilized, condition, in special containers and then transported to the recycling center in Karlsruhe for further processing. The project started at Orthopädisches Spital Speising in Vienna and is now gradually being expanded to other hospitals in Austria and Germany.

**WASTE MANAGEMENT APPROACH**

GRI 306-1, GRI 306-2, ESRS 2 SBM-3, E5-2, E5-3 (CONT.), E5-4, E5-5

Despite our total waste levels being relatively low and not considered a material issue, we have established robust waste management processes, mainly due to ISO certification and local legal requirements. Currently, 31 out of 54 operational yards are ISO 14001 certified, and the rollout of certifications to additional yards is under review. ISO 14001 requires CRONIMET to conduct internal audits to ensure that the waste management system is effectively implemented and maintained. Internal audits include the examination of monitoring and measurement results.

Our waste generation and related impacts are found in various stages of our operations. These include material inputs (raw materials, noteworthy chemicals, and toxic substances present in the recovered materials), our main activities (such as the acquisition of raw materials and the processes involved in production), material outputs (including produc-

tion waste and hazardous substances), upstream activities (like the acquisition of raw materials and research and development), and downstream activities, which mainly involve waste treatment.

Generally, the following non-hazardous waste is generated at our sites: wood, plastics, big bags, document shredding, styrofoam, glass, paper, food, cooking oil, construction material, and soil. As for the hazardous waste, it includes halogen-free cutting emulsions and solutions, non-chlorinated mineral-based machine gear and lubricating oils, sludges from oil/water separators, sludges from physicochemical treatment containing hazardous substances, and from laboratory operations (small amounts): acids, solid salts, and solutions containing heavy metals.

Each subsidiary has an officer or equivalent responsible for properly recovering or disposing of all waste generated following legal regulations. The responsible waste officer verifies the reliability of the recycling and disposal companies, preferably based on their current certificates or permits.

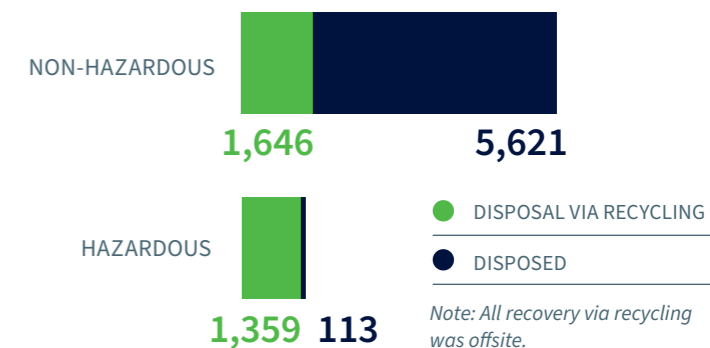
CRONIMET does not outsource waste management; thus, there is no third-party management.

Besides incorporating core business practices related to the circular economy, we implemented several measures to avoid waste production in our activities and across the value chain. They include the recycling and reusing of packaging materials, and specifying purchasing conditions to minimize additional and hazardous contamination, which is checked upon material receipt. We also run regular internal and external environmental audits, and ongoing education and training on handling waste. Furthermore, our production of secondary raw material is in compliance with the End-of-Waste Regulation.

To ensure the efficiency of our waste management, we internally treat the resulting waste (water or emulsion) and select waste disposal companies that maximize sustainability by minimizing disposal and maximizing recovery. For example, waste-to-energy facilities can convert certain types of waste into electricity or heat. This can help diversify energy sources and reduce dependence on fossil fuels.

All these stages are closely followed by regular waste reports and monitoring of key waste generation figures. Waste data collection and monitoring involve using existing truck scales, web-based electronic documentation (including Microsoft products), and monitoring at the emulsion splitting plant.

**WASTE GENERATED AND RECYCLED (TONS)** GRI 306-3, GRI 306-4, ESRS E5-5



**WASTE DIRECTED OFFSITE TO DISPOSAL**

GRI 306-5, ESRS E5-5

	Tons
<b>Non-hazardous waste</b>	<b>2023</b>
Incineration with energy recovery	467.02
Incineration without energy recovery	0.00
Landfill	4,534.19
Unknown	620.11
<b>Hazardous waste</b>	
Incineration with energy recovery	67.27
Incineration without energy recovery	13.39
Landfill	6.26
Unknown	26.53

Note: All waste directed to disposal was for offsite disposal.

**OUR ROBUST WASTE MANAGEMENT PROCESSES ADDRESS CERTIFICATIONS AND LOCAL LEGAL REQUIREMENTS.**



# SOCIAL

— OUR HUMAN RESOURCES EFFORTS ARE WORKING TO ENSURE EFFICIENCY, QUALITY, MOTIVATION, AND WORK-LIFE BALANCE. —

# OWN WORKFORCE

**In recent years, we have shifted our human resources department from a rather administrative to a more expanding strategic one, with projects aiming at managing our impacts on employees' work-life balance, benefiting from opportunities raised by leveraging our business towards sustainability and mitigating risks in current and future hiring demands. In addition, our performance target management system is now well established, marking a shift in how we cooperate and enable employees to work more independently and make decisions in their corresponding areas of competence. It is essential for us to ensure efficiency, quality, and motivation.**

— Established in the fall of 2021, our Leadership Development Council is a workforce and organizational development advisory board which helps us raise awareness of our leadership principles. Its members were nominated by the CRONIMET

Holding management and include experienced national and international executives from different functional areas. Together, they work on current leadership topics regularly and consider how we can further operationalize the leadership principles and anchor them in the Group.

CRONIMET's "Leadership Principles" are based on our corporate values and describe how we want and should treat each other accordingly. The set ensures that we are guided by the same fundamentals, making us an equally reliable employer for everyone worldwide. The 12 principles are divided into four core areas: Openness, Learning, Care, and Progress. Trust forms the foundational layer and has a prominent role as an essential requirement for a leader at CRONIMET.

In 2023, the Leadership Development Council worked with HR and Organizational Development to overhaul the Leadership Principles as part of a global campaign, including posters translated into ten languages and short videos with insights into different national perspectives.



The CEO also participated in the campaign, which shared personal testimonies by employees from various sites about what a specific leadership principle means to them and how it can be helpful during everyday work.

The principles supported us in consolidating the “oneCRONIMET” management style, which improves our daily work and experiences, ultimately helping shape our culture and making us more successful. We believe in a respectful and appreciative collaboration worldwide—after all, we will only reach our goals if we do so with openness. To facilitate this, we concentrated efforts in 2023 to develop an app to replace the current Intranet and to be used on a smartphone or a desktop browser. Launched in 2024, the oneCRONIMET app and intranet will allow all employees worldwide to access information and to receive and share news within the company. Automated translations will let everybody read the content in their chosen language.

The concept of openness within CRONIMET also includes efforts to integrate more women into our workforce, tearing down taboos in the metal industry, and promoting a mixed leadership environment. We firmly believe that equal opportunities are not just a matter of care and fairness but also a key component for success, as mixed teams work better as the different strengths of diverse people can have a more significant impact. Our initial com-

mitment was to have at least one female member on our Management Board—a goal we have accomplished. Also, CRONIMET's ambition involves increasing the proportion of women in management positions, which was 32% for directors and 10% for middle managers, proportionally higher than in the total workforce. Nevertheless, we recognize there is still a lot to do. Currently, while a higher share of white-collar workers comprise women, their presence is still low in blue-collar positions, known for stereotypes to be overcome in the industry.

Other relevant tool we have to improve our people management practices is the CCC Team and the HR Forum. The CCC is an interdisciplinary team in our headquarters in Karlsruhe, aiming to strengthen culture, collaboration and communication at CRONIMET further and implement new ideas to develop our corporate environment continuously. To this end, they meet every other week. Once a year, there is also an additional event, the "Culture Club", aiming to uncover cultural issues that the CCC team will work on more intensively in the following year.

The HR Forum is a workshop with HR-related topics and an additional topic-oriented section for knowledge transfer. The HR Forum takes place quarterly and is offered worldwide to all HR employees, managers, executives, and anyone interested.



**DIVERSITY IN GOVERNANCE BODIES AND EMPLOYEES**

GRI 405-1, ESRS 2 GOV-1, S1-6, S1-9

	2023	
	Men	Women
Managing Directors	67.69%	32.31%
Managers	89.47%	10.53%
Employees	79.76%	20.24%
<b>Total</b>	<b>80.11%</b>	<b>19.89%</b>



**EFFORTS**

to integrate more women into our workforce, tearing down taboos in the metal industry, and promoting a mixed leadership environment.

In 2023, the highlighted topics were change management, employee development, corporate culture, and mixed leadership.

We also have skills improvement programs for our employees, offering internal training courses and financial support for external training. The internal training covers various areas, including techniques for own operations, compliance and ethics, diversity and inclusion, safety at work, project management, technology and internal tools, leadership skills, data security, communication skills, and human rights. Financial support is provided for language courses, post-graduate courses, external courses chosen by employees in consultation with their managers, and courses offered in partnership with educational institutions. **GRI 404-2, ESRS S1-1**

Although we do not offer assistance for employees retiring or those who are terminated, the Department of People & Organization, through its Team Learning & Development, offers professional and personal development measures

under the roof of the *CRONIMETacademy*.

**GRI 404-2, ESRS S1-1**

Altogether, these initiatives helped us achieve positive overall results in our employment survey, carried out for the second time in 2023 with 613 participants. Although we identified room to improve communication about our corporate goals, and for training and development opportunities, the respondents are highly willing to recommend CRONIMET as an employer. Given our values of togetherness and reliability, this result is an important and encouraging measure of our success. Because of this exceptional high recommendation rate, we created the campaign Friends@CRONIMET in Germany to recruit qualified employees who become aware of our company through recommendations from friends and family. Internal employees understand the requirements of the open job opportunities and often have a sense of which personalities and skills could enrich our company. As a thank you for successful referrals, colleagues receive a €500 bonus after hiring an applicant and a further €500 after completing the probationary period.

## WE BELIEVE IN A RESPECTFUL AND APPRECIATIVE COLLABORATION WORLDWIDE.

### OUR EMPLOYEES' DATA BY REGION **GRI 2-7, ESRS 2 SBM-1, S1-6**

	Gender		Contract type		Employment type		Total
	Men	Women	Permanent	Temporary	Full	Part	
Germany	365	142	464	43	414	93	<b>507</b>
Europe without Germany	280	74	348	6	335	19	<b>354</b>
North America	310	27	337	0	337	0	<b>337</b>
South America	118	28	146	0	146	0	<b>146</b>
Africa	67	10	76	1	77	0	<b>77</b>
Asia & Australia	4	3	7	0	7	0	<b>7</b>
<b>Total</b>	<b>1,144</b>	<b>284</b>	<b>1,378</b>	<b>50</b>	<b>1,316</b>	<b>112</b>	<b>1,428</b>

### OUR EMPLOYEES' DATA BY GENDER **GRI 2-7, ESRS 2 SBM-1, S1-6**

			2023
Contract type	Men	Women	Total
Permanent	1,108	270	<b>1,378</b>
Temporary	36	14	<b>50</b>
Employment type			Total
Full time	1109	207	<b>1,316</b>
Part time	35	77	<b>112</b>

**NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER** [GRI 401-1, ESRS S1-6](#)

**2023**

	Hired	Rate	Turnover rate
Under 30 years	70	31.11%	28.22%
Between 30 and 50 years	87	11.62%	10.68%
Over 50 years	29	6.39%	7.82%
Men	150	13.2%	12.63%
Women	36	12.33%	12.16%
Germany	61	12.08%	12.48%
Europe without Germany	55	13.22%	10.82%
North America	64	18.93%	19.97%
South America	1	1.19%	0.6%
Africa	5	6.41%	3.85%
Asia & Australia	0	0%	0%
<b>Total</b>	<b>186</b>	<b>13.03%</b>	<b>12.54%</b>

*Note: The „Hired“ column lists the number of employees that were newly employed. The column “Rate (%)” shows the ratio of these new employees compared to the existing workforce. The “Turnover rate (%)” displays the number of employees leaving as a share of the existing workforce.*



**6%**

of all global employees took family-related leave in 2023.



**12%**

of our total workforce was covered by collective bargaining agreements.

Despite the requirements and scale variations between the different subsidiaries, all our employees are covered by social protection either through a public program or through benefits offered by CRONIMET. The types of benefits we offer vary globally. In Germany, we offer benefits such as life insurance, maternity/paternity leave, and private pension plans to full-time, part-time, and temporary employees. They are provided at operational subsidiaries like our scrap yards and corporate offices such as CRONIMET Holding.

[GRI 401-2, ESRS S1-11](#)

All employees are entitled to family-related leave. However, the conditions and reasons for taking leave vary from country to country. In 2023, 8% of women and 5% of men took family-related leave in Germany. In total, 6% of all global employees took family-related leave in 2023. [GRI 401-3, ESRS S1-15](#)

Furthermore, we do not have operations that risk violating workers' rights to exercise freedom of association or collective bargaining. In the countries where we operate, these rights are protected by law. Respecting them helps ensure sustainable business operations and partnerships (also with suppliers), thereby avoiding reputational and financial risks related to supply chain due diligence. While the specific financial

effects of these practices are not yet determined, promoting workers' rights is closely aligned with our business strategy, values, and Code of Conduct. [GRI 407-1](#)

In 2023, 12.54% of our total workforce was covered by collective bargaining agreements. The companies covered include CRONIMET Ferrole, Fagersta, France, and Hispania. For employees not covered by collective bargaining agreements, CRONIMET defines the working conditions and terms of employment through internal and external comparisons. [GRI 2-30, ESRS S1-8](#)

We do not have or have had operations that present a risk of incidents of child labor or cases of young workers exposed to dangerous work. To mitigate these risks, we have taken measures such as declaring non-tolerance of these practices in official company documents, establishing relevant policies, and providing employee training on the topic. The same measures are applied to risks of cases of forced or compulsory labor, including explicit policies and commitments addressing human trafficking. We deem our own operations effectively free of such risks due to our values, policies, and leadership principles. In over 40 years of operations, there has never been a case of forced or compulsory labor. [GRI 408-1, GRI 409-1, ESRS 2 SBM-3, ESRS S1-1, S2-1](#)

**CARE FOR HEALTH AND SAFETY**

**GRI 403-1, GRI 403-7, GRI 403-2, GRI 403-10, GRI 403-3, ESRS S1-1, S1-3, S1-4, S1-14**

We recognize that activities associated with our core business could be physically strenuous and sometimes potentially dangerous. Therefore, ensuring employee health and safety is always the top priority. CRONIMET has an Occupational Health and Safety (OHS) management system based on recognized risk management and guidelines such as ISO 45001, ISO 9001, ISO 14001, and ISO 15001. It also complies with various supervision, inspection, and legal requirements, including work laws, the civil code and penal code, the Recycling Management Act, accident prevention regulations of the employers' liability insurance association, state-of-the-art standards, fire protection requirements of national insurance associations, and collective agreements and conventions.

However, not all workers are covered by this system, as not every subsidiary is ISO 45001 certified. Currently, 33% of our operational sites, covering 18 sites, are included. Nonetheless, non-certified sites conduct occupational health and safety procedures like tracking accidents, performing risk assessments, providing training and instruction, and inspecting and repairing work equipment under their own responsibility

regarding national legislation. Our overarching standards are considered guidelines that will be gradually implemented across all locations.

We employ routine and non-routine processes to identify and evaluate workplace hazards and risks. Routine processes include safety inspections, ergonomic risk assessments, accident and incident analysis, chemical risk assessments, physical risk assessments, evaluation of projects and changes, risk analysis of specific tasks and projects, emergency simulations, and assessment of impacts of organizational changes. Non-routine processes are carried out for risk assessments in construction projects and non-compliance cases.

The methodologies applied to ensure the quality of these processes involve training, qualifications and certifications for everyone involved, including occupational safety engineering courses, ISO 45001 certification, first aid and emergency response training and refresher training. The results are used to improve the management system by monitoring performance indicators, evaluating target achievement, and assessing risks and opportunities.

It is also part of our approach mapping the hazards and risks involved in activities carried out by workers in operations or business partnerships over which we do not exercise control. This occurs in various locations, including remote work, field-work, external environments, business travel, and facilities controlled by other business partners. The main hazards and risks mapped include falls, vehicle accidents, burns, equipment accidents, noise-induced hearing loss, and cuts and puncture wounds on sharp surfaces. To prevent them, we use various instruments such as personal protective equipment (PPE), training and qualification, safety signage, workplace safety programs, risk analysis, control of dangerous substances, preventive maintenance, emergency and evacuation procedures, occupational health monitoring programs and communication and employee involvement.

**EMPLOYEE HEALTH AND SAFETY ARE THE PRIORITIES.**





At the same time, we provide structures and channels for workers to report hazards and dangerous situations. They include our intranet and other online platforms, health and safety committees, direct communication to the management, and the occupational health and safety team. Workers are guaranteed no punishment or persecution for reporting dangers through a commitment expressed in the Code of Conduct.

Our policies and processes ensure workers can withdraw from work situations that could cause accidents or occupational illnesses with the occurrence record process in place. Corrective measures for investigating work incidents include detailed incident descriptions, incident investigation, root cause investigation, incident assessment, corrective measures, documentation and communication, and improvements to the management system.

The main hazards that can result in occupational illnesses include dust and smoke agents affecting employees and third-party workers and cooling lubricants impacting employees. Noise is also

identified as a significant hazard. We identify these hazards through a comprehensive process that includes task and process identification, risk agent identification, exposure assessment, identification of work-related illnesses, and ongoing monitoring and review.

To help establish and maintain a safe work environment, we also provide workers with occupational health services that encompass the protection of worker health, accident prevention, monitoring workers' health, legal compliance, and promoting a safety culture. Professionals who provide these services must have specialization in occupational medicine, with occupational physicians requiring special training and official accreditation according to national legal requirements.

Occupational medical examinations, monitoring worker health, occupational risk assessment, ergonomics education, health and well-being campaigns, support in rehabilitation programs, and the preparation of legal documentation are among the available services.

## — OUR WORKERS ARE ENGAGED IN IMPROVING OUR OHS SYSTEM. —

### | **BEYOND WORK** GRI 403-6

We develop programs and initiatives to facilitate workers' access to medical and health services unrelated to work. These programs include flexible leave and leave policies, such as an early retirement scheme (colleagues approaching retirement age work full-time but get a part-time salary, and then stop working but keep part-time salary) and sabbatical leave (the employee puts part of his/her salary in a special fund and takes some time off at later stage).

In addition, there are exercise and physical activity programs, vaccination campaigns, and mental health and emotional well-being initiatives to promote health and prevent illnesses. While workers cannot use these services and programs during work hours, family members can benefit from reduced gym membership fees.

All these programs and services are available to full-time and part-time employees, employees without guaranteed working hours, permanent employees, employees with fixed-term contracts, and temporary workers. Information about health promotion services is provided through internal communication, awareness campaigns, intranet links, applications, online platforms, and health and safety committees.

We maintain confidentiality regarding personal information related to the health of workers. It ensures that such information is not used for favorable or unfavorable treatment through compliance with legislation, restricted access, data security, employee training, a reporting channel, and accountability measures.

Information about these services is provided through internal communication, workshops and training, awareness campaigns, printed materials, and health and safety committees.

We provide health services to those employees for whom we have legal responsibility and direct access. Third-party employees receive health services from their respective employers.

**ENGAGEMENT AND TRAINING**

GRI 403-4, ESRS S1-2, GRI 403-5

We promote the engagement of our workers in developing, implementing, and evaluating the occupational health and safety management system. Direct participation includes regular company meetings at many locations, where management reports on current developments and changes and answers employee questions and suggestions. Worker participation through representatives involves "safety officers" appointed from among employees at certified sites who take part in meetings, inspections, and risk assessments. Employees are also consulted through these bodies and institutions, and can communicate improvement suggestions and perspectives through the "oneCRONIMET" app or provided forms.

There are formal health and safety committees responsible for monitoring the identification of

hazards and risks in workplaces, proposing and implementing measures to prevent work-related accidents and illnesses, investigating and analyzing accidents and illnesses, promoting awareness, education, and training, recommending the stoppage of machines or sectors in case of imminent risk, representing workers in occupational health and safety matters and conducting periodic inspections of the work environment. These committees meet quarterly and play an extremely relevant role in decision-making processes related to health and safety, serving as a central communication platform between management, employees, and health and safety experts. They enable a direct exchange of information, which also considers the specialist knowledge required for decision-making processes.

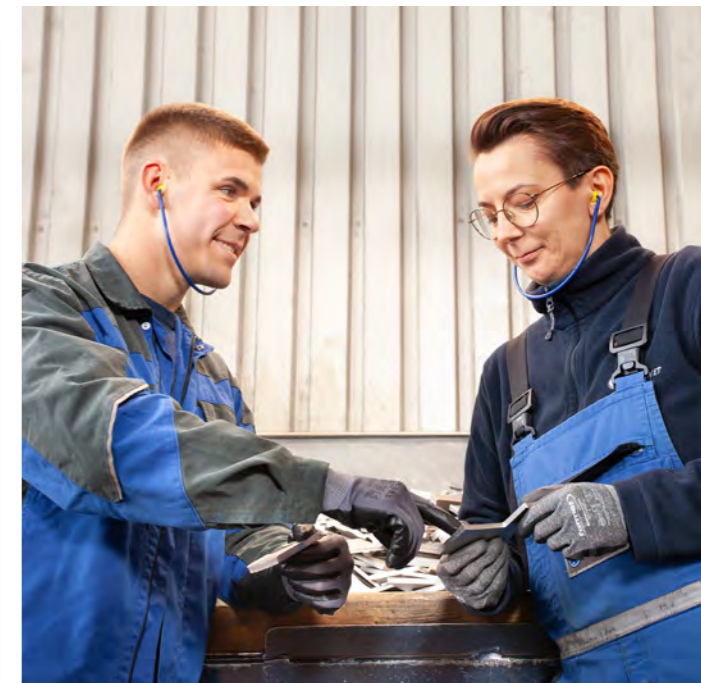
The effectiveness of the engagement with our workforce is assessed through regular employee surveys, monitoring the measures taken, target agreements, and tracking.

Moreover, we offer workers training and qualifications in machine and equipment safety, handling hazardous chemical substances, operating machines and equipment, onboarding or orientation for new employees, firefighting, first aid, use of personal protective equipment (PPE), cargo securing, industrial vehicle operation, fire prevention in specific workplaces, and emergency training.



CRONIMET has implemented an occupational health and safety management system according to the recognized standards ISO 45001. In 2023, out of a total of 1,428 employees, 585 employees were covered by the system, representing 40.97% of the workforce.

GRI 403-1, 403-8, ESRS S1-1, S1-14



**WORK-RELATED INJURIES** GRI 403-9, ESRS S1-14

**CRONIMET Group**

Lost Time Injury Frequency Rate (based on 1,000,000 hours worked)	18.33
Severity Rate (based on 200,000 hours worked)	41
Number of accidents with minimum of one lost workday	61

\* Note: The types of work accidents that occurred include falls, vehicle accidents, equipment accidents, and cut and stab injuries. These accidents had been mapped, identified, and classified as hazards and risks to worker safety. During the reporting period, vehicle and equipment accidents caused these incidents.

The work accident data includes full-time and part-time employees, employees without guaranteed working hours, permanent employees, employees with fixed-term contracts, and temporary workers. The standards, assumptions, and methodologies used in data compilation for 2023 include risk analysis, risk management, worker training and the premises that safety is a priority and everyone's responsibility.

Data compilation was conducted using standards, methods and assumptions according to DIN ISO 9001 and DIN ISO 45001, with accident numbers collected via an internal reporting system. The standards used include ISO 45001 and ISO 9001.



# GOVERNANCE

— WE ARE IMPLEMENTING A SYSTEMATIC APPROACH TO ENSURE COMPLIANCE WITH HUMAN RIGHTS AND ENVIRONMENTAL REQUIREMENTS. —

# RESPONSIBILITY IN OUR SUPPLY CHAIN

**We are facing the challenges of our time and striving to approach our suppliers more closely to improve our relationships and transparency. Our responsibility is a two-fold long-term journey: in the Recycling business, we manage scrap dealers, while in Raw Materials & Processing, we must be attentive to purchasing non-conflict materials. Hence, we are implementing a fundamental, systematic approach to ensure that our regulations, guidelines, contractual components, and systems reflect human rights and environmental requirements.**

— Besides updating our general Code of Conduct and regularly reviewing our Supply Chain Policy to reinforce binding internal criteria for responsible behavior by ethical and legal standards, we are strengthening our efforts regarding the additional Supplier Code of Conduct upon which our business partnerships must be observed. The document was inspired by the

UN Universal Declaration of Human Rights, the UN Global Compact and the International Labor Organization (ILO) Convention principles, and subjects our suppliers to corporate, social, and environmental responsibility obligations.

The prosperity of developed nations and the economic opportunities of developing and emerging nations are closely interlinked by supply chains. Our politicians, lawmakers, and companies in industrialized countries have a shared responsibility to check our supply chains and ensure that we obtain products and raw materials only from suppliers with a humane and responsible approach to their workers and the environment. This proposal can only happen if we, as CRONIMET, work together with our suppliers and stakeholders to change unfair and unjust existing conditions. As part of that goal, we completed our conformity audits concerning EU Regulation 2017/821 on conflict minerals while holding the Responsible Minerals Initiative (RMI) certificate in Brazil.





Furthermore, we drafted a declaration of principles on respect for human rights and the environment in the CRONIMET Holding Group. As a result, we clearly defined internal responsibilities, such as the Special Representative Supply Chain Act and the Human Rights Committee, and laid out a due diligence process.

To evaluate current negative impacts and anticipate future social risks, we conducted the collaborative human rights impact assessments and process gap analysis' for selected business entities in 2023. Those analyses generated several improvement proposals that are now being implemented. For suppliers, evaluations were performed only in cases of substantiated knowledge of social and/or human rights risks. When high risks or violations were identified, we requested information, data and reports from suppliers to perform in-depth risk analyses and set up mitigation or remedial plans. **GRI 414-2, ESRS 2 SBM-3**

Starting at the end of 2024, we will use an AI-supported software solution to regularly monitor all suppliers for social and environmental risks, human rights violations, and other related issues. This will enable us to carry out appropriate analyses and measures in response to relevant risks, incidents, or violations. By the end of the year, we also expect to rollout a basic e-training on due diligence, human rights and environmental rights for employees, along with several e-trainings for suppliers on the same subjects.

**GRI 414-2, ESRS 2 SBM-3**

These initiatives are part of an internal corporate project launched in 2023. The primary objective is to comply with upcoming critical regulations proactively. Although our current company size means that we are not subject to the German Supply Chain Due Diligence Act approved by the German Bundestag in June 2021, and given that the new EU Corporate Sustainability Due

Diligence Directive will not be transposed into national law of the EU member states before 2026, we have proactively opted to anticipate the implementation of the key regulatory requirements.

Due to the complexity of the law and the involvement of numerous departments in the company, we assigned a “Special Representative” as a new cross-sectional function within the Group to supervise our upstream supply chain, assess the involved risks, and fulfill our due diligence obligations. The representative is responsible to develop a strategy and coordinate the timely implementation of the necessary operational measures in cooperation with the respective specialists. By the end of 2024, our 'Fit for CSDDD' project will have created conditions that will enable us to comply with the main elements of the German Supply Chain Act at CRONIMET voluntarily. We will, therefore, not only be able to meet the growing requirements of our customers and other stakeholders but also live up to our values and expectations of ourselves in terms of sustainable supply chains and respect for legitimate human and environmental rights.

You can find additional information on our Supply Chain Policy, the CRONIMET Supplier Code of Conduct and annual reports on metals and minerals from conflict and high-risk areas [here](#).

**— IN 2023, WE LAUNCHED A PROJECT TO VOLUNTARILY ANTICIPATE OUR COMPLIANCE TO EU KEY REGULATORY REQUIREMENTS. —**

**MANAGING RISKS AND IMPACTS: OUR STATUS IN 2023**

GRI 407-1, GRI 408-1, GRI 409-1, GRI 414-1, GRI 414-2, ESRS 2 SBM-3, S2-1

Although there is no available statistic on the percentage of new suppliers selected based on social indicators, every potential supplier is screened according to selected criteria. If conflicts are found, cooperation is halted. This practice is integral to our strategy and risk management, grounded in CRONIMET's values that emphasize social aspects and sustainability. We aim to achieve economic success while respecting human rights and environmental obligations through fair, ethical, and lawful business practices. See more about Our Commitments on [page 18](#).

In addition, we also assess our current suppliers regarding their social impacts. While there is no central statistic encompassing all cases of social

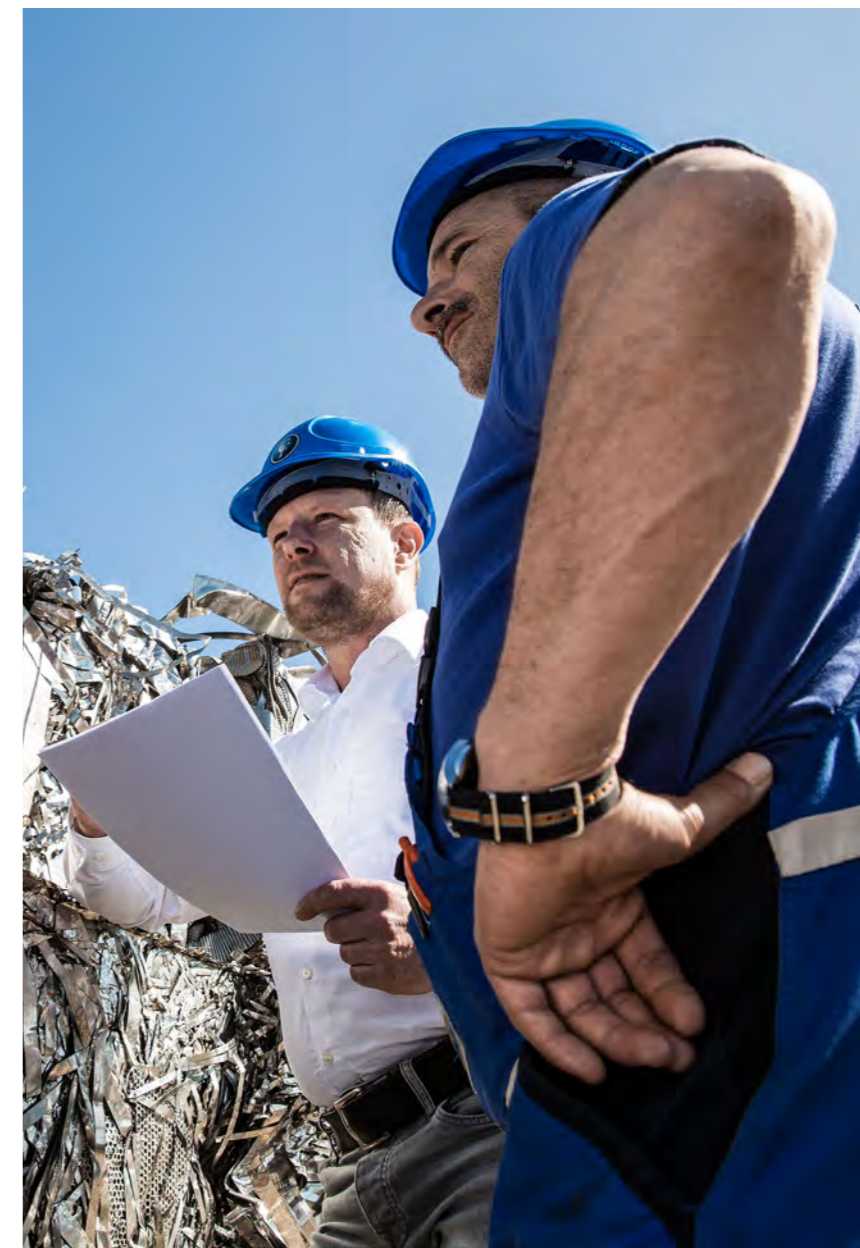
impact evaluation within the group, we conduct evaluations when there is "substantiated knowledge" of potential issues. Currently, CRONIMET cannot quantify the financial effects of social risks and negative impacts related to suppliers on the company's financial performance and cash flows.

Identified negative social impacts in the supply chain include precarious working conditions, negligence in health and safety, discrimination, and harassment. These impacts can affect our business model and operations by damaging our reputation. The highest risks for negative social impacts are found in the primary sector, within our upstream value chain, and particularly in

mining or processing operations in China, Africa, and South America. Therefore, we emphasize analyzing, evaluating, and auditing our primary raw materials suppliers. For example, one major primary material supplier of CRONIMET Raw Materials GmbH underwent an in-depth evaluation of social and environmental performance, including exhaustive Human Rights Impact Assessment reports. The risk of such human rights violations is considered extremely low at the level of our direct suppliers.

This strategy is unequivocally linked to respecting human rights, including workers' rights to freedom of association and collective bargaining, whose violations will not be tolerated. Similarly, anchored in our comprehensive and explicit set of policies and commitments (see more on [page 19](#)), all of our suppliers must prevent, refrain from, strictly condemn, and are required to act against all forms of human trafficking, modern slavery, forced labor, and child labor in their operations and those of their suppliers. All these violations are considered "red flags" ESG criteria for CRONIMET. Any detected violation requires immediate cessation; otherwise, we will suspend or terminate the business relationship.

**— OUR SUPPLIERS ARE EXPECTED TO FOLLOW OUR POLICIES AND COMMITMENTS TO RESPECT HUMAN RIGHTS STRICTLY. —**





If a CRONIMET employee is found to have knowingly tolerated or encouraged these violations, disciplinary measures and the harshest possible sanctions will be imposed.

Upon “substantiated knowledge” of high risks (related to impacts that have or could have a material severity) or evidence of violations, we evaluate the suppliers and request them to disclose how they address potential or existing adverse effects. This may involve submitting self-disclosures, certificates, evidence, or reports. We reserve the right to conduct supplier audits. Legally, this is supported by the Supplier Code of Conduct. If there are risks related to compliance with the code, especially those concerning internationally recognized human rights, we expect suppliers to implement effective mitigation and remedial measures. We reserve the right to suspend or terminate the business relationship if severe breaches are not addressed appropriately.

So far, CRONIMET has not proposed formal improvement agreements for suppliers identified as causing or potentially causing negative social impacts. Furthermore, we have not terminated any supplier contracts due to social impact assessments. No contract terminations have been necessary so far, as we prefer to identify, mitigate, or eliminate risks rather than hastily terminate supplier relationships. This approach

proved effective in 2023 when a supplier successfully prepared and implemented a mitigation measure plan to address identified risks or violations.

Regarding environmental impacts and risks, we currently do not incorporate environmental criteria into the initial selection of new business partners. In some regions, however, existing suppliers are checked for ISO 14001 certification, which pertains to environmental management systems. Additionally, supplier selection involves audits and checks, but these are only conducted in cases where there is "substantiated knowledge" of a high probability of actual materialization of human or environmental rights violations. Nonetheless, our ISO 9001 certified subsidiaries annually evaluate suppliers. CRONIMET traders perform this evaluation.

**GRI 308-1**

Also, we do not carry out assessments to identify negative environmental impacts of the supply chain. This decision is based on a risk-based approach, where environmental impacts in the supply chain are considered low risk for the majority of suppliers due to strict regulations governing waste handling. However, we plan to conduct such assessments in the future as part of our Supply Chain Due Diligence Activities. **GRI 308-2, ESRS 2 SBM-3**



# ADDITIONAL INFORMATION

— FIND MORE  
ABOUT THE SCOPE  
OF THE REPORT,  
RESTATEMENTS AND  
FURTHER DETAILS  
ABOUT OUR GHG  
EMISSIONS. —



# SCOPE OF THE REPORT

GRI 2-2, ESRS 2 BP-1

CRONIMET controls several entities that are part of its financial and sustainability reportings, as follows. The information was not modified due to minority interests. The sustainability report does not consider companies in liquidation or undergoing sales processes. This report includes all companies directly or indirectly controlled by the parent corporation CRONIMET Holding GmbH, and only complete consolidation is applied. There are no circumstances for at-equity consolidation. Representative offices without operational activities are excluded from the consolidation scope as they do not constitute significant locations. When consolidating information in textual form, exact consolidation is only sometimes feasible; overarching statements are used to standardize individual assertions.

For all GRI disclosures 302, 305, 306, 403, and 404, the focus is on the operational site plus CRONIMET Holding and does not cover CRONIMET S.A., CRONIMET Asia Pte. Ltd., CRONIMET Singapore Pte. Ltd., CRONIMET Australia Pty. Ltd.

## ENTITIES INCLUDED IN THIS SUSTAINABILITY REPORTING

CRONIFER UK Limited	CRONIMET Latvia SIA
CRONIMET (Holland) B.V.	CRONIMET Nordic OÜ
CRONIMET (R.S.A.) (P.T.Y) Ltd.	CRONIMET Norr AB
CRONIMET Alfa GmbH	CRONIMET Ostrava sro
CRONIMET Asia Pte. Ltd.	CRONIMET PL Sp. z o.o.
CRONIMET Australia Pty. Ltd.	CRONIMET Raw Materials GmbH
CRONIMET Brasil Ltda.	CRONIMET S.A.
CRONIMET Corporation	CRONIMET Services GmbH
CRONIMET CREMETAL GmbH	CRONIMET Singapore Pte. Ltd.
CRONIMET Dortmund GmbH	CRONIMET Specialty Metals USA, Inc.
CRONIMET Envirotec GmbH	CRONIMET Turkey Metal A.S.
CRONIMET Fagersta AB	ERG-Edelstahl Recycling GmbH
CRONIMET Ferroleg. GmbH	Metalloy Metalle-Legierungen G.m.b.H.
CRONIMET Finland Oy	Nichel Leghe S.p.A.
CRONIMET France SAS	Unico Alloys & Metals Inc..
CRONIMET Great-Britain Ltd.	
CRONIMET HISPANIA S.A	
CRONIMET Holding GmbH	
CRONIMET Holdings, INC.	

## COMPANIES NOT INCLUDED IN THE REPORT

Battery Metals Pte. Ltd.
CRONIMET Domestic International Sales Corp.
CRONIMET Invest Brasil Ltda.
CRONIMET Invest Russ ooo
CRONIMET Italia S.R.L.
CRONIMET Korea Ltd.
CRONIMET North-East GmbH
CRONIMET Raw Materials Suisse AG
CRONIMET Shanghai Co. Ltd.
CRONIMET Metal Philippines
ERG Investments (R.S.A.)
Plant of Pure Iron OJSC
Pure Battery Technologies Pty Ltd.
Revomet Bitterfeld GmbH
Revomet GmbH

## RESTATEMENTS OF INFORMATION GRI 2-4, ESRS 2 BP-2

This report includes reformulated information that was published in the 2021 edition. Specifically, the Scopes 1 and 2 CO<sub>2</sub> emissions for 2021 have been updated. This update is due to a change in the measurement methodologies or definitions used at the time. Notably, for the 2023 report, company cars have now been included in Scope 1 emissions, some consumption figures have been updated, and whereas previously Scope 2 emissions were only reported as location-based, they are now also available as market-based. The effect of this reformulation on the figures is as follows: Scope 1 emissions were previously reported as 12,201 tCO<sub>2</sub>e and have been adjusted to 13,540 tCO<sub>2</sub>e. Scope 2 location-based emissions were previously 6,728 tCO<sub>2</sub>e and are now 6,867 tCO<sub>2</sub>e.

## BIBLIOGRAPHIC REFERENCE TO THE SCRAP STUDY BY THE FRAUNHOFER INSTITUTE FOR MICROSTRUCTURE OF MATERIALS AND SYSTEMS:

Pothen, et. al. (2020): Scrap Bonus – External costs and fair competition in the global value chains of steelmaking. Halle (Saale).

**ADDITIONAL NOTES ON SCOPE 3**

**GHG EMISSIONS GRI 305-3, E1-4**



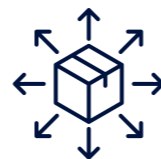
**Scope 3 Category 1 - Purchased products:**

For this report, we focus on the primary metals purchased, which have the highest emissions from all our purchases. The assessment comprises primary metals (ferrochrome, ferromolybdenum, ferronickel, and others). The suppliers of the primary metals were asked to provide emission values. If they provided numbers, these were used for the assessment. If not, standard emission factors from Ecoinvent were used. Emissions from purchased fresh water were also included. For all other purchased goods, we conducted a spend-based analysis with conservative assumptions on emission factors. It concluded that the corresponding emissions were below 0.5% of our total emissions. We therefore chose not to report them.



**Scope 3 Category 2 - Capital goods:**

The emissions of capital goods purchased were not included in our Scope 3. We chose not to include them in 2023 because data was incomplete, supplier-specific emission factors were sparse, and the emissions amounted to only 0.5% of our total emissions based on a spend-based analysis with conservative assumptions on emission factors.



**Scope 3 Category 4/9 - Upstream and downstream transportation and distribution:**

The emissions of transportation were calculated based on internal data on inbound logistics (purchasing), outbound logistics (sales), and intra-company logistics (transportation between CRONIMET yards). For almost all deliveries, information on the city and country of start and end was available, as well as on the tonnage transported. Some shipments also had information on the postal codes for even more precise locations. Most shipment data included information on the mode of transportation (truck, container ship, train, bulk ship, private delivery, and different combinations). Wherever no data was available on the mode of transportation, assumptions were made based on the route characteristics and tonnage. Implausible modes of transportation in the data (e.g., truck delivery across an ocean or sea delivery over land) were corrected if they were discovered. There was no information on private deliveries for some locations. In such cases, an assumption was made that

the distances traveled for private deliveries were equal to that of commercial deliveries. In many cases, there was no further information on the mode of transportation, respectively, the type and size of the vehicle. Based on the available information, all modes of transport were consolidated into the following categories: Truck (Transport Truck >32 t), Sprinter (<3,5 t for private deliveries), container ship, bulk ship, and train. Each was assigned an emission factor from Ecoinvent 3.10. When the mode of transport was uncertain, the option with the higher emissions was chosen. For all land logistics, a “Bing Maps” API was used to calculate the distance traveled. The distances traveled via train were approximated through the distances traveled on the road, as no other option was available. In the case of sea freight, an online tool called “Searates” was used to assess the distance traveled, usually with a share of marine travel and a share of truck travel from/ to the harbor. The emissions of each shipment, respectively, a bundle of shipments on a route, were calculated by multiplying the tonnage by the kilometers traveled and then by the appropriate emission factors. For quality assurance purposes, routes with the highest overall emissions (representing about 60% of all emissions) were rechecked for plausibility.



**Scope 3 Category 7 - Employee commuting:**

The emissions for employee commuting were calculated by multiplying the number of working days at the office with the emission factor calculated by IFEU Institute (using Destatis, Mikrozensus 2020, Umweltbundesamt TREMOD 6.51). The number of in-office working days was determined by considering the total number of days worked in the company and deducting the average days worked from home per week at the different CRONIMET companies. The total number of days worked was calculated by considering the number of employees per company, based on an average of 46 working weeks with five working days per week. Each subsidiary verified the average days worked from the office individually, as these vary significantly.



**Scope 3 Category 10 - Processing of sold goods:**

These are our customers' scopes 1 & 2 emissions, which include the energy needed for melting and recycling our scrap. They were accounted for based on publicly available information on the intensity-based emissions (CO<sub>2</sub>e per ton) of our biggest customers and the tonnage we sold to them under consideration of a 5% loss during melting. If customer-specific emissions were available, we used them. If they were not, we used the highest value among those values available. There were no standard emission factors available for scrap melting. Increasing transparency along the supply chain will hopefully improve the data quality in the future.



**Scope 3 Category 12 - End of life:**

As we are in the business of recycling and work towards material circularity, the definition of the “end of life” of the material in our business sector has to be specified. Our consideration at CRONIMET is as follows: The emissions from the collection of scrap at third-party scrap yards and industrial scrap outlets are already included in our upstream transportation and are thus not included here again. The scrap from industrial outlets is a by-product of production processes and delivered directly to us after being created. Its downstream logistics are our upstream logistics and thus it does not have any additional end of life emissions for us to account for. The same does, however, not apply to scrap we source from third-party scrap yards. The suppliers of these yards, often private people, are transporting their scrap to the third-party scrap yards we source from. The corresponding logistics emissions are what we believe should be considered our end-of-life value. In order to account for these emissions, data is required on (1) the distance this scrap is

moved to the scrap yards we are sourcing from, (2) the share of scrap we source from third-party scrap yards and (3) the mode of transportation (private cars, sprinters, large trucks etc.) scrap yard suppliers are using with its respective emission factor. As there are vast regional differences, the data needs to be available on a yard—or at least country-level. As of now, this information is not available at the necessary level of specificity, which is why we have not included end-of-life emissions in our scope 3. We did however assess the relevance of these emissions based on assumptions. We concluded that this category would make up around 1% of our overall emissions. We consider this to be negligible and thus did not include the category in 2023.



**Scope 3 Category 15 - Investments:**

There are two investments at present, each of which CRONIMET holds less than 7% in and does not have operational control over. We did not include this category in 2023, as we did not have industry-specific emission factors for these investments at the time this report was finished.



# GRI CONTENT

— THIS ADAPTED INDEX PRESENTS OUR GRI DISCLOSURES AND HOW THEY CONNECT TO THE FUTURE EUROPEAN STANDARDS (ESRS). —

# GRI CONTENT INDEX

## Statement of use

CRONIMET has reported the information cited in this GRI content index for the period January 1st until December 31st of 2023 with reference to the GRI Standards.

## GRI 1 used

GRI 1: Foundation 2021

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE	CSRD/ESRS <sup>12</sup>
<b>General disclosures</b>			
GRI 2: General Disclosures 2021	2-1 Organizational details	07	-
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	2-3 Reporting period, frequency and contact point	04	-
	2-4 Restatements of information	65	ESRS 2 BP-2
	2-5 External assurance	04	-
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	2-7 Employees	54	ESRS 2 SBM-1 S1-6
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	2-10 Nomination and selection of the highest governance body	11	ESRS 2 GOV-1; GOV-2; SBM-2
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	2-12 Role of the highest governance body in overseeing the management of impacts	24	ESRS 2 GOV-5; IRO-1
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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE	CSRD/ESRS <sup>12</sup>
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	<b>2-26</b> Mechanisms for seeking advice and raising concerns	23	ESRS S1-3 ; S2-3
	<b>2-28</b> Membership associations	17	–
	<b>2-29</b> Approach to stakeholder engagement	11	ESRS 2 SBM-2; S1-1; S1-2; S2-1; S2-2
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<b>GRI 201:</b> Economic Performance 2016	<b>201-2</b> Financial implications and other risks and opportunities due to climate change	28, 29	ESRS 2 SBM-3; E1-3; E1-9
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<b>GRI 305:</b> Emissions 2016	<b>305-1</b> Direct (Scope 1) GHG emissions	43	ESRS E1-4; E1-6
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<b>GRI 405:</b> Diversity and Equal Opportunity 2016	<b>405-1</b> Diversity of governance bodies and employees	11	ESRS 2 GOV-1; ESRS S1 S1-6; S1-9; S1-12
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<sup>1</sup> Simplification of the official correlation of GRI standards with ESRS' disclosure requirements. To access the full correlation, [click here](#).

<sup>2</sup> The CRONIMET Sustainability Report 2023 did not address all ESRS disclosure requirements listed here. The ESRSs addressed for 2023, as a fiscal year and as a complement to the GRI indicators, are referenced throughout the text by the tags of each disclosure effectively addressed.



# CREDITS

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