

Sustainability reporting

Klöckner & Co SE

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General disclosures

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Klöckner & Co SE sustainability reporting 2025

General basis for preparation of the group non-financial report

This sustainability reporting for 2025 includes the separate Group non-financial report of Klöckner & Co SE in accordance with Sections 315b to 315c of the German Commercial Code (HGB) and the disclosures in accordance with the EU Taxonomy Regulation (EU) 2020/852 of the European Parliament and of the Council and the delegated acts adopted in this respect, as well as the interpretation presented in the section titled **EU TAXONOMY** of the Group non-financial report.

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

Klöckner & Co SE is a listed corporation whose registered domicile is Düsseldorf, Germany. It is entered in the commercial register of Düsseldorf Local Court under HRB 109982. Since January 2025, the business address of Klöckner & Co SE has been Peter-Müller-Straße 24, Düsseldorf, Germany. The reporting period for the Group non-financial report is fiscal year 2025. The scope of consolidation for the Group non-financial report includes all subsidiaries of the Group. Unless otherwise specified, the disclosures cover all fully consolidated companies of the Klöckner & Co Group. In preparing our Group non-financial report, we have partially used the European Sustainability Reporting Standards (ESRS) as a framework, in accordance with Section 315c (3) in conjunction with Section 289d of the German Commercial Code (HGB). Our Group non-financial report complies with the ESRS with the exception of the ESRS disclosure requirements listed below:

- Selected disclosures on CAPEX and OPEX under E1-1 – Transition plan for climate change mitigation
- Selected disclosures on CAPEX and OPEX under E1-3 – Actions and resources in relation to climate change policies
- S1-10 – Adequate wages

- S1-14 – Health and safety metrics
- S1-16 – Remuneration metrics (pay gap and total remuneration)
- Use has also been made of the phase-in provisions in accordance with Appendix C of ESRS 1
- Contrary to ESRS 1, the Group non-financial report is not included in the group management report

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

In order to meet our reporting obligations under German commercial law in accordance with Section 289c (2) HGB, we declare that the Group non-financial report covers the following matters: (1) Environmental matters (see the **ENVIRONMENT** section); (2) Employee matters (see the **SOCIAL** section, in particular under **ADEQUATE WAGES, HEALTH AND SAFETY, GENDER EQUALITY AND EQUAL PAY FOR WORK OF EQUAL VALUE** and **WORKERS IN THE VALUE CHAIN**); (3) Social matters (see the **SOCIAL** section, in particular under **AFFECTED COMMUNITIES**); (4) Respect for human rights (see the **SOCIAL** section); and (5) Anti-corruption and bribery. It is one of Klöckner & Co's fundamental principles that our employees act in accordance with prevailing competition law. We are committed to free competition and to the recommendations of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of December 17, 1997. Klöckner & Co also endeavors to comply with all anti-corruption laws of the countries in which we do business. The topic of corruption and bribery was identified in the double materiality assessment as not material, therefore no separate concept is described in this report.

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

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was engaged to provide a limited assurance review of our Group non-financial report for the period January 1 to December 31, 2025.

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

Disclosures in relation to specific circumstances

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

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

We have incorporated the following information by reference in our Group non-financial report: For ESRS 2 GOV-3, please refer to sections **2. MANAGEMENT BOARD REMUNERATION** and **3. SUPERVISORY BOARD REMUNERATION** in the remuneration report; for ESRS 2 GOV-5, please refer to section **5.3 RISKS AND OPPORTUNITIES** in the group management report.

Role of the administrative, management and supervisory bodies, and information provided to and administrative, management and supervisory bodies

The following information on governance matters relates to the disclosures required for and/or pertinent to this Group non-financial report. Please also refer to the **CORPORATE GOVERNANCE STATEMENT**, which forms part of the group management report, and the **REPORT OF THE SUPERVISORY BOARD** in the “To our shareholders” section of this Annual Report.

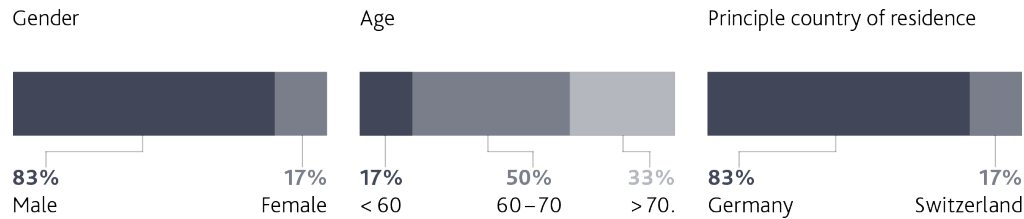
Supervisory Board

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

The qualification matrix below shows the distribution of the individual skills as of the reporting date.

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

On the basis of its Rules of Procedure and diversity policy, the Supervisory Board also takes diversity aspects into account in its composition. In percentage terms, the diversity of the Supervisory Board in terms of gender, age and principal private place of residence is as follows:



With regard to the independence of members of the Supervisory Board, the percentage ratio is 66.67% independent to 33.33% non-independent members. The following Supervisory Board members are declared to be non-independent: As the sole shareholder of SWOCTEM GmbH, which is a major shareholder in the Company, Prof. Dr. E. h. Friedhelm Loh is not to be considered independent of a controlling shareholder. Solely as a precaution, due to his membership of the Supervisory Board for more than 19 years, Prof. Dr. Dieter H. Vogel is deemed not to be independent of the Company and of the Management Board, although the Supervisory Board does not see any risk of conflicts of interest. In fact, it is in the interest of the Company for Prof. Dr. Dieter H. Vogel to serve on the Company's Supervisory Board even if the 12-year term stated in the Code (see Recommendation C.7 of the Code) is exceeded (see the further information in the Declaration of Conformity on the Company website).

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

Supervisory Board committees

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

Presidium

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

Audit Committee/Sustainability Committee

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

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

A detailed self-evaluation on the implementation of the profile of skills and expertise is carried out every two years. This covers the requirements of importance to Klöckner & Co and includes "sustainability issues relevant to the Group" (divided into "environmental", "social" and "governance" matters). In the previous fiscal year, the Supervisory Board and the Management Board addressed sustainability matters (including regulatory matters) in depth as part of a professional development event provided specially by a leading audit firm. The members of the Supervisory Board are also able to consult external experts on specific topics as the need arises. In addition, the members of the Supervisory Board, and in particular the members of the Audit Committee, continuously develop their knowledge of Company-specific sustainability issues through their committee work at Klöckner & Co and in any other external mandates. The Supervisory Board maintains an ongoing, intensive dialog with the Management Board on business policy as well as the business situation, corporate planning and strategy. Moreover, the Management Board provides regular, timely and comprehensive written and verbal reports to the Supervisory Board. The focus of the written reporting is the monthly Board

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

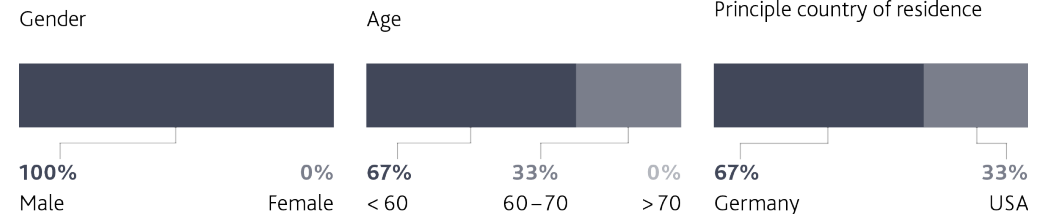
As part of the aforementioned activities, the sustainability matters identified as material to Klöckner & Co were discussed by the Supervisory Board and the Audit Committee (acting as the Sustainability Committee) at their meetings during the reporting year.

Management Board

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

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

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



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

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

The sustainable orientation of the Management Board's work is also supported by the remuneration system. In the reporting year, this tied variable remuneration to the achievement of non-financial, sustainability-related targets, thus incorporating ESG criteria into performance assessment. For this purpose, the existing Management Board remuneration system provides for numerous non-financial targets that are of importance to the strategic and sustainable development of the Company, including its corporate social responsibility. Among them are compliance and risk management targets as well as further targets such as customer satisfaction, employee-related targets (including health and satisfaction), diversity, advancements in innovation, succession planning, limiting carbon emissions and responsible use of resources. Target achievement on sustainability-related targets is factored according to the target weighting directly into the calculation of Management Board variable remuneration and thus directly affects the amount paid out. The target achievement levels and the resulting remuneration are presented transparently in the remuneration report. In addition, estimates of the expected level of target achievement for the current fiscal year are presented and discussed with the Supervisory Board, as a rule at the last meeting of the fiscal year.

Responsibility for sustainability management, coordinating all sustainability activities and compiling the Group non-financial report lies with the Corporate Strategic Sustainability Department. The teams established under the internal Sustainability and Human Rights Committee consist of managers from the corporate departments Sustainability, Investor Relations, Legal, Compliance, Human Resources, Risk Management, Logistics and Procurement, together with key sustainability stakeholders within the Group. These interdisciplinary and cross-

functional teams determine the main pillars of the sustainability strategy and coordinate their activities closely with the respective segments and their departments within the Klöckner & Co Group regarding the implementation of sustainability initiatives. The Head of Strategic Sustainability reports to the CEO directly and on an ongoing basis as the need arises.

As well as the members of the Supervisory Board, the members of the Management Board also took part in specially provided training by a leading audit firm in the year under review. The members of the Management Board are also able to consult external experts on specific topics. The members of the Management Board also continuously develop their knowledge of Company-specific sustainability issues through their committee work at Klöckner & Co and their activities outside of the Company.

The Management Board and the Supervisory Board were informed about the results of our double materiality assessment for the 2025 reporting year and provided with an update on the upcoming new responsibilities under the Corporate Sustainability Reporting Directive (CSRD), which include the identification and assessment of impacts on people and the environment and of sustainability-related opportunities and risks.

Integration of sustainability-related performance in incentive schemes

The ESRS 2 GOV-3 disclosures on the integration of sustainability-related performance in incentive schemes are included in the disclosures marked as such in the remuneration report under [2. MANAGEMENT BOARD REMUNERATION](#) and [3. SUPERVISORY BOARD REMUNERATION](#) and are also an integral part of this Group non-financial report.

Statement on due diligence

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

Core elements of due diligence

- | | |
|--|--|
| a) Embedding due diligence in governance, strategy and business model | ESRS 2 (GOV-1 , GOV-2 , GOV-3 and SBM-3), pages 68 et seq. |
| b) Engaging with affected stakeholders in all key steps of the due diligence | ESRS 2 (GOV-2 , SBM-2 and IRO-1), pages 68 et seq. |
| c) Identifying and assessing adverse impacts | ESRS 2 (IRO-1 , IRO-2 and SBM-3), pages 75 et seq. |
| d) Taking actions to address those adverse impacts | Chapter ENVIRONMENT , pages 84 et seq.; Chapter SOCIAL , pages 103 et seq. |
| e) Tracking the effectiveness of these efforts and communicating | Chapter ENVIRONMENT , pages 84 et seq.; Chapter SOCIAL , pages 103 et seq. |

Paragraphs in the sustainability statement

Risk management and internal controls over sustainability reporting

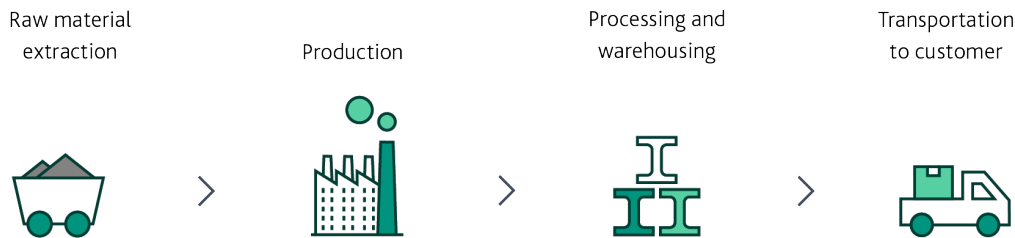
The ESRS 2 GOV-5 disclosures on risk management and internal controls over sustainability reporting are included in the disclosures marked as such in the management report under [5.3 RISKS AND OPPORTUNITIES](#) and are also an integral part of this Group non-financial report.

Strategy, business model and value chain

We are one of the largest producer-independent metal processors worldwide. As we are not tied to any particular steel producer, customers benefit from our centrally coordinated procurement and wide range of national and international sourcing options from around 35 main suppliers across the globe. These include the world's largest steel producers. Responsible conduct plays a central role in relation to our business model and our self-perception as a tradition-rich company. For us, responsibility means aligning all our business activities with good ethics, social responsibility, environmental stewardship and commercial success. Sustainability along the value chain is an issue of special importance and is an element of our "Klöckner & Co: Leveraging Strengths – Step Up 2030" strategy.

As an important link in the value chain, we see it as our duty to continuously improve processes in order to minimize the negative and maximize the positive impacts of our business activities. A key driver in communicating our sustainable transformation both internally and externally is our purpose statement: "We partner with customers and suppliers to deliver innovative metal solutions for a sustainable tomorrow."

This guides us in our day-to-day work. It provides direction for our employees and tells our customers and business partners what they can count on. In condensed form, it is expressed in our slogan, "Your partner for a sustainable tomorrow."

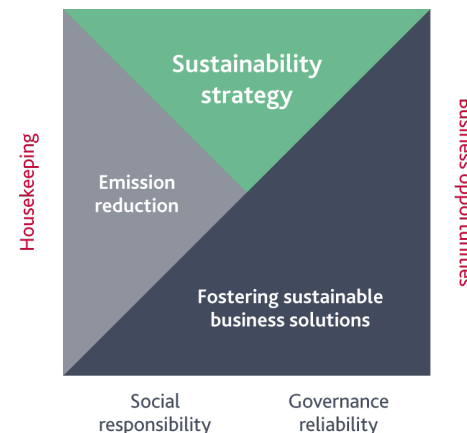


Our approximately 6,500 employees (for further characteristics of our workforce, see in the **SOCIAL** section under **CHARACTERISTICS OF THE KLÖCKNER & CO WORKFORCE** in the Group non-financial report) apply their skills and commitment to meeting our customers' needs. We provide customers with an end-to-end solution from procurement through logistics to processing, including individual delivery and 24-hour service – processes we are increasingly digitalizing and automating. For example, we use a variety of digital tools and applications to enable us to provide our customers and business partners with an even broader spectrum of steel and metal products as well as services. With a focus on the "DACH" region (Germany, Austria and Switzerland) and North America, our global network provides customers with local access to over 110 distribution and service locations. Our customer base comprises more than 60,000 mostly small to medium-sized steel and metal consumers, primarily from the construction industry, machinery and mechanical engineering, the transportation industry and other metalworking companies.

As all of our business activities fall within the metals industry or wholesale sectors, the stated revenue of Klöckner & Co comes from activities in these sectors.

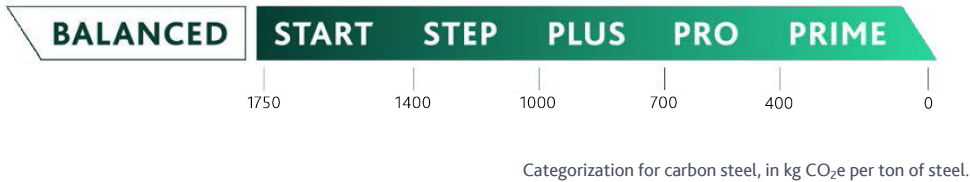
We embrace our responsibility for the environment, safety and our community. This commitment must be reflected in all our actions and decisions. Safety standards ensure a working environment that protects our employees. For an authentic presentation of our position as a company, we report transparently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

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

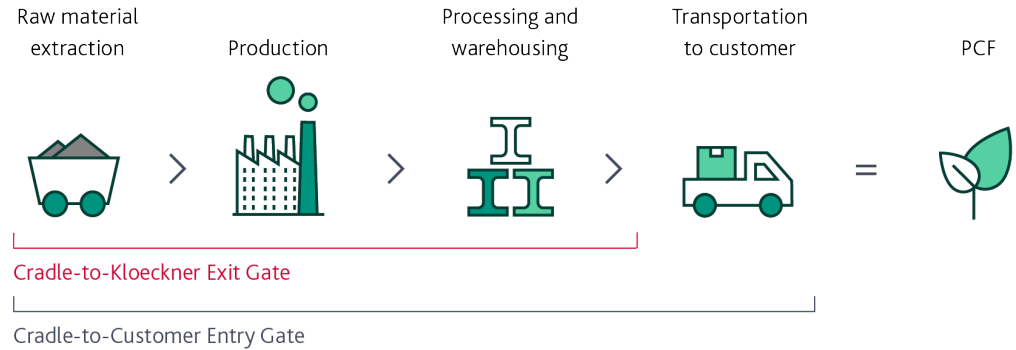


We believe that in particular innovation, technology and new business models will enable the steel and metal industry's successful transformation to sustainability. As part of our Group strategy, we are consequently working as a pioneer of a sustainable steel industry to establish innovative business models by creating a comprehensive portfolio of sustainable customer solutions. By expanding our product and service portfolio, we are seizing the strategic opportunity to integrate the attractive business area of sustainable solutions into our business model.

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



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



With Nexigen® Data Services, we also enable active management of product carbon emissions. This technology solution provides customers with a transparent digital overview of the cradle-to-customer entry gate carbon emission history of all products sourced through Klöckner & Co, and automatically suggests alternative CO₂-reduced products together with corresponding potential for reductions compared to past orders.

In recognition of our contribution to the decarbonization of the steel industry, we won the prestigious German Sustainability Award for the second time in succession in 2025. Winning the award again highlights the fact that we have successfully integrated sustainability into our business model and are thus making an effective contribution to transformation in the long term.

On January 15, 2026, the Management Board of Klöckner & Co SE resolved to divest the Becker Group (the Becker CGU). Likewise on January 15, 2026, Klöckner & Co SE and Worthington Steel Inc., together with the latter's wholly owned subsidiary Worthington Steel GmbH (the "bidder", together with Worthington Steel, Inc. "Worthington Steel"), signed a business combination agreement.

Further information on this can be found in [NOTE 36](#) to the consolidated financial statements.

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Data
services



Interests and views of stakeholders

We have assessed the impacts, risks and opportunities of ESG matters and their interaction with our strategy and business model. This assessment is based on the engagement with internal and external stakeholders with regard to both impacts and financial materiality. External stakeholder groups were represented by internal representatives. The result is an overview of our material impacts, risks and opportunities along our entire value chain. For further details, please refer to the separate disclosures in the [ENVIRONMENT](#), [SOCIAL](#) and [BUSINESS CONDUCT](#) sections of the Group non-financial report. Details of the process steps taken in the double materiality assessment are provided in this section under [DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES](#).

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

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

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

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

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

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

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

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

Potential impacts are classified as material based on a combination of likelihood and severity using the matrix provided by EFRAG. Potential impacts with a score of eight or higher are considered material. In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood (ESRS 1.45). Internal stakeholders were involved in the process and assessed the impacts in several workshops.

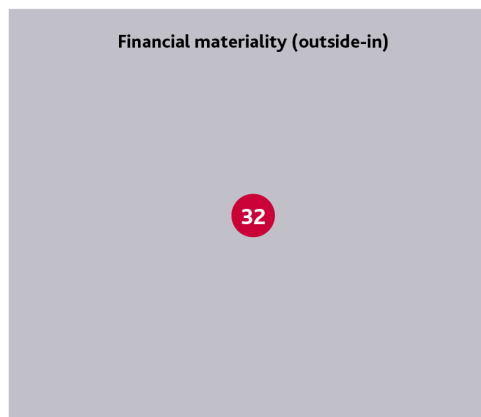
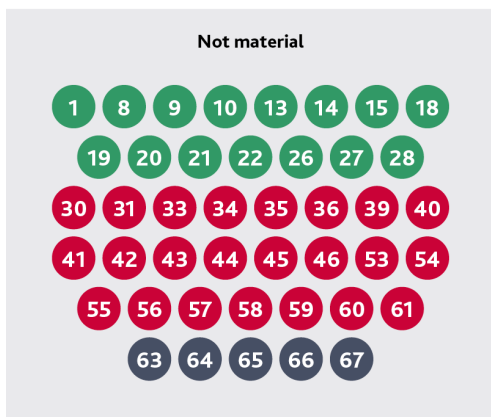
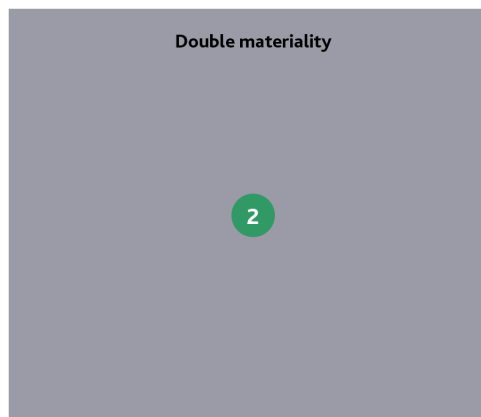
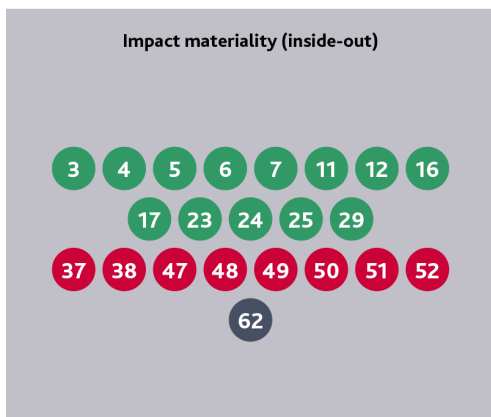
For financial materiality, risks and opportunities were identified that relate to dependence on natural, human and social resources in the entire value chain and could potentially have a financial effect. The process was supported by engagement with stakeholders as well as by taking account of risks,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

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

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

A review of the process in reporting year 2025 did not identify any material changes that would have required a revision of the prior-year assessment. This took into account organizational and operational changes, supply chain risks, external factors and societal and scientific developments. The results of the double materiality assessment from 2024 therefore continue to apply and the Group non-financial report for 2025 is based on the material topics identified in 2024. The materiality assessment process is reviewed in an annual cycle to ensure that the topics identified are in line with current requirements and developments.

Materiality assessment



ENVIRONMENT

E1 Climate Change

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

E2 Pollution

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

E3 Water and marine resources

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

E4 Biodiversity and ecosystems

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

E5 Resource use and circular economy

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

SOCIAL

S1 Own workforce

30. Secure employment
31. Working time
32. Adequate wages
33. Social dialogue
34. Freedom of association, the existence of works councils and the information, consultation and participation rights of workers
35. Collective bargaining, including rate of workers covered by collective agreements
36. Work-life balance
37. Health and safety
38. Gender equality and equal pay for work of equal value
39. Training and skills development
40. Employment and inclusion of people with disabilities
41. Measures against violence and harassment in the workplace
42. Diversity
43. Child labor
44. Forced labor
45. Adequate housing
46. Privacy

S2 Workers in the value chain

47. Working conditions
48. Equal treatment and opportunities for all
49. Other work-related rights

S3 Affected communities

50. Communities' economic, social and cultural rights
51. Communities' civil and political rights
52. Rights of Indigenous peoples

S4 Consumers and end-users

53. Privacy
54. Freedom of expression
55. Access to (quality) information
56. Health and safety
57. Security of a person
58. Protection of children
59. Non-discrimination
60. Access to products and services
61. Responsible marketing practices

BUSINESS CONDUCT

G1 Business conduct

62. Corporate culture
63. Protection of whistleblowers
64. Animal welfare
65. Political engagement and lobbying activities
66. Management of relationships with suppliers including payment practices
67. Corruption and bribery

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

The tables below show the sustainability-related impacts, risks and opportunities that we have identified and classified as material in our double materiality assessment.

| Environment | | |
|--|--------------|--|
| E1 Climate Change | | |
| | Time horizon | Material impact or risk/opportunity |
| Climate change mitigation | | |
| Negative impact (upstream VC; actual) | long term | Steel production, which includes the extraction of raw materials and the manufacture of steel products along the supply chain, is a major source of carbon emissions. |
| Negative impact (OO; actual) | long term | Klöckner & Co's vehicle fleet contributes to carbon emissions. A portion of the company's energy consumption comes from non-renewable sources and therefore also causes carbon emissions. |
| Negative impact (downstream VC; actual) | long term | Combustion engines in downstream logistics to customers lead to general carbon emissions. |
| Opportunity | | Klöckner & Co has the opportunity to take a leading position in the growing market for green steel products and actively contribute to the decarbonization of the supply chain with sustainable, innovative solutions. |
| Energy | | |
| Negative impact (upstream VC; actual) | long term | The extraction and production of raw materials require significant amounts of energy due to the high temperatures needed for processes such as smelting. |
| Negative impact (OO; actual) | long term | Klöckner & Co consumes a certain amount of energy in the course of its business activities, mainly in the form of electricity, transportation and heating of buildings. |

The tables show each material ESRS topic, stating the sub-topics and, where applicable, sub-sub-topics to which our material impacts, risks and opportunities relate. In addition, we indicate in the tables whether the impacts, risks and opportunities arise in our own operations (OO) or in our value chain (VC). We also indicate whether our impact is positive or negative. The tables include brief descriptions of the material impacts, risks and opportunities. Detailed information on the individual topics, including policies, actions, targets and metrics, can be found in the separate [ENVIRONMENT](#), [SOCIAL](#) and [BUSINESS CONDUCT](#) sections of the Group non-financial report.

| E2 Pollution | | |
|---|--------------|--|
| | Time horizon | Material impact or risk/opportunity |
| Pollution of air | | |
| Negative impact (upstream VC; actual) | long term | In the upstream supply chain, the production of metals generates various pollutants that are released into the atmosphere. |
| Pollution of water | | |
| Negative impact (upstream VC; potential) | long term | Mining and production activities can potentially cause water pollution, both from chemicals used in extraction and production and from waste products from the mining process. |
| Pollution of soil | | |
| Negative impact (upstream VC; potential) | long term | Soil contamination can be caused by mining and excavation. There is also a risk of soil contamination by metals during the production process if adequate precautions are not taken. |
| Pollution of living organisms and food resources | | |
| Negative impact (upstream VC; potential) | long term | Living organisms and food resources can be affected by inhalation of contaminated dust, ingestion of contaminated water or food, or skin contact with contaminated water. |

E3 Water and marine resources

| | Time horizon | Material impact or risk/opportunity |
|--|--------------|---|
| Water withdrawal Negative impact (upstream VC; actual) | short term | The upstream value chain results in water withdrawals, particularly in steel production. |
| Water discharge Negative impact (upstream VC; potential) | short term | Mining activities in the upstream supply chain can lead to untreated water discharges, which can result in water pollution in surface waters. |

E4 Biodiversity and ecosystems

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

E5 Resource use and circular economy

| | Time horizon | Material impact or risk/opportunity |
|--|--------------|--|
| Waste Negative impact (upstream VC; potential) | long term | Waste deposits from mining companies can have a potential negative impact. |

Social

S1 Own workforce

| | Time horizon | Material impact or risk/opportunity |
|---|--------------|---|
| Adequate wages Risk | | Rising wages can potentially lead to higher costs, such as through inflation, or greater pressure in terms of attracting and retaining talent. |
| Health and safety Negative impact (OO; actual) | medium-term | Negative impacts on our own workforce can result from accidents involving employees handling heavy products or working with metals that affect employee health and safety. |
| Gender equality and equal pay for work of equal value Negative impact (OO; potential) | medium-term | Possible negative impacts on certain (vulnerable) groups of employees may arise if equal treatment and equal pay for work of equal value are not guaranteed or are put at risk. |

S2 Workers in the value chain

| | Time horizon | Material impact or risk/opportunity |
|--|--------------|---|
| Working conditions Negative impact (upstream VC; potential) | long term | Mining activities for resource extraction can have a negative impact on working conditions, as they often involve unregulated markets, low wages and inadequate occupational safety. |
| Equal treatment and opportunities for all Negative impact (upstream VC; potential) | long term | As the value chain includes mined materials suppliers operating in largely unregulated markets lacking regulatory standards for equal treatment and opportunities for all, the Company is associated with these negative impacts through its upstream business relationships. |
| Other work-related rights Negative impact (upstream VC; potential) | long term | |

S3 Affected communities

| | Time horizon | Material impact or risk/opportunity |
|--|--------------|---|
| Communities' economic, social and cultural rights | | |
| Negative impact (upstream VC; potential) | long term | Mining activities can have a negative impact on the economic, social and cultural rights of affected communities, often leading to environmental pollution, land loss and lacking consideration of local needs. |
| Communities' civil and political rights | | |
| Negative impact (upstream VC; potential) | long term | Negative impacts on fundamental human rights due to lack of regulation in major mining and processing countries. |
| Rights of Indigenous peoples | | |
| Negative impact (upstream VC; potential) | long term | Large-scale land acquisition by mining companies that directly affects indigenous communities can have a negative impact on their collective land rights, self-determination and cultural rights. |

Business conduct

G1 Business conduct

| | Time horizon | Material impact or risk/opportunity |
|------------------------------|--------------|---|
| Corporate culture | | |
| Positive impact (OO; actual) | short term | A good corporate culture has a positive impact on the physical and mental wellbeing of employees and encourages them to raise concerns about unfair treatment and/or unethical practices. |

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

| ESRS | Disclosure Requirement | Full name of the Disclosure Requirement | Page(s) | ESRS | Disclosure Requirement | Full name of the Disclosure Requirement | Page(s) |
|----------------------------|------------------------|---|---------|---------------------------------------|------------------------|--|---------|
| General Disclosures | | | | E2 Pollution | | | |
| ESRS 2 | BP-1 | General basis for preparation of sustainability statements | 67 | E2 | ESRS 2 IRO-1 | Description of the processes to identify and assess material pollution-related impacts, risks and opportunities | 75-76 |
| ESRS 2 | BP-2 | Disclosures in relation to specific circumstances | 68 | E2 | E2-1 | Policies related to pollution | 95-96 |
| ESRS 2 | GOV-1 | The role of the administrative, management and supervisory bodies | 68-71 | E2 | E2-2 | Actions and resources related to pollution | 95-96 |
| ESRS 2 | GOV-2 | Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies | 68-71 | E2 | E2-3 | Targets related to pollution | 95-96 |
| ESRS 2 | GOV-3 | Integration of sustainability-related performance in incentive schemes | 71 | E2 | E2-4 | Pollution of air, water and soil | n/a |
| ESRS 2 | GOV-4 | Statement on due diligence | 71 | E2 | E2-5 | Substances of concern and substances of very high concern | n/a |
| ESRS 2 | GOV-5 | Risk management and internal controls over sustainability reporting | 71 | E2 | E2-6 | Anticipated financial effects from pollution-related impacts, risks and opportunities | n/a |
| ESRS 2 | SBM-1 | Strategy, business model and value chain | 71-73 | E3 Water and Marine Resources | | | |
| ESRS 2 | SBM-2 | Interests and views of stakeholders | 74 | E3 | ESRS 2 IRO-1 | Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities | 75-76 |
| ESRS 2 | SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | 77-79 | E3 | E3-1 | Policies related to water and marine resources | 95-96 |
| ESRS 2 | IRO-1 | Description of the process to identify and assess material impacts, risks and opportunities | 75-76 | E3 | E3-2 | Actions and resources in relation to climate change policies | 95-96 |
| ESRS 2 | IRO-2 | Disclosure requirements in ESRS covered by the undertaking's sustainability statement | 80-83 | E3 | E3-3 | Targets related to water and marine resources | 95-96 |
| E1 Climate Change | | | | E3 | E3-4 | Water consumption | n/a |
| E1 | ESRS 2 GOV-3 | Integration of sustainability-related performance in incentive schemes | 85 | E3 | E3-5 | Anticipated financial effects from water and marine resources-related impacts, risks and opportunities | n/a |
| E1 | E1-1 | Transition plan for climate change mitigation | 87-89 | E4 Biodiversity and Ecosystems | | | |
| E1 | ESRS 2 SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | 85-86 | E4 | E4-1 | Transition plan and consideration of biodiversity and ecosystems in strategy and business model | n/a |
| E1 | ESRS 2 IRO-1 | Description of the processes to identify and assess material climate-related impacts, risks and opportunities | 85-86 | E4 | ESRS 2 SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | n/a |
| E1 | E1-2 | Policies related to climate change mitigation and adaptation | 87 | E4 | ESRS 2 IRO-1 | Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities | 75-76 |
| E1 | E1-3 | Actions and resources in relation to climate change policies | 89-90 | E4 | E4-2 | Policies related to biodiversity and ecosystems | 95-96 |
| E1 | E1-4 | Targets related to climate change mitigation and adaptation | 90-91 | E4 | E4-3 | Actions and resources related to biodiversity and ecosystems | 95-96 |
| E1 | E1-5 | Energy consumption and mix | 92 | E4 | E4-4 | Targets related to biodiversity and ecosystems | 95-96 |
| E1 | E1-6 | Gross Scopes 1, 2, 3 and Total GHG emissions | 92-95 | E4 | E4-5 | Impact metrics related to biodiversity and ecosystems change | n/a |
| E1 | E1-7 | GHG removals and GHG mitigation projects financed through carbon credits | 95 | E4 | E4-6 | Anticipated financial effects from biodiversity and ecosystem-related impacts, risks and opportunities | n/a |
| E1 | E1-8 | Internal carbon pricing | n/a | | | | |
| E1 | E1-9 | Anticipated financial effects from material physical and transition risks and potential climate-related opportunities | n/a | | | | |

| ESRS | Disclosure Requirement | Full name of the Disclosure Requirement | Page(s) |
|---|------------------------|--|-------------------|
| E5 Resource Use and Circular Economy | | | |
| E5 | ESRS 2 IRO-1 | Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities | 75-76 |
| E5 | E5-1 | Policies related to resource use and circular economy | 95-96 |
| E5 | E5-2 | Actions and resources in relation to resource use and circular economy | 95-96 |
| E5 | E5-3 | Targets related to resource use and circular economy | 95-96 |
| E5 | E5-4 | Resource inflows | n/a |
| E5 | E5-5 | Resource outflows | n/a |
| E5 | E5-6 | Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities | n/a |
| S1 Own Workforce | | | |
| S1 | ESRS 2 SBM-2 | Interests and views of stakeholders | 74 |
| S1 | ESRS 2 SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | 105, 108, 109 |
| S1 | S1-1 | Policies related to own workforce | 106, 108, 109 |
| S1 | S1-2 | Processes for engaging with own workforce and workers' representatives about impacts | 104 |
| S1 | S1-3 | Processes to remediate negative impacts and channels for own workforce to raise concerns | 112-113 |
| S1 | S1-4 | Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions | 106-107, 108, 109 |
| S1 | S1-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | 107, 109 |
| S1 | S1-6 | Characteristics of the undertaking's employees | 104-105 |
| S1 | S1-7 | Characteristics of non-employees in the undertaking's own workforce | n/a |
| S1 | S1-8 | Collective bargaining coverage and social dialogue | n/a |
| S1 | S1-9 | Diversity metrics | n/a |
| S1 | S1-10 | Adequate wages | n/a |
| S1 | S1-11 | Social protection | n/a |
| S1 | S1-12 | Persons with disabilities | n/a |
| S1 | S1-13 | Training and skills development metrics | n/a |
| S1 | S1-14 | Health and safety metrics | 107 |
| S1 | S1-15 | Work-life balance metrics | n/a |
| S1 | S1-16 | Remuneration metrics (pay gap and total remuneration) | n/a |
| S1 | S1-17 | Incidents, complaints and severe human rights impacts | 109 |

| ESRS | Disclosure Requirement | Full name of the Disclosure Requirement | Page(s) |
|--------------------------------------|------------------------|--|---------|
| S2 Workers in the Value Chain | | | |
| S2 | ESRS 2 SBM-2 | Interests and views of stakeholders | 74 |
| S2 | ESRS 2 SBM-3 | Impacts, risks and opportunities and their interaction with strategy and business model | 110 |
| S2 | S2-1 | Policies related to value chain workers | 110-111 |
| S2 | S2-2 | Processes for engaging with value chain workers about impacts | 112 |
| S2 | S2-3 | Processes to remediate negative impacts and channels for value chain workers to raise concerns | 112-113 |
| S2 | S2-4 | Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions | 113 |
| S2 | S2-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | 113 |
| S3 Affected Communities | | | |
| S3 | ESRS 2 SBM-2 | Interests and views of stakeholders | 74 |
| S3 | ESRS 2 SBM-3 | Impacts, risks and opportunities and their interaction with strategy and business model | 114 |
| S3 | S3-1 | Policies related to affected communities | 114 |
| S3 | S3-2 | Processes for engaging with affected communities about impacts | 114 |
| S3 | S3-3 | Processes to remediate negative impacts and channels for affected communities to raise concerns | 112-113 |
| S3 | S3-4 | Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions | 114 |
| S3 | S3-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | 114 |
| G1 Business Conduct | | | |
| G1 | ESRS 2 GOV-1 | The role of the administrative, management and supervisory bodies | 116-117 |
| G1 | ESRS 2 IRO-1 | Description of the processes to identify and assess material impacts, risks and opportunities | 75-76 |
| G1 | G1-1 | Business conduct policies and corporate culture | 116-117 |
| G1 | G1-2 | Management of relationships with suppliers | n/a |
| G1 | G1-3 | Prevention and detection of corruption and bribery | n/a |
| G1 | G1-4 | Incidents of corruption or bribery | n/a |
| G1 | G1-5 | Political influence and lobbying activities | n/a |
| G1 | G1-6 | Payment practices | n/a |

| Disclosure Requirement and related datapoint | Materiality | | |
|--|--------------------------------------|---|--------------------------------------|
| ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d) | Material | ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69 | Material not disclosed (phase-in) |
| ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e) | Material | ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28 | Material not disclosed (phase-in) |
| ESRS 2 GOV-4 Statement on due diligence paragraph 30 | Material | ESRS E3-1 Water and marine resources paragraph 9 | Material |
| ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i | Not material | ESRS E3-1 Dedicated strategy paragraph 13 | Material |
| ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii | Not material | ESRS E3-1 Sustainable oceans and seas paragraph 14 | Material |
| ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii | Not material | ESRS E3-4 Total water recycled and reused paragraph 28 (c) | Material not disclosed (phase-in) |
| ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv | Not material | ESRS E3-4 Total water consumption in m ³ per net revenue on own operations paragraph 29 | Material not disclosed (phase-in) |
| ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14 | Material | ESRS 2 – IRO-1 – E4 paragraph 16 (a) i | Material |
| ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g) | Material | ESRS 2 – IRO-1 – E4 paragraph 16 (b) | Material |
| ESRS E1-4 GHG emission reduction targets paragraph 34 | Material | ESRS 2 – IRO-1 – E4 paragraph 16 (c) | Material |
| ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38 | Material | ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b) | Material |
| ESRS E1-5 Energy consumption and mix paragraph 37 | Material | ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c) | Material |
| ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43 | Material | ESRS E4-2 Policies to address deforestation paragraph 24 (d) | Material |
| ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44 | Material | ESRS E5-5 Non-recycled waste paragraph 37 (d) | Material not disclosed (phase-in) |
| ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55 | Material | ESRS E5-5 Hazardous waste and radioactive waste paragraph 39 | Material not disclosed (phase-in) |
| ESRS E1-7 GHG removals and carbon credits paragraph 56 | Material | ESRS 2 SBM3 – S1 Risk of incidents of forced labor paragraph 14 (f) | Material |
| ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66 | Material not disclosed (phase-in) | ESRS 2 SBM3 – S1 Risk of incidents of child labor paragraph 14 (g) | Material |
| ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c) | Material not disclosed (phase-in) | ESRS S1-1 Human rights policy commitments paragraph 20 | Material |
| ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c) | Material not disclosed (phase-in) | ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 21 | Material |
| | | ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22 | Material |
| | | ESRS S1-1 Workplace accident prevention policy or management system paragraph 23 | Material |

| | | | |
|---|--|---|--------------|
| ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c) | Material | ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 19 | Material |
| ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c) | Material not disclosed (partial application of the ESRS) | ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36 | Material |
| ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e) | Material not disclosed (partial application of the ESRS) | ESRS S3-1 Human rights policy commitments paragraph 16 | Material |
| ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a) | Material not disclosed (partial application of the ESRS) | ESRS S3-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17 | Material |
| ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b) | Material not disclosed (partial application of the ESRS) | ESRS S3-4 Human rights issues and incidents paragraph 36 | Material |
| ESRS S1-17 Incidents of discrimination paragraph 103 (a) | Material | ESRS S4-1 Strategies related to consumers and end-users paragraph 16 | Not material |
| ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a) | Material | ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17 | Not material |
| ESRS 2 SBM3 – S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b) | Material | ESRS S4-4 Human rights issues and incidents paragraph 35 | Not material |
| ESRS S2-1 Human rights policy commitments paragraph 17 | Material | ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b) | Not material |
| ESRS S2-1 Policies related to value chain workers paragraph 18 | Material | ESRS G1-1 Protection of whistle-blowers paragraph 10 (d) | Not material |
| ESRS S2-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 19 | Material | ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a) | Not material |
| | | ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b) | Not material |

Environment

| | |
|--------------------------------------|----|
| E1 Climate change | 85 |
| E2 Pollution | 95 |
| E3 Water and marine resources | 95 |
| E4 Biodiversity and ecosystems | 95 |
| E5 Resource use and circular economy | 95 |
| EU Taxonomy | 97 |

Climate change

Integration of sustainability-related performance in incentive schemes

The disclosure requirements in connection with ESRS 2 GOV-3 on the integration of sustainability-related performance in incentive schemes are included in the disclosures marked as such in the remuneration report under [2. MANAGEMENT BOARD REMUNERATION](#) and [3. SUPERVISORY BOARD REMUNERATION](#) and are also an integral part of this Group non-financial report.

Material impacts, risks and opportunities and their interaction with strategy and business model, and description of the processes to identify and assess material climate-related impacts, risks and opportunities

Global climate change is a worldwide phenomenon that is already being felt in many regions of the world, reflected in rising temperatures, changing weather conditions and an increase in extreme weather events. We also contribute to this through our business activities and the associated carbon emissions.

A description of how we screened our activities and plans in order to identify actual and potential future carbon emission sources in our own operations and along the value chain, and the measures we plan to reduce those emissions, is provided under [TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION](#) and [GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS](#) in the Group non-financial report.

This results in both opportunities and risks for our business activities. We have therefore performed an analysis of the climate risks and opportunities. In this, we included both physical and transition risks and opportunities.

The climate scenario analysis to identify and assess short-, medium- and long-term physical risks and transition risks and opportunities is mainly based on the International Energy Agency (IEA) net zero emissions by 2050 scenario. The scenario describes a comprehensive plan to fully decarbonize the global energy system by 2050 in order to meet the Paris Agreement climate targets and limit global warming to no more than 1.5 °C. Specifically

for physical risks, we commissioned Munich Re to compile a risk analysis for our own sites on the basis of their geographic coordinates, using the scenarios published by the Intergovernmental Panel on Climate Change (IPCC).

These scenarios are unanimously regarded as being consistent with the current state of scientific research. The scenarios cover a wide range of societal measures and address future uncertainties regarding political, macroeconomic, energy system-related and technological developments:

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

The scenarios assume increases in global average surface temperatures through global warming of 1.6 °C, 2.8 °C, 4.4 °C and 5.8 °C by 2100.

The risk analysis was based on short (2030), medium (2040) and long-term (beyond 2050) time horizons. The 2030 timeframe is in line with our Science Based Targets initiative (SBTi) targets, while the 2050 timeframe is in line with our commitment to net zero by 2050.

The analysis of Klöckner & Co's physical risks considered 15 chronic and acute climate-related hazards listed in the EU Taxonomy to which our operations could be exposed. These include heat stress, wildfires, storms and floods. For each site, changes in climate hazards were assessed for the selected scenarios and the key time horizons.

The data used for this analysis includes the latest climate models and databases, as well as published research and information from the IPCC. The climate risk analysis did not assess the actual risk and vulnerability of a site or its business activities. In particular, it did not analyze the influence of scenarios on risk levels. We plan to further intensify its assessment of climate risks in the coming years.

In view of our numerous geographically dispersed locations and the resulting risk diversification, we currently consider our exposure to physical climate risks at Group level to be low. Through our processing and distribution network and by maintaining safety stocks and working with alternative suppliers and service providers, we have a high degree of redundancy for the event that one or more sites are temporarily unable to operate as expected due to one or more climate change impacts.

The basis for identifying and assessing transition opportunities and risks is the IPCC SSP1-1.9 scenario, which aims to limit global warming by 2100 to below 1.5 °C in comparison to pre-industrial levels, consistent with the Paris Agreement targets. Once again, short (2030), medium (2040) and long-term (beyond 2050) time horizons are used.

For both steel and aluminum, the greatest impact is expected at metal producers – a key category of our suppliers – but not at Klöckner & Co itself.

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

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

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

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

Furthermore, our business is not asset-intensive. Our physical assets consist of our sites – i.e., land and buildings – and vehicles. These are warehousing and processing centers with stationary systems for receiving, shipping and processing the metal products we sell. If one of our sites should be threatened by a physical climate hazard, we can switch to an alternative site in the region. As our buildings are generally basic structures primarily designed to protect employees, inventory and equipment from the elements, and therefore have limited insulation, basic building services and few windows, their individual asset value is limited. The remaining site assets, notably including mobile and stationary equipment and the associated vehicle fleet, can generally be relocated from one place to another.

While we consider our business model and strategy to be resilient with regard to climate-related developments, the above resilience analysis is subject to various uncertainties. These relate exclusively to the risk analysis, however. In particular, we still need to assess the physical risks to which our sites are exposed, along with the identified transition risks. However, we do not expect these uncertainties to have a material impact on the findings of the resilience analysis for the reasons discussed above, including the lack of dependence on any one supplier, location or customer. This means that while our suppliers, locations and customers are exposed to climate-related risks, the overall impact on our business is considered to be low.

Policies related to climate change mitigation and adaptation

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

The Management Board of Klöckner & Co attaches a high priority to reducing the negative environmental impact of the Company's business activities and holds functional responsibility for this effort. This responsibility extends to all global, regional and local management, as well as to the heads of department who are responsible for ensuring that the standards and commitments are implemented, communicated, monitored and integrated into the work processes of each organization.

Our Climate Change Mitigation and Energy Policy describes our commitment to reducing the environmental impact of our operations and promoting sustainable business practices within the Company.

Our decarbonization strategy is geared to reducing GHG emissions from our direct operations and upstream and downstream supply chain to net zero by 2050. We use science-based targets to ensure the systematic decarbonization of our business and entire value chain. To achieve this, we focus on improving our energy efficiency and increasing the use of renewable energy sources. We also aim to further optimize the efficiency of our logistics processes and progressively reduce the use of fossil fuel. Transparency about our own emissions and the emissions at our customers is particularly important to us, as it forms the basis for sustainable procurement practices. We are therefore expanding our portfolio of CO₂-reduced steel and metal products and of sustainable services in order to actively help our customers achieve their decarbonization targets.

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

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

Our climate targets are based on the United Nations Sustainable Development Goals (SDGs) and supported by our participation in the UN Global Compact. To adopt science-based targets reduction targets, we have joined the SBTi. The targets have been validated by the SBTi, most recently in January 2025, and help us monitor GHG emissions throughout the Company. Our data collection methodology is consistent with the international framework provided by the GHG Protocol. We are

also in the process of implementing the ISO 14001 standard throughout the Group. This will assist us in the continuous improvement of our environmental management systems.

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

Transition plan for climate change mitigation

As a metals processor, we recognize our responsibility to actively contribute to the protection of our planet, in particular by reducing carbon emissions and their impact on the global climate.

In 2025, we developed a transition plan based on the Group climate strategy. The transition plan does not entail any adjustments or fundamental changes to the Group's business model or strategic direction. It describes the key levers for achieving our climate targets and serves as a guide for our long-term path to net zero emissions by 2050.

The climate strategy and the transition plan are part of the corporate strategy and are tied into financial planning so that climate change mitigation measures and planned capital expenditure are systematically coordinated.

The medium-term and long-term targets for operational (Scope 1 and 2) GHG emissions and our overarching net zero target are consistent with the reductions needed to limit global warming to 1.5 °C and with the Paris Agreement targets.

The targets and measures for implementing the transition plan have been approved by the Management Board and Supervisory Board of Klöckner & Co SE.

The transition plan will be implemented step by step over the coming years and will form an important part of our sustainability activities. We intend to regularly monitor the progress of the measures in order to efficiently support target achievement.

In the form of our transition plan, we have developed a framework for achieving the SBTi-validated emission reduction targets. It contains measures to reduce our operational emissions and to decarbonize our upstream and downstream value chain, thus laying the basis for a climate contribution that is consistent and effective in the long term.

The main decarbonization levers and measures in our transition plan are set out in the following:

Transformation of product and service portfolio (Scope 3)

The ongoing evolution of our product and service portfolio towards lower-emission solutions is a key element of our decarbonization plan. As part of this, we aim to further increase the proportion of CO₂-reduced steel and aluminum. These materials, which are verifiably produced with lower CO₂ emissions, open up new business opportunities, make an important contribution to reducing emissions along the entire value chain while ensuring a more future-ready portfolio.

Electrification and fuel switching (Scope 1)

We are pressing ahead with the electrification and modernization of our vehicle and logistics fleet to reduce our direct emissions. Part of the truck fleet is to be converted to alternative, lower-emission means of propulsion, such as renewable natural gas. In parallel, we are gradually electrifying our existing vehicle fleet and switching from conventional to electric forklifts. This both increases energy efficiency in our logistics processes and improves the long-term climate performance of our operational mobility.

Energy efficiency (Scope 1)

A further focus is on continuously improving energy efficiency at our sites. Specifically, we plan to gradually replace conventional heating systems based on fossil fuels such as natural gas or heating oil with modern and energy-efficient systems such as heat pumps. By making this switch, we are permanently reducing our location-based emissions and at the same time improving the long-term energy efficiency of our infrastructure.

Investment management (Scope 1, 2 and 3)

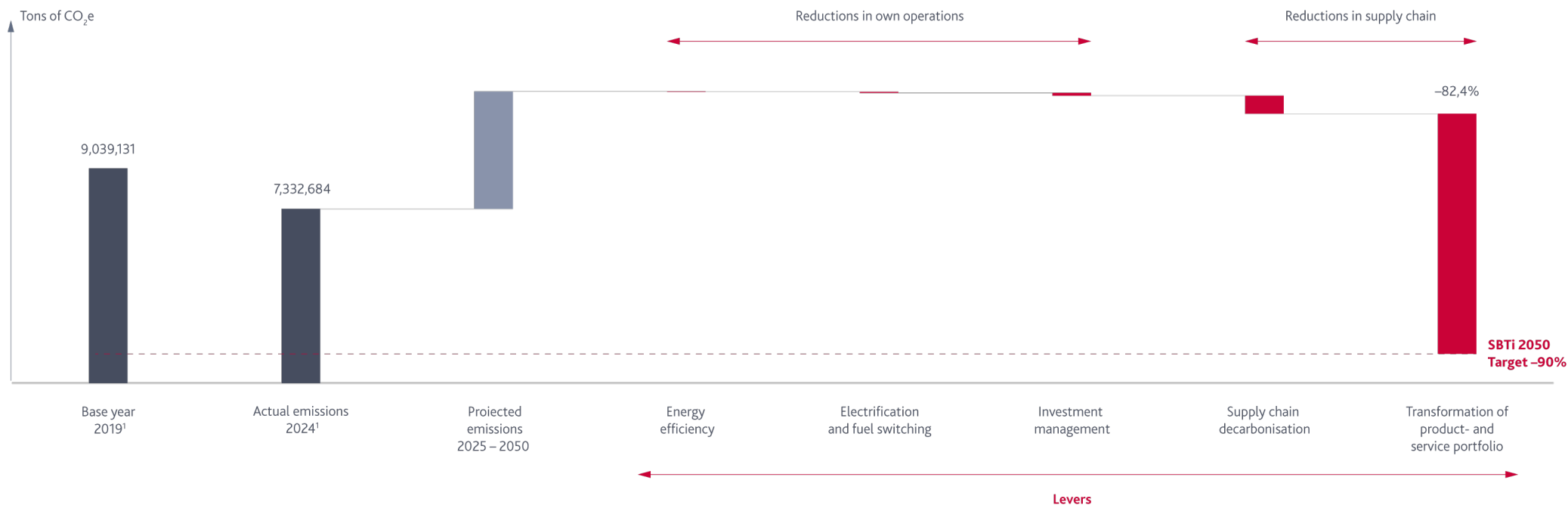
To align capital expenditure decisions with our climate targets, we plan to gradually incorporate CO₂ emissions as an additional decision-making criterion in all key planning and decision-making processes. Capital expenditure decisions will continue to be based mainly on business criteria, including cost-effectiveness, risk and strategic fit. In parallel, where economically viable, we intend to increasingly invest available funds in measures that advance our transition plans and have a positive environmental impact.

Supply chain decarbonization (Scope 3)

As most of our emissions are generated in the upstream and downstream value chain, we specifically emphasize close partnership with suppliers and customers. The focus here is on reducing transport-related emissions, joint projects to reduce process-related emissions and programs to increase energy efficiency and material savings. We use such collaborations to promote innovative, resource-conserving solutions.

Increasing the proportion of CO₂-reduced steel and aluminum makes the greatest contribution to reducing GHG emissions. While Scope 1 and 2 measures have a smaller absolute impact, they are essential in achieving the SBTi-validated targets.

Further details on current and planned measures to reduce GHG emissions are described under **ACTIONS** in this section of the Group non-financial report.



Implementing our transition plan requires continuous capital expenditure. The financial quantification of all reduction measures has been taken into account in full. Other than that, no dependence on the availability or allocation of resources has been identified for the implementation of the actions set out below.

Only a few activities in combination with technical screening criteria within the meaning of the EU Taxonomy have so far been specified for our sales revenue-generating economic activities. It is not therefore possible to present our core business activities in full due to the lacking regulatory coverage. Accordingly, we do not report any economic activities for the 2025 financial year as taxonomy-aligned within the meaning of Regulation (EU) 2020/852 and the associated delegated acts. Our capital expenditure and actions to implement the transition plan cannot therefore be linked to the taxonomy-specific performance indicators. There is currently no CAPEX plan for targeted adaptation to the EU Taxonomy technical screening criteria.

We have no significant assets or products with locked-in GHG emissions that could jeopardize the achievement of emission reduction targets and pose a transition risk. Nor are we excluded from the EU Paris-aligned benchmarks.

Actions

As part of our sustainability strategy, the decarbonization of our business activities and value chain plays a central role in delivering on our environmental responsibilities and shaping a sustainable future. The scope and implementation of actions in connection with the climate strategy may depend on the availability and targeted allocation of financial and human resources. In light of this, individual actions are prioritized and implemented over time as part of the relevant investment and budget planning processes, taking into account economic viability and Group strategic objectives. From the coming reporting year, we intend to focus more strongly on actions that specifically contribute to the decarbonization levers identified in our transition plan, thus supporting the achievement of our climate targets.

We implemented the following actions in the reporting year:

¹ The emissions stated exclude the eight distribution sites sold in fiscal year 2025 (seven to Russel Metals (USA) Inc. and one to Service Steel Warehouse, Houston, USA). Please refer to the further information in **NOTE 4** in the notes to the consolidated financial statements.

Our sustainability focus begins with our own business activities. To reduce direct emissions, we are systematically transitioning to electric vehicles and renewable fuels in logistics and fleet management. In the reporting year, we commissioned additional low-emission transport vehicles at our US sites California Steel & Tube and Santa Fe Springs, including an electric truck, an electric shunting vehicle, an electric forklift, and an electric tractor unit. The use of these vehicles can save around 127 tons of CO₂ a year. Two more electric forklift trucks were added to the fleet in Mexico. In Germany, eight new e-trucks have been added to the fleet, replacing diesel-powered vehicles and potentially saving around 400 tons of CO₂ per year. The introduction of further electric vehicles is also planned for 2026. We have also successfully completed the transformation process to electrify our company car fleet in Germany. The last combustion-engined vehicles will be phased out in 2025, and only battery electric vehicles will be available from 2026.

To reduce energy-related emissions, we have further systematized our energy efficiency measures and pushed ahead with the transition to renewable energy sources. Introduction of an energy management system in accordance with DIN ISO 50001 began at the German sites in 2025, with potential savings expected across all energy sources. This builds on efficiency measures already implemented, including smart lighting control, the comprehensive switch to LED lighting, timers for radiant heaters in staging areas, and the consolidation of selected office space. DIN ISO 50001 certification was successfully completed on schedule at the beginning of 2026.

Certificates of origin were purchased at all American and German locations to fully cover our electricity consumption for 2025. A further solar installation was put into operation at the Aigle site in Switzerland.

For Scope 3 emissions in our direct control, we prioritize waste reduction, waste optimization and the promotion of low-carbon alternatives for business travel and commuting.

For business travel, we continue to promote the use of low-emission means of transport and to reduce non-essential travel. Our travel expenses policy in force since 2021 restricts domestic flights within European countries and requires for carbon offsetting for flights over 1,500 kilometers. We also support flexible working time models and climate-friendly mobility alternatives in order to reduce commuting emissions. The widespread use of the subsidized public transport passes helps to reduce energy-related emissions from employee commuting.

For Scope 3 emissions over which we have only indirect control, we are working closely with suppliers and customers to advance decarbonization along the entire value chain. One key action area is the procurement and sale of CO₂-reduced steel and metal products. By proactively offering these products, we help our customers meet their sustainability targets and increase the market penetration of more environment-friendly materials.

Targets related to climate change mitigation and adaptation

Our decarbonization strategy is based on three main targets geared to reducing the climate impact of our own business activities while also creating sustainable business opportunities by enabling customers and the upstream value chain to take action to reduce emissions. Our targets have been externally validated by the SBTi.

- Reduction in emissions from our own business activities: Reduction in Scope 1 and 2 carbon emissions of 62.5% by 2030 and net zero by 2040
- Decarbonization of the value chain: We plan to reduce all Scope 3 carbon emissions within our direct control¹ – a 50% reduction by 2030 and net zero by 2040
- Promotion of CO₂-reduced steel: With regard to indirectly controllable Scope 3 carbon emissions² – primarily from externally sourced steel and metal products – we aim for a 30% reduction by 2030 and net zero by 2050

62.5%

reduction in Scope 1 and 2 emissions by 2030

50%

reduction in directly controllable Scope 3 emissions by 2030

30%

reduction in indirectly controllable Scope 3 emissions by 2030

Net Zero

in directly controllable (Scope 1, 2 and 3 emissions) by 2040; in indirectly controllable Scope 3 emissions by 2050

Our climate targets are contained in our transition plan for climate change mitigation. The chart on page 89 also shows the key decarbonization levers we have identified.

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

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

² Indirectly controllable Scope 3 emissions: Purchased goods and services (3.1); Capital goods (3.2); Upstream transportation and distribution (3.4).

These targets for reducing carbon emissions do not include any offsetting. They were not formulated on the basis of a sectoral decarbonization pathway. The targets and emissions reporting are based on identical GHG inventory boundaries. The targets were formulated with the involvement of internal stakeholders, including the Management Board, the Supervisory Board and relevant departments at Klöckner & Co SE. External stakeholders were engaged with in line with recognized standards and market requirements. The climate strategy has been approved by the Management Board and Supervisory Board of Klöckner & Co. Since 2022, the decarbonization pathway and the climate targets have been confirmed by SBTi and incorporated into variable remuneration – with a notional 5% of total variable remuneration – for the Group Management Board, throughout the Group at management level 1 below the Management Board, and at management levels 1 to 3 in the holding company. All significant capital expenditure decisions are reviewed for their impact on the climate strategy.

In our climate strategy, we focus on reducing emissions from our operations and supply chain. Compared to the 2019 base year, we have already reduced our Scope 1 and Scope 2 emissions by over 50%.

Our directly controllable Scope 3 emissions have been reduced by around 10% relative to the 2019 base year. Non-directly-controllable Scope 3 emissions have also decreased by around 13% due to smaller volumes of steel and metal products.

Progress in achieving our climate targets is regularly monitored and reviewed, taking into account SBTi requirements. For this purpose, we use the same metrics and boundaries as in our original baseline. Deviations and major changes are used to identify and analyze the causes and adjust measures or plans as needed. In this way, we ensure that progress is made in line with our original plans and that any trends are picked up at an early stage. Our baseline meets the requirements of the GHG Protocol, covers the significant activities and reflects the current organizational structure.

Our metrics

Energy consumption and mix

All of our business activities fall within the metals industry or wholesale sectors, both of which are classified as high climate impact sectors. Our entire revenue is therefore from activities in high climate impact sectors (see [NOTE 7](#) to the consolidated financial statements).

Energy consumption and mix¹

| | 2024 | 2025 |
|---|---------|---------|
| (1) Fuel consumption from coal and coal products (MWh) | 0 | 0 |
| (2) Fuel consumption from crude oil and petroleum products (MWh) | 146,431 | 101,351 |
| (3) Fuel consumption from natural gas (MWh) | 35,945 | 38,126 |
| (4) Fuel consumption from other fossil sources (MWh) | 9,858 | 10,158 |
| (5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh) | 1,853 | 1,402 |
| (6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5) | 194,087 | 151,037 |
| Share of fossil sources in total energy consumption (%) | 70 | 63 |
| (7) Consumption from nuclear sources (MWh) | 304 | 3,874 |
| Share of consumption from nuclear sources in total energy consumption (%) | 0 | 0 |
| (8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh) | 502 | 755 |
| (9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh) | 82,054 | 82,242 |
| (10) The consumption of self-generated non-fuel renewable energy (MWh) | 0 | 0 |
| (11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10) | 82,556 | 82,997 |
| Share of renewable sources in total energy consumption (%) | 30 | 35 |
| Total energy consumption (MWh) (calculated as the sum of lines 6 and 11) | 276,947 | 237,908 |

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

The reduction in fuel consumption from crude oil and petroleum products is largely due to the reduction in diesel consumption. This is mainly due to the systematic, gradual modernization of the vehicle fleet and the increased use of energy-efficient, electrically powered forklift trucks.

Energy intensity per net revenue

| | 2024 | 2025 | % 2025/2024 |
|---|-------|-------|-------------|
| Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/€ thousand) | 0.042 | 0.037 | -10.7 |

Gross Scopes 1, 2, 3 and Total GHG emissions

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

In the reporting period, there were no significant changes in the boundaries of our business or our upstream and downstream value chain. There is consequently no related impact on the year-to-year comparability of reported GHG emissions.

We calculate our carbon emissions using the GHG Protocol methodology. The average-data method was used for purchased goods and services (Category 3.1) and the distance-based method for upstream transportation and distribution (Category 3.4). The system boundaries also follow the GHG Protocol, with cradle-to-gate emissions included for purchased goods and services as well as capital goods. The sources of the emission factors used are Ecoinvent, Defra and Ademe.² These sources are selected for their scientific basis and relevance for different industries and regions.

The majority of Scope 3 emissions stem from direct expenditure, specifically from the purchases of steel and metals. The calculation is currently based on industry averages, divided into material classes and product groups.

¹ In accordance with Section 42 (3a) of the German Energy Act (Energiewirtschaftsgesetz), for electricity from German points of purchase, the renewable energy share includes renewable energy subsidized under the Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz). The presentation therefore reflects the actual energy mix and takes into account the specific market conditions in Germany.

² Ademe Version: V23.6 Carbon-Basis®.

There were no significant events or changes between the reporting dates of Klöckner & Co's financial and non-financial reporting that affect the calculation of the GHG emissions. Furthermore, the net revenue used to calculate GHG intensity in the Group non-financial report is identical to the net sales reported in the financial report (see [NOTE 7](#) in the notes to the consolidated financial statements).

We use both bundled and unbundled contractual instruments for energy, based on regional availability. In total, unbundled electricity accounts for 65% and bundled electricity for 35% of electricity we purchase. This approach enables us to align our energy procurement strategy to local market conditions while supporting our sustainability targets.

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

| | Retrospective | | | | Milestones and target years | | | |
|--|----------------|-----------|-----------|-------------|-----------------------------|-----------|---------|-----------------------------|
| | 2019 Base year | 2024 | 2025 | % 2025/2024 | 2025 | 2030 | (2050) | Annual % target / base year |
| Scope 1 GHG emissions | | | | | | | | |
| Gross Scope 1 GHG emissions (t CO ₂ e) | 54,867 | 38,911 | 38,413 | -1.3 | n/a | n/a | n/a | n/a |
| Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Biogenic CO ₂ -emissions from the combustion or biological decomposition of biomass (t CO ₂ e) | n/a | 6 | 7 | 14.4 | n/a | n/a | n/a | n/a |
| Scope 2 GHG emissions | | | | | | | | |
| Gross location-based Scope 2 GHG emissions (t CO ₂ e) | n/a | 28,974 | 29,909 | 3.2 | n/a | n/a | n/a | n/a |
| Gross market-based Scope 2 GHG emissions (t CO ₂ e) | 28,590 | 1,141 | 810 | -29.0 | n/a | n/a | n/a | n/a |
| Combined Scope 1 GHG gross emissions and market-based Scope 2 GHG gross emissions (t CO ₂ e) | 83,457 | 40,052 | 39,223 | -2.1 | n/a | 29,210 | 8,346 | 5.7 ¹ |
| Significant scope 3 GHG emissions | | | | | | | | |
| Total gross indirect (Scope 3) GHG emissions (t CO ₂ e) | 9,766,312 | 7,784,767 | 8,526,505 | 9.5 | n/a | 6,818,251 | 976,631 | n/a |
| Directly controllable (Scope 3) gross GHG emissions (t CO ₂ e) | 90,835 | 100,112 | 81,809 | -18.3 | n/a | 45,418 | 9,084 | 4.5 |
| Indirectly controllable (Scope 3) gross GHG emissions (t CO ₂ e) | 9,675,477 | 7,684,655 | 8,444,696 | 9.9 | n/a | 6,772,834 | 967,548 | 2.7 |
| 1. Purchased goods and services | 9,432,384 | 7,162,652 | 7,842,130 | 9.5 | n/a | n/a | n/a | n/a |
| 2. Capital goods | 1,022 | 22,591 | 14,653 | -35.1 | n/a | n/a | n/a | n/a |
| 3. Fuel and energy-related activities (not included in Scope 1 or Scope 2) | 10,790 | 12,197 | 12,234 | 0.3 | n/a | n/a | n/a | n/a |
| 4. Upstream transportation and distribution | 242,071 | 499,412 | 587,913 | 17.7 | n/a | n/a | n/a | n/a |
| 5. Waste generated in operations | 8,106 | 24,751 | 9,049 | -63.4 | n/a | n/a | n/a | n/a |
| 6. Business traveling | 4,112 | 2,299 | 2,284 | -0.7 | n/a | n/a | n/a | n/a |
| 7. Employee commuting | 11,737 | 7,432 | 7,344 | -1.2 | n/a | n/a | n/a | n/a |
| 8. Upstream leased assets | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 9. Downstream transportation | 56,090 | 53,433 | 50,898 | -4.7 | n/a | n/a | n/a | n/a |
| 10. Processing of sold products | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 11. Use of sold products | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 12. End-of-life treatment of sold products | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 13. Downstream leased assets | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 14. Franchises | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 15. Investments | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Total GHG emissions | | | | | | | | |
| Total GHG emissions (location-based) (t CO ₂ e) | n/a | 7,852,652 | 8,594,828 | 9.5 | n/a | n/a | n/a | n/a |
| Total GHG emissions (market-based) (t CO ₂ e) | 9,849,769 | 7,824,819 | 8,565,728 | 9.5 | n/a | 6,847,461 | 984,977 | n/a |

¹ In line with SBTi target: 62.5% reduction by 2030, 90% reduction by 2040.

GHG intensity per net revenue

| | 2024 | 2025 | % 2025/2024 |
|---|------|------|-------------|
| Total GHG emissions (location-based) per net revenue (t CO ₂ e/T€) | 1.18 | 1.35 | 14.4 |
| Total GHG emissions (market-based) per net revenue (t CO ₂ e/T€) | 1.18 | 1.34 | 13.6 |

The calculation basis for emissions intensity is total sales as reported in the Annual Report and detailed in [NOTE 7](#) to the consolidated financial statements.

GHG mitigation projects

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

The neutralization of the remaining emissions between the approximately 90% planned emission reduction and our net zero target is yet to be finalized. The details will be finalized in due course in line with the then applicable SBTi requirements and guidelines.

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

All credits that we have acquired are already canceled in the electronic register of the German Emissions Trading Authority (DEHSt), including where they relate to future emissions. There are currently no plans to purchase further carbon credits.

All purchased carbon credits were – in relation to their total volume – 100% Gold Standard verified and originate from two climate change mitigation projects in Nepal and Rwanda. The focus of the projects is on renewable energy and energy efficiency. The purchased emission reductions are not subject to any corresponding adjustment under Article 6 of the Paris Agreement.

The quality criteria for project selection are as follows:

- **Additionality:** The projects could not have been carried out without carbon credit financing as they would have not been economically viable otherwise.
- **Verifiability:** The emission reductions are verifiable and ongoing project implementation is regularly verified by independent third parties. A double counting of the achieved reduction from the projects is ruled out.
- **Irreversibility:** The carbon emission reduction from the purchased carbon credits is irreversible, with no possibility of future emissions.

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

Other environmental topics

Detailed information on the double materiality assessment and the description of the processes to identify and assess material impacts, risks and opportunities can be found in the [GENERAL DISCLOSURES](#) section under [DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES](#) in the Group non-financial report.

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

- Pollution (E2)
- Water and marine resources (E3)
- Biodiversity and ecosystems (E4)
- Resource use and circular economy (E5)

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

Mining and production activities in the upstream supply chain involve moderate water withdrawals. In addition, mining activities in the upstream supply chain can lead to untreated water discharges, which can result in water pollution from chemicals in wastewater.

Mining activities in the upstream supply chain can lead to soil degradation and usually take place in ecosystems with high levels of biodiversity, which can have harmful impacts on people and on flora and fauna.

Mining activities in upstream value chains can lead to the landfilling of hazardous waste, which can indirectly pollute human and animal habitats.

As before, due our lack of operational influence on and the limited overall transparency in the upstream value chain, there is no overarching policy and there are no specific targets or actions related to pollution (E2), water and marine resources (E3), biodiversity and ecosystems (E4) and resource use and circular economy (E5) that extend to the value chain. The development of such policies, targets and actions requires more work on building a reliable basis of data. This continues to be pursued in line with the requirements of the ESRS, which are currently undergoing revision.

EU Taxonomy

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

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

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

The EU Taxonomy reporting for the 2025 reporting year is based on Delegated Regulation (EU) 2021/2178 in the version applicable as of December 31, 2025, which preceded the amendments made by Delegated Regulation (EU) 2026/73 (the Omnibus Delegated Act). The disclosures of the percentage of taxonomy-eligible and taxonomy-aligned economic activities for the two climate objectives under the Climate Delegated Act are provided in accordance with Annexes I and II of Delegated Regulation (EU) 2021/2139. The percentages of taxonomy-eligible and taxonomy-aligned economic activities for the four environmental objectives under the Environmental Delegated Act are determined using Annexes I to IV of Delegated Regulation (EU) 2023/2486.

Under Article 3 of the Taxonomy Regulation, economic activities are taxonomy-eligible if they are covered in the Commission delegated acts and thus potentially contribute to at least one of the six environmental objectives. Economic activities are considered to be taxonomy-aligned and thus environmentally sustainable if they make a substantial contribution to at least one of the environmental goals and do no significant harm with regard to any of the other environmental targets. An environmentally sustainable economic activity must also meet social criteria referred to as minimum safeguards. These relate to recognized frameworks such as the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

The EU Taxonomy Regulation is focused primarily on sectors that can make a substantial contribution and whose transformation therefore has a material influence on achieving the stated targets. Only a few activities in combination with technical screening criteria within the meaning of the EU Taxonomy have been specified so far for Klöckner & Co SE's sales revenue-generating economic activities. Because of this, an adequate presentation is not possible due to the lack of regulatory coverage of our activities under the EU Taxonomy. This limits the representativeness and interpretability of the figures with regard to taxonomy eligibility and taxonomy alignment. We are already aware of the vital and in particular strategic importance that sustainability has for our business. We report on our climate targets and sustainable business solutions in the [ENVIRONMENT](#) section of the Group non-financial report.

Identification of taxonomy-eligible activities

- CCM activity 6.6 Freight transport services by road: According to Annex I of the Climate Delegated Act, this economic activity includes the purchase, financing, leasing, rental and operation of vehicles designated as category N1, N2 or N3 falling under the scope of EURO VI, step E or its successor, for freight transport services by road. Klöckner & Co mainly makes use of N3 class vehicles for freight transport due to the high payload capacity required. Freight transport by Klöckner & Co with vehicles that meet the above criteria can therefore be taken into account as a taxonomy-eligible economic activity within the meaning of the EU Taxonomy. Only Klöckner & Co trucks that at minimum comply with emission level E were taken into account. In addition, it should be noted that we provide logistics services that fall under CCM category 6.6 generally in conjunction with other activities belonging to metals processing that are not covered by the EU Taxonomy.
- Activity CCM 8.2, “Data-driven solutions for GHG emissions reductions”: According to Annex I of the Climate Delegated Act, this economic activity includes the development or use of information and communication technology (ICT) solutions that are aimed at collecting, transmitting and storing data, and at its modelling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions. Klöckner & Co's Nexigen® Data Services solution enables customers to actively manage and reduce their carbon emissions. It provides a clear and transparent overview by collating the carbon footprint of all products procured through Klöckner & Co in a single place. Customers also receive concrete suggestions for more environment-friendly alternatives and are shown ways in which they can reduce carbon emissions compared to previous orders.
- Activity CE 2.3, “Collection and transport of non-hazardous and hazardous waste”: According to Annex II of the Environmental Delegated Act, this activity comprises the separate collection and transport of non-hazardous and hazardous waste aimed at preparing for reuse or recycling, including the construction, operation and upgrade of facilities involved in the collection and transport of such waste, as a means for material recovery. Klöckner & Co sells its own steel scrap to business partners for reuse and recycling.

After identifying the potential main activities based on the product groups and services of Klöckner & Co, we conclude that the above-mentioned economic activities are taxonomy-eligible with regard to EU environmental targets 1 and 4 according to the Climate Delegated Act and the Environmental Delegated Act.

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

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

Beyond these, no taxonomy-eligible activities were identified within our business activities, either separately or in the aggregate. With regard to EU environmental targets 2, 3, 5 and 6, Klöckner & Co does not generate any sales from taxonomy-eligible activities. In addition, we have not identified any separate CAPEX or OPEX in this fiscal year that contributes to the aforementioned environmental objectives.

Derivation of key figures

As the EU has so far specified only a small number of activities for the material economic activities of Klöckner & Co SE, the possible scope of Taxonomy reporting for our Company in this fiscal year is very limited. This results in the small percentages stated in the following with regard to taxonomy eligibility and taxonomy alignment. The share of taxonomy-eligible economic activities (CE 2.3 and CCM 8.2) in total sales in the fiscal year 2025 amounted to less than 0.5% of the total sales reported in the Annual Report (see [NOTE 7](#) to the consolidated financial statements).

In fiscal year 2025, taxonomy-eligible operating expenses amounted to less than 2% of the total EU Taxonomy-relevant expenses. Total operating expenses as defined by the EU Taxonomy include maintenance and repair costs, building renovation measures, as well as short-term leasing expenses.

Capital expenditure related to assets or processes associated with taxonomy-eligible economic activities was differentiated by asset class. In fiscal year 2025, approximately 42% of Klöckner & Co's capital expenditure was taxonomy-eligible. Total capital expenditure is the sum of the additions disclosed in [NOTE 16](#) Intangible assets and property, plant and equipment to the consolidated financial statements from (a) additions to intangible assets excluding goodwill, (b) property, plant and equipment, and (c) leases.

To avoid double counting, the individual turnover (sales), CAPEX and OPEX amounts are each assigned to one single environmental target. In addition, suitable boundary logic in data collection at Company level ensures that the same data is not collected multiple times within the organizational structure.

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

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

Table: EU Taxonomy turnover (sales) in 2025

| Reporting year N | | Year | | Substantial contribution criteria | | | | | | DNSH criteria ("Do no significant harm") | | | | | | | | | |
|--|-------------|---------------|---------------------------------------|-----------------------------------|----------------------------------|-----------------------------------|----------------|----------------------|-------------------------------------|--|-----------------------------------|------------------------------------|----------------|-----------------------|-------------------------------------|-------------------------|--|--------------------------------------|--|
| Economic activities (1) | Code(s) (2) | Turnover (3) | Proportion of turnover, year N (4) | Climate change mitigation (5) | Climate change adaptation (6) | Water and marine resources (7) | Pollution (8) | Circular economy (9) | Biodiversity and ecosystems (10) | Climate change mitigation (11) | Climate change adaptation (12) | Water and marine resources (13) | Pollution (14) | Circular economy (15) | Biodiversity and ecosystems (16) | Minimum safeguards (17) | Proportion of Taxonomy- aligned (A.1.) or -eligible (A.2.) turnover, year N-1 (18) | Category enabling activities (19) | Category transitional activities (20) |
| | | € THOUSAND | % | Y; N; N/ EL | Y; N; N/ EL | Y; N; N/ EL | Y; N; N/ EL | Y; N; N/ EL | Y; N; N/ EL | Y; N; N/ EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| A. Taxonomy-eligible activities | | | | | | | | | | | | | | | | | | | |
| A.1. Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | |
| Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | - | - | | | | | | | | | | | | | | - | | |
| Of which enabling | | - | - | | | | | | | | | | | | | | - | E | |
| Of which transitional | | - | - | | | | | | | | | | | | | | - | | T |
| A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | |
| Collection and transport of non-hazardous and hazardous waste | | CE 2.3. | 20,947.05 | 0.33 | N / EL | N / EL | N / EL | N / EL | EL | N / EL | | | | | | | 0.06 | | |
| Data-driven solutions for GHG emission reductions | | CCM 8.2 | 12,850.30 | 0.20 | EL | N / EL | N / EL | N / EL | N / EL | N / EL | | | | | | | 0.00 | | |
| Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | | 33,797.35 | 0.53 | | | | | | | | | | | | | 0.06 | | |
| A. Turnover of Taxonomy-eligible activities (A.1+A.2) | | | 33,797.35 | 0.53 | | | | | | | | | | | | | 0.06 | | |
| B. Taxonomy-non-eligible activities | | | | | | | | | | | | | | | | | | | |
| Turnover of Taxonomy-non-eligible activities (B) | | | 6,346,356.65 | 99.47 | | | | | | | | | | | | | | | |
| Total (A + B) | | | 6,380,154.00 | 100.00 | | | | | | | | | | | | | | | |

Table: EU Taxonomy CAPEX 2025

| Reporting year N | Year | | Substantial contribution criteria | | | | | | | DNSH criteria ("Do no significant harm") | | | | | | | | | | |
|---|-------------------------|-------------|-----------------------------------|---------------------------------|-------------------------------|-------------------------------|--------------------------------|---------------|----------------------|--|--------------------------------|--------------------------------|---------------------------------|----------------|-----------------------|----------------------------------|-------------------------|--|-----------------------------------|---------------------------------------|
| | Economic activities (1) | Code(s) (2) | CAPEX (3) | Proportion of CAPEX, year N (4) | Climate change mitigation (5) | Climate change adaptation (6) | Water and marine resources (7) | Pollution (8) | Circular economy (9) | Biodiversity and ecosystems (10) | Climate change mitigation (11) | Climate change adaptation (12) | Water and marine resources (13) | Pollution (14) | Circular economy (15) | Biodiversity and ecosystems (16) | Minimum safeguards (17) | Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CAPEX, year N-1 (18) | Category enabling activities (19) | Category transitional activities (20) |
| | | € THOUSAND | % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| A. Taxonomy-eligible activities | | | | | | | | | | | | | | | | | | | | |
| A.1. Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | | |
| CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | - | - | | | | | | | | | | | | | | | - | | |
| Of which enabling | | - | - | | | | | | | | | | | | | | | - | E | |
| Of which transitional | | - | - | | | | | | | | | | | | | | | - | | T |
| A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | | |
| Transport by motorbikes, passenger cars and light commercial vehicles | | CCM 6.5 | 3,535.21 | 1.83 | EL | N / EL | N / EL | N / EL | N / EL | N / EL | | | | | | | | 2.55 | | |
| Freight transport services by road | | CCM 6.6 | 5,430.09 | 2.81 | EL | N / EL | N / EL | N / EL | N / EL | N / EL | | | | | | | | 3.81 | | |
| Installation, maintenance and repair of energy efficiency equipment | | CCM 7.3 | 1,141.96 | 0.59 | EL | N / EL | N / EL | N / EL | N / EL | N / EL | | | | | | | | 0.82 | | |
| Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) | | CCM 7.4 | 389.34 | 0.20 | EL | N / EL | N / EL | N / EL | N / EL | N / EL | | | | | | | | 0.24 | | |
| Installation, maintenance and repair of renewable energy technologies | | CCM 7.6. | 0.00 | 0.00 | EL | N / EL | N / EL | N / EL | N / EL | N / EL | | | | | | | | 1.37 | | |
| Acquisition and ownership of buildings | | CCM 7.7. | 69,892.24 | 36.11 | EL | N / EL | N / EL | N / EL | N / EL | N / EL | | | | | | | | 18.79 | | |
| CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | | 80,388.85 | 41.54 | | | | | | | | | | | | | | 27.57 | | |
| A. CAPEX of Taxonomy-eligible activities (A.1 + A.2) | | | 80,388.85 | 41.54 | | | | | | | | | | | | | | 27.57 | | |
| B. Taxonomy-non-eligible activities | | | | | | | | | | | | | | | | | | | | |
| CAPEX of Taxonomy-non-eligible activities (B) | | | 113,150.70 | 58.46 | | | | | | | | | | | | | | | | |
| Total (A + B) | | | 193,539.55 | 100.00 | | | | | | | | | | | | | | | | |

Table: EU Taxonomy OPEX 2025

| Reporting year N | Year | | Substantial contribution criteria | | | | | | | DNSH criteria ("Do no significant harm") | | | | | | | | | |
|--|-------------|------------------|-----------------------------------|-------------------------------|-------------------------------|--------------------------------|---------------|----------------------|----------------------------------|--|--------------------------------|---------------------------------|----------------|-----------------------|----------------------------------|-------------------------|---|-----------------------------------|---------------------------------------|
| Economic activities (1) | Code(s) (2) | OPEX (3) | Proportion of OPEX, year N (4) | Climate change mitigation (5) | Climate change adaptation (6) | Water and marine resources (7) | Pollution (8) | Circular economy (9) | Biodiversity and ecosystems (10) | Climate change mitigation (11) | Climate change adaptation (12) | Water and marine resources (13) | Pollution (14) | Circular economy (15) | Biodiversity and ecosystems (16) | Minimum safeguards (17) | Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OPEX, year N-1 (18) | Category enabling activities (19) | Category transitional activities (20) |
| | | € THOUSAND | % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| A. Taxonomy-eligible activities | | | | | | | | | | | | | | | | | | | |
| A.1. Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | |
| OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | - | - | | | | | | | | | | | | | | - | | |
| Of which enabling | | - | - | | | | | | | | | | | | | | - | E | |
| Of which transitional | | - | - | | | | | | | | | | | | | | - | | T |
| A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | |
| Transport by motorbikes, passenger cars and light commercial vehicles | CCM 6.5 | 583.60 | 1.13 | EL | N / EL | N / EL | N / EL | N / EL | N / EL | | | | | | | | 2.96 | | |
| Freight transport services by road | CCM 6.6 | 418.89 | 0.81 | EL | N / EL | N / EL | N / EL | N / EL | N / EL | | | | | | | | 3.06 | | |
| Installation, maintenance and repair of energy efficiency equipment | CCM 7.3 | 0.00 | 0.00 | EL | N / EL | N / EL | N / EL | N / EL | N / EL | | | | | | | | 0.14 | | |
| Data-driven solutions for GHG emission reductions | CCM 8.2 | 48.71 | 0.09 | EL | N / EL | N / EL | N / EL | N / EL | N / EL | | | | | | | | 0.58 | | |
| OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 1,051.20 | 2.03 | - | - | - | - | - | - | | | | | | | | 6.74 | | |
| A. OPEX of Taxonomy-eligible activities (A.1 + A.2) | | 1,051.20 | 2.03 | - | - | - | - | - | - | | | | | | | | 6.74 | | |
| B. Taxonomy-non-eligible activities | | | | | | | | | | | | | | | | | | | |
| OPEX of Taxonomy-non-eligible activities (B) | | 50,631.77 | 97.97 | | | | | | | | | | | | | | | | |
| Total (A + B) | | 51,634.26 | 100.00 | | | | | | | | | | | | | | | | |

Template 1: Nuclear and fossil gas related activities

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

Social

| | |
|-------------------------------|-----|
| S1 Own workforce | 104 |
| S2 Workers in the value chain | 110 |
| S3 Affected communities | 114 |

Own workforce

Processes for engaging with own workforce and workers' representatives

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

We actively promote an appreciative working environment characterized by diversity and equal opportunities. We promote an inclusive culture in which everyone has the same opportunities for personal and professional development. This is supported by various initiatives, such as the Women@Kloeckner network meetings. Promoting employee development is also a key component of our corporate culture. That is why we offer employees a wide variety of continuing education and personal development opportunities.

The Head of Group HR and his team are responsible for the ongoing management of employee development activities. We also operate the "Let us know" whistleblower system described in this section under [COMPLAINTS MECHANISM](#).

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

We once again conducted an employee survey in 2025. All Group companies participated. The overall response rate increased compared to the prior year, from 69% to 73%. In the course of continuous improvements to the survey we added open-ended questions this year, enabling employees to share their perspectives, experiences and suggestions beyond the specified topics and thus actively contribute to the onward development of our Company.

The questions that received the most positive responses were whether everyone knows how they can contribute to achieving the Company's targets (89%; prior year: 90%), whether employees feel they are treated with respect by their immediate supervisor (88%; prior year: 89%) and whether everyone knows who they can turn to if they are exposed to or observe violations of our Code of Conduct (88%; prior year: 89%). Likewise, 88% (prior year: 86%) agreed that their immediate supervisor acts to ensure the health, safety and welfare of the team at work. Around three out of four of our employees (77%; prior year: 76%) would recommend Klöckner & Co as an employer. Despite the overall positive findings, employees still saw room for improvement with regard to the employee development measures on offer.

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

Characteristics of the Klöckner & Co workforce

| Gender | Number of employees (head count) |
|------------------------|----------------------------------|
| Male | 5,360 |
| Female | 1,134 |
| Other | 0 |
| Not reported | 13 |
| Total employees | 6,507 |

| Country | Number of employees (head count) |
|-------------|----------------------------------|
| Brazil | 76 |
| Germany | 1,648 |
| Mexico | 642 |
| Netherlands | 72 |
| Austria | 110 |
| Switzerland | 1,373 |
| USA | 2,452 |
| Other | 134 |

2025

| FEMALE | MALE | OTHER ¹ | NOT REPORTED | TOTAL |
|---|-------|--------------------|--------------|-------|
| Number of employees (head count/FTE) | | | | |
| 1,134 | 5,360 | 0 | 13 | 6,507 |
| Number of permanent employees (head count/FTE) | | | | |
| 1,114 | 5,284 | 0 | 13 | 6,411 |
| Number of temporary employees (head count/FTE) | | | | |
| 14 | 63 | 0 | 0 | 77 |
| Number of non-guaranteed hours employees (head count/FTE) | | | | |
| 6 | 13 | 0 | 0 | 19 |
| Number of full-time employees (head count/FTE) | | | | |
| 928 | 5,258 | 0 | 13 | 6,199 |
| Number of part-time employees (head count/FTE) | | | | |
| 206 | 102 | 0 | 0 | 308 |

The total number of employees who left the Company between January 1 and December 31, 2025 was 1,171. The rate of employee turnover in the reporting period was 18.2%. The rate of employee turnover is calculated as the ratio of the number of employees who left voluntarily or non-voluntarily to the average number of employees in fiscal year 2025. The disclosures on permanent employees, temporary employees and non-guaranteed hours employees are stated as a head count as of the December 31, 2025 reporting date. This also applies to the disclosures on full-time and part-time employees. The disclosures on the total number of employees at Klöckner & Co are likewise based on the December 31, 2025 reporting date. This data is collected on the basis of Group-wide database records from the Group's standard reporting systems. External validation of the data does not take place. Apprentices, interns, work-study students and long-term absentees were not included in the calculation. As a result, the figures differ from the number of employees reported in [NOTE 10 PERSONNEL EXPENSES](#) in the notes to the consolidated financial statements.

¹ Gender as specified by the employees themselves.

Health and safety

Material impacts and their interaction with strategy and business model

As a leading metals processor and service center company, we employ a large number of workers at Klöckner & Co who are exposed to specific safety risks when handling heavy stock such as steel at our locations. Responsibility – especially for our employees and their well-being – is at the heart of our strategy and is closely tied to our business model.

Occupational health and safety are therefore not only an integral part of our social responsibility. They are also an essential element for the success of our business activities. A safe and healthy working environment not only protects our employees, but also contributes significantly to the process stability and efficiency that is essential to our value creation and customer satisfaction.

We attach great importance to the physical, social and psychological safety of all employees in the workplace and are committed to their protection. This is a central driver of our strategic goals and our positioning as a trusted partner in metals processing.

Klöckner & Co's Group-wide health and safety activities are covered by our Occupational Health and Safety Policy. Through proactive risk management and by engaging with our employees, we aim to establish a working environment where safety is a shared responsibility and a core value.

We aim to integrate occupational safety into all our decisions and actions and to adopt processes to prevent occupational accidents in order to ensure the safety and wellbeing of our employees. Accordingly, we are committed to regularly reviewing and updating our local occupational health and safety policies in order to align them with the best standards and legal requirements.

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

There were no material changes to identified own workforce-related impacts, risks and opportunities compared to the previous reporting period.

Our approach and policies

Our Occupational Health and Safety Policy specifies the Group-wide requirements on occupational health and safety in the workplace. It defines mandatory principles and minimum standards for a safe working environment and constitutes the framework for the implementation of our health and safety activities. The policy applies to our own operations, including all companies in which we have a decisive influence. These are normally companies in which Klöckner & Co SE directly or indirectly holds a majority interest. The Occupational Health and Safety Policy applies to all employees, managers and Management Board members of all Group companies belonging to Klöckner & Co SE. We also expect our business partners – such as suppliers and subcontractors – to recognize their responsibility with regard to occupational health and safety. The entire global, regional and local management, as well as the respective heads of department, are responsible for ensuring that the standards and commitments under our Occupational Health and Safety Policy are implemented, communicated, monitored and integrated into the work processes of each organization. Occupational health and safety is a responsibility of all employees.

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

We carry responsibility for implementing the policy at all management levels. Our responsibilities include ensuring compliance with local regulations and Company standards, developing and implementing safety strategies, implementing safety measures and promoting a positive safety culture through training and awareness programs. Our local occupational safety teams focus on systematically reducing accident risks, conducting hazard analyses, implementing regional safety measures and organizing training. Each employee shares responsibility for workplace safety by following rules, reporting hazards, participating in training and using required personal protective equipment.

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

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

We are committed to developing our processes and systems in accordance with global health and safety standards, including ISO 45001, and to setting our goals based on these guidelines. In areas where such certifications have not yet been obtained, we work with comparable internal systems that systematically identify hazards and implement continuous improvements.

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

Actions

To ensure regular exchange on occupational safety within the Group, we have established a global working group consisting of the relevant managers from our country organizations. This met twice in 2025 and is responsible for monitoring global activities and coordinating our occupational safety strategy. In this way, we ensure that all current and planned activities serve to improve working conditions and do not have any negative impacts. The working group reports directly to the management responsible for operations. A Group-wide Occupational Health and Safety Policy additionally sets out clear conditions and responsibilities.

Country- and branch-level occupational safety teams work continuously to systematically reduce the risk of accidents and to raise occupational safety awareness among our workforce. Experts at the country organizations are responsible for the regional implementation of measures, carry out root cause analyses, perform risk assessments and coordinate cross-site training.

At our branches, local occupational health and safety officers raise awareness of safety-related issues among our employees. The country organizations also each implement measures and campaigns of their own on areas for improvement that they have identified. Safety audits and certifications such as ISO 45001 support the ongoing development of our safety standards. In our American and Mexican country organizations, we use an external safety program (Intelex) based on ISO 45001 requirements. Furthermore, we recognize employee commitment in the "Top Dog" safety initiative, which confers monthly, quarterly and annual awards. Employees who have made a special contribution to occupational safety can be nominated by colleagues for the awards. To support preventive safety management, our German and Austria country organizations launched the H.E.R.O. initiative in October 2025. H.E.R.O. stands for *Hazard awareness, Early recognition, Rapid response and Open communication* and provides for anonymous reporting of near misses and hazardous situations.

We also continuously optimize our operational processes. This includes training videos and the Safety 1st e-learning module, which is an integral part of the onboarding process for new employees.

We firmly believe that accidents are avoidable. Preventive action enables us to identify risks at an early stage and avert harm. In the event that an accident does happen, the local occupational health and safety officers analyze it together with the affected teams in order to infer specific measures for improvement and avoid a repeat occurrence. The holding company occupational health and safety officer receives a detailed accident report from the country organization concerned via our reporting system. Additional specific action is taken in the event of any unusual occurrences such as a spate of similar accidents at one country organization or site.

The introduction of a Group-wide digital system for recording workplace accidents, which was announced last year, was again subjected to review in the reporting year. Altered circumstances, including the sale of several companies, have reduced the need for a uniform Group-wide system. As a result, it was decided not to introduce such a system.

Occupational safety is always the first topic on the agenda at the monthly business update calls with the Group Management Board, the managements of the country organizations and department heads at the holding company. This ensures ongoing awareness at top management level and underscores the importance of occupational safety throughout the Group.

No material amounts of OPEX or CAPEX are required to implement the actions. The costs earmarked for them are included in the annual budget of the respective country organizations.

The effectiveness of our actions and initiatives to improve occupational health and safety is continuously monitored and evaluated. We meet all legal requirements and regularly review compliance with them together with the relevant safety organizations, such as the employers' liability insurance association in Germany.

Additionally, we obtain feedback from stakeholders through a working group on occupational safety and through the employee survey, which includes specific questions on occupational safety and people's perception of our safety culture. In the reporting year, 88% (prior year: 86%) of employees confirmed that their immediate supervisor acts to ensure workplace health, safety and wellbeing.

Another performance criterion is continuous reduction of the LTIF. This performance indicator is also incorporated as a variable component – with a notional 5% of total variable remuneration – into the performance-based remuneration of the Management Board, throughout the Group at management level 1 below the Management Board, and at management levels 1 to 3 in the holding company.

We have various processes to identify action to improve occupational safety and address potential negative impacts on our workforce. This includes a Group-wide reporting system for central data collection on accidents. Furthermore, we conduct regular safety audits and inspections to assess workplace safety and verify compliance with our safety standards.

We use employee feedback from surveys and other forms of employee participation to track their perception of our safety culture and identify scope for improvement. In the event of an accident, we conduct a thorough investigation to analyze the causes and infer suitable preventive action.

We also offer health monitoring programs to promote employee well-being – particularly for employees who work in high-risk areas. These programs are supplemented by medical evaluations that our employees can make use of as needed.

Targets

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

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

Accidents are recorded as such from the first lost day. Changes in the LTIF are a firm feature of regular Management and Supervisory Board meetings and are also included in monthly reporting. The LTIF was improved from 4.7 in the prior year to 4.2 in the 2025 reporting year. However, this fell short of the Group-wide target of ≤ 4.0 for 2025.

Against the backdrop of systematically updated targets for the reduction of Group-wide average accident frequency, we aim for an LTIF of ≤ 3.5 for the coming 2026 reporting year. The targets are set in collaboration with the occupational safety working group, the Management Board and the respective management teams.

Health and safety metrics

| | 2024 | 2025 |
|---------------------|------|------|
| LTIF ^{1,2} | 4.7 | 4.2 |
| Fatalities | 0 | 0 |

¹ Including accidents reported up to February 13, 2026.

² The LTIF applies solely to Klöckner & Co employees. Commuting accidents are not included.

Gender equality and equal pay for work of equal value

Material impacts and their interaction with strategy and business model

We are committed to equal pay for work of equal value throughout the Group, promote gender equality and work to ensure that all employees, regardless of gender, have equal rights to access resources and opportunities. Certain groups of employees such as women are accorded special attention in this context as they are often underrepresented in many areas, especially in management positions. In a traditional industry such as steel, we at Klöckner & Co consider gender equality to be particularly important in order as far as possible to create a balanced and fair working environment and to counter potential negative impacts on our employees.

To further this aim, we undertake a combination of global and local initiatives. We believe that a safe and inclusive workplace culture can be fostered in particular by encouraging employees to get involved and take responsibility for a work environment where as many people as possible feel they belong. These measures and initiatives are supported by management to ensure broad acceptance and lasting impact. Our strategy is regularly reviewed and adjusted as needed to continuously promote equal treatment in all areas of the Company, including decision-making processes and employee development.

Remuneration of our employees is predominantly based on collective agreements and minimum wages, thus providing a uniform point of departure. This helps to reduce major imbalances and supports fair and transparent remuneration.

Moreover, our Klöckner & Co People Strategy places particular emphasis on individual responsibility and equal rights in order to promote a working culture geared to equal opportunities. As part of the annual review process, employees have the opportunity to discuss their individual performance and remuneration with their supervisor. This can provide a starting point for any adjustments. Regular evaluations allow us to respond appropriately to developments and provide ongoing support for the fair treatment of employees.

There were no material changes to identified own workforce-related impacts, risks and opportunities compared to the previous reporting period.

Our approach and policies

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

Further details on the Declaration of Principles can be found in this section under [WORKERS IN THE VALUE CHAIN](#).

Actions

We took action in various ways at Klöckner & Co in the reporting year and plan further steps to actively promote equal treatment and diversity in the Company. These initiatives support our strategic orientation and contribute significantly towards an inclusive working environment.

Promoting equal treatment is a key element of our work. We set binding standards for fair and respectful treatment of our employees ensured through our Group-wide Code of Conduct and Declaration of Principles on Respect for Human Rights. Our Klöckner & Co values further reinforce this commitment by putting diversity and equal opportunities front and center. This is supplemented by annual compliance training, among other topics on our Code of Conduct. To promote a common understanding of the corporate culture, new employees also receive an introduction to the Klöckner & Co values.

We are also specifically committed to diversity. The Kloeckner Academy thus has various e-learning modules on equal opportunities. Furthermore, we set clear requirements in recruitment: A requirement for external recruiters ensures that at least 30% of the profiles on the longlist for vacancies must be from women.

We are also expanding our cooperation with established support networks such as Women@Kloeckner. This provides employees with opportunities for exchange and mutual support. Through these initiatives, we foster a working environment in which all colleagues feel respected, valued and listened to.

The provision of compliance training is an ongoing process that repeats annually and is subject to continuous development. Our employees additionally have access to the "Let us know" complaints mechanism, which can be used to report discrimination or unfair treatment. On this basis, appropriate action can be swiftly taken. Further information on this can be found in this section under [COMPLAINTS MECHANISM](#).

No material amounts of OPEX or CAPEX are required to implement the actions. The costs earmarked for them are included in the annual budget of the respective country organizations.

The effectiveness of these actions is monitored through feedback from departing employees and by tracking developments on anti-discrimination in the annual Group-wide employee survey. In the reporting year, 80% of employees agreed that their branches and departments are committed to an appreciative and prejudice-free working environment. This feedback helps us understand how well our initiatives are perceived and how well they actually contribute to an inclusive and respectful work environment.

To ensure that our managers support these goals, a portion of their variable remuneration, comprising a notional 5% of total variable remuneration, is linked to employee satisfaction and to feedback on their own leadership performance. This applies to the entire Management Board, throughout the Group at management level 1 below the Management Board, and at management levels 1 to 3 in the holding company.

Targets

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

In fiscal year 2022, the Supervisory Board of Klöckner & Co SE set new targets for the percentage of women on the Supervisory Board and the Management Board, to be met by June 30, 2027: 33.33% (corresponding to two out of six members) for the Supervisory Board and 25% (currently corresponding to one out of three members) for the Management Board. As in fiscal year 2022, the current quota of women is 16.67% on the Supervisory Board and 0% on the Management Board. The Supervisory Board will take the aforementioned target quotas into account accordingly in connection with the Supervisory Board elections due to take place by the above date, as well as in the event of any changes or new appointments to the Management Board. The percentage of women employed at management levels one to three below Management Board level has already been raised from 14% in 2011 to 15.6% Group-wide in the reporting period. We aim to further increase their share to 25% by the end of 2030.

The targets are based on an analysis of the percentage of women at the time of target setting, the availability of female managers for the relevant positions, and the average employee turnover rate at Klöckner & Co. No further stakeholders were involved in the target setting process.

Adequate wages

Material risks and their interaction with strategy and business model

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

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

There were no material changes to identified own workforce-related impacts, risks and opportunities compared to the previous reporting period.

Our approach and policies

Our commitment to adequate wages is enshrined in our Declaration of Principles on Respect for Human Rights.

Further details on the Declaration of Principles can be found in this section under [WORKERS IN THE VALUE CHAIN](#).

Actions and targets

We have not currently defined any specific targets or measures at Klöckner & Co relating to adequate wages.

Incidents, complaints and severe human rights impacts

The disclosures in the following relate to work-related incident and complaints and to severe cases of human rights impacts within Klöckner & Co's own workforce. Information is also presented on related fines, penalties or compensation.

In the period from October 1, 2024 to September 30, 2025:

- Eight incidents of discrimination, including harassment, were reported
- 22 Complaints were submitted using Company channels for the Company's own workforce
- The reported incidents and complaints did not result in any significant fines, penalties or compensation for damages

Furthermore, no cases of forced labor or child labor were recorded during the reporting period.

Workers in the value chain

Material impacts and their interaction with strategy and business model

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

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

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

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

There were no material changes to value chain worker-related impacts, risks and opportunities compared to the previous reporting period.

Our approach and policies

Klöckner & Co has clearly defined its expectations for employees and business partners regarding respect for universal human rights, and has firmly embedded these expectations in its Group-wide policies. The Declaration of Principles on Respect for Human Rights, the Code of Conduct and the Supplier Code of Conduct provide a framework for responsible everyday business conduct and establish the basis for sustainable working relationships along the entire value chain.

As set out in our Group policies, we uphold the global rules on the protection of human rights as fundamental and universal requirements. We reject any use of child labor, forced labor or compulsory labor, and all forms of slavery and human trafficking.

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

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

The scope of application of the corporate due diligence obligation extends to our own business area, including all companies in which we have a decisive influence. These are normally companies in which Klöckner & Co SE directly or indirectly holds a majority interest. The Declaration of Principles on Respect for Human Rights applies to all employees, managers and Management Board members of all Group companies belonging to Klöckner & Co SE.

We not only hold ourselves to high standards but also demand that our business partners comply with environmental and social standards.

We are committed to adequately complying with human rights and environmental due diligence obligations, identifying any negative impacts of our business activity, ending or mitigating such impacts as far as we are able, and ensuring victims of human rights violations access to remedy.

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

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

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

Respecting human rights and the associated environmental rights requires a continuous process. We continually review the implementation of our due diligence obligations to ensure that they align with changing conditions, new supplier profiles and the nature and scope of our business activity, and insights from the processing of matters reported through our complaints mechanism. Based on this information, we continue to develop our due diligence processes regarding human rights and the environment.

Successful collaboration with our business partners requires compliance with the standards set out in the Declaration of Principles. Before entering into contract with a new supplier, we therefore carry out a transparent risk examination. Our expectations with regard to respect for human rights and environmental standards are also set out in the Code of Conduct and the Supplier Code of Conduct.

The Supplier Code of Conduct requires our suppliers, in particular, to fully respect internationally recognized human and labor rights. It contains binding stipulations on the avoidance of forced labor and modern slavery, as well as expressly prohibiting child labor with adherence to applicable minimum ages. Moreover, it demands the observance of fair working conditions, including statutory requirements on working hours, minimum wages and social benefits, together with respectful and non-discriminatory treatment of all employees. Ensuring health, safety and well-being in the workplace is also a mandatory requirement. The requirements in the Supplier Code of Conduct are based on and fully consistent with the International Labor Organization (ILO) core labor standards.

We assume responsibility at the top for implementing and enforcing the requirements set out in the Supplier Code of Conduct. The principles of the Supplier Code of Conduct are firmly established throughout the Group. They are implemented and monitored through suitable organizational measures and by the Corporate Compliance Office. The Code of Conduct is published, among other places, on our website.

We expect existing and new suppliers to identify relevant risks in their supply chains, to mitigate those risks within their capabilities, and to pass on the same requirements to their own suppliers, for example by agreeing like principles.

In our regular risk analysis, we check for human rights-related and environmental risks that might arise in our value chain in connection with our business activities. The analysis is carried out using a global supplier ESG platform that systematically integrates internal and external data on country and industry segment risks. This includes the identification and assessment of both country-specific and industry-specific risks for our own operations and the supply chain.

In this abstract risk analysis, each supplier is classified into one of three risk categories: low, medium or high sustainability risk. This classification forms the basis for further checks and measures, such as the analysis of ESG profiles on our supplier platform or direct contact with suppliers. This enables us to focus specifically on areas with increased human rights and environmental risks.

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

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

Resulting preventive and remedial measures are developed and coordinated in cross-functional teams. These include improvements to submitted documentation, or supplier training. Those teams consist of human rights and compliance experts, our global Human Resources and Procurement departments, and other departments as needed.

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

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

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

Processes for engaging with value chain workers

In relation to our due diligence obligations and for the protection of human rights, we have started to participate in stakeholder events to promote responsible supply chains, and we intend to intensify these efforts over time. Potentially high human rights risks arise particularly in the deeper tiers of the supply chain. As a metals processor, we are far removed from the mining value chain and our direct influence can therefore be considered minor. In order to obtain well-founded information on the situation of potentially marginalized groups, we gather information from multi-stakeholder initiatives and take part in a human rights officers' network. We incorporate the resulting knowledge in our risk assessment and take particular account of it with regard to suppliers from high-risk countries.

Responsibility for the ongoing management of activities lies with the Human Rights Office. Klöckner & Co also operates the "Let us know" whistleblower system, which is described in this section under [COMPLAINTS MECHANISM](#). We adhere to internationally recognized standards and principles when it comes to engaging with workers in the value chain, as elsewhere. Further information can be found in this section under [OUR APPROACH AND POLICIES](#) in the Group non-financial report.

The effectiveness of engagement with workers in the value chain is reviewed annually, for example by evaluating reports received through the "Let us know" whistleblower system during the year.

Complaints mechanism

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

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

To make people aware that the complaints mechanism also covers the legal positions under the Declaration of Principles, we make explicit reference there to the complaints mechanism, including the website link. People can thus submit matters through the "Let us Know" platform. The [COMPLAINTS MECHANISM](#) is open and accessible to all Klöckner & Co stakeholders.

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

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

The following matters can be reported:

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

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

Each investigation is carried out in five steps:

1. Develop a communication plan
2. Preserve, collect and review evidence
3. Field work information and investigative resources
4. Conducting interviews
5. Evaluation, statement of findings, documentation and case closure

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

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

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

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

The effectiveness of the channels is regularly evaluated through test calls to check for availability, language options, legal compliance and other criteria. Topics such as forced labor, working conditions and discrimination were also included in the effectiveness review. A question about awareness of the complaints mechanism was also included in the annual employee survey. The level of awareness is currently 72% (prior year: 68%).

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

Actions

To fulfill our human rights and environmental due diligence obligations, we intensified and refined our risk assessments and supply chain management processes during the reporting year.

We placed particular emphasis here on creating transparency with regard to our most important direct suppliers and suppliers with an elevated risk score. The focus was on steel and metal suppliers, which is where we potentially have the greatest influence. To this end, we conducted targeted campaigns in the form of questionnaires to guide suppliers in providing comprehensive data and information on the supply chain due diligence platform. In collaboration with Procurement, optimization measures were defined and implemented for suppliers with high risk scores. In cases involving unusual or critical scores, in-depth audits were carried out and structured dialogues initiated with the suppliers concerned to agree on improvements and monitor their implementation. These activities took into account the principles set out in the OECD Due Diligence Guidance for Responsible Business Conduct and the knowledge of networks of human rights officers, consultants and human rights due diligence helpdesks.

Another focus was on increasing transparency within the deeper supply chain. To improve supply chain transparency in cases of inherent risk in particular, this involved both IT-assisted measures such as mill of origin identification and more in-depth analyses such as supply chain mapping. All such measures are part of our Group-wide sustainable supply chain process that spans the entire supplier life cycle from selection to delisting.

The IntegrityNext ESG platform has been successfully integrated into the global supplier management software, ensuring an automated, efficient and legally compliant process. If an elevated risk score is already identified at onboarding, the supplier data concerned is automatically sent to the ESG platform. This is then used to conduct in-depth analyses using structured questionnaires. This semi-automated process ensures that all relevant suppliers are subjected to risk-based analysis before an order is placed.

Our "Let Us Know" complaints mechanism allows value chain workers to report human rights violations. This ensures that appropriate action can be swiftly taken. Further details on our complaints mechanism are provided in this section under [COMPLAINTS MECHANISM](#) in the Group non-financial report.

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

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

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

Targets

Klößner & Co does not currently have any specific targets relating to value chain workers. In our double materiality assessment, we identified potential negative impacts especially in upstream parts of the value chain, for example in relation to working conditions, equal treatment and other labor-related rights in raw material extraction. These potential impacts mainly relate to indirect business relationships in largely unregulated markets and are outside our direct operational sphere of influence. Accordingly, no quantifiable targets have so far been set. Our Declaration of Principles on Respect for Human Rights and our Supplier Code of Conduct set clear minimum standards for the protection of workers in the value chain.

Affected communities

Material impacts and their interaction with strategy and business model

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

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

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

We also obtain information on an ongoing basis via multi-stakeholder initiatives, in which the rights of Indigenous peoples are represented, for example by NGOs. Reports from and experience shared through these stakeholder initiatives inform our assessment of the human rights situation of Indigenous peoples in our supply chain.

There were no material changes to identified impacts, risks and opportunities related to affected communities compared to the previous reporting period.

Our approach and policies

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

We express our clear expectations of our suppliers in our Declaration of Principles and the Supplier Code of Conduct. Our suppliers are expected to actively identify and assess risks in their own operations and supply chains, and prevent or minimize them within their sphere of influence.

Further details on the Declaration of Principles can be found in this section under [WORKERS IN THE VALUE CHAIN](#).

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

Other

Klöckner & Co does not have any specific actions or targets relating to affected communities. In our double materiality assessment, we identified potential negative impacts on affected communities, especially in upstream parts of the value chain, for example in relation to mining activities that could have a long-term negative impact on the economic, social, cultural, civil and political rights of communities and Indigenous peoples. These potential impacts mainly relate to the extraction and processing of raw materials and are therefore outside our direct operational sphere of influence. Accordingly, no separate actions or targets have so far been adopted specifically for affected communities. Our Declaration of Principles on Respect for Human Rights and our Supplier Code of Conduct set clear minimum standards for the protection of affected communities.

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

Business conduct

G1 Business conduct

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Business conduct

For us as an international Group, compliance with laws and regulations forms the basis of our business conduct. We identify and assess material business conduct-related impacts, risks, and opportunities in a comprehensive process that takes in our own operations, our business model and the entire value chain while considering the interests and expectations of key stakeholders.

Detailed information on the double materiality assessment and the description of the processes to identify and assess material impacts, risks and opportunities can be found in the [GENERAL DISCLOSURES](#) section under [DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES](#) in the Group non-financial report.

Our corporate culture is based on clearly defined corporate values. Our values of Collaboration, Excellence and Responsibility are the cornerstones of our business conduct and the foundation of our long-term business success.

By "Collaboration" we mean our team-oriented approach, which extends far beyond individual departments and country organizations and is based on trust and transparent communication. "Excellence" represents our commitment to providing high-quality solutions for our customers and generating sustainable added value. By "responsibility," we mean taking into account the safety of our employees, protecting people and the environment along the value chain, and practicing responsible business conduct.

These values are an integral part of our daily work. They influence how employees think, how they work together as a team, and how they collaborate with business partners, while also providing guidance for people's day-to-day work.

Adherence to internationally applicable rules and the fair treatment of business partners and competitors are also among our most key guiding principles. We consider ourselves to be bound in this connection not only by statutory and other legal provisions. Voluntary obligations and ethical principles are likewise integral to our corporate culture and value base. We promote an appreciative and prejudice-free working environment in which employees are recognized for their performance. In April 2021, we signed the Charta der Vielfalt, or Diversity Charter, to promote diversity in the workplace. Different ways of thinking, experiences, perspectives and lifestyles are leveraged to secure long-term business success. This applies irrespective of age, gender and gender identity, ethnic origin, nationality, religion, world view, sexual orientation and identity, or physical abilities. As a signatory to the Diversity Charter, we are committed to fostering an organizational culture of mutual respect and appreciation for each individual. We also encourage both managers and employees to recognize, share and live these values in their everyday work. We respect the diversity of society within and outside the organization, recognize the potential it holds, and harness it to the benefit of the Company.

Compliance on the part of all employees and business partners is a key component of our corporate culture. Alongside consistent respect for human rights, social responsibility and sustainability, adherence to the fundamental corporate values and principles is of central importance. This applies in particular to integrity, fair play and transparency. These principles are set out in the Group-wide Code of Conduct, which provides the framework for responsible and legally compliant conduct and addresses the key aspects of compliance and integrity. This all has the purpose of avoiding risks such as breaches of the law, corruption and reputational damage, safeguarding human rights and ethical standards, and at the same time exploiting opportunities by, for example, building trust among our stakeholders, promoting a responsible corporate culture and sustainably generating value. The Code of Conduct applies worldwide to all employees, managers and the Management Board, and covers all business activities as well as working relationships with business partners, whom we also expect to adhere to these standards. The principles are based on relevant external standards, including international human rights standards and the ILO core labor standards, as well as applicable statutory compliance requirements.

The Code of Conduct is published, among other places on our corporate website. Responsibility for implementation lies with the Management Board and executives, who lead by example in their managerial role and ensure that the principles are embedded within the organization. Moreover, all employees are called upon to contribute actively in applying and adhering to these principles across their areas of responsibility and to act with integrity in their work. In the interest of all employees and to avert harm to the Company, we provide detailed information on permissible conduct in directives and procedural instructions. The country organizations adopt the measures needed to implement the respective requirements.

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

The corporate values were defined by the Management Board together with our employees. Coupled with our purpose statement – "We partner with customers and suppliers to deliver innovative metal solutions for a sustainable tomorrow" – this has resulted in the development of an all-encompassing identity for our Company and further strengthened the corporate culture. We have thus laid the basis for our future teamwork, and established a framework that facilitates day-to-day interactions and the onboarding and integration of new employees. Furthermore, the Management Board has clearly expressed its zero tolerance policy with regard to compliance violations in "Tone from the Top" published on the corporate website. Breaches of the law and human rights violations are not tolerated in any way and result in sanctions against the offending governing bodies, employees or business partners. The combination of our corporate values and our policy of zero tolerance for compliance violations creates a professional work environment based on mutual respect, clear ethical standards and a shared identity.

In a regular reporting cycle, and in urgent cases as the need arises, our Chief Governance Officer (CGO) reports to the Company's entire Management Board and Supervisory Board on current compliance-related developments in the Group.

These disclosures supplement the disclosures under [THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES](#) in the [GENERAL DISCLOSURES](#) section of the Group non-financial report.

Düsseldorf, March 4, 2026

Klöckner & Co SE
Management Board

Guido Kerkhoff
Chairman of the Management Board
(CEO)

Dr. Oliver Falk
Member of the Management Board
(CFO)

John Ganem
Member of the Management Board
(CEO AMERICAS)

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

To Klöckner & Co SE, Düsseldorf, Germany

Assurance Conclusion

We have conducted a limited assurance engagement on the separate non-financial group report of Klöckner & Co SE, Düsseldorf, (hereinafter the "Company") to comply with §§ [Articles] 315b to 315c HGB [Handelsgesetzbuch: German Commercial Code] including the disclosures contained in this separate non-financial group report to fulfil the requirements of Article 8 of Regulation (EU) 2020/852 (hereinafter the "Non-Financial Group Reporting") for the financial year from 1 January to 31 December 2025.

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

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Non-Financial Group Reporting for the financial year from 1 January to 31 December 2025 is not prepared, in all material respects, in accordance with § 315c in conjunction with §§ 289c to 289e HGB and the requirements of Article 8 of Regulation (EU) 2020/852 as well as with the supplementary criteria presented by the executive directors of the Company.

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

Basis for the Assurance Conclusion

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

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

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

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

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

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

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

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

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

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

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

The relevant German statutory legal and European regulations contain wording and terms that are still subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

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

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

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

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

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

Summary of the Procedures Performed by the German Public Auditor

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

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

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

Restriction of Use

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

Düsseldorf, March 4, 2026

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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