BEFESA

Annual Report 2024

Befesa has been a vital player in the circular economy for more than three decades through its role in reducing the environmental impact of industrial waste, recovering valuable materials and reintroducing them into the production process, and reducing the cost of primary production.

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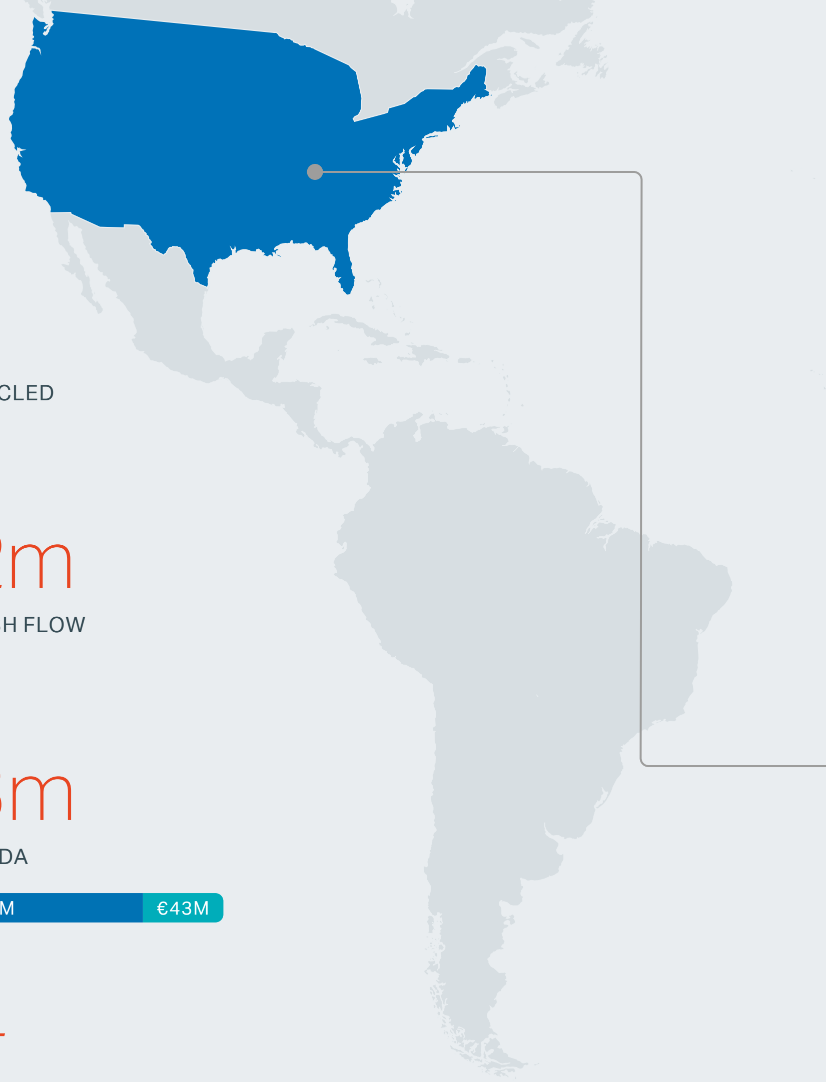
Befesa at a glance

Befesa is a global leader in providing regulated critical environmental recycling services to the steel and aluminium industries in key European, Asian and North American markets. Befesa is a vital part of the circular economy, providing sustainable solutions to its customers.

For more than three decades, Befesa has been part of the circular economy and has continuously demonstrated a strong commitment to recycling.



1.7m

TONNES OF RECOVERED NEW MATERIALS REINTRODUCED INTO THE MARKET

2.2m

TONNES OF RESIDUES RECYCLED

€51m

NET PROFIT

€192m

OPERATING CASH FLOW

€1,239m

REVENUE

€826M | €419M

€213m

ADJUSTED EBITDA

€170M | €43M

24

RECYCLING PLANTS

18 | 6

1,784

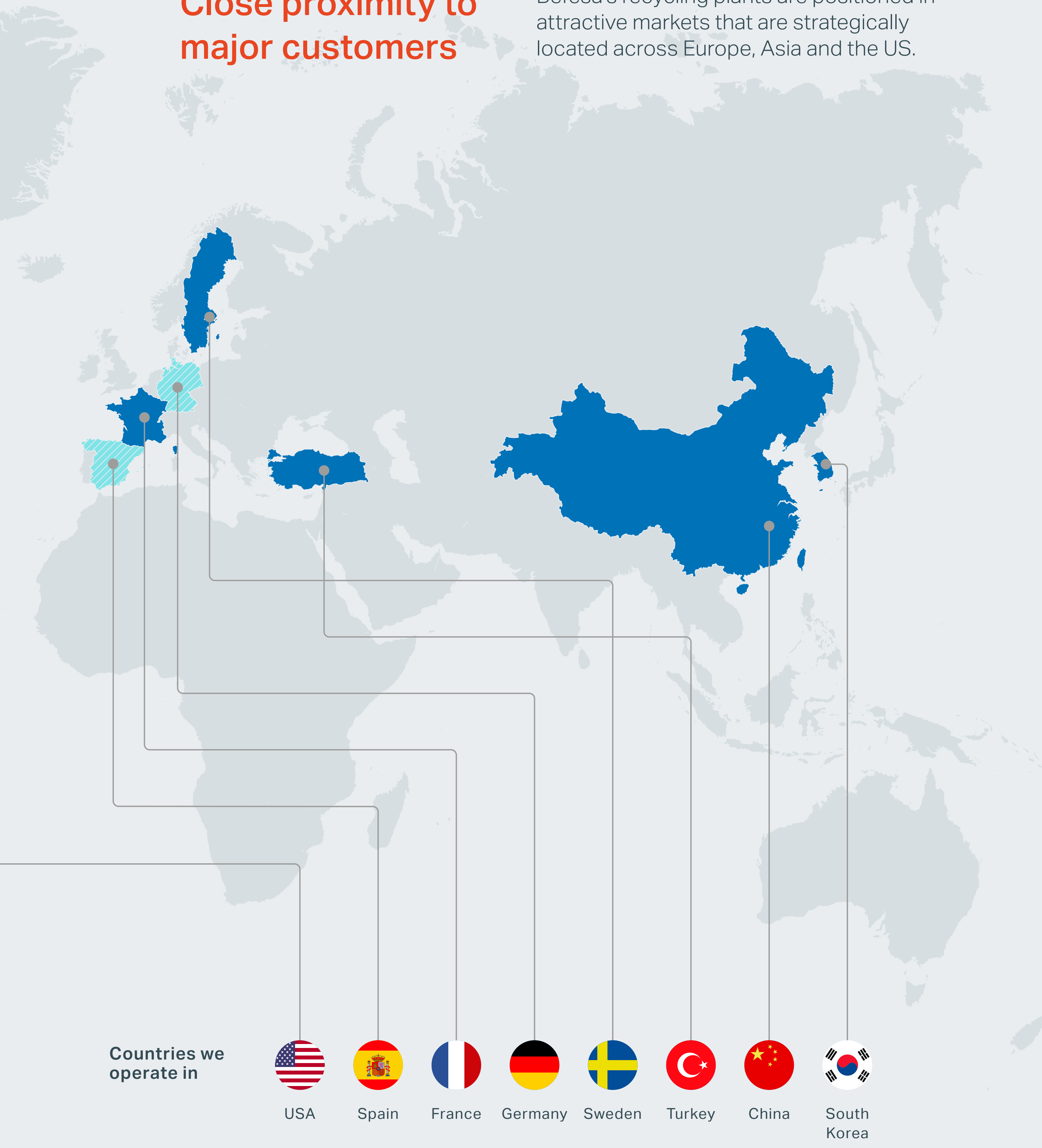
EMPLOYEES

1,577 | 207

Men | Women

Close proximity to major customers

Befesa's recycling plants are positioned in attractive markets that are strategically located across Europe, Asia and the US.



02
To Befesa's shareholders

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Letter from the Executive Chair and the CEO

€1,239m

REVENUE IN 2024
(€1,181M IN 2023)

€213m

ADJUSTED EBITDA IN 2024
(€182M IN 2023)

Dear Shareholders,
As we close the books on 2024, We would like to take a moment to reflect on our achievements, challenges and strategic direction. This past year has been a period of resilience, growth and transformation for Befesa. Despite a dynamic and often uncertain economic environment, we remained focussed in our commitment to operational excellence, financial discipline and sustainable growth.

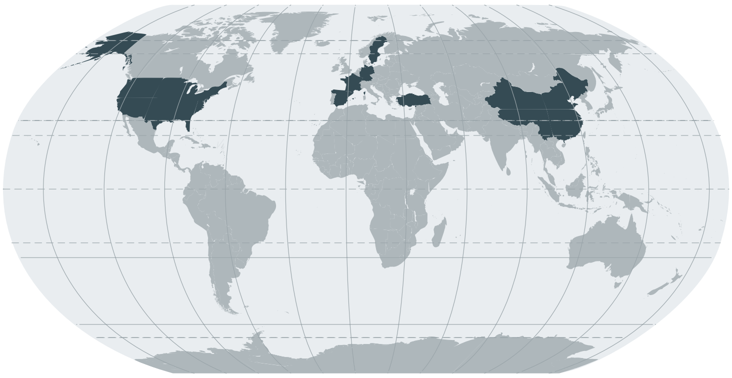
Befesa has continued to reinforce its position as a global leader in the recycling industry, particularly in the steel dust and aluminium salt slags markets. With macroeconomic conditions stabilising and our strategic initiatives gaining momentum, we not only delivered on our targets but exceeded expectations, demonstrating the strength of our business model and our ability to adapt to changing market dynamics.

We are pleased to report that 2024 was a year of strong financial performance, underpinned by operational improvements and a disciplined execution of our strategy. Our adjusted EBITDA reached €213.4 million, marking a 17% increase from 2023. This was driven by a combination of higher commodity prices, improved efficiencies and increased capacity utilisation across our plants. Our revenue grew 5% to €1,239 million, reflecting the strength of our core recycling businesses and our ability to capture value in an evolving market.

Javier Molina
Executive Chair

Asier Zarraonandia
Chief Executive Officer

Befesa has a strong presence in Europe, North America and China, strong growth markets for Befesa.



Cash flow generation remained strong, with operating cash flow increasing 30% to €191.8 million. This financial strength allowed us to continue investing in strategic growth projects while maintaining a prudent approach to capital allocation. In addition, we successfully reduced our net leverage to x2.9, surpassing our initial target of x3.0. This reduction positions us well for future expansion while maintaining financial discipline.

Our Steel Dust Recycling Services segment delivered an outstanding performance in 2024. Our plants in Europe operated at 92% capacity, while our US operations maintained solid utilisation levels, supporting overall business growth. Despite a more challenging macroeconomic environment in China, we achieved break-even in our operations there, demonstrating our resilience and ability to adapt to local market conditions. We remain committed to securing long-term steel dust supply agreements in China, ensuring sustainable growth in this key market.

In the Aluminium Salt Slags Recycling Services segment, we witnessed strong volume growth, reinforcing our market leadership. Our investments in expanding our aluminium recycling capabilities have yielded positive results, enhancing efficiency and increasing our ability to meet growing customer demand.

The Palmerton expansion project in the US has progressed to its hot-commissioning phase, marking a significant milestone. This investment will further strengthen our footprint in North America and enhance our ability to serve the growing steel dust recycling market. Meanwhile, our Bernburg project in Germany remains a key strategic priority, supporting our broader growth agenda.

Although we have made great strides in expanding our global footprint, we have decided to pause further expansion plans in China, given the current market conditions. This decision allows us to focus on executing our most impactful projects while preserving financial flexibility for future opportunities.

Sustainability remains at the core of our strategy, and we are proud of the progress we made in 2024 towards our environmental and social goals. Our commitment to the circular economy continues to drive long-term value creation, ensuring that we operate in a responsible and resource-efficient manner.

This year, we made significant progress towards achieving our goal of reducing the intensity of greenhouse gas (GHG) emissions by 20% by 2030. Our transition to more energy-efficient processes and the increased use of renewable energy will lead to tangible reductions in our carbon footprint. These initiatives not only align with global decarbonisation efforts but also enhance operational efficiency and long-term profitability.

Safety remains a top priority, and we continued to invest in advanced safety systems, enhanced training programmes and proactive risk management, reinforcing our commitment to a zero-incident workplace. The well-being of our employees and contractors is paramount, and we will continue to prioritise initiatives that enhance workplace safety and overall employee engagement.

We remain committed to delivering value to our shareholders. In line with our established dividend policy, we are pleased to announce a dividend of €0.64 per share, representing a payout of 50% of our net income for 2024. This reflects our confidence in our ability to generate strong cash flows while maintaining a balanced approach to reinvesting in growth.

We remain committed to delivering value to our shareholders.

As we enter 2025, we remain highly optimistic about the opportunities ahead. The global decarbonisation and circular economy trends continue to accelerate, creating a favourable long-term market environment for Befesa's recycling solutions. Our ability to recover valuable materials from industrial waste positions us as a key enabler of sustainable steel and aluminium production, aligning with the broader push towards low-carbon manufacturing and resource efficiency.

Cash flow generation remained strong, with operating cash flow increasing 30% to €191.8 million. This financial strength allowed us to continue investing in strategic growth projects while maintaining a prudent approach to capital allocation. In addition, we successfully reduced our net leverage to x2.9, surpassing our initial target of x3.0. This reduction positions us well for future expansion while maintaining financial discipline.

We are confident of delivering another year of strong, double-digit EBITDA growth in 2025, supported by several positive impacts:

- The Palmerton expansion, which will drive increased processing capacity and revenue growth;
- Favourable zinc hedges secured into 2025, expected to contribute an additional €20–25 million in EBITDA in 2025; and
- Ongoing operational improvements and efficiency gains across our plants and in particular in our zinc-refining plant in the US.

Over the next few years, we will continue executing our growth plan aimed at further strengthening our business.

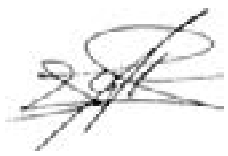
Our approach remains disciplined and flexible, ensuring that we allocate capital efficiently while maintaining our conservative leverage profile of around 2.5x. This financial discipline allows us to fund our growth initiatives organically while preserving the ability to respond to changing market conditions.

In summary, 2024 was a year of solid progress for Befesa. We delivered strong financial performance, continued to expand our global presence and made meaningful strides in our sustainability commitments. Our resilience, operational excellence and strategic investments position us well for continued success in 2025 and beyond.

We would like to extend our sincere gratitude to our dedicated employees, whose hard work and commitment have been instrumental in driving our success. We also thank our shareholders for their continued trust and support. Together, we look forward to building a more sustainable and prosperous future for all stakeholders.

Thank you for being part of our journey.

Javier Molina
Executive Chair



Asier Zarraonandia
Chief Executive Officer

Befesa in the capital markets

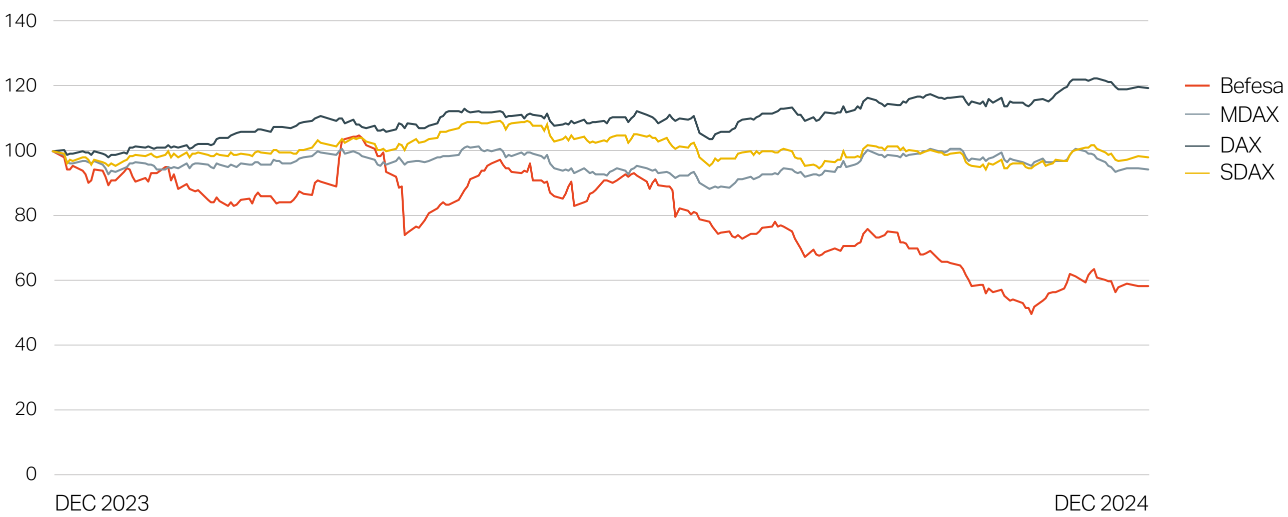
Share data

Ticker symbol	BFSA
ISIN	LU1704650164
German securities code (WKN)	A2H5Z1
Bloomberg code	BFSA:GR
Reuters code	BFSA.DE
Stock exchange	Frankfurt Stock Exchange, XETRA
Market segment	Prime Standard
Index	SDAX
Number of shares	39,999,998

In €	2024	2023	2022
Free-float (end of year)	100.00%	100.00%	100.00%
Closing price	20.76	35.20	45.06
Highest price	36.84	55.05	72.60
Lowest price	17.80	25.76	30.18
Dividends	0.64*	0.73	1.25
Dividend yield (based on closing price)	3.1%*	2.1%	2.8%
Market capitalisation (end of year)	830,399,958	1,407,999,930	1,802,399,910

Source: XETRA
* Proposal – subject to AGM resolution

Befesa share development vs DAX, MDAX and SDAX in 2024



Share performance in 2024

	Befesa	DAX	MDAX	SDAX
29 December 2023	35.20	16,751.64	27,137.30	13,960.36
30 December 2024	20.76	19,909.14	25,589.06	13,711.33
Change	**-41.0%**	**18.8%**	**-5.7%**	**-1.8%**

The global economy in 2024 was characterised by a complex mix of challenges and opportunities, where inflationary pressures, tightening monetary policies and geopolitical uncertainties cast a shadow over the global economic outlook, leading to cautious sentiment among investors. At the same time, fluctuations in energy prices, particularly as a result of ongoing geopolitical tensions, contributed to increased uncertainty, while concerns about supply chain disruptions persisted in many regions.

The capital markets in 2024 reflected a general preference among investors for stability and lower risk, amid ongoing global uncertainty, particularly in Europe. The trend of reallocating capital from mid- and small-cap stocks to larger, more established companies, which had been observed since late 2021, appeared to persist throughout the year.

This shift in fund flows, along with sector-specific adjustments, contributed to the downward pressure on Befesa's share price. As of year-end 2023, Befesa's share price was €35.20. By the last trading day of 2024, it had decreased to €20.76, reflecting a decline of 41.0% in 2024. The Company's market capitalisation at year-end 2024 was €830.4 million.

In comparison, the performance of the major German stock indices showed mixed results. The DAX, which represents the 40 largest German companies, saw a strong increase of 18.8%, rising from 16,751.64 points to 19,909.14 points. However, the MDAX, tracking mid-sized companies, experienced a decline of 5.7%, falling from 27,137.30 points to 25,589.06 points. Similarly, the SDAX, which includes smaller companies, saw a slight drop of 1.8%, moving from 13,960.36 points to 13,711.33 points.

Despite the market pressures, Befesa's commitment to growth and sustainability remained central to its strategy. Its focus on sustainability and the circular economy continued to align with long-term global investment trends.

Shareholder structure

Befesa regularly conducts a shareholder analysis to better understand its shareholder base and to continually enhance the effectiveness of investor relations activities. The results of the analysis as of 31 December 2024 show that more than 92% of Befesa's shares were held by over 200 institutional investors. This diverse and well-established institutional shareholder base provides a solid foundation for the Company's capital structure and long-term stability.

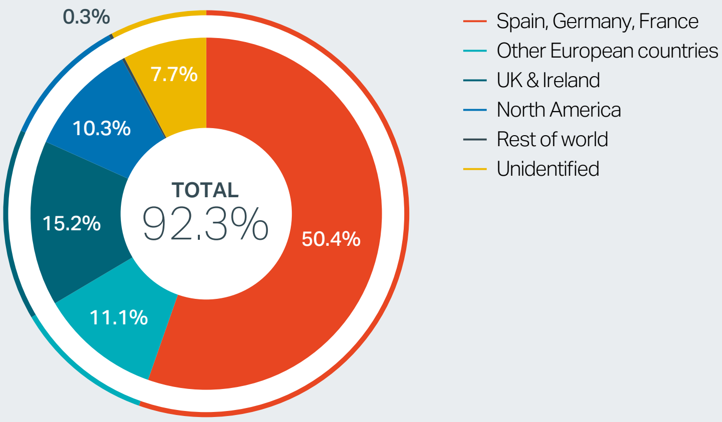
Retail investors held a relatively small proportion of the Company's outstanding shares of 2.2%, reflecting a more limited participation in the stock by individual investors.

Geographically, as of 31 December 2024, Befesa's shares were primarily held by institutional investors from Europe. Spain, Germany and France represented the largest shareholder base, collectively holding 55.4%. Other European investors accounted for 11.1%, and investors from the UK and Ireland held 15.2%, followed by North American shareholders with 10.3%.

Based on the various major holding notifications received by Befesa S.A. as of 31 December 2024, shareholders holding (or to whom were attributed) five per cent (5%) or more of the total voting rights attached to Befesa S.A. shares can be found in the Corporate Governance section.

Befesa in the capital markets continued

Geographical distribution of institutional shareholders



As of 31 December 2024, Befesa's shares were primarily held by institutional investors from Europe, mainly Spain, Germany and France.

Dividend proposal

Befesa has maintained a consistent dividend policy since its IPO in 2017, targeting a payout ratio of 40–50% of net profit.

At the upcoming Annual General Meeting (AGM), the Board of Directors will propose a total dividend distribution of €25.4 million to shareholders, equating to €0.64 per share. This proposed dividend would represent a payout ratio of 50% of the 2024 reported net profit (the same as in 2023) and a dividend yield of 3.1% (compared to 2.1% in 2023). The final amount of the dividend will be determined by Befesa's shareholders at the AGM on 19 June 2025.

Indices

Befesa, listed in the Prime Standard of the Frankfurt Stock Exchange, has been part of several Deutsche Börse indices. After being listed in the SDAX in September 2018, Befesa joined the MDAX in September 2021. However, due to a decrease in free-float market capitalisation, Befesa was moved back to the SDAX as of 18 December 2023. On 22 January 2024, Deutsche Börse announced an unscheduled change to the MDAX, causing Befesa to rejoin the index on 25 January 2024. The SDAX includes 70 small-cap companies, whereas the MDAX consists of the 50 large companies below the DAX, which includes the 40 largest stocks. On 23 December 2024, Befesa was reclassified to the SDAX index.

Befesa has been a member of the Global Challenges Index (GCX) since September 2020. The GCX includes shares from 50 international companies, selected based on rigorous criteria from a pool of approximately 6,000 corporations. Befesa's inclusion was reaffirmed in 2024.

The GCX, launched by Börsen AG (the parent company of the Hamburg and Hanover stock exchanges) in 2007, in collaboration with ISS ESG, focuses on companies making significant contributions to addressing seven global challenges: climate change, clean water supply, deforestation, biodiversity, population growth, poverty and global governance. Befesa's inclusion was based on its strong performance in the ISS ESG rating (Prime Status) and its contribution to the Sustainable Development Goals (SDGs) through its efforts in improving raw material efficiency in the metals industry and developing recycling solutions that support a more sustainable circular economy.

Analysts' coverage and recommendations

Befesa was covered by 11 equity analysts by the end of 2024, who regularly publish research reports, providing their assessments and recommendations regarding the Company's stock. Eight of these analysts have issued a Buy recommendation, highlighting the Company's solid fundamentals, well-defined growth strategy and favourable outlook for its market position. Meanwhile, three analysts have maintained a Hold recommendation, reflecting a more cautious perspective on the Company's near-term prospects.

Credit relations

Befesa's solid and long-term financing profile provides a strong foundation for its ongoing success. In July 2024, the Company successfully completed the refinancing of its existing debt, consisting of a €650 million senior secured Term Loan B with a 3-year extension due July 2029, a €100 million revolving credit facility due July 2028, and a €35 million guarantee facility due July 2028.

Institution	Analyst	Recommendation	Target price (€)
Berenberg	Lasse Stueben	Buy	31.00
Citi	Shashi Shekhar	Neutral	24.00
Deutsche Bank	Lars Vom-Cleff	Neutral	26.00
Exane (BNP Paribas Exane)	Christoph Blieffert	Buy	26.00
Hauck & Aufhäuser	Jorge Gonzalez Sadornil	Buy	35.00
Jefferies	Martin Comtesse	Buy	44.00
Kepler Cheuvreux	Juan Rodriguez	Buy	30.00
Morgan Stanley	Ioannis Masvoulas	Neutral	26.00
Oddo	Anis Zgaya	Buy	38.00
Santander	Jaime Escribano	Buy	45.00
Stifel	Brian Butler	Buy	31.00

Mean €32.36 Median €31.00 Min. €24.00 Max. €45.00

As of 31 December 2024

Rating Agency	Year-end 2024		Year-end 2023	
	Rating	Outlook	Rating	Outlook
Moody's	Ba2	stable	Ba2	Stable
Standard & Poor's	BB	stable	BB+	Negative

This refinancing extends the maturity profile of Befesa's debt without having an impact on its current leverage ratio. The new financing has the same covenant-lite terms as the previous debt. The Term Loan B has a new margin of Euribor +275 bps and includes a margin ratchet which allows for up to a further 50 bps margin reduction if the leverage ratio drops below x2.5.

In May 2024, S&P Global changed the credit rating of Befesa to BB with a stable outlook from the previous BB+ rating with a negative outlook. Moody's maintained its credit rating of Ba2 with a stable outlook on Befesa.

ESG ratings

Environmental, social and governance (ESG) is a critical and increasingly important focus in capital markets. Befesa is regularly assessed by leading ESG rating agencies.

As part of the circular economy, Befesa meets the criteria of investors focused on sustainability and qualifies for impact investing. Although ESG ratings are essential, their methodologies can differ significantly, requiring careful interpretation of the data. Befesa actively engages with ESG rating agencies to provide comprehensive and accurate information, with the goal of continuously improving its rating results.

Further details on Befesa's ESG efforts are provided on the Sustainability Statement.

As of 31 December 2024, four ESG rating agencies following Befesa and their respective ESG ratings assigned to Befesa were:

ISS ESG
B (Prime status)
Top 8% of 79
Metals processing & production

SUSTAINALYTICS
13.1 (Low Risk)
Top 3 of 73
Commercial services

MSCI
BBB
Environmental & facilities services

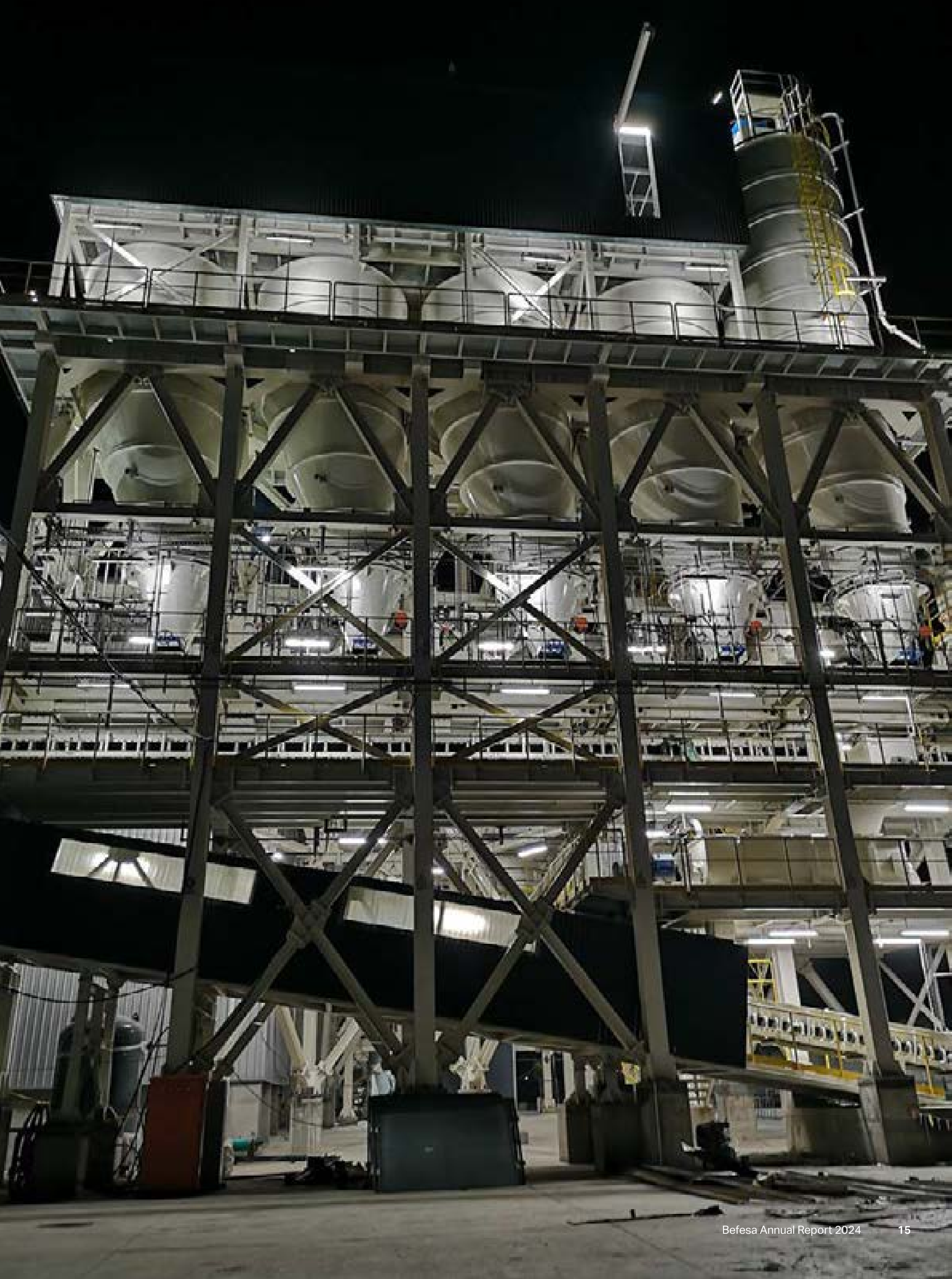
S&P Global
92 percentile of 185
Commercial services & supplies

Further details on Befesa's ESG efforts are provided in the Sustainability Statement.

Investor relations activities

Befesa successfully engaged with the capital markets through a comprehensive series of meetings and events. In 2024, the Company participated in 19 conferences and five roadshows, connecting with 366 institutional investors from Europe and the US through 100 one-on-one and 73 group meetings. This broad engagement highlights Befesa's commitment to maintaining strong investor relations and providing transparency to its stakeholders.

A calendar with upcoming reporting dates, investor conferences and current presentations is available on Befesa's website (www.befesa.com).



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BEFESA

About the company

General information
Befesa, S.A. is a public limited company (société anonyme) incorporated in Luxembourg and governed by Luxembourg law. The registered office is located at 68-70, Boulevard de la Pétrusse, L-2320, Luxembourg, Grand Duchy of Luxembourg. Befesa, S.A. is the Parent Company of the Befesa Group. Befesa's financial year starts on 1 January and ends on 31 December.

Organisation of Befesa
Befesa organises its activities into two business segments: Steel Dust Recycling Services and Aluminium Salt Slags Recycling Services.

Befesa has a corporate structure, with selected functions to coordinate and support both business segments while promoting a common management philosophy and mission.

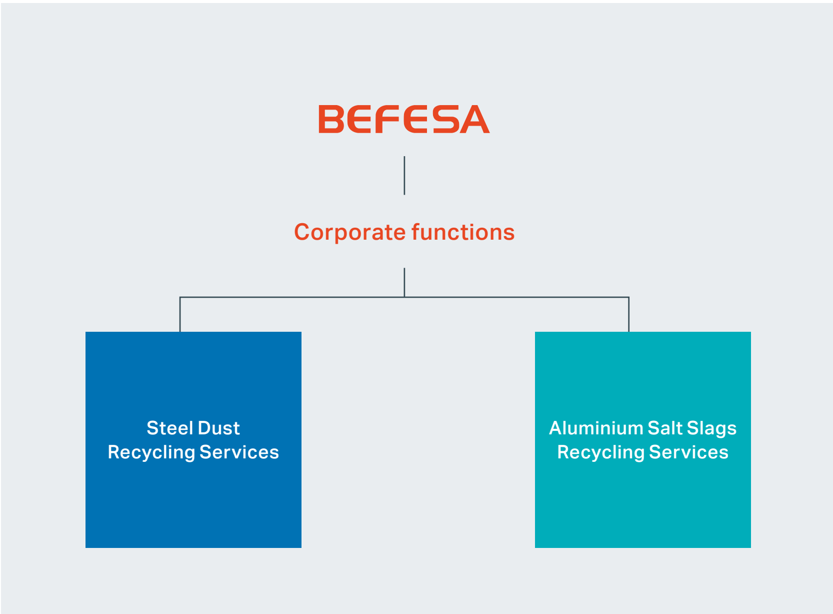
In 2024, the Steel Dust Recycling Services segment represented 80% of Befesa's total Adjusted EBITDA. The remaining 20% was contributed by the Aluminium Salt Slags Recycling Services segment.

Befesa's vision
Befesa aims to be the global leader in the management and recycling of hazardous residues for the steel and aluminium industries by continuing to play a growing role in a more sustainable world and the circular economy.

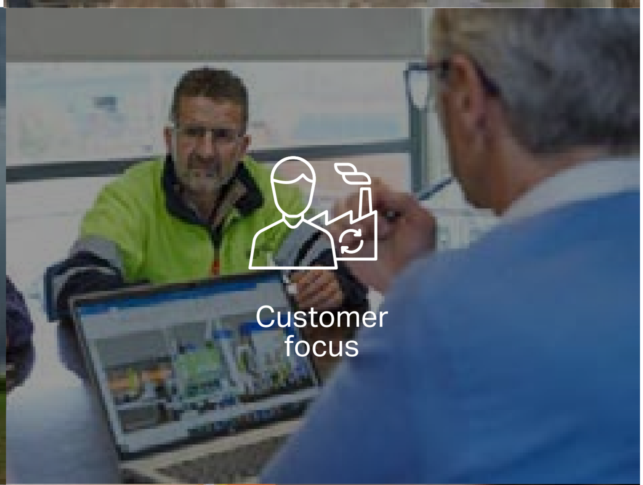
Befesa's strategy
Befesa focuses on serving its customers and achieving its goals by developing improvements in existing technologies, optimising operations and product quality, and increasing efficiency. At the same time, Befesa invests in organic growth and scales up its proven business model into new and emerging markets.

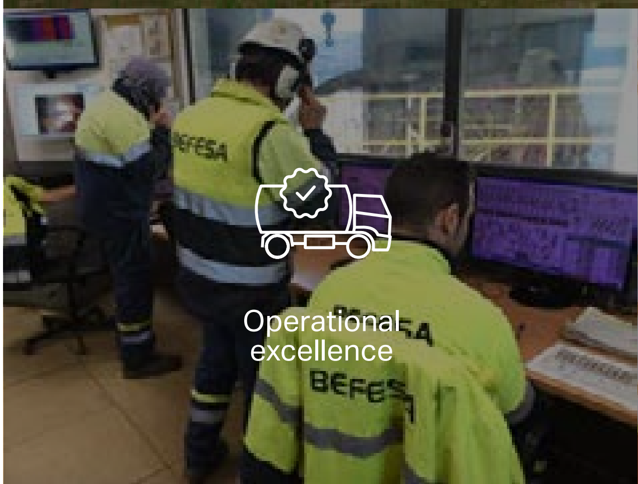
Befesa's business
Befesa Befesa's business is to provide sustainable solutions to the steel and aluminium industries through servicing and recycling hazardous residues generated in the value chains of secondary steel and aluminium producers. Befesa focuses its core efforts on recycling hazardous residues: crude steel dust, salt slags and spent pot linings (SPL). Befesa has been a vital part of the circular economy for more than three decades.

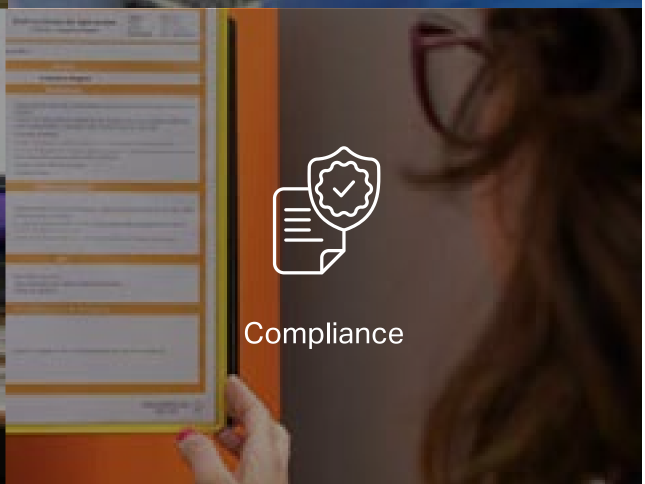
Befesa's principles
Befesa places a strong emphasis on its social responsibility and helps to create a sustainable world.

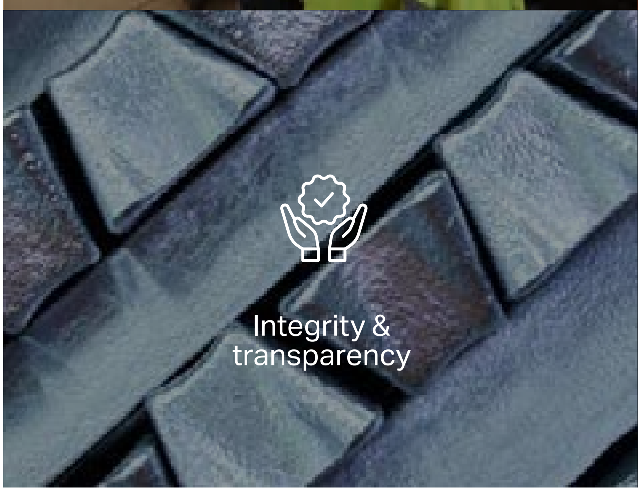


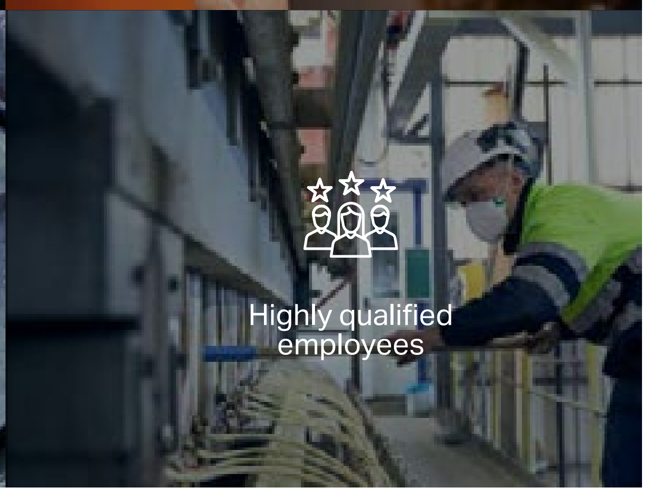
Befesa focuses on the following principles:











Business model

Befesa's business model is based on a full-service approach to offering residue management solutions to its customers in the steel and aluminium industries.

The services cover the timely and efficient collection and treatment of hazardous residues – mainly steel dust and salt slags – from customers' facilities. This enables the management of the environmental and regulatory obligations that Befesa's customers have: to recycle the hazardous residues generated in their operations. The introduction of more stringent environmental regulations, along with an increasing focus on sustainability and circularity, have been the main growth drivers for Befesa since 1987.

Befesa has been able to capture the opportunities these market/operational conditions create with a business model that has proven beneficial for the protection of the environment, at the same time delivering profitable growth. These factors will continue to support Befesa's growth as new geographies adopt tighter environmental regulations and Befesa's services become ever-more critical to operators in the steel and aluminium industries.

In the **Steel Dust Recycling Services** segment, Befesa collects and recycles steel dust and other steel residues generated in the production of crude, stainless and galvanised steel in electric arc furnaces (EAF) .

The majority of the revenue generated in the Steel Dust Recycling Services segment comes from selling Waelz oxide (WOX) to zinc smelters. Furthermore, a portion of the revenue generated comes from the service fees charged for the collection and especially the treatment of crude steel dust.

In the US, Befesa operates its zinc refining business, which creates a vertically zinc operation for the Company in this market, helping to address the shortage of zinc smelting capacity in the North American market. Befesa's zinc refining plant is the only one of its kind in the world producing green zinc - special high-grade (SHG) zinc - from 100% recycled raw materials (WOX). Befesa generates revenues from the sale of SHG zinc produced from the recycling of WOX sourced from Befesa's EAF steel dust recycling plants in the US.

Befesa's zinc refining plant is the only one of its kind in the world producing green zinc - special high-grade (SHG) zinc - from 100% recycled raw materials (WOX).

In addition, a small portion of revenue is generated by tolling fees. These fees consist of a service fee charged for collecting and treating stainless steel residues and a fee for returning the metals – mainly nickel, chromium and molybdenum recovered in the recycling process – to stainless-steel dust customers.

In the **Salt Slags** operations of the Aluminium Salt Slags Recycling Services segment, Befesa recycles salt slags that are collected from customers for a service fee. Further salt slags are generated during the production of secondary aluminium at Befesa's plants. In addition, Befesa recycles SPL, a hazardous residue generated by primary aluminium producers. During the recycling process, melting salt, aluminium concentrates and aluminium oxides are recovered.

Revenues from the Salt Slags operations are mainly derived from the sale of aluminium concentrates and melting salt obtained from recycling salt slags and SPL, in addition to fees charged for recycling these materials. A large amount of the recovered aluminium concentrates is sold and used within Befesa to produce aluminium alloys.

In the **Secondary Aluminium** operations of the Aluminium Salt Slags Recycling Services segment, Befesa collects and recycles aluminium scrap and other aluminium residues such as aluminium drosses, shavings and cuttings, and aluminium concentrates from, among others, aluminium foundries, scrap dealers and collectors, and primary aluminium producers. Befesa also generates aluminium concentrates itself during the salt slags recycling operations, producing secondary aluminium alloys from these aluminium residues.

These are mainly sold to customers in the automotive and construction industries. Revenues from the Secondary Aluminium operations are mainly derived from the sale of secondary aluminium alloys.

Inputs

Financial rigour: Befesa's focus is on securing volumes in its plants and maintaining resilient and solid margin levels while focusing on strong cash-flow generation. This is achieved by managing capital expenditures, working capital and operating earnings to continue funding its growth initiatives and to distribute dividends to its shareholders.

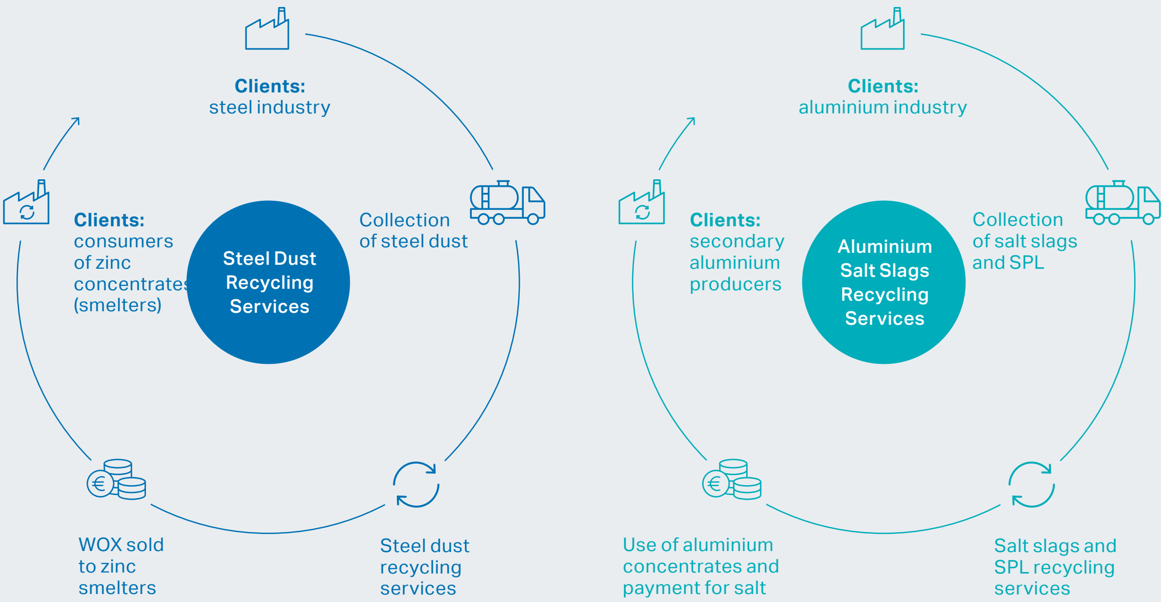
Macro trends: Befesa continues to execute its organic growth project pipeline, with a focus on growing its core environmental service activities, which are benefiting from the positive underlying macro trends, such as decarbonisation and the transition to electric vehicles (EVs).

Leading technology & innovation: Befesa's R&D strategy is designed to create value by developing sustainable improvements in the existing technologies, optimising operations and product quality, and developing new processes. This achieves greater recycling efficiency, reduced costs and an improved environmental footprint.

Highly qualified employees: In striving to be the leading global recycling service provider, Befesa relies on a large team of highly qualified employees worldwide.

Activities

Befesa has been a part of the circular economy for more than three decades and contributes by reintroducing valuable materials back into the production process.



Outputs

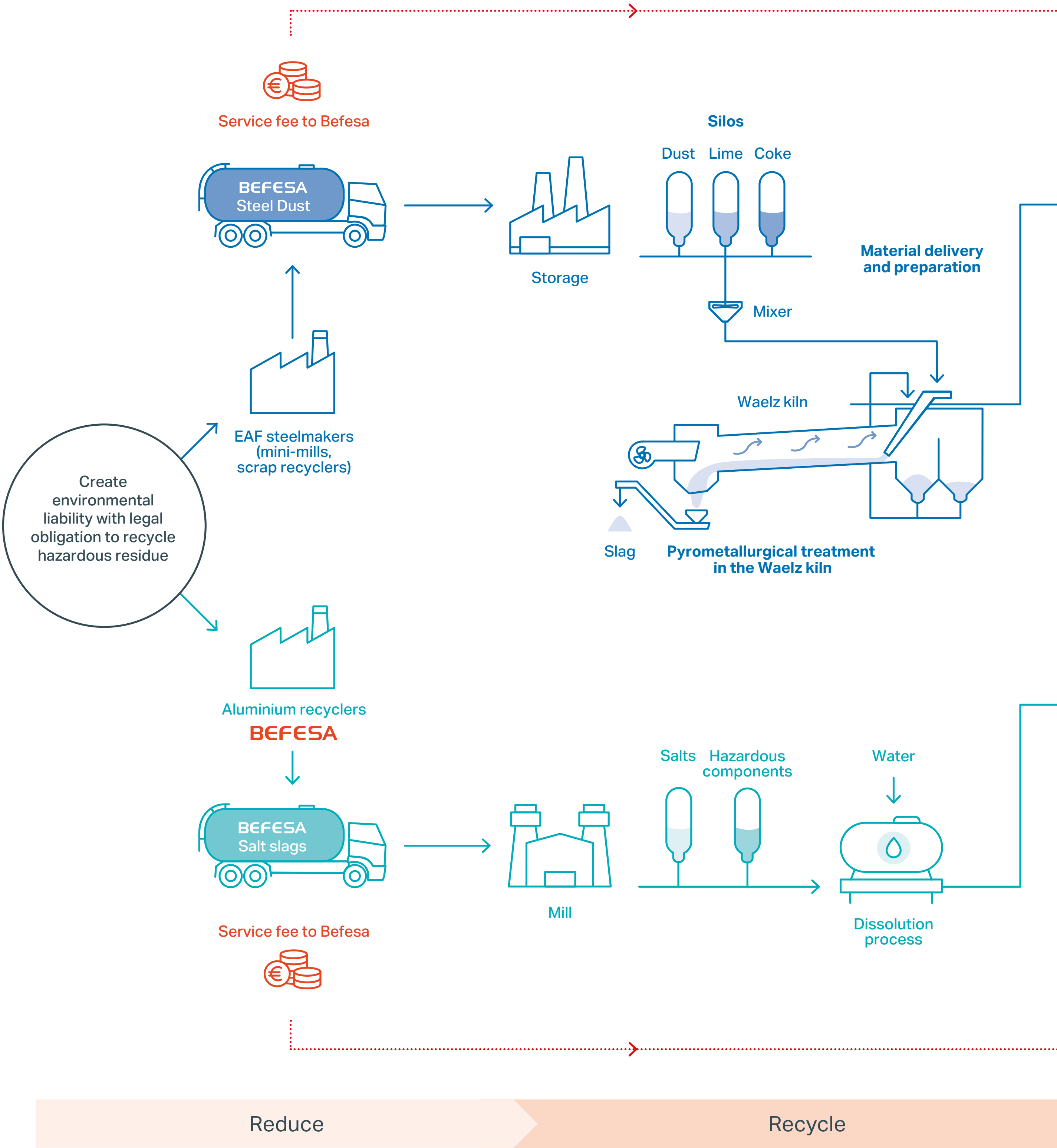
Shareholder value: Befesa aims to create value for shareholders owing to management's ability to increase revenues, earnings and free cash flows, which leads to an increase in dividends and capital gains for shareholders.

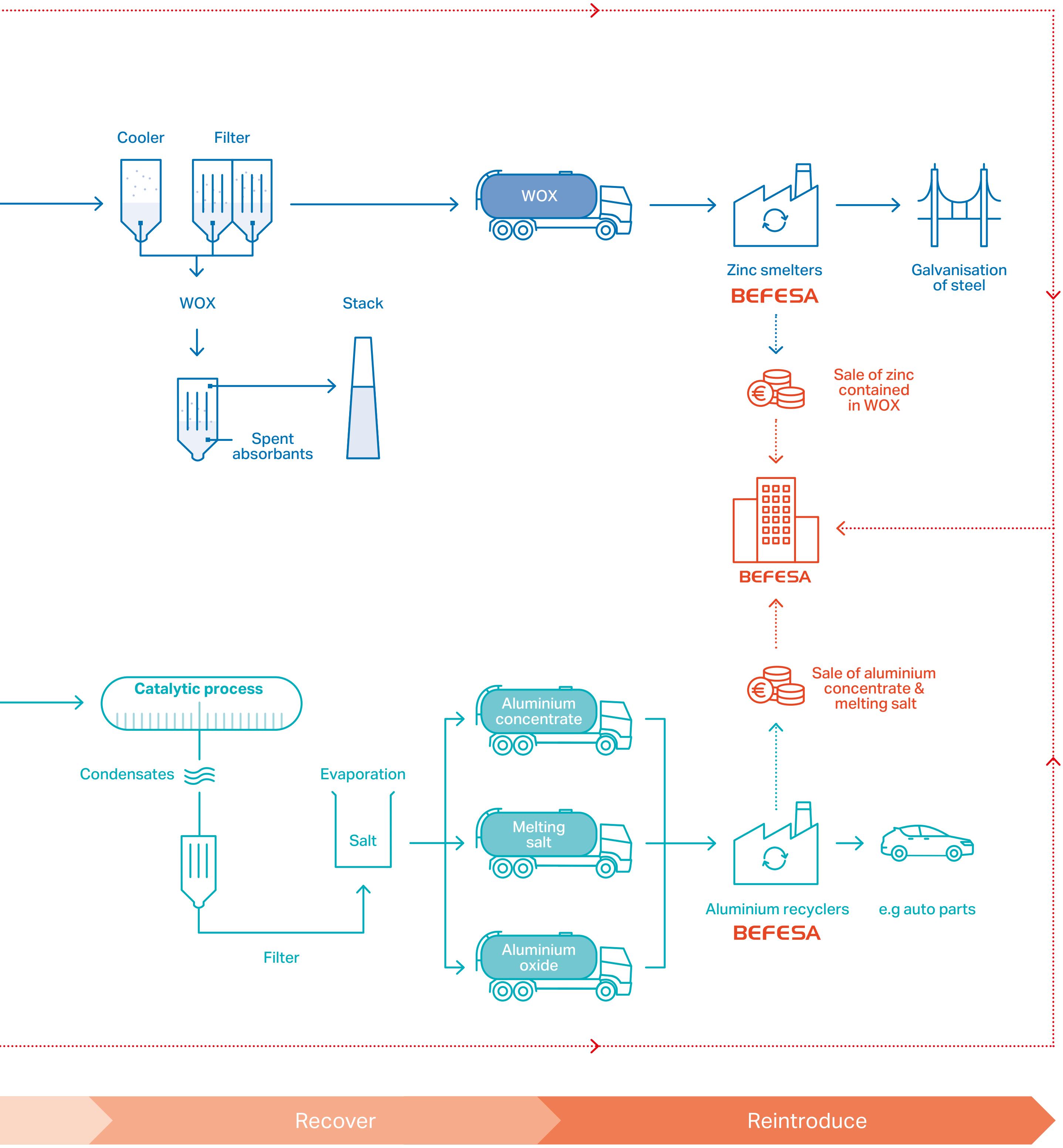
Benefits to the environment: Befesa is continuously looking for new processes and services to help its customers to make their businesses more sustainable. Befesa prevents the landfilling of around 1.9 million tonnes of residue each year, reducing the extraction of natural resources from the earth.

Customer satisfaction: Improvements in technology optimise operations and product quality, contributing to sustainable development and enhanced customer service.

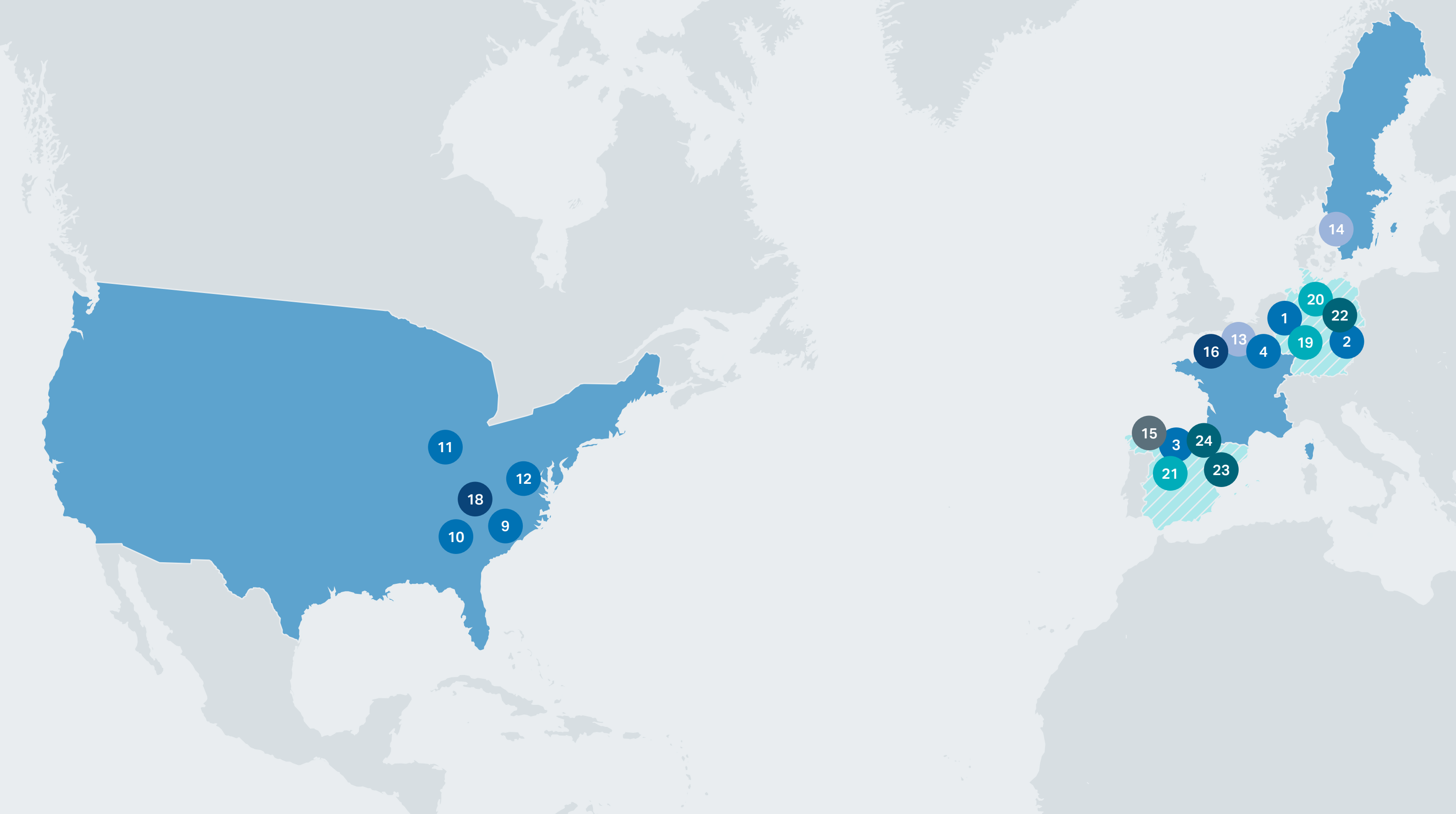
Employee satisfaction: Although the Company faces a competitive labour market, Befesa manages to maintain a low turnover of staff.

Critical services for steel and aluminium producers




Cooler
Filter
WOX
WOX
Stack
Spent absorbants
Zinc smelters
BEFESA
Galvanisation of steel
Sale of zinc contained in WOX
BEFESA
Sale of aluminium concentrate & melting salt
Catalytic process
Condensates
Evaporation
Salt
Filter
Aluminium concentrate
Melting salt
Aluminium oxide
Aluminium recyclers
BEFESA
e.g auto parts
Recover
Reintroduce

Markets and sites



Steel dust recycling services

1,917 kt

ANNUALLY INSTALLED CAPACITY TO RECYCLE STEEL DUST (CRUDE AND STAINLESS)[1]

Installed capacity by plant

1 Duisburg	Germany	Crude steel dust	87 kt
2 Freiberg	Germany	Crude steel dust	194 kt
3 Asúa – Erandio	Spain	Crude steel dust	160 kt
4 Fouquières-lès-Lens	France	Crude steel dust	110 kt
5 İskenderun	Turkey	Crude steel dust	110 kt
6 Gyeongju	South Korea	Crude steel dust	220 kt
7 Changzhou	China	Crude steel dust	110 kt
8 Xuchang	China	Crude steel dust	110 kt
9 Barnwell, SC	US	Crude steel dust	163 kt
10 Rockwood, TN	US	Crude steel dust	145 kt
11 Calumet, IL	US	Crude steel dust	135 kt
12 Palmerton, PA	US	Crude steel dust	200 kt
13 Gravelines	France	Stainless steel dust	110 kt
14 Landskrona	Sweden	Stainless steel dust	64 kt
15 Sondika/Amorebieta	Spain	Oxide	16 kt
16 Gravelines	France	WOX washing	100 kt
17 Pohang	South Korea	WOX washing	60 kt
18 Rutherford County, NC	US	Zinc refining	141 kt

- Crude steel dust recycling
- Stainless-steel dust recycling
- Oxide
- WOX washing

[1] Total annually installed capacity does not include the capacity of the oxide, WOX washing and zinc-refining plants

Aluminium salt slags recycling services

470 kt

ANNUALLY INSTALLED CAPACITY TO RECYCLE SALT SLAGS AND SPL

205 kt

ANNUALLY INSTALLED CAPACITY TO PRODUCE SECONDARY ALUMINIUM

Installed capacity by plant

19 Lünen	Germany	Salt slags & SPL	170 kt
20 Hanover	Germany	Salt slags & SPL	130 kt
21 Valladolid	Spain	Salt slags & SPL	170 kt
22 Bernburg	Germany	Secondary aluminium	75 kt
23 Les Franqueses del Vallès	Spain	Secondary aluminium	66 kt
24 Erandio	Spain	Secondary aluminium	64 kt

- Salt slags & SPL recycling
- Secondary aluminium production

Market environment

Crude steel production and demand

In 2024, global crude steel production experienced a slight decline, totalling approximately 1.88 billion metric tonnes, a 0.9% decrease from 2023. Although the industry maintained some momentum from the previous year, challenges such as economic slowdowns, shifting demand patterns and rising trade tensions contributed to this contraction. Infrastructure investments, particularly in emerging markets, helped to mitigate a steeper decline, but structural issues in key regions kept overall growth subdued.

As the world's largest steel producer, China's crude steel output fell by 1.7% in 2024, reaching around 1.005 billion metric tonnes – the lowest level in five years. This decline was largely driven by a weakened property market, which had historically been a major driver of steel consumption. Despite this, the Chinese Government refrained from reintroducing the strict production cuts seen in 2021 and 2022, instead allowing mills to operate at a relatively high level to support economic stability. As demand from real estate continued to weaken, steel consumption in China increasingly shifted towards manufacturing, infrastructure and renewable energy projects, marking a structural transformation in the sector.

In contrast to China's contraction, Europe's crude steel production grew modestly by 2.6%, reaching approximately 130 million metric tonnes in 2024. The recovery was primarily driven by renewed infrastructure investments and a resurgence in the automotive sector, which had previously been hampered by supply chain disruptions. However, despite this increase, European steelmakers continued to face significant challenges, particularly from rising imports of cheaper steel from China.

The industry also dealt with uncertainty surrounding EU policy measures, particularly the Carbon Border Adjustment Mechanism), which imposed stricter regulations on imported steel based on carbon emissions. Although designed to encourage sustainable steel production, the policy also complicated trade relations and added compliance costs for European producers. Companies such as ArcelorMittal were forced to delay green steel investments, citing policy uncertainty and competitive pressures from outside the EU.

The evolving steel market conditions in 2024 presented both challenges and opportunities.

In the US, crude steel production fell by 2.4%, totalling 81.4 million metric tonnes in 2024. This decline was primarily attributed to higher energy and labour costs, as well as reduced demand from the manufacturing sector, which saw a slowdown amid broader economic uncertainties. Rising competition from imported steel further weighed on domestic producers, prompting a strong policy response from the US Government.

For Befesa, the evolving steel market conditions in 2024 presented both challenges and opportunities. Although overall steel production saw marginal declines, the continued shift towards electric arc furnace

(EAF) steelmaking – driven by decarbonisation efforts and sustainability policies – offered long-term growth prospects for steel dust recycling services. The increasing adoption of EAF technology, particularly in Europe and North America, led to a greater generation of EAF steel dust, directly benefiting Befesa's operations.

The demand for zinc recovery from recycled steel dust also remained strong, as the galvanisation of steel to improve durability and corrosion resistance continued to rise. With higher zinc content in scrap material, Befesa was well positioned to capitalise on this trend by enhancing the efficiency of its recycling plants and expanding its role in the circular economy.

However, trade barriers and protectionist policies, particularly in the US, introduced potential challenges for international supply chains, making it increasingly important for Befesa to leverage its presence in multiple markets to mitigate risks. In Europe, the regulatory landscape surrounding carbon emissions and sustainability continued to evolve, shaping the competitive environment for steel recyclers.

Despite a slight global production decline, 2024 marked an important transition year for the steel industry: China's shifting demand structure, Europe's push for sustainability and the US's return to protectionist trade policies all played crucial roles in shaping market dynamics. Although short-term pressures, including trade disputes and economic slowdowns, created uncertainty, the long-term trajectory of steel production remains positive, particularly with the continued growth of EAF steelmaking and the increasing emphasis on recycling.

For Befesa, this evolving landscape reinforces the strategic importance of steel dust recycling, zinc recovery and sustainability-driven business models. By adapting to shifting trade policies, leveraging technological advancements in recycling and aligning with global decarbonisation efforts, Befesa remains well positioned to capitalise on the steel industry's long-term transformation.

Secondary aluminium production and demand

The European automotive industry faced significant challenges in 2024, profoundly affecting the secondary aluminium sector. Germany, as the region's automotive hub, saw a substantial decline in production, with nearly 250,000 manufacturing jobs lost since the onset of the COVID-19 pandemic. High energy costs, weaker consumer demand and increasing competition from China all contributed to this downturn. Supply chain disruptions further aggravated the crisis, as events like the mid-2024 floods in Europe forced major aluminium suppliers to halt operations. This led to production delays for manufacturers, exposing the industry's vulnerability to disruptions in the supply of key materials.

As the automotive industry struggled, the demand for secondary aluminium declined, particularly affecting suppliers of recycled aluminium components. The European Aluminium Association reported a 2% drop in secondary aluminium production in the first half of 2024 compared to the previous year, largely due to weaker orders from automakers. This decline resulted in market oversupply, pushing down prices and profit margins for recyclers. At the same time, the availability of aluminium scrap became a pressing issue, as growing exports to Asia tightened supply in Europe, driving up raw material costs for secondary producers.

Despite these short-term setbacks, the long-term outlook for secondary aluminium remains strong, particularly due to the industry's shift towards lightweight vehicle solutions. Automakers are increasingly turning to aluminium to reduce vehicle weight, improve fuel efficiency and enhance the performance of electric vehicles (EVs), where lighter materials are essential for extending battery range. European sustainability regulations are also accelerating this shift, as stricter carbon emissions targets and circular economy policies encourage greater use of recycled materials in car manufacturing.

Advancements in high-strength aluminium alloys and closed-loop recycling systems further reinforce the role of secondary aluminium in the future of automotive production. While the industry currently navigates economic uncertainty and supply chain disruptions, the broader trends suggest that secondary aluminium will emerge as a key material in next-generation vehicle design, benefiting from the push towards sustainability and lightweight engineering.

Market environment continued

Development of zinc treatment charges

The benchmark zinc treatment charge (TC) is negotiated annually between major zinc concentrate producers and smelters, with the agreed benchmark TC usually published around March/April.

Befesa's customers, the zinc smelters, deduct the TC from the amount of zinc contained in Waelz oxide (WOX) (typically 85% of the zinc London Metal Exchange LME price), which is payable to Befesa.

For 2024, the benchmark TC was settled at $165 per tonne, $109 per tonne lower YOY (2023: $274 per tonne).

Development of metal prices

The profitability of Befesa's steel dust recycling and aluminium salt slags recycling operations are partially influenced by the development of the supply and demand dynamics of certain base metals.

In 2024, there were notable price fluctuations in zinc, driven largely by supply constraints, macroeconomic pressures and shifting market dynamics. At the beginning of the year, zinc was trading at approximately $2,621 per tonne. Over the course of the year, prices steadily increased, reaching around $2,979 per tonne by December, reflecting an overall annual gain of about 13%. The average monthly price for December 2024 stood at $3,043 per tonne, a significant 22% increase from the previous year.

The supply side played a crucial role in shaping zinc's price trajectory. Mining output struggled due to operational challenges and declining ore grades, tightening the supply of zinc concentrates. In addition, Chinese smelters, which process much of the world's zinc, were forced to cut back on production as raw material availability dwindled. These supply disruptions led to concerns over refined-zinc shortages, adding upward pressure on prices.

On the demand side, global economic conditions created a mixed environment for zinc consumption. High inflation and elevated interest rates in major economies dampened demand in key industries such as construction and manufacturing.

Despite these challenges, zinc remained resilient, benefiting from strategic stockpiling and continued investment activity. However, analysts predict that 2025 could bring a shift in market dynamics. As mine production recovers and refined-zinc output increases, the market is expected to transition into a surplus. This could put downward pressure on prices, with projections suggesting an average of $2,700 per MT (Metric Ton) over the next few years, lower than the 2022 average of $3,440 per MT.

Overall, 2024 was a year of strong price performance for zinc, shaped by supply-side constraints, economic uncertainties and investor speculation. Although the market remains dynamic, expectations of increased supply in 2025 could alter the trajectory, potentially leading to a moderation in prices.

Zinc price hedging

Befesa's hedging strategy has proven to be a key element of its business model in managing zinc price volatility and increasing the visibility of its earnings and the stability of cash flows going forward. Hedging has been a part of Befesa's business model for the last 20 years.

The main goal of hedging is not to grow Befesa's earnings but to stabilise them over time versus zinc price fluctuations. This improves Befesa's visibility on earnings and cash flows, enabling the Company to fund its organic growth.

Befesa's strategy is to hedge 60% to 75% of the expected volume of zinc contained in the WOX and paid for by zinc smelters for a period of one to three years going forward.

Most of the zinc hedges are denominated in euro terms, which also provides a hedging on the FX fluctuation, as the zinc price on the LME is quoted in US dollars.

Befesa has taken the opportunity of the volatility in the zinc price seen over the last months to extend its hedging book until December 2026. This level of hedging represents an all-time high level of hedging for Befesa and will provide around 20 million euros of incremental EBITDA in 2025, regardless of what happens with zinc prices.

Befesa's hedging strategy remains unchanged and continues to be a key element of Befesa's business model, providing earnings visibility and predictability, lowering the impact from zinc price volatility.

Aluminium prices

The aluminium alloy prices referenced by the Free Metal Bulletin (FMB) – an average independent quotation based on prices provided by the major secondary aluminium players in the European market – traded sideways during the year.

The aluminium alloy FMB prices increased in 2024 by 5% or €118 per tonne YOY to €2,306 per tonne (2023 average: €2,188 per tonne).

Development of energy prices

In 2024, European energy prices continued their stabilisation trend, bringing both challenges and opportunities for Befesa. Coke prices saw a further decline, continuing their normalisation in the fourth quarter of the year. On average, coke prices were approximately 20% lower than in 2023, although they remained about 40% above the levels recorded between 2019 and 2021. This price correction helped to alleviate some cost pressures on Befesa's Steel Dust operations, although coke prices were still significantly higher than pre-crisis levels.

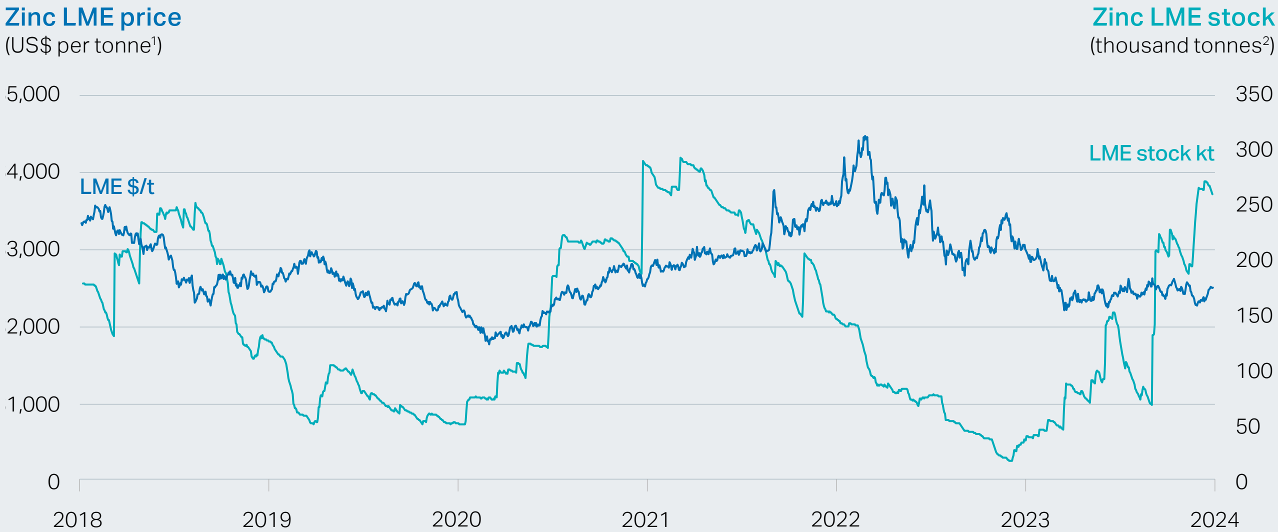
Electricity prices also followed a downward trajectory, decreasing by around 20% compared to 2023. By 2024, electricity costs had returned to levels similar to those seen in 2019, providing much-needed relief for energy-intensive businesses. This decline had a particularly positive impact on Befesa's Aluminium Salt Slags operations, as lower electricity expenses contributed to improved cost efficiency.

Gas prices, while still elevated compared to historical lows, also experienced a 10% year-on-year decline. By 2024, they had stabilised to around the average levels of 2021. This reduction offered some cost relief to Befesa's operations, particularly benefiting the Aluminium Salt Slags segment, which is sensitive to fluctuations in energy prices.

Overall, 2024 marked a year of relative stability in energy markets for Befesa. The decline in coke prices reduced cost pressures on the Steel Dust business, and lower electricity and gas prices improved the cost structure of the Aluminium Salt Slags operations. Although energy costs remained above pre-crisis levels in some areas, the trend towards normalisation supported more predictable operating conditions for the Company.

Zinc LME prices

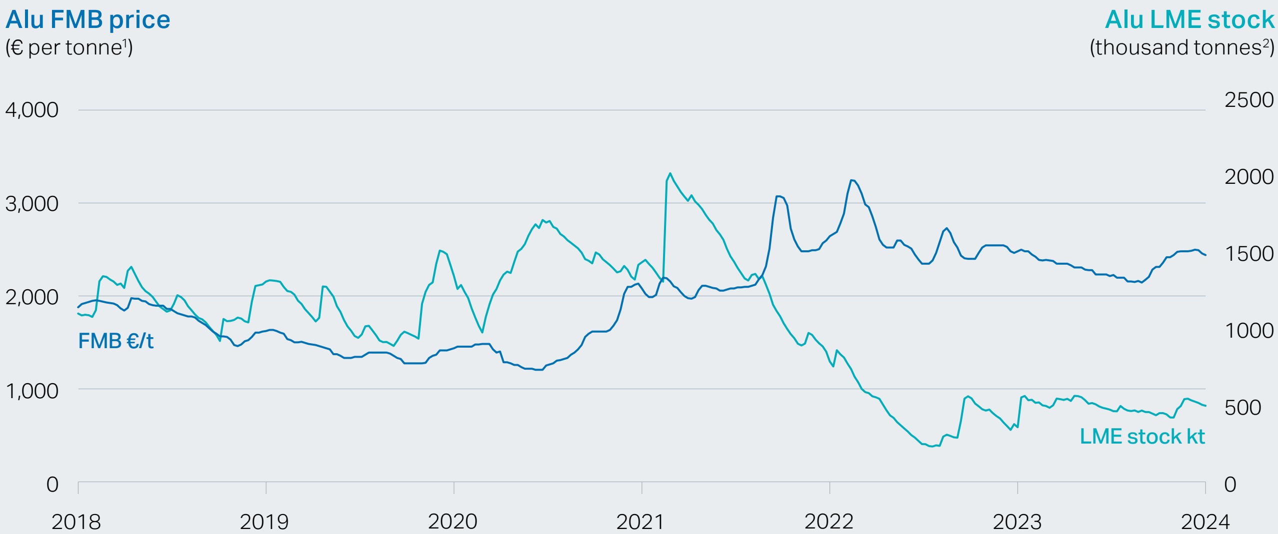
Average	2018	2019	2020	2021	2022	2023	2024
LME $/t	$2,925	$2,549	$2,265	$3,005	$3,485	$2,649	$2,779
LME €/t	€2,470	€2,276	€1,979	€2,544	€3,302	€2,450	€2,569
Stock kt	196	77	144	229	92	87	249



[1] LME zinc daily cash settlement prices per lme.com
[2] LME zinc daily stock volumes per lme.com

Aluminium FMB prices

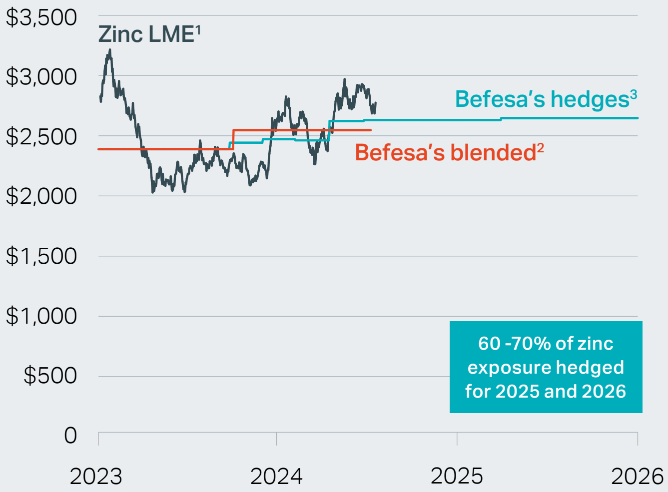
Average	2018	2019	2020	2021	2022	2023	2024
FMB €/t	€1,715	€1,398	€1,424	€2,112	€2,438	€2,188	€2,306
Stock kt	1,159	1,118	1,401	1,399	530	510	753



[1] Aluminium alloy prices referenced by the Free Metal Bulletin (FMB), average independent quotations based on prices provided weekly by the major secondary aluminium players in the European market
[2] Primary aluminium LME stock volumes

Zinc price hedging extended until Q4 2026 at all-time high level of €2,655. Focus on Q1 2027

Average	2023	2024	2025	2026
Befesa's blended	€2,425	€2,549	–	–
Befesa's hedges	€2,417	€2,521	€2,640	€2,655



Befesa's hedging strategy unchanged

- 1-3 years forward
- 60% to 75% of zinc equivalent volume
- Befesa provides no collateral

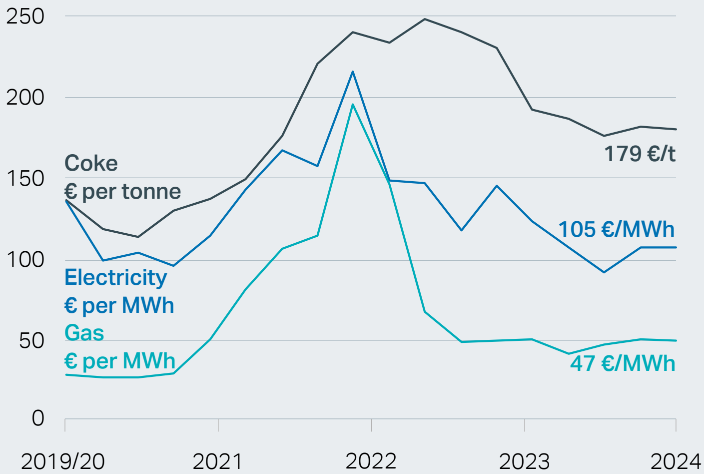
Befesa's hedging strategy has proven successful providing price visibility and lowering impact from zinc price volatility

For the unhedged portion: each $100/t change in zinc LME price represents €7–8m impact on FY EBITDA

[1] London Metal Exchange (LME) zinc daily cash settlement prices
[2] Zinc blended prices are averages computed based on the monthly effective LME zinc and hedging prices weighted with the respective hedged and non-hedged volumes
[3] Assumes FX €/$ of 1.10 for 2024, and 2025

Coke price continued further normalisation in FY24; Gas & electricity prices stabilised around 2021 levels

Befesa energy price evolution by source



FY24 Avg. €/unit

Coke

- Befesa's coke price continued further normalisation in Q4'24 to levels below 2022 and 2023 average
- 2024 price average c.–20% vs. 2023 average and c.40% above 2019 - 2021 average price level

Electricity

- Electricity prices decreased in 2024 (-20% vs 2023), remaining at low levels since 2019

Gas

- Gas prices decreased in 2024 (-10% YoY) and stabilised around average levels of 2021

Strategy

Befesa operates a unique business model that benefits from high barriers to entry, ensuring strong margins and consistent performance through economic cycles.

Despite being part of cyclical industries such as steel, zinc and aluminium, the Company's service-focused approach and prudent financial policy provide resilience against market volatility. Befesa's strategically located plants allow it to maintain long-term relationships with customers, reinforcing its stable revenue streams. The Company mitigates zinc price fluctuations through a robust hedging policy that has been consistently applied for over two decades. The European steel dust and salt slags business has been a key contributor to profitability, consistently delivering EBITDA margins above 35%.

Global megatrends: Decarbonisation and EVs

Befesa's growth strategy is closely aligned with global megatrends such as decarbonisation, energy transition and stricter environmental regulations. The Company remains committed to its core businesses of steel dust and salt slags recycling, as well as secondary aluminium production. The transition towards EAF steel production is expected to accelerate as part of global decarbonisation efforts, increasing demand for Befesa's recycling services. In addition, rising demand for metals, coupled with resource scarcity, underscores the growing importance of secondary metals.

The shift towards sustainable circular economies and more stringent environmental regulations further support the Company's long-term growth. Zinc and aluminium demand are set to rise, driven by the expansion of renewable energy infrastructure and the growing EV market, both of which require lightweight materials and corrosion-resistant coatings.

The global shift towards decarbonisation presents significant growth opportunities for Befesa, particularly in the steel and automotive industries.

The steel industry is actively transitioning to less carbon-intensive production methods. Traditionally, blast furnaces (BFs) using iron ore and coking coal have dominated steel production. In contrast, EAF, which use steel scrap and electricity, emit significantly less carbon dioxide (CO_2) – approximately seven times less per tonne of steel produced. This advantage is further amplified when EAFs are powered by renewable energy sources.

The global shift towards decarbonisation presents significant growth opportunities for Befesa, particularly in the steel and aluminium industries.

Projections indicate that the EAF's share of global steel production will rise from 28% in 2023 to 41% by 2030. This surge is driven by an increased demand for sustainable steel production methods. China, the world's largest steel producer, plans to elevate its EAF steel production to 20% by 2030, up from the current 10%. Similarly, the European Union aims to boost EAF production to over 50% by 2030, aligning with its decarbonisation goals.

Befesa, specialising in recycling steel dust from EAF operations, stands to benefit from this industry shift. As EAF production grows, the generation of recyclable steel dust increases, expanding the market for Befesa's recycling services.

The automotive sector's move towards EVs is another decarbonisation trend affecting material demand. EVs require lightweight materials to offset battery weight and enhance efficiency, leading to increased aluminium usage. Aluminium content in vehicles is projected to reach 256 kilograms per vehicle by 2030, up from 205 kilograms in 2022.

This rise is attributed to aluminium's favourable properties, such as a light weight and durability, which are essential for improving EV performance and range. This trend is expected to drive higher demand for aluminium and, consequently, an increased need for salt slags recycling capacity – a service Befesa provides.

The above-mentioned trends are the foundation upon which Befesa bases its growth strategy across the world.

In Europe, the EU's decarbonisation initiatives are set to increase EAF steel production to over 50% by 2030, adding approximately 350,000 tonnes to the market Befesa serves.

North America, already at a 70% EAF production rate, anticipates further growth, presenting a robust market for Befesa's recycling services.

China plans to raise EAF production to 20% by 2030. China is constructing over 60 million tonnes of new EAF capacity, potentially generating an additional one million tonnes of steel dust annually.

In summary, the global decarbonisation movement is reshaping industries central to Befesa's operations. The shift towards EAF steel production and the rise of EVs are expanding the need for recycling services, positioning Befesa to capitalise on these emerging opportunities.

Zinc demand

The global demand for zinc is set to grow significantly in the coming years, largely driven by its critical role in the energy transition. As economies shift towards renewable energy and sustainable technologies, zinc's applications in galvanisation, battery storage and infrastructure are becoming increasingly important.

One of the primary drivers of zinc demand is its use in protecting steel structures from corrosion. This is particularly crucial for renewable energy installations such as wind turbines and solar panels, where zinc-coated steel ensures durability in harsh environments. As solar and wind power capacity expands worldwide, the need for zinc in these sectors is expected to rise substantially. In fact, zinc consumption in renewable energy applications is projected to increase from around 109,000 metric tonnes in 2020 to over 364,000 metric tonnes by 2030, with solar energy accounting for the largest share.

Beyond galvanisation, zinc is also emerging as a key player in energy storage solutions. Zinc-ion and zinc-air batteries are gaining attention as cost-effective, sustainable alternatives to lithium-ion batteries.

These technologies offer promising solutions for grid storage and EVs, providing another major avenue for zinc demand growth. As the world transitions to a more electrified future, the role of zinc in battery technology is expected to become increasingly significant.

Although demand is rising, challenges on the supply side could create market imbalances. Global zinc mine production has been in decline, with output dropping for three consecutive years. In 2024, production fell by 1.4% to just over 12 million tonnes, exacerbating concerns about future availability. Initially, analysts projected a slight surplus for 2024, but tightening supply conditions have shifted expectations towards a growing deficit.

This combination of increasing demand and constrained supply suggests that zinc could become an even more valuable commodity in the years ahead. The energy transition is positioning zinc as an essential material for modern infrastructure and energy storage, ensuring that its role in the global economy remains strong. However, balancing supply with rising consumption will be a key challenge for the market moving forward.

Befesa business plan

Befesa's five-year business plan, presented in November 2022, is being executed with financial discipline, adapting growth capital expenditures (capex) to the different dynamics seen in the various markets to pursue sustainable growth.

The Company prioritises reducing leverage while continuing key expansion projects such as the Palmerton and Bernburg plant upgrades. European projects, including the expansion of steel dust recycling and new salt slags facilities, remain on track, but the planned expansion in China has been put on hold due to the prevailing market conditions. Capital expenditures are being carefully managed, with approximately €100 million allocated per year, balancing maintenance and growth investments. The Company remains focused on generating positive free cash flow while sustaining a dividend payout ratio of 40–50% of net income.

Befesa's operations in the US are steadily improving, with increased efficiency in recycling and refining activities. The steel dust recycling business is making significant strides in operational synergies and best practice implementation, leading to a notable increase in EBITDA per tonne, despite high coke prices. The Palmerton plant expansion is progressing as planned, with the first kiln already in operation, followed by a second kiln to be commissioned in H1 2025. The Company has already secured 60 kt of incremental EAF dust from existing customers and aims to achieve utilisation rates of 80% by 2025 and close to 90% by 2026.

In the refining business, Befesa is executing a structured turnaround plan focusing on quality improvement, increased utilisation and cost optimisation. The Company is targeting an annual cost base reduction of €20–25 million by improving efficiency in personnel, maintenance, residue treatment, operations and supply chain management. Although EBITDA contribution from this segment has remained negative in FY24, the Company is working towards achieving break-even by 2025/2026.

This combination of increasing demand and constrained supply suggests that zinc could become an even more valuable commodity in the years ahead.

In China, Befesa is carefully monitoring the market while pausing further expansion plans. The Company initially invested €90 million in two EAF dust recycling plants in Jiangsu and Henan, driven by increased EAF steel production and evolving environmental regulations. However, the ongoing real estate crisis has led to the lower use of EAF steelmakers, with 2024 marking the fifth consecutive year of declining activity. Jiangsu, a Tier 1 province with strong regulatory enforcement, has shown higher utilisation and positive EBITDA, whereas Henan, a Tier 2 province, continues to experience subdued demand.

Despite challenging short-term conditions, Befesa remains optimistic about the mid- to long-term potential in China, driven by increased EAF penetration and stricter environmental policies. For now, the Company is focusing on optimising its existing operations, improving utilisation rates and ensuring positive free cash flow.

Befesa's business model remains highly resilient, supported by its strategic positioning, long-term customer relationships and disciplined financial management. Although market conditions present short-term challenges, the Company's alignment with key global trends ensures long-term growth opportunities. By maintaining a careful balance between expansion and financial stability, Befesa is well positioned to capitalise on emerging opportunities in Europe, the US and, when conditions improve, China.

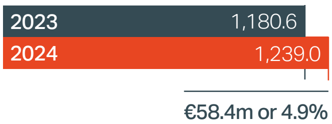
Results of operations

This section includes the consolidated financial information of Befesa S.A. from its existing operations, Steel Dust Recycling Services and Aluminium Salt Slags Recycling Services. More detailed information is available in the "Consolidated financial statements" section of this Annual Report.

Revenue

Total revenue increased in 2024 by 4.9% YOY to €1,239.0 million (2023: €1,180.6 million). This growth was primarily driven by higher metal prices in Steel Dust Recycling Services and increased activity in the Salt Slags business.

Revenue
(€ million):



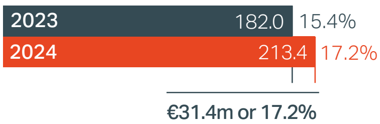
EBITDA & EBIT

Total adjusted EBITDA increased in 2024 by 17.2% YOY to €213.4 million (2023: €182.0 million).

Detailed by volume, price and cost components, the €31.4 million increases in 2024 are explained by the following:

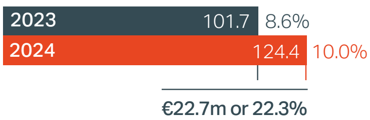
- Volumes (+€1.5 million): Solid steel dust volumes in Europe and the US, with weaker performance in the remaining geographies of Steel Dust; Aluminium Salt Slags with YOY higher volumes driven by Hanover back in operation;
- Metal prices (+€33.9 million): 5% higher zinc LME prices (€7 million) and zinc hedging prices (€15 million); 40% decrease in zinc TC at $165 per tonne for the full 2024 year (+€22 million); 5% higher aluminium FMB prices and lower metal margins (-€11 million); and
- Cost/Other (-€4 million): Negative contribution by US zinc refining activity; partially offset by lower energy costs, mainly through lower coke, gas and electricity prices, and the positive impact from productivity and synergies.

Adjusted EBITDA & margin
(€ million, % margin of revenue):



Total adjusted EBIT increased by 22.3% to €124.4 million in 2024 (2023: €101.7 million).

Adjusted EBIT & margin
(€ million, % margin of revenue):



Total EBITDA and EBIT in 2024 were adjusted for +€8.8 million and +€11.6 million, respectively. These adjustments were mainly driven by hyperinflation in Turkey and other non-recurrent costs. Total reported EBITDA amounted to €204.6 million in 2024 (8.3% YOY). Total reported EBIT amounted to €112.9 million in 2024 (5.8% YOY).

Further information regarding these adjustments is available in the "Consolidated financial statements" section of this Annual Report.

The reconciliation of EBITDA to IFRS operating results (EBIT) is available in the "Consolidated financial statements" section of this Annual Report.

Financial result & net profit

The total net financial result improved by 1.5% to -€38.0 million in 2024 (2023: €38.6 million). This improvement was primarily driven by the effect of net exchange differences in the period, partially offset by higher interest rates and higher costs associated with additional refinanced debt.

In July 2024, the Company successfully completed the refinancing of its existing debt, consisting of a €650 million senior secured Term Loan B with a 3-year extension due July 2029, a €100 million revolving credit facility due July 2028 and a €35 million guarantee facility due July 2028. This refinancing extends the maturity profile of Befesa's debt without affecting its current leverage ratio. The new financing has the same covenant-lite terms as the previous debt.

The Term Loan B has a new margin of Euribor +275 bps and includes a margin ratchet which allows for up to a further 50 bps margin reduction if the leverage ratio drops below x2.5.

Total net profit attributable to shareholders decreased by -12.3% in 2024 to €50.8 million (2023: €58.0 million). Although the factors outlined previously have a positive impact, their effect was offset by the higher corporate tax expense in 2024. As a result, earnings per share (EPS) in 2024 decreased accordingly, by -12.3% to €1.27 (2023: €1.45).

€213m

ADJUSTED EBITDA IN 2024
(€182M IN 2023)

€51m

NET PROFIT IN 2024
(€58M IN 2023)

€1.27

EARNINGS PER SHARE IN 2024
(€1.45 IN 2023)

Financial position & liquidity

Net debt & leverage
Gross debt at year-end 2024 increased to €721.5 million (year-end 2023: €710.8 million), driven by the incremental debt refinanced, basically used to acquire the remaining 50% stake in Befesa Zinc Recytech, S.A.S.

Net debt at year-end 2024 increased by 2.5% to €619.0 million (year-end 2023: €604.0 million). The €619.0 million net debt with the €213.4 million adjusted EBITDA resulted in a x2.90 net leverage at year-end closing (year-end 2023: x3.32). Befesa continues to be compliant with all debt covenants.

Credit ratings
During 2024, Standard & Poor's and Moody's reviewed the corporate credit ratings assigned to Befesa, as summarised in the following table.

Operating cash flow
Operating cash flow in 2024 increased by 30.1% to €191.8 million (2023: €147.4 million). This development was mainly driven by the earnings growth explained as well as lower taxes paid in 2024.

The change in working capital affected operating cash flow by -€25.7 million in 2024, (2023: -€18 million). Taxes collected in 2024 amounted to €4.2 million (2023: -€16.6 million), related to the recovery of excess prepayments made in 2023 above the final CIT (Corporate income tax) return filings. In addition, prepayments made in 2024 were lower than in 2023, based on the Company results.

In 2024, Befesa's cash capex was €78.6 million (2023: €104.8 million), broken down into maintenance capex (€55.9 million) and growth capex (€22.7 million), mainly related to the Palmerton plant refurbishment. In addition, the acquisition of the remaining 50% of Befesa Zinc Recytech, S.A.S. (€40 million) was invested in the period.

Bank borrowings, interest paid, forex effects and other financing activities amounted to -€48.2 million in 2024 (2023: -€61.6 million).

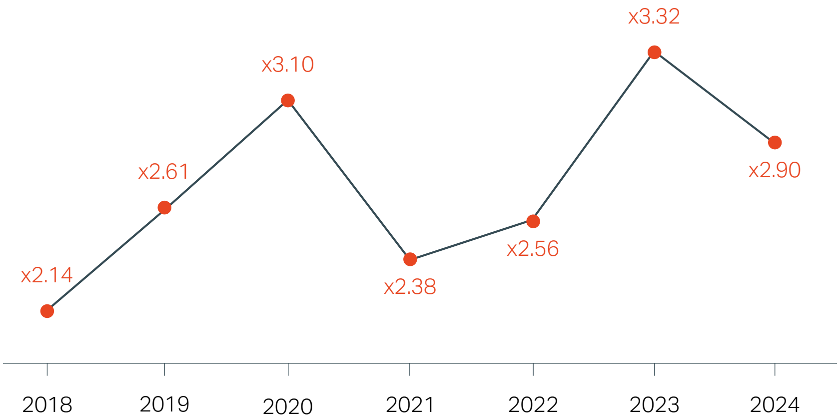
Dividends of €29.2 million or €0.73 per share were distributed to shareholders in July 2024.

After funding working capital, taxes, capex, financing activities and dividends, total cash flow in 2024 amounted to -€4.2 million. Cash on hand stood at €102.5 million. This, together with the €100.0 million RCF (Revolving credit facility) – entirely undrawn – provides Befesa with more than €202.5 million liquidity.

Credit ratings for Befesa, S.A.

	Year-end 2024	Year-end 2023
Moody's	Ba2 (outlook stable)	Ba2 (outlook stable)
Standard & Poor's	BB (outlook stable)	BB+ (outlook negative)

Net leverage ratio evolution
(Net debt/Adjusted EBITDA)



Net debt

(€ million)

	31 December 2024	31 December 2023
Non-current financial indebtedness	684.6	672.7
+ Current financial indebtedness	36.9	38.1
Financial indebtedness	**721.5**	**710.8**
– Cash and cash equivalents	(102.5)	(106.7)
– Other current financial assets[1]	–	(0.1)
Net debt	**619.0**	**604.0**
Adjusted EBITDA	213.4	182.0
Net leverage ratio	**x2.90**	**x3.32**

[1] Other current financial assets adjusted by hedging valuation and restricted deposits in 2023

€619m

NET DEBT AS OF DECEMBER 2024 (€604M AS OF DECEMBER 2023)

x2.90

NET LEVERAGE AS OF DECEMBER 2024 (x3.32 AS OF DECEMBER 2023)

Segment information

Befesa organises its activities into two business segments: Steel Dust Recycling Services and Aluminium Salt Slags Recycling Services.

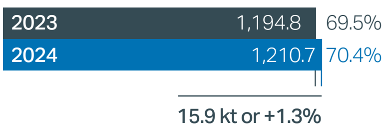
Steel Dust recycling services

Volumes of **EAF steel dust** recycled remained stable in 2024 at 1,210,685 tonnes (2023: 1,194,771 tonnes). The performance across Befesa's markets was mixed. In Europe and the US, EAF steel dust treated volumes grew at solid levels despite the challenging steel production levels. In Asia, meanwhile, volumes decreased due to a strike in Turkey, and low utilisation in China, affected by the real estate crisis. With these volumes, Befesa's EAF steel dust recycling plants ran at an average utilisation rate of about 70% in 2024 (2023: 70%).

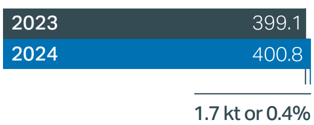
The volume of WOX sold remained stable at 400,819 tonnes in 2024 (2023: 399,109 tonnes).

The zinc-refining plant in North Carolina ran at high utilisation levels, with a focus on gradually improving profitability.

EAF steel dust throughput & load factor
(Thousand tonnes, % of annual capacity)



Waelz oxide (WOX) sold
(Thousand tonnes)



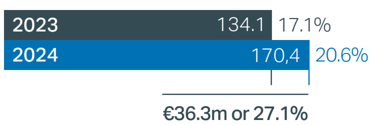
Revenue in the Steel Dust business increased by 5.1% to €825.6 million in 2024 (2023: €785.6 million). This development was primarily attributed to a higher zinc blended price and a lower zinc TC, remaining at broadly stable volumes.

Revenue – Steel Dust Recycling Services
(€ million)

Blended zinc average price
(€/tonne)

Adjusted EBITDA in the Steel Dust business increased by 27.1% to €170.4 million in 2024 (2023: €134.1 million). The YOY increase in adjusted EBITDA was primarily explained by higher zinc LME prices and zinc hedging prices, as well as lower zinc TC and coke prices, partially offset by the negative contribution from the zinc refining activity. Consequently, adjusted EBITDA as a per cent of revenue increased to 20.6% in 2024 compared to 17.1% in 2023.

Adjusted EBITDA & margin – Steel Dust Recycling Services
(€ million, % margin of revenue)

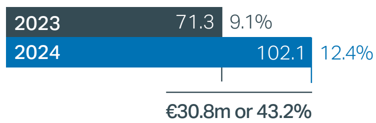


Adjusted EBIT in the Steel Dust business increased by 43.2% to €102.1 million in 2024 (2023: €71.3 million), following drivers similar to the EBITDA development, as indicated above.

In 2024, EBITDA and EBIT in Steel Dust Recycling Services were adjusted for €8.8 million and €11.6 million, respectively, mainly driven by hyperinflation in Turkey and other non-recurrent costs. Reported EBITDA amounted to €161.6 million (13.6% YOY), and reported EBIT came to €90.6 million (16.8% YOY).

Further information regarding these adjustments is available in Note 2.6 of the "Consolidated financial statements" section of this Annual Report.

Adjusted EBIT & margin – Steel Dust Recycling Services
(€ million, % margin of revenue)

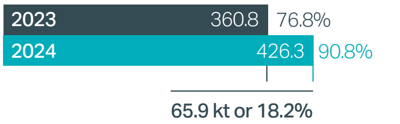


Aluminium Salt Slags recycling services

Salt Slags Subsegment

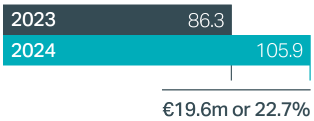
Salt slags and SPL recycled volumes increased in 2024 by 18.0% to 426,281 tonnes (2023: 360,770 tonnes). This improvement was primarily driven by the Hanover plant being back in operation throughout 2023. On average, during 2024, Salt Slags recycling plants operated at 91% (2023: 77%) of the latest installed annual recycling capacity of 470,000 tonnes.

Salt slags & SPL volumes & load factor
(Thousand tonnes recycled, % of annual capacity)



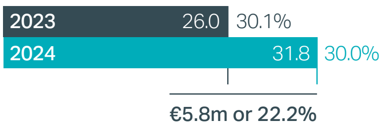
Revenue in the Salt Slags subsegment increased by 22.7% to €105.9 million in 2024 (2023: €86.3 million). The growth is driven by increased activity mentioned above.

Revenue – Salt Slags subsegment
(€ million)



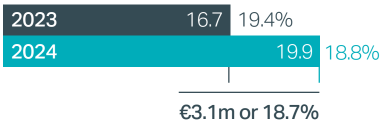
EBITDA in the Salt Slags subsegment increased by 22.2% to €31.8 million in 2024 (2023: €26.0 million), mainly related to the aforementioned factors, combined with the decrease in energy prices.

Adjusted EBITDA & margin – Salt Slags subsegment
(€ million, % margin of revenue)



EBIT in the Salt Slags subsegment increased by 18.7% to €19.9 million in 2024 (2023: €16.7 million), following drivers similar to the EBITDA development.

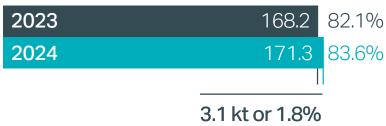
Adjusted EBIT & margin – Salt Slags subsegment
(€ million, % margin of revenue)



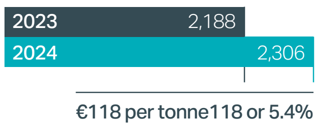
Secondary Aluminium subsegment

Aluminium alloy production volumes increased by 1.8% in 2024 to 171,278 tonnes (2023: 168,216 tonnes). Overall, in 2024, Secondary Aluminium production plants operated at about an 84% utilisation rate on average (2023: 82%).

Secondary aluminium alloy volumes & load factor
(Thousand tonnes produced, % of annual capacity)



Aluminium alloy average market price
(€/tonne)



Revenue in the Secondary Aluminium subsegment increased in 2024 by 2.0% to €367.3 million (2023: €360.2 million).

Revenue – Secondary Aluminium subsegment
(€ million)

EBITDA in the Secondary Aluminium subsegment decreased by -48.3% to €11.2 million in 2024 (2023: €21.6 million). The EBITDA decrease is explained by the strong decrease in the average metal margin, with reduced premium in the sale of aluminium alloys and a low discount on the purchase of raw materials. This has been slightly offset by lower energy prices.

EBITDA & margin – Secondary Aluminium subsegment
(€ million, % margin of revenue)

EBIT in the Secondary Aluminium subsegment decreased by -79.3% in 2024 to €2.9 million (2023: €13.8 million), following similar drivers that influenced the EBITDA development.

EBIT & margin – Secondary Aluminium subsegment
(€ million, % margin of revenue)

R&D and innovation

Befesa's research and development (R&D) strategy is designed to create value by developing sustainable improvements to existing technologies, optimising operations and product quality, developing new processes to achieve higher recycling efficiency, reducing costs and improving environmental conditions. All of this contributes to sustainable development and enhanced customer service.

Strategic focus and approach

Befesa's R&D strategic plan aims to be a technologically competitive reference in providing sustainable environmental services that recycle hazardous residues from the steel and aluminium industries, with a core focus on steel dust, salt slags and SPL.

The R&D activities are organised into two teams aiming to develop new technological and sustainable environmental service solutions that are adapted to the technological processes of each of the businesses. These two teams meet on a regular basis to exchange the achievements, findings, knowledge and developments of their respective projects.

Employees in R&D

Befesa's R&D strength is based on the teams' experience and qualifications across various specialisations. In 2024, a total of 14 employees were dedicated to R&D activities. Of these, eight were part of the Steel Dust Recycling Services segment and six were part of the Aluminium Salt Slags Recycling Services segment.

Expenses on R&D

The expenses on R&D activities in 2024 increased by 3% to €4.5 million (2023: €4.4 million). In the Steel Dust Recycling Services segment, expenses on R&D activities in 2024 increased by 40% to €2.5 million (2023: €1.8 million). In the Aluminium Salt Slags Recycling Services segment, expenses on R&D activities in 2024 decreased by 22% to €2.0 million (2023: €2.6 million).

Collaborations network

One of the pillars of Befesa's R&D strategy is external collaboration. This is primarily executed via research groups and institutions, public research centres, universities and other industrial enterprises that Befesa frequently collaborates with on R&D projects.

Befesa is a founding partner of the Basque Innovation Agency and the Basque H2 Corridor, which seeks to coordinate and promote innovation in the Basque Country. Befesa is a member of the Labein Tecnalia Foundation. This is a private technology centre with significant business involvement that creates partnerships in their markets to develop innovative capacity using technology as a tool to increase competitiveness.

Befesa is also a member of European Aluminium, a Belgium-based industry association that represents the entire aluminium value chain in Europe: from refiners and smelters to manufacturers of semi-finished products, recyclers and national aluminium associations.

Befesa has developed projects in collaboration with institutions such as Łukasiewicz – Institute of Non-Ferrous Metals (in Poland); Inspyro (in Belgium); EGA, Hydro, Nippon Gases, GHI, CIE Automotive, Condorchem, Fagor Edertek and CSIC (in Spain); and IAB, BFI and Ibutec (in Germany).

Befesa has also developed or is currently undertaking projects in collaboration with universities such as the University of the Basque Country, the University of Valladolid and the University of Oviedo (in Spain); the RWTH Aachen University (in Germany); the University of Leoben (in Austria); and the NTNU (in Norway).

Befesa's R&D strength is based on the teams' experience and qualifications across various specialisations.

Main achievements and projects in 2024

In the Steel Dust Recycling Services segment, focus areas included the following:

- Corporate services related to surveillance of the performance of the plants, the regulatory environment and the latest technological developments of the industry with interest in Befesa's activities;
- Internal development of a standardised Befesa zinc Waelz line/plant solution based on the best practices across Befesa's organisation;
- Determination of the most adequate characteristics and testing of different biochar consumption rates to achieve knowledge of maximum usable quantities in Befesa's zinc recycling processes;

- Dust2Value: 3-year multi-company EU-funded project for recycling residues from the steel industry using hydrogen as a reducing agent with a Befesa patent request;
- Conducting a study of the EV battery, waste components and its recycling by pyrometallurgical processes and smelting trials;
- Characterisation and simulation of stainless-steel dust residues for improvements of process efficiencies;
- Evaluation of alternative carbon carriers, acting as reducing agents in Befesa's stainless steel plants, as a way for transitioning towards zero CO_2 emissions for the steel industry;
- Investigations for solutions on water discharge limitations in its washing plants; and
- A study and initial trials of sludge treatment for improving residence time, thus operational efficiency in its stainless steel plants.

In the Salt Slags subsegment of the Aluminium Salt Slags Recycling Services segment, the main research activities focused on these aspects:

- The development of refined secondary aluminium oxide to produce new raw material as an alternative to mineral bauxite (to be used in the refractory industry) at a pre-industrial scale;
- The obtention of high-pure alumina (4N grade) from low-quality aluminium oxides, which can be used as raw material in the manufacturing of LEDs;

- The study and development of an alternative treatment for SPL, to recover high-value products; and
- The development of a road map to recover main gases, hydrogen and methane from the complex-rich hydrogen waste stream for salt slag valorisation.

In the Secondary Aluminium subsegment of the Aluminium Salt Slags Recycling Services segment, the main research focus included:

- The optimisation of the aluminium alloy production process in order to introduce improvements and technologies to increase energy efficiency;
- The development of secondary alloys with improved properties for modular chassis components; and the demonstration of the use of secondary wastes, aluminium drosses and scrap to produce high-pure silicon and master aluminium alloys by aluminothermic reduction;
- The decarbonisation of Befesa's melting process, lining up H_2 economy, using this as an alternative fuel to natural gas and evaluating the impact of the product – exhausted gases – and process parameters; and
- The development of new anode cleaning and protection products for the primary aluminium industry.

Projects in the research pipeline
In the Steel Dust Recycling Services segment, projects in 2025 include the continuation of projects launched in previous years and additional new projects:

- Corporate services related to surveillance of the performance of the plants, the regulatory environment and the latest technological developments of the industry with interest in Befesa's activities;
- Internal development of a standardised Befesa zinc Waelz line/plant solution based on the best practices across Befesa's organisation;
- Dust2Value: second year of this multi-company EU-funded project aiming at a total replacement of fossil carbon by hydrogen as a reducing agent, thus leading to a CO_2 emissions neutral operation for its zinc-recycling plants;
- Investigation on alternative biochar sources and optimal physical preparations to reduce the CO_2 emissions of its zinc-recycling plants, with a view on new trials at industrial level in 2026;
- Continuous evaluation of alternative carbon carriers, acting as reducing agents in its stainless steel plants, as a way for transitioning towards zero CO_2 emissions in the steel industry;
- Investigations for solutions on water discharge limitations in its washing plants;
- Industrial-scale trials of sludge treatment for improving residence time, thus efficiency in Befesa's stainless steel plants;
- Pyrometallurgical lab scale tests of different EV battery wastes;
- Characterisation and simulation of new stainless-steel dust residues and binders for improving process efficiencies;
- Investigation on the valorisation of the Waelz slag via grinding and flotation; and
- Investigation on the Waelz process efficiency improvement by increasing process kinetics via a reduced presence of nitrogen.

In the Aluminium Salt Slags Recycling Services segment, the major R&D projects are as follows:

- The use of high-pure secondary aluminium oxide to manufacture metallurgical grade alumina and HPA in different application
- RESPLA: An alternative SPL recycling process, focused on the valorisation of its products
- HyInheat: The demonstration of H_2/ O_2 combustion in the aluminium remelting process
- LIFE Hydrogas: The recovery of main gases – H_2 and CH_4 – from the residue stream of salt slags valorisation, to be used as an alternative fuel
- ECOESC: Optimization of Energy Utilization in the Gaseous Stream of the Salt Slag Valorization Process
- Improve the recycling process to make it more environmentally sustainable by reducing diffuse ammonia emissions

Risk and opportunities

Risk management at Befesa is a vital component of the overall management and control system.

Befesa's risk management system

Introduction
Befesa considers the management of risk to be one of the key topics the organisation must deal with. A proper compliance system must be based on a detailed risk analysis. For this reason, Befesa has a risk management system (RMS) in place which allows managers to analyse, evaluate and manage the risks of the different aspects of Befesa's operations.

The purpose of Befesa's RMS is the identification and assessment of the major risks that affect or may affect the Company. The system also provides Befesa with a supporting tool in decision-making through the provision of strategies aimed at risk management and control. The RMS approach implies the following:

- The elaboration of a risk map
- A definition of the current controls
- The implementation and development of a "risk mindset"
- The implementation of action plans
- Regular future reviews and analyses

Risk methodology
Befesa follows the ISO 31000 Risk Management Standard for carrying out a risk analysis. The rationale is that Befesa is the owner of the risks, so these must be identified, evaluated and controlled by Befesa itself.

The process is divided into two phases:

1. Risk identification process:
   The first step is the identification of the key personnel who need to be involved in the risk analysis. All the business segments are incorporated into the project, including top management, the directors of business segments, finance, legal, health and safety, HR, IT, investor relations, internal audit and compliance, and the industrial plants. Each year – after interviews, workshops and a documentation analysis – a risk catalogue is identified.
2. Risk assessment process:
   After compiling the risk catalogue, the next step is the risk assessment. This assessment is carried out by people from different areas of the organisation included in the scope. They are provided with and trained on the risk assessment methodology and necessary indications.

Impact In

Probability	Very low	Low	Medium	High	Very high
Very high	3	4	4	5	5
High	3	3	4	4	5
Medium	2	3	3	3	4
Low	2	2	2	3	4
Very low	1	1	2	2	3

To assess risks, it is necessary to establish scales that allow all risks to be assessed in a homogeneous manner.

The risk score (R) is computed as the Cartesian product of I (impact) x P (probability), as shown in the table.

Impact (I):

- Financial impact
- Operational impact
- Legal impact
- Reputational impact

Global impact = maximum (financial, operational, legal, reputational)

Risk map

The final output of the risk analysis is a risk map, where all the financial and non-financial risks are incorporated. It is important to highlight the fact that all the individual risks are mitigated by control measures, which are individually listed on the risk map.

In addition to the operational risk map, Befesa has developed a human rights risk map, encompassing all the human rights outlined in the Universal Declaration of Human Rights. Each right is systematically analysed for its level of risk, mechanisms are devised to prevent its violation, and control measures established for the same purpose. Furthermore, Befesa is in the process of developing remediation procedures in case of non-compliance.

The five risk levels are: very low, low, medium, high or very high, depending on the assessment.

Risk monitoring

Befesa's RMS is a systematic mode of identification, assessment and treatment of risks. Therefore, it must not be understood to be a project carried out in a specific moment in time but as an exercise aimed at continuous improvement that requires updating on a regular basis.

The risk analysis and risk map are updated annually to include new risks (or to modify current ones) and new controls to mitigate risks.

In this sense, the risk map must as far as possible reflect the reality of Befesa, and must help to adapt to changes that may influence the Company.

To guarantee proper monitoring of the risks, Befesa has an Internal Risk Committee (IRC). The IRC is the body in the Company that is in charge of the monitoring and review of the risks included in the risk map. The IRC is composed of the Executive Chair, the CEO, the CFO, the vice presidents of the business segments and the corporate directors.

The committee must ensure that:

- The actions and strategies proposed to mitigate risks are effective and efficient, both in design and execution;
- Sufficient information is available to improve the assessment of existing risks, as well as to identify, analyse and assess new risks that should be considered; and
- The identification of new risks not previously detected has been carried out.

The risk analysis, risk map and mitigation actions are presented to the Audit Committee and Board of Directors of Befesa on an annual basis for their review.

Befesa's risk map includes financial and non-financial risks, the most relevant of which are described on the pages that follow.

Financial risks

Commodity prices

Befesa has appropriate risk and review routines and controls in place. An integral part of Befesa's risk management framework is to monitor and manage its risk that is related to commodity price fluctuations. Befesa may not be successful in obtaining long-term hedges for all volumes desired, and it is generally more difficult to successfully hedge larger volumes of zinc over longer periods of time. Consequently, Befesa's main risk management tool is its zinc hedging programme, which targets hedging one to three years forward at a volume level of 60% to 75% of Befesa's annual tonnage of zinc payable output.

The combined global hedge book in place as of the date of this Annual Report provides Befesa with improved pricing visibility up to December 2026.

In 2024, Befesa's zinc forward hedging price amounted to €2,521 per tonne on average, €104 per tonne higher YOY (2023: €2,417 per tonne). However, Befesa's hedging price in 2024 was on average lower compared to the zinc LME price, which averaged €2,569 per tonne in the year.

Risk and opportunities continued

Combined, the zinc effective price (blended rate between hedged volume and non-hedged volume) averaged €2,549 per tonne in 2024, up 5% YOY (2023: €2,425 per tonne). As of the date of publication of this Annual Report, Befesa's zinc forward hedging average prices will amount to approximately €2,640 or US$2,904 per tonne for 2025, and about €2,655 or US$2,920 per tonne for 2026. These forward hedging prices assume US dollar/euro exchange rates of 1.10 for 2025 and 2026.

Befesa does not provide any collateral for the contracted hedges and conducts its hedging programme with reputable hedging partners

Foreign exchange
Befesa's functional currency is the euro. However, Befesa has subsidiaries and operations in a number of jurisdictions, including Sweden, Turkey, South Korea, China and the US, where Befesa generates revenues in currencies other than the euro. In light of its growth plans, Befesa may operate in additional jurisdictions with currencies other than the euro.

Befesa has adequate review and risk management processes in place regarding the risk of foreign exchange rates. One of several tools Befesa uses is the hedging of zinc prices forward and transacting those hedges, primarily euro-based versus the LME prices being quoted in US dollars.

For 2024, Befesa had hedged 163,233 tonnes of zinc payable output (2023: 138,647 tonnes). This represents 69% (2023: 64%) of the zinc payable output sold by Befesa in 2024. Of the 163,233 tonnes hedged for 2024, 46% were in euro-denominated zinc forward hedges, 43% were in US dollar and the remaining 11% in Korean won. Further information on the hedging strategy is available in the 'Strategy" section of this Annual Report.

Capital structure
At 31 December 2023, the facilities agreement consisted of a €626 million senior secured Term Loan B (TLB) which is a bullet with maturing in July 2026, a €75 million revolving credit facility (RCF) maturing in July 2025, and a €35 million guarantee facility maturing in July 2025.

In July 2024, the company successfully completed the refinancing of its existing debt consisting of a €650 million senior secured Term Loan B with a 3-year extension due July 2029, a €100 million revolving credit facility due July 2028, and a €35 million guarantee facility due July 2028.

This refinancing extends the maturity profile of Befesa's debt without impacting its current leverage ratio. The facility's long-term maturity date of July 2029 and all other documentation terms, such as the covenant-lite terms, remain unchanged. The Term Loan B has a new margin of Euribor +275 bps and includes a margin ratchet which allows for up to a further 50bps margin reduction if leverage ratio drops below x2.5

A €100.0 million Revolving Credit Facility (RCF) is part of the capital structure and continued to be fully undrawn at year-end 2024 as Befesa had €202.5 million cash on hand.

A general economic downturn or crisis could also affect Befesa's suppliers and customers. This could adversely tighten or lengthen the payment terms in place with Befesa.

Interest rates
Any increase in interest rates would increase Befesa's finance costs relating to its variable rate indebtedness and increase the costs of refinancing its existing indebtedness and issuing new debt. Befesa reviews the interest rate risk on a regular basis. With 48.6% of the €650 million extended TLB notional swapped from variable to fix interest rates forward up to July 2026, the short-term interest rate risk is partially mitigated.

Financial controls & reporting
Befesa's internal control system, financial reviews and reporting are key components of the risk management framework.

The purpose of the internal control and accounting system is to ensure that all transactions are adequately accounted for and that the financial reports present Befesa's financial status fairly. The internal control system ensures compliance with legal regulations and that accounting follows statutory standards and IFRS. A defined calendar ensures that financial reports and statements are produced in a timely manner. Regular reviews at both the Group level and segment level ensure that potential errors are detected and promptly corrected.

The reviews of the Board of Directors and the Audit Committee occur regularly and form part of the control framework. The accounting team monitors changes to the accounting standards, and advisors from external, specialized parties notify Befesa of changes and complex accounting matters to avoid misstatements.

Befesa's consolidated and selected subsegments and single entities' financials are subject to external audits. These audits form a key part of the risk management framework as an independent review of Befesa's internal control system, financial controls and reporting. Befesa strives to continuously improve its risk management and internal control systems. The main risks with a potential material influence are further detailed in "Consolidated financial statements" section of this Annual Report.

Non-financial risks

Industry and business risks

Befesa is exposed to risks and opportunities related to the level of activity of the global economy – in particular, the level of economic activity in the jurisdictions of the markets that Befesa serves in Europe, Asia and the US.

The business is dependent on the availability of the materials that the services relate to and which Befesa recycles – specifically steel dust in the Steel Dust Recycling Services segment, and salt slags and aluminium residues in the Aluminium Salt Slags Recycling Services segment.

In periods of slowing economic growth or in recessionary cycles, the industrial recycling industry is affected, resulting in a reduction in the demand for Befesa's services and products.

One important initiative to address global economic headwinds has been to diversify Befesa's global footprint from Europe to the US and the Asia-Pacific, providing Befesa with a well-balanced portfolio across the world.

Nevertheless, the global economy may be affected by macroeconomic events, such as pandemics, global shortages of necessary products and the Russia-Ukraine War.

Zinc smelters are significant consumers of the WOX that Befesa produces in the Steel Dust Recycling Services segment. These smelters typically experience a variation in demand for their products as a result of a change in the level of activity in the automotive and construction industries, among others.

For the Aluminium Salt Slags Recycling Services segment, most of the salt slags and aluminium residues are received from companies operating in the automotive and construction industries in Europe. Because of this, the demand for and pricing of Befesa's services and products is to a degree dependent on the developments in the automotive and construction industries.

Environmental risks

Owing to its business activity, Befesa must comply with governmental regulations. These include, but are not limited to, increasingly stringent environmental laws and regulations in most jurisdictions where Befesa operates.

These laws and regulations require permits and authorisations to be obtained as they relate to Befesa's business. Certain procedures need to be followed, such as the completion and delivery of manifests and other paperwork for the shipment of hazardous wastes and other materials. This is so that the movement and management of hazardous residues are properly documented in terms of the location of generation and final disposal.

Generally, Befesa could be held liable for mismanaging hazardous residues from the moment Befesa becomes contractually responsible for its management from customers' facilities. Liability can extend to the point of departure from customers' facilities, depending on Befesa's contractual obligations.

Befesa closely monitors the air emissions from its operations.

In addition, the contravention of environmental laws and regulations could result in fines and penalties on account of anyone found to be responsible for the release of hazardous substances into the environment (entering the soil, surface water, groundwater or atmosphere). This liability may be assigned by government agencies to entities owning the hazardous waste and others responsible for its management.

In addition to regulations dealing with the management of hazardous waste, Befesa is also required to comply with regulations dealing with air emissions, water discharge and the management of hazardous materials and chemicals.

A summary of potential environmental impacts related to Befesa's operations, process monitoring and control measures implemented by the Company are described in the following paragraphs.

a. Air emissions

Befesa closely monitors the air emissions from its operations and the performance of controls established to meet regulatory thresholds. Industry practices employing Best Available Technology (BAT) for operations and emission controls are implemented to ensure that process emissions remain at acceptable levels.

During the last few years, Befesa has implemented measures to ensure that operations at its facilities comply with the regulations of the Industrial Emissions Directive (IED). As part of this initiative, Befesa has developed a management system that is certified under the ISO 14001 standards and EMAS, to ensure compliance with applicable regulations and to renew Befesa's commitment to continuous improvement in its operations.

b. Soil, storm water and groundwater protection

Befesa's plants are designed to ensure that materials are kept from being placed on the land surface to the greatest extent possible.

Operational areas are established with concrete and paved surfaces for material transfer and other areas of high use. In addition, rainwater collection, control systems and other engineered facilities and practices are in place to protect hazardous process materials from potentially being transported and deposited on the soil surface and entering storm water. Groundwater monitoring is provided where required according to regulations.

c. Water conservation

By reference, the most sustainable approaches and technologies demonstrating the stewardship of water consumption and the processing of effluent discharge are used at Befesa's facilities, including the Steel Dust Recycling Services and Salt Slags Recycling Services facilities. These facilities operate under a zero-discharge policy.

Most of Befesa's plants have been designed with the capability of recycling 100% of the effluent water that is produced. Effluent water is used in the recycling process. This is done in an effort to reduce water consumption while minimising the potential for the discharge of entrained metals to off-site surface waters.

In addition to minimising the use of this valuable resource, Befesa's water conservation efforts aim to provide economic dividends resulting from reduced operating costs for purchased water resources, eliminating the need for water treatment prior to discharge. In addition, entrained metal values are recovered for valuable use, as opposed to being discharged into the environment.

Befesa uses water consumption as a key performance indicator (KPI) to highlight enterprise conservation efforts. Each site contributes information for KPI tracking. Trends are monitored and analysed, and practices aligned to minimise consumption values.

d. Residue reduction

Befesa is an environmental recycling services provider that plays a critical role in the circular economy. This it does by conserving valuable mineral resources and reducing potential environmental impacts and risks for the steel and aluminium industries.

Befesa's inherent business of recycling hazardous residues from metal-processing businesses prevents the disposal of valuable minerals in landfills, while allowing the reuse of the valuable materials reclaimed.

KPIs are maintained for tracking hazardous and non-hazardous residues produced from Befesa's operations, and the volumes that are disposed of or recycled. Each site contributes information for KPI tracking. Trends are monitored and analysed, and practices aligned to minimise residues generated and disposed of.

e. Carbon emissions

Befesa's business is to reclaim valuable metals from hazardous residues produced by the metals industry and to provide valuable feedstocks to bulk metal production businesses. Carbon emissions are generated through the processes used by Befesa in metal recycling operations. This occurs through the use of carbon-reductant sources, including coke, coal and fossil fuels.

Regulations are rapidly being promulgated on a regional and global scale to limit carbon emissions, which causes risk in business operations going forward. Opportunities to improve operational efficiency and reduce carbon emissions are currently being evaluated. Certain measures have already been implemented to minimise carbon emissions and to shrink Befesa's overall carbon footprint in a cost-effective manner.

Indirect services and utilities supplied to Befesa's operating sites are tracked and recorded, including the source of electricity and its production from fossil fuels or renewable resources. Sources of energy supply and its production will indirectly affect Befesa's carbon footprint, while potentially affecting the overall cost of operations and Befesa's overall profitability.

As of 31 December 2024, all the Befesa sites except for the US zinc-refining, Lünen and Chinese plants are ISO 14001 certified, and 65% of the Befesa sites are ISO 50001 certified. A total of 70% are ISO 14064 certified and 70% are also certified according to ISO 45001. Through these management systems and other internal protocols, Befesa monitors its carbon emissions and reports annually on a Company-wide basis. In addition, Befesa reports the Kyoto Protocol Scope 1 and Scope 2 emissions and, since 2022, also the Scope 3 emissions.

To minimise carbon emissions, Befesa applies BAT and looks for improvement opportunities as part of its operational excellence programme. Through this programme, specific opportunities are identified and evaluated for future implementation, with a view to reducing carbon emissions and energy consumption. Certain projects have already been implemented to achieve these objectives, namely the replacement of aluminium melting furnaces with units that have lower emissions.

Carbon emissions are monitored and compiled using the ISO 14064 management system. This is reported to stakeholders after being validated by an independent third-party organisation.

In 2022, Befesa defined a plan to reduce its CO_2 emission intensity by 20% by 2030, with the aim of achieving net zero by 2050.

Health and safety risks

Daily operations at Befesa's plants by employees may cause injuries to employees and/or contractors, particularly from the potential occurrence of events or circumstances. These could include being exposed to chemical agents; becoming trapped between objects or in moving parts; the risk of being run over in a plant (by a vehicle); incidents with subcontracted companies or personnel; exposure to high temperatures; damage as a result of thermal injury; exposure to excessive noise; entering confined spaces; the threat of explosion; electrical injury; and operators becoming trapped because of machinery overturning. To manage these risks, Befesa has a wide variety of controls in place, following the approved H&S policy and corporate safety standards.

Controls include the "Be Safe at Befesa" programme; the ISO 45001 management system; the Life-Saving Rules; an annual budget with investments to implement safety measures; inspections, audits and safety observations; internal training and communication (H&S monthly safety reports); accident investigations or learning lessons; corporate safety standards, plant-level safety standards and work instructions; risk evaluations of all works, including periodical revision; procedures and communications with contractors; permanent attention from management; and life and accident insurance.

IT risks

In an era dominated by technological advancements, the industry faces a myriad IT risks that demand vigilant attention. At the forefront of these challenges lies the omnipresent threat of cybercrime, casting a shadow over the seamless continuity of operations. Recent statistics underscore the severity of the issue, with global losses as a result of cybercrime soaring to unprecedented levels. The industrial sector witnesses a substantial share of these losses, further emphasising the imperative for robust cybersecurity measures.

The World Economic Forum estimates that annual global losses as a result of cybercrime exceed $1 trillion, with the industrial sector consistently ranking among the most affected. This alarming figure highlights the urgent need for enterprises like Befesa to fortify its digital defences. Notably, unplanned downtime resulting from cyber incidents poses a significant risk to industrial facilities. The sector witnesses a staggering number of cyber incidents annually, leading to unforeseen disruptions. Befesa acknowledges the criticality of addressing this challenge head on to ensure the resilience of its operations against the evolving landscape of cyber threats.

To safeguard against these risks, Befesa has implemented a comprehensive cybersecurity framework guided by its Cybersecurity Master Plan. This strategic road map encompasses key activities and projects to fortify Befesa's digital infrastructure. Regular cybersecurity audits and assessments are conducted to identify vulnerabilities and to enhance the overall security posture. Both internal and external penetration tests, facilitated by impartial third parties, serve as proactive measures to identify and address potential weaknesses.

An integral component of Befesa's cybersecurity strategy is its workforce's continuous education and awareness-building. Befesa has instituted an annual cybersecurity training programme that equips all IT users with the knowledge and skills needed to navigate the evolving cybersecurity landscape. This proactive approach underscores Befesa's commitment to cultivating a cybersecurity-conscious culture, where each employee becomes a frontline defender against potential threats.

Befesa has implemented a comprehensive cybersecurity framework guided by its Cybersecurity Master Plan.

In addition to these initiatives, Befesa prioritises staying abreast of emerging cybersecurity trends and technologies. This proactive stance enables Befesa to swiftly adapt and implement cutting-edge solutions to counteract evolving cyber threats. The ongoing dedication to cybersecurity, coupled with a robust framework and proactive measures, positions Befesa as a resilient and secure entity in the face of IT risks.

As it navigates the digital frontier, Befesa remains steadfast in its commitment to mitigating IT risks and ensuring the sustainable and secure operations of the Company's recycling facilities globally. Through ongoing investment in cybersecurity measures and fostering a culture of awareness, Befesa is well positioned to tackle the challenges of the digital age, ensuring the continued success and stability of the Company on a global scale.

Outlook and subsequents events

Subsequent events

On 19 March 2025, the Company repriced its TLB, reducing its interest rate by 50 bps to Euribor +225 bps, with a floor of 0%.

The facility's long-term maturity date of July 2029 and all other contractual terms remain unchanged.

Outlook

Befesa expects an EBITDA between 240 and 265 million euros in 2025. This strong growth is expected to come from better zinc price hedging levels, lower zinc treatment charges, higher volume of steel dust recycled in the US recycling plants as well as lower zinc refining cost in the US.

In the steel dust recycling segment, Befesa expects stable to strong volumes in Europe, even as the broader steel industry faces difficulties. The US market is showing signs of growth, supported by new contracts that will drive higher EAF steel dust volumes. Meanwhile, China and Asia are projected to maintain steady volume levels compared to 2024. Given these factors, the Company sees a neutral to positive outlook for this business segment.

For salt slags and secondary aluminium (2nd Alu), Befesa expects stable salt slag volumes in 2025. However, the secondary aluminium business is expected to continue being impacted by margin compression due to the challenging access to aluminium scrap as well as a weak demand from the automotive sector in Europe. Although salt slags is expected to remain stable, secondary aluminium could face some downside risk, leading to a negative outlook in the year.

In the zinc-refining business, Befesa is implementing significant cost-cutting measures in 2025, targeting a fixed cost reduction of between €10 to €15 million.

Treatment charges for the zinc industry have been settled at $80 per ton of concentrate compared to $165 in 2024, which will contribute to earnings growth in 2025.

Energy costs remain a mixed factor for the business. Although overall coke prices are expected to decline slightly, European natural gas and electricity costs are projected to remain elevated compared to 2024. This results in an outlook that is neutral to negative.

Inflation continues to be a headwind for the Company, with increases in maintenance, auxiliary materials and labour costs contributing to rising overall expenses. Given the persistent inflationary environment, Befesa considers this factor negative for 2025.

Average zinc price hedging for 2025 at higher level than 2024 will drive strong earnings growth in 2025.

On zinc prices, Befesa expects some degree of volatility driven by global macroeconomic and geopolitical uncertainty. The marginal cost of the zinc producer C90 is around 2,500 level, acting as floor of the price of zinc.

Leverage is expected to be below x2.5 by the end of 2025.

The expansion plan in China is stop due to current market conditions. Befesa's Growth capex will focus on finishing the refurbishment of Palmerton and the expansion of Bernburg, which are both low risk projects from the execution, technology and commercial point of view.

Corporate governance

Board of directors

The Board of Directors is the corporate body in charge of the management of Befesa S.A., supervising and controlling the activity of the Company and focusing on its strategic direction.

The Board of Directors acts in the corporate interests of the Company and serves the common interests of all shareholders by ensuring the implementation of its strategy. The Board of Directors also ensures the monitoring of the business activities of its affiliates. The Board of Directors is vested with the broadest powers to act in the name of Befesa S.A. and to take any action deemed necessary or useful to accomplish its corporate purpose, with the exception of the powers reserved to the General Meeting by the Luxembourg law on commercial companies of 10 August 1915, as amended (the "Luxembourg Companies Law") and by the Articles of Association.

The Board of Directors has appointed an Audit Committee, a Nomination and Remuneration Committee and a Sustainability Committee to deal with specific purposes. These committees advise the Board of Directors and make recommendations to the Board and/or, as the case may be, to the General Meeting (as defined overleaf).

The members of the Board of Directors are:

1. Javier Molina Montes
Executive Director, Executive Chair

Mr Molina has been the Executive Chair of Befesa since July 2022. He has managed Befesa since 2000, when he was appointed Chairman and Chief Executive Officer of Befesa Medio Ambiente. Mr Molina joined Abengoa in 1994 and later became Chief Executive Officer of Abengoa Servicios Urbanos (Abensur). From 1989 to 1993, he was General Director of Tecsa and, prior to that, from 1983 to 1988, was an investment banker at Banco de Progreso. Mr Molina holds a master's degree in law, and management and business (ICADE, E3) from Universidad Pontificia Comillas, Madrid, Spain.

2. Asier Zarraonandia Ayo
Executive Director, Chief Executive Officer

Mr Zarraonandia has been the Chief Executive Officer of Befesa since July 2022. He was previously the Vice President of Befesa's Steel Dust Recycling Services business unit (as of 2006). Mr Zarraonandia joined Befesa in 2001 and was the Chief Financial Officer of the Aluminium Salt Slags Recycling Services business unit from 2001 to 2004 and the Financial Controller of the Abengoa Group from 2004 to 2006. Before joining Befesa, he was a Senior Audit Manager and Consultant for Arthur Andersen, where he worked for 10 years, specialising in mergers and acquisitions in the industrial sector. He holds a bachelor's degree in economics from the University of the Basque Country, Bilbao, Spain. He currently serves as a board member of the Canadian company Global Atomic Corporation.

3. Frauke Heistermann
Independent Director

In 1999, Mrs Heistermann founded AXIT AG, a digital service platform managing global supply chains, which was sold to Siemens in 2015. Mrs Heistermann served as Chief Digitalisation Officer at Siemens Postal, Parcel & Airport Logistics GmbH in 2017. Prior to her management career, Mrs Heistermann worked as a Consultant and Product Manager. She serves as director of AXIT.capital, a company that supports start-ups in the area of digitalisation. She is currently Chairwoman of the Council of Technology of the Federal State of Rhineland Palatinate as well as a member of the Supervisory Board of ERMEWA Group SA and member of the Administrative Board of DKV Mobility Group SE. She holds a diploma in logistics and business administration (DiplomBetriebswirtin) from the Cooperative State University, Mannheim, Germany.

4. Georg Graf Waldersee
Lead Independent Director, Chair of the Audit Committee

Mr Waldersee is a German-certified accountant (Wirtschaftsprüfer). For more than 25 years, he was a partner at Arthur Andersen and Ernst & Young (EY) where he served in senior management positions in the EMEIA – and global – management teams of both organisations. As of his retirement from EY in 2016, he has been serving in supervisory boards or as non-executive director in various companies or major non-profit organisations. He is currently the Chairman of the Supervisory Board of EY, Wirtschaftsprüfungsgesellschaft, Germany. Mr Waldersee studied economics at the University of Bonn and holds a degree in business administration from the University of Hamburg, Germany.

5. Helmut Wieser
Independent Director, Chair of the Nomination and Remuneration Committee

Mr Wieser was Chief Executive Officer at AMAG Austria Metall AG. Previously he served as Group President for Global Rolling at Alcoa Inc. and a member of the Executive Board at AMAG Austria Metall AG, and held several management positions at VoestAlpine Industrieanlagenbau. He is a member of the Supervisory Boards of Höldmayr International AG and Benteler AG. He is also a member of the Advisory Council of TTTech Industrial Automation AG. Mr Wieser graduated as Dipl.-Ing. in mechanical engineering and economics from Graz University of Technology, Austria.

6. Natalia Latorre Arranz
Independent Director, Chair of the Sustainability Committee

Mrs Latorre is General Manager for Energy Transition of Enagás, S.A. Previously, she was Chairwoman of the Board of Directors of Shell España S.A., where she was responsible for the Shell business in Spain, including gas and power, renewable generation and environmental products. Mrs Latorre developed most of her career at Shell, where she worked for more than 20 years, including executive roles at the European level. She has strong experience in the ESG field, including energy transition and the transformation of companies pursuing opportunities in this field. Mrs Latorre currently serves as Board Member at BG Energy Iberian Holding S.L.U. and as Advisory Board Member at Marsi Bionics S.L. In addition, she is a member of the Strategy Advisory Board of Programa Mujer e Ingeniería. Mrs Latorre holds a degree in industrial engineering from Universidad Politécnica de Madrid, Spain. In 2021, Forbes included Mrs Latorre in the list of "35 Best Female CEOs in Spain".

7. Soledad Luca de Tena
Independent Director

Mrs Luca de Tena started her professional career as Finance Analyst working for Midland Bank, plc. She moved to work based in New York as Client Executive while working for Banco Central and later worked as Deputy CEO for the Banco Hispano do Investimento in Lisbon. Mrs Luca de Tena has served as Proprietary Board Member, first of Prensa Española and later for Vocento. She started her governance support back in 1998. At Vocento, one of the largest media groups in Spain, she served on several board committees since 2002, ranging from the executive and the nominations and remunerations to audit and compliance, and has chaired this one. In addition, Mrs De Tena is the Vice Chair of the mutual insurance company Asepeyo and serves on the board of several non-profit organisations. She holds a master's and a degree in economics from Universidad Autónoma de Madrid, Spain.

8. Javier Petit Asumendi
Independent Director

Mr Petit is CEO of Aracnet Partners, an independent company founded by professionals from the investment banking sector. He began his professional career at Banco de Progreso (Grupo March), with different responsibilities in the areas of treasury, capital markets, corporate banking and marketing. He was appointed General Manager in 1989. In 1992, he led the merger of Banca Mayorista de Banco de Progreso and Banco Urquijo, and continued for a further four years as General Manager of Banco Urquijo. During these years, he represented the bank on the Boards of Media Planning, Urquijo Correduría de Seguros and Torrenova de Inversiones SICAV. In 1996, he joined Banco Cooperativo Español as General Manager, a position he has held for the last 21 years. He has been Director of Ausur (Concesionaria de Autopistas), Chairman of Espiga Gestión (Private Equity), member of the Steering Committee of Unico Banking Group (European Cooperative Central Banks) and member of the Board of Directors of the Financial Markets Association. Mr. Petit holds a dual degree in business administration and law from Universidad Pontificia Comillas (ICADE), Madrid, Spain.

9. Birke Fuchs
Board Secretary

Mrs Fuchs is the Board Secretary and Group's General Counsel. She joined Befesa in 2007. She is a German-qualified lawyer and holds a degree in law from the University of Trier, Germany, and a Master of Laws degree from Tulane Law School, US. She successfully completed the programmes for management development (PMD) and ESG for board members at ESADE Business School, Spain.

Executive Directors

Name	Position	Nationality	Year of birth	First appointment	Renewal	End of term
Mr Javier Molina Montes	Executive Chair	Spanish	1959	18/10/2017	16/06/2022	AGM to be held in 2026 approving the annual accounts for the financial year ending on 31/12/2025
Mr Asier Zarraonandia Ayo	CEO	Spanish	1967	24/07/2019 (co-optation)	16/06/2022	

Independent Directors

Name	Position	Nationality	Year of birth	First appointment	Renewal	End of term
Mrs Frauke Heistermann	Independent Director	German	1971	18/10/2017	16/06/2022	AGM to be held in 2026 approving the annual accounts for the financial year ending on 31/12/2025
Mr Georg Graf Waldersee	Lead Independent Director Chair of the Audit Committee	German	1955	18/10/2017	16/06/2022	
Mr Helmut Wieser	Independent Director Chair of the Nomination & Remuneration Committee	Austrian	1953	24/07/2019 (co-optation)	16/06/2022	
Mrs Natalia Latorre Arranz	Independent Director Chair of the Sustainability Committee	Spanish	1975	16/06/2022	N/A	
Mrs Soledad Luca de Tena	Independent Director	Spanish	1961	25/10/2023 (co-optation)	N/A	
Mr Javier Petit Asumendi	Independent Director	Spanish	1959	24/07/2024 (co-optation)	N/A	Provisional appointment until ratification and confirmation at the next AGM, currently scheduled for 19 June 2025

The Board of Directors of Befesa S.A. is firmly committed to the principles of transparent, responsible, and value-based management and supervision. The standards of good corporate governance are a high priority at Befesa and forms the basis of all its activities.

As a Luxembourg *société anonyme* – whose shares are exclusively listed on a regulated market in Germany – Befesa S.A. is not required to adhere to the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange (the "LuxSE").

These principles apply to companies listed and admitted to trading on the regulated market of the LuxSE, or to those governed by the German corporate governance regime, applicable to stock corporations organised under German law. In the light of the aforementioned legal framework, Befesa has developed its own corporate governance rules based on the recommendations of the German Corporate Governance Code while adapting them to its one-tier Board structure, the Articles of Association of Befesa S.A. and Luxembourg Companies Law. Befesa's corporate governance system is continuously reviewed by the Board of Directors and updated to incorporate and align with evolving new best practices in corporate governance.

Befesa places a strong emphasis on the following:

- A skilled and balanced composition of the Board of Directors, with a majority of Independent Directors;
- Acting in the best interests of all of the Company's shareholders, including minority shareholders;
- Internal control and reporting, with emphasis on effective risk management;
- A compliance management system (CMS) that ensures strict compliance with applicable laws and regulations, enhancing business integrity;
- The promotion of social responsibility and ethical values in all of Befesa's areas of activity; and
- Commitment to sustainability and corporate social responsibility.

Befesa is committed to adhering to good corporate governance practices that provide for the necessary decision-making processes and controls to balance the interests of all stakeholders, which ultimately ensures the long-term success of Befesa.

The main corporate bodies are the Board of Directors and the General Meeting of shareholders. Befesa currently has a majority of Independent Directors on the Board of Directors. All the members of the Audit Committee, the Nomination and Remuneration Committee and the Sustainability Committee are independent.

To enhance transparency regarding executive compensation, Befesa discloses the compensation of each member of the Board of Directors on an individual basis, with respect to the compensation received in 2024. Befesa ensures that its shareholders can exercise their rights before or during the General Meeting, as provided for by Luxembourg Companies Law and Befesa's Articles of Association, and thus exercising their voting rights. Details of the above-mentioned items can be found below.

Required skills, experience and background

All proposals for the members of the Board of Directors of Befesa S.A. are made on the basis of individual merit. All Directors need to have the required balance of skills, qualifications, background, experience, diversity – including gender – and the ability to adequately perform the duties of the Board of Directors. The selection and nomination process of new Directors generally takes into account the following criteria:

- The alignment of skills with Befesa's strategic direction;
- Value added to the current composition of the Board;
- The cultural fit with the Board of Directors;
- The time it will take to become an effective contributor; and
- Succession planning.

Befesa places a strong emphasis on recruiting experienced professionals with relevant industry background, strategic and problem-solving skills, and strong interpersonal and negotiation skills.

In addition, the representation of a mix of cultural and educational backgrounds offers a wide variety of perspectives on Company issues. Naturally, women as well as men can be members of the Board of Directors. For Befesa, diversity means combining different genders, experiences, nationalities and backgrounds in the Board of Directors. This approach is explicitly stated in Befesa's HR and equality policy.

Different skills are a foundation to create an effective and valued Board of Directors. Befesa ensures that the members of each Board Committee have the relevant skills based on their experience, which is also reflected in their curriculum vitae.

Corporate governance continued

Name	Position	Status	Gender	Nationality	Year of birth
Mr Javier Molina Montes	Executive Chair	Executive	Male	Spanish	1959
Mr Asier Zarraonandia Ayo	CEO	Executive	Male	Spanish	1967
Mrs Frauke Heistermann	Member of the Audit Committee and member of the Sustainability Committee	Independent	Female	German	1971
Mr Georg Graf Waldersee	Lead Independent Director, Chair of the Audit Committee	Independent	Male	German	1955
Mr Helmut Wieser	Chair of the Nomination & Remuneration Committee and member of the Sustainability Committee	Independent	Male	Austrian	1953
Mrs Natalia Latorre Arranz	Chair of the Sustainability Committee and member of the Audit Committee	Independent	Female	Spanish	1975
Mrs Soledad Luca de Tena	Member of the Nomination & Remuneration Committee	Independent	Female	Spanish	1961
MrJavier Petit Asumendi	Member of the Nomination & Remuneration Committee	Independent	Male	Spanish	1959

Composition

Befesa's Board of Directors has the size and structure necessary to promote efficient operation and to maximise participation, in accordance with Befesa's share capital structure. Befesa also emphasises the importance of corporate governance, with a high standard of transparency implemented by the Board of Directors.

According to the Articles of Association, the Board of Befesa S.A. must have a minimum of five Directors, whose term of office may not exceed six years.

Each director is appointed by the General Meeting, is eligible for reappointment and may be removed at any time, with or without cause, by a resolution of the General Meeting. In the event of a vacancy on the Board of Directors, the remaining Directors may elect by co-optation a new director to fill the vacancy until the next General Meeting, which shall ratify such co-optation or elect a new director instead.

The Board of Directors of Befesa S.A. is currently composed of eight members: two Executive Directors and six non-executive Independent Directors. As a result, Befesa's Board of Directors is formed with a majority of six Independent Directors out of a total of eight Directors, thus resulting in 75% of Board's Directors being independent, ensuring a strong balance of perspectives and oversight. In terms of gender representation, there are three women on the Board of Directors. This represents 37.5% of the total number of women in this position.

The Board of Directors shall appoint from among its members a chairperson (the "Chair"). In the event that an Executive Director is elected as Chair, the Chair shall have the status of Executive Chair of the Company. Therefore, there will be a Lead Independent Director of the Company as long as the Chair of the Board of Directors is not an Independent Director. The Independent Directors shall choose from among the Independent Directors the Lead Independent Director. As mentioned above, all Directors have been selected based on the criteria of complementarity, balance, diversity of knowledge, professional experience and nationality.

	Industrial operations	Risk management, finance, audit	Environmental, health & safety	Business strategy	Ethics, governance & compliance
	✓		✓	✓	✓
	✓	✓	✓	✓	✓
	✓			✓	✓
		✓		✓	✓
	✓		✓	✓	✓
	✓		✓	✓	✓
		✓		✓	✓
		✓		✓	✓

Meetings

The Board of Directors holds meetings in person or by tele/videoconference and may adopt decisions by written circulation. The quorum for a valid meeting of the Board of Directors is the presence or the representation of at least half of the Directors. Abstention and nil votes will not be considered for the purposes of the approval of resolutions. The Executive Chair or the Chair of the Board of Directors does not have a casting vote in case of a voting tie.

The Board of Directors met on eight occasions in 2024, with an attendance rate of 96.3%.

Committees

To strengthen Befesa's corporate governance, the Board of Directors has set up the following three committees, each of which are responsible for examining and monitoring areas of particular importance:

- Audit Committee
- Nomination and Remuneration Committee
- Sustainability Committee

Each committee shall meet as often as necessary, but at least twice a year. During 2024, the Audit Committee met on four occasions, whereas the Nomination and Remuneration met on four occasions and the Sustainability Committee met on three occasions. All committees had a 100% attendance rate, with the exception of the Sustainability Committee which had a 91.75% attendance rate.

a. Audit Committee

The Audit Committee consists of Mr Georg Graf Waldersee (Chair), Mrs Frauke Heistermann and Mrs Natalia Latorre Arranz. All members are independent.

This committee is responsible for the following:

- Evaluating and monitoring all material questions concerning the financial statements, accounting processes and policies of Befesa and its subsidiaries;
- Overseeing Befesa's internal control and internal audit system;
- Overseeing the procedure for the selection of the statutory auditor and supervision of its work; and
- Supervising the RMS and the CMS.

b. Nomination and Remuneration Committee

Mr Helmut Wieser (Chair), Mrs Soledad Luca de Tena and Mr Javier Petit Asumendi are the members of this committee, all of whom are independent. Mr Javier Petit Asumendi has been appointed as a member of this committee from his appointment as director of the Board of Directors.

The Nomination and Remuneration Committee ensures that the Directors have the necessary knowledge, experience, abilities and professional background to fulfil their responsibilities. This enables the Board of Directors as a whole to have an appropriate balance in its composition and adequate knowledge of Befesa and its environment, activities, strategy and risks, contributing to a better performance of its functions. In addition, the committee is responsible for:

- Implementing HR-related policies;
- Making recommendations to the Board of Directors on the terms of appointment and the long- and short-term benefits of Executive Directors; and
- Making recommendations on bonus payments to be paid to employees.

The Nomination and Remuneration Committee is responsible for the implementation of policies, appointments and dismissals of the daily managers of Befesa S.A., and for proposing to the General Meeting of shareholders suitable candidates for their recommendation to be appointed as members of the Board of Directors.

c. Sustainability Committee

The Sustainability Committee is made up of exclusively independent members: Mrs Natalia Latorre Arranz (Chair), Mrs Frauke Heistermann and Mr Helmut Wieser.

The Sustainability Committee is responsible for overseeing all matters of the Company and its subsidiaries related to environmental sustainability, with a priority on emissions reduction and energy-saving targets and plans, together with related recommendations to be made to the Board. The Sustainability Committee is responsible for:

- Reviewing and monitoring the Company's environmental sustainability strategy and its implementation as well as the Company's environmental sustainability policies, standards and guidelines;
- Reviewing and monitoring the Company's environmental sustainability achievements in accordance with the targets and guidelines of the Company; and
- Supporting and providing guidance to the Board of Directors in developing and updating the Company's policies and procedures relating to environmental sustainability.

Overview of the member participation of the Board of Directors and committee meetings during 2024.

Board of Directors	**Presence**	**96.3%**
Mr Javier Molina Montes	8 / 8	100.0%
Mr Asier Zarraonandia Ayo	8 / 8	100.0%
Mrs Frauke Heistermann	8 / 8	100.0%
Mr Georg Graf Waldersee	8 / 8	100.0%
Mr Helmut Wieser	8 / 8	100.0%
Mrs Natalia Latorre Arranz	8 / 8	100.0%
Mrs Soledad Luca de Tena	8 / 8	100.0%
Mr Javier Petit Asumendi	3 / 3	100.0%
Mr José Domínguez Abascal	2 / 3	67%

Audit Committee	**Presence**	**100%**
Mr Georg Graf Waldersee	4 / 4	✓
Mrs Frauke Heistermann	4 / 4	✓
Mrs Natalia Latorre Arranz	4 / 4	✓

Nomination & Remuneration Committee	**Presence**	**100%**
Mr Helmut Wieser	4 / 4	✓
Mrs Soledad Luca de Tena	3 / 3	✓
Mr Javier Petit Asumendi	1 / 1	✓
Mr José Domínguez Abascal	2 / 2	✓

Sustainability Committee	**Presence**	**91.75%**
Mr José Domínguez Abascal	1 / 1	100.0%
Mrs Natalia Latorre Arranz	3 / 3	100.0%
Mrs Frauke Heistermann	3 / 3	100.0%
Mr Helmut Wieser	2 / 3	67%

Shareholders

General Meetings

All General Meetings of shareholders (the "General Meeting") are held in the Grand Duchy of Luxembourg at the address of the registered office of Befesa S.A. or at such other place in the Grand Duchy of Luxembourg specified in the convening notice of the meeting. It may be held abroad if, in the judgement of the Board of Directors, circumstances *force majeure* so require.

The convening notice (including the agenda) to the General Meeting, the reports and any other documents required for the meeting are published in the subsection "General Meeting", included under the investors section of Befesa's website, in the *Recueil Electronique des Sociétés et Associations* and in a Luxembourg newspaper at least 30 days before the day of the meeting, in accordance with the Articles of Association and Luxembourg law.

The Annual General Meeting ("AGM") is held once a year within six months of the end of the preceding financial year, in accordance with the Articles of Association and Luxembourg law.

The Board of Directors of Befesa S.A. is responsible for presenting the consolidated financial statements and the annual accounts at the AGM. The approval of the consolidated annual financial statements and of the individual accounts of Befesa S.A., the allocation of results, the determination of the dividend, the appointment of the independent auditor and the discharge of the members of the Board of Directors are, among others, some of the resolutions adopted at the AGM.

The Board of Directors may convene General Meetings (in addition to the AGM) and it must do so if shareholders representing at least ten per cent (10%) of the share capital of Befesa S.A. so require, in accordance with the Articles of Association and Luxembourg law.

The shareholders of Befesa S.A. exercise their voting rights at the AGM (or at any other General Meeting validly convened). Each share entitles the holder to attend all General Meetings, either in person or by proxy, to address the General Meeting and to exercise their voting rights. Each share entitles the holder to one vote.

Befesa S.A. ensures equal treatment of all shareholders. There is no minimum shareholding required to be able to attend or to vote at a General Meeting. In addition, the right of any shareholder to participate in any General Meeting and to exercise the voting rights attached to their shares is determined according to the shares held by the shareholder at the end of the 14th day prior to the General Meeting.

Shareholders holding – individually or collectively – at least five per cent (5%) of the issued share capital of Befesa S.A. have the right to (i) put items on the agenda of the General Meeting, and to (ii) present drafted resolutions for items included or items to be added to the agenda of the General Meeting. A relevant request must be received by Befesa S.A. by the 22nd day prior to the General Meeting.

Ordinary and extraordinary resolutions

Luxembourg law distinguishes between ordinary resolutions and extraordinary resolutions. Extraordinary resolutions relate to proposed amendments to the Articles of Association and certain other limited matters. All other resolutions are, as a general rule, ordinary resolutions.

Extraordinary resolutions are generally required for any of the following matters, among others:

- An increase or decrease of the authorised or issued capital;
- A limitation or exclusion of pre-emptive rights;
- The approval of a statutory merger or demerger (scission) or certain other restructurings;
- The dissolution of Befesa; and
- An amendment to the Articles of Association.

For any extraordinary resolution to be considered at a General Meeting, the quorum must be at least fifty per cent (50%) of Befesa's issued share capital. For their approval, at least two-thirds of the votes validly cast must approve such a resolution. Abstentions are not considered as "votes".

Dividend rights

In accordance with the Luxembourg Companies Law and the Articles of Association, Befesa S.A. must allocate at least five per cent (5%) of any net profit to a legal reserve account. Such a contribution ceases to be compulsory as soon as and as long as the legal reserve reaches ten per cent (10%) of Befesa S.A.'s subscribed capital. However, it shall again be compulsory if the legal reserve falls below the ten per cent (10%) threshold.

The General Meeting will resolve how the remainder of the annual net profits, after allocation to the aforementioned legal reserve, will be disposed of. This it will do by allocating the whole or part of the remainder to a reserve or to a provision by carrying it forward to the following financial year or by distributing it, together with carried-forward profits, distributable reserves or share premium to the shareholder(s), each share entitling to the same proportion in such distributions.

Subject to the provisions of the laws and in compliance with the provisions set forth herein, the Board of Directors may resolve that Befesa pays out an interim dividend to shareholders. The Board of Directors shall set the amount and the date of payment of the interim dividend.

Liquidation rights

The Company may be dissolved by a resolution of the General Meeting adopted in compliance with the quorum and the majority rules set for any amendment of the Articles of Association. Should the Company be dissolved, the liquidation will be carried out by the Board of Directors or other person(s) appointed by the General Meeting.

The General Meeting shall also determine the powers and the compensation (if any) of those other person(s). After settlement of all the debts and liabilities of the Company, including the expenses of liquidation, the net liquidation proceeds shall be distributed to the shareholder(s) in compliance with the same preference as set out for dividend distributions.

Other corporate governance practices

Compliance management system

The CMS is an integral part of Befesa's corporate governance system, which ensures compliance with national and international laws, regulations and policies; and social responsibility and ethical values.

The core of the ethics and compliance programme at Befesa is the code of conduct. Befesa's code of conduct provides the legal and ethical framework for the conduct of all Directors, officers and employees of Befesa. The code defines the basic behavioural standards within Befesa itself and in connection with other parties.

In addition, Befesa has implemented a whistleblowing channel and complementary-specific compliance policies, such as a Group security dealing code. This ensures continuous training in compliance matters. More information on Befesa's CMS can be found in the "Governance" section of the sustainability statement.

Risk management system

Befesa has established internal procedures that are described in more detail in the "Compliance" section of this Annual Report, and which form an integral part of Befesa's RMS. This is explained in detail in the "Risks and opportunities" section of this Annual Report.

Independent auditors

In accordance with the Luxembourg law on commercial companies, the annual consolidated financial statements and the annual individual accounts of Befesa S.A. are certified by an approved statutory auditor (réviseur d'entreprises agréé) appointed by the shareholders at the AGM.

The AGM held on 20 June 2024 approved the appointment of KPMG Audit S.à r.l. as the approved statutory auditor (*réviseur d'entreprises agréé*) for the financial year ending 31 December 2024. KPMG Audit S.à r.l. has audited the annual consolidated financial statements and the annual individual accounts of Befesa S.A. since the financial year ending 31 December 2019 (i.e. for a period of six years).

Others

Befesa provides a Group insurance policy for all Directors and officers of Befesa, including the members of the Board of Directors. The policy is taken out for one year at a time or renewed annually. It covers the personal liability of the insured in cases of financial loss associated with their activities on behalf of Befesa.

Further information about the remuneration of the members of Befesa's Board of Directors can be found in the remuneration policy available in the Investor relations/ Corporate governance section of Befesa's website (https://www.befesa.com/investors/corporate-governance/).

Luxembourg law on takeover bids

The following disclosures are made in accordance with article 11 of the Luxembourg law on takeover bids of 19 May 2006.

a. Share capital structure

Befesa S.A. has issued one class of shares that is admitted to trading on the Frankfurt Stock Exchange. No other voting securities or securities convertible into shares have been issued. The issued share capital as of 31 December 2024 amounts to €111,047,595.14, represented by 39,999,998 ordinary shares, each fully paid up.

b. Transfer restrictions

As of the date of this Annual Report, all Befesa S.A.'s shares are freely transferable.

c. Major shareholding

Based on the various major holding notifications received by Befesa S.A. as of 31 December 2024, the following shareholders hold (or to whom were attributed) five per cent (5%) or more of the total voting rights attached to Befesa S.A. shares (shown in the table).

Name of shareholder (direct or indirect)	Date on which the threshold was crossed or reached	% of voting rights in the share capital of Befesa
Alba Europe S.à.r.l., Luxembourg, Grand Duchy of Luxembourg	30 October 2024	10.01% attached to shares
Allianz Global Investors GmbH, Frankfurt, Germany	4 January 2023	9.99% attached to shares
Global Portfolio Investments, S.L., Madrid, Spain	17 June 2021	5.41% attached to shares

d. Special control rights

All the issued and outstanding shares have equal voting rights. Befesa S.A. has not issued any securities granting any special control rights to its holders.

e. Control system in employees' share scheme

This is not applicable. Befesa S.A.'s Board of Directors is not aware of any issue regarding section e) of article 11 of the Luxembourg law on takeover bids of 19 May 2006.

f. Voting rights

Each issued share of Befesa S.A. entitles the holder to one vote at the General Meeting of the shareholders. The Articles of Association of Befesa S.A. do not contain any restriction on voting rights. In accordance with the Articles of Association, a Record Date for admission to a General Meeting of shareholders is set; that is, at 24:00 hours Luxembourg time on the 14th day preceding the date of the relevant General Meeting of the shareholders (the "Record Date").

Only shareholders holding shares on the Record Date will be able to participate at the relevant General Meeting. In addition, a shareholder willing to participate in any General Meeting shall notify Befesa of their intention to do so by means of a declaration in writing to be submitted to Befesa and/or its designated depository agent by no later than the Record Date, together with any supporting documents that may be required to evidence title ownership of the shares.

g. Shareholders' agreements with transfer restrictions or voting rights

Befesa's Board of Directors has no information about any agreements between shareholders that may result in restrictions on the transfer of Befesa S.A.'s shares. The shares issued by Befesa S.A. are freely transferable, in accordance with the legal provisions applicable to shares in dematerialised form. The Board of Directors is also not aware of any shareholders' agreements that may result in restrictions on voting rights.

h. Appointment of Board members; amendments of the Articles of Association

Rules governing the appointment and the replacement of the members of the Board of Directors and changes to the Articles of Association are set out in articles 11 and 32 of the Articles of Association of Befesa S.A. This document is available at https://www.befesa.com/investors/corporate-governance/

In particular, the following applies:

- The members of the Board of Directors are appointed by the General Meeting of shareholders for a period not exceeding six years. They may be removed with or without cause and/or be replaced at any time by a resolution adopted by the General Meeting of shareholders of Befesa S.A.
- Resolutions to amend the Articles of Association may be adopted by a majority of two-thirds of the votes validly cast, if the quorum of half of the share capital is met. If the quorum requirement of half of the share capital of Befesa S.A. is not met at the first meeting, then the shareholders may be reconvened to a second meeting. No quorum is required in respect of a second meeting and the resolutions are adopted by two-thirds of the votes validly cast.

i. Powers of the Board of Directors
The powers of the Board of Directors are regulated in articles 6, 12 and 13 of the Articles of Association of Befesa S.A. The Articles of Association are available at https://www.befesa.com/investors/corporate-governance

In particular, the following applies:

- Befesa S.A. is managed by its Board of Directors.
- The Board of Directors is vested with the broadest powers to perform all acts necessary or useful to accomplish Befesa's objectives.
- The Board of Directors may delegate the daily management of Befesa and the representation of Befesa for this daily management to one or more persons or committees, specifying the limits of such delegated powers and the manner in which they should be exercised.
- The Board of Directors may appoint an audit committee, a nomination and remuneration committee, an operations committee and/or any other committees it may deem necessary in order to deal with specific tasks.
- The Board of Directors is authorised, up to the maximum amount of the authorised capital, to (i) increase the issued share capital in one or several tranches, with or without a share premium, against payment in cash or in kind, by conversion of claims on the Company or in any other manner; (ii) issue subscription and/or conversion rights in relation to new shares or instruments within the limits of the authorised capital under the terms and conditions of warrants, convertible bonds, notes or similar instruments; (iii) determine the place and date of the issue or successive issues, the issue price, the terms and conditions of the subscription of, and paying up on, the new shares and instruments; and (iv) remove or limit the statutory preferential subscription right of the shareholders. This authorisation is valid for a period ending five years after the date of the General Meeting creating the authorised capital. The relevant authorisation was granted by the General Meeting of the shareholders held on 5 October 2021.
- The Board of Directors is authorised to acquire, by itself or through a person acting in its own name but on Befesa's behalf, its own shares, subject to the following conditions: (i) the maximum number of shares to be acquired may not exceed ten per cent (10%) of the total number of shares composing the issued share capital at the time of this resolution or, if lower, at the time of the acquisition; (ii) as a result of those acquisitions, Befesa S.A.'s holding of its own shares may not exceed at any time ten per cent (10%) of the total number of shares composing the issued share capital of Befesa S.A.; (iii) the acquisition price per share shall not be lower than its accounting par value or be higher than ten per cent (10%) above the volume-weighted average listing price per share in the XETRA trading system (or a comparable successor system) during the calendar month preceding the resolution of the Board of Directors on the buy-back; (iv) the acquisitions of its own shares by Befesa S.A., as well as shares acquired by a person acting in their own name but on behalf of Befesa S.A., may not have the effect of reducing the net assets of Befesa S.A. below the aggregate amount of the subscribed capital and of the reserves, which may not be distributed under the law or the Articles of Association of Befesa S.A. Only fully paid-up

shares may be repurchased; (v) the authorisation will be valid for a period of five (5) years after the date of the General Meeting creating the share buy-back. The relevant authorisation was granted by the AGM of shareholders held on 18 June 2020; and (vi) the purchase shall be effected either through the stock exchange or on the basis of a public purchase offer to all shareholders. Befesa may use, in whole or in part, own shares acquired pursuant to this authorisation for any legally permissible purpose.

Through these well-defined powers, the Board of Directors ensures the effective management and strategic direction of Befesa, fostering sustainable growth, operational excellence and long-term value creation for all stakeholders.

j. Significant agreements

With the exception of the senior facility agreement signed on 18 July 2024, there are no significant agreements to which Befesa S.A. is a party to, and which take effect, alter or terminate upon a change of control of Befesa S.A. following a takeover bid.

k. Agreements with Directors and employees

The Executive Directors do not have service agreements with Befesa S.A. but have signed service agreements with other Group companies that provide for severance pay in various scenarios. In any case, such severance payment may not exceed twice the total annual remuneration of the Executive Directors, consisting of the base salary, the annual bonus and the long-term variable remuneration. For further information, please refer to the Remuneration Policy, available in the Investor Relations/General Meeting section of Befesa's website (www.befesa.com/investors/general-meeting). The service agreements signed by the Non-Executive Directors with Befesa S.A. do not provide for any compensation in the event of resignation or dismissal without just cause or in the event of termination of employment following a takeover bid.

Local communities

Befesa continues to support local communities through projects, competitions, and activities that contribute to local development and cohesion between the staff. From sponsoring little activities like local races for young people to large-scale humanitarian initiatives like the Befesa Community Fund in US, the company remains committed to making a difference.

From the corporate offices, Befesa once again organized its **Charity Project Contest**. For the first time, all employees had the opportunity to vote for their favourite initiatives. In the end, four projects were selected as winners:

- **Give Kids the World**
  A nonprofit resort in Florida that provides free, week-long vacations to children with critical illnesses and their families, allowing them to create unforgettable memories.
- **The Wish Car**
  A project dedicated to granting wishes to people facing serious illnesses, offering them moments of joy and excitement during challenging times.
- **Aspanovas**
  A Spanish organization that supports children with cancer and their families, providing emotional, psychological, and practical assistance throughout their journey.
- **Mundo Azul Palencia**
  A foundation that supports individuals with autism and their families, promoting inclusion, awareness, and specialized care.

Each of these initiatives plays a crucial role in supporting families and individuals facing difficult circumstances, reinforcing Befesa's commitment to meaningful social impact.

Inclusion and Adaptive Sports

Once again, Befesa reinforced its commitment to inclusion in sports by sponsoring, for another year, the participation of the first Paralympic athlete to compete as a **skipper** in a sailing regatta. The **Fundación IN (Adapted Sports Foundation)**, founded **by him**, is dedicated to promoting access to sports for people with disabilities, providing support for athletes in their training and competitions.

Autism Awareness and Family Support

Befesa´s commitment to autism advocacy remains strong. The company has continued sponsoring the **University of Seville's Autism Research Chair**, which focuses on research, training, and innovation in autism-related studies.

Beyond sponsorship, Befesa has also supported **Autismo Sevilla** and its Family Respite Program, which provides temporary relief to families caring for individuals with autism, offering them moments of rest while ensuring specialized care for their loved ones.

Befesa has also supported various organizations, including:

- **Mamás en Acción**
  A nonprofit that provides emotional and physical support to hospitalized children who do not have families to accompany them.
- **La Cuadri del Hospi**
  A foundation that assists children with cancer and their families, offering emotional and economic support during treatment.
- **INTRAS Valladolid**
  An organization dedicated to the social and labor inclusion of people with mental health disorders.
- **Ningún Niño sin Sonrisa**
  A charity that ensures underprivileged children receive gifts and support during Christmas and back to school time.

Youth Sports and Community Engagement

The production plants have also contributed significantly by sponsoring **youth football**, **basketball**, **and wrestling teams in Sweden**, **Germany**, **Spain**, **and the US**.

Befesa has sponsored **cycling races**, **charity golf tournaments**, and supported local events such as festivals, Christmas markets, and children's activities in **Germany and the US**.

Employees have actively participated in **volunteer work**, including **supporting and cleaning senior centers in Korea**. Befesa has also contributed to **educational programs** in **the US**, **Spain**, **Germany**, **and Sweden**.

Noteworthy is the work of the **Befesa Community Fund**, the philanthropic initiative managed by **Befesa Zinc** in Palmerton, Pennsylvania. The **Befesa Community Fund** continues to play a vital role in supporting local initiatives in Palmerton and surrounding areas. In 2024, the fund awarded grants to various organizations, supporting projects such as park improvements, safety enhancements, educational programs, and facility upgrades.

Befesa has also collaborated as a sponsor of DalecandELA's 650 km tandem bike journey through Death Valley to raise awareness and funds for ALS research. This challenge symbolizes the struggle of researchers and the hope for those affected by ALS. The initiative honors scientists working to find a cure and inspires future generations.

Environmental Initiatives

Environmental responsibility remains a key focus for Befesa.

- The company organized the **Corporate HSE Environmental Award**, which this year recognized the **Eibar Forest Restoration Project**. This initiative focused on reforesting a damaged natural area, restoring local biodiversity, and promoting sustainable land use. Employees were encouraged to submit projects, and the entire workforce had the opportunity to vote for their preferred initiative.
- On a smaller scale, local plants have supported environmental programs, such as a **duck protection initiative in the US** and various **eco-friendly activities in Korea**.

Disaster Relief and Charitable Giving

Befesa has extended the support to families affected by **Hurricane Helene in the US**, providing essential resources to those impacted.

In addition, the plants have made **donations during special occasions** such as **Christmas and Thanksgiving**, helping families in need during these important times of the year.

This year, for the first time, the **Winter Greetings Contest** allowed two winning children to choose a charity to receive a **symbolic donation** on their behalf. The selected organizations were:

- **Amity Foundation (China)**
  A nonprofit dedicated to education, healthcare, and poverty alleviation programs across China.
- **Unoentrecienmil (Spain)**
  A foundation supporting research and assistance programs for children with leukemia.

For the first time, Befesa organized the Step Challenge in the month of February. This initiative encourages the employees to stay active because every step counts! The society with the highest average step count ws rewarded with a healthy breakfast and the opportunity to donate €3,000 to a charity of their choice.

In 2024, the winning society was Las Franquesas, and they chose to support Hospital Vall d'Hebron, specifically its pediatric cancer research program. This donation contributes to advancing treatments and improving the quality of life for children battling cancer.

Aligned with its focus on health and well-being, and in recognition of Disability Awareness Day, Befesa also organized a Sleep Hygiene Workshop. Alongside an expert in the field, individuals with different disabilities shared their personal experiences and the unique challenges they face in maintaining good sleep habits.

A Small Contribution, A Big Impact

Through all these efforts, Befesa continues striving to make a positive impact, contributing to support **inclusion**, **education**, **environmental sustainability**, **and humanitarian aid**.

Overview of CSR Contributions in 2024

This table presents a summary of the total expenditure on Corporate Social Responsibility (CSR) initiatives carried out by the company in 2024. It details the amounts spent across three key categories: Humanitarian and Social Projects, Education and Culture, and Sponsorship, highlighting our financial commitment to these areas.

	2024
Humanitarian and social projects	130.197 €
Education and culture	40.360 €
Sponsorship	93.558 €
Total donations and sponsorships	**264.115 €**

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BEFESA

Sustainability statement

Befesa is committed to transparency, sustainability and responsible corporate governance.

In line with this commitment, Befesa has prepared in this 2024 Annual Report a sustainability statement in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

This report has been voluntarily audited to strengthen Befesa's commitment to transparency and accountability. Our auditing firm KPMG has performed limited assurance of this sustainability statement (the independent auditor's report section of the sustainability statement).

This report provides a comprehensive disclosure of Befesa's ESG performance, ensuring compliance with the latest regulatory frameworks while reinforcing the Company's dedication to sustainable business practices. It reflects Befesa's material impacts, risks and opportunities, integrating key sustainability factors into its strategy and operations.

By aligning with the ESRS principles of relevance, comparability and reliability, Befesa ensures that its stakeholders have access to clear, standardised and verifiable sustainability information. This report marks an important step in enhancing transparency and accountability, supporting the Company's role as a global leader in circular economy solutions.

The sustainability statement information provided is based on the double materiality assessment on sustainability topics completed by Befesa in 2024, and all material data points requested by the regulation has been answered considering Befesa´s sustainability material topics.

General disclosures

General disclosures

BP-1
General basis for preparation of the sustainability statement

BP-2
Disclosures in relation to specific circumstances

GOV-1, GOV-2
Role of management and sustainability matters addressed

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

GOV-4
Statement on due diligence

GOV-5
Risk management and internal controls

SBM-1
Strategy, business model and value chain

SBM-2
Interests and views of stakeholders

IRO-1 Double Materiality Analysis

SBM-3
Sustainability material impacts, risks and opportunities

IRO-2
Disclosure requirements in ESRS covered by the Befesa's sustainability statement

MDR-P
Policy overview

BP-1 General basis for preparation of the sustainability statement

This sustainability statement has been prepared on a consolidated basis, following the same scope as the financial statements. Consequently, the consolidated quantitative ESG data comprises the parent company Befesa S.A. and subsidiaries controlled by Befesa S.A. and covers its own operations; the impact, risk and opportunities extend to its upstream and/or downstream value chain following the double materiality principle (more info in section IRO-1). Befesa has not used the option to omit any piece of information corresponding to intellectual property, know-how or the results of innovation.

BP-2 Disclosures in relation to specific circumstances

Befesa follows time horizons defined by ESRS 1 (section 6.4) for its sustainability statement in all sections of this report. In case that there are metrics that include upstream and/or downstream value chain data estimation, it will be explained in the corresponding document section. In case that there are metrics that include upstream and/or downstream value chain data estimation, it will be explained in the corresponding document section. If forward-looking information is disclosed, it will be indicated that this information is uncertain.

The main change in the preparation and presentation in 2024 is the adaptation to the CSRD regulation and ESRS standards. If there is a new approach regarding metrics, it will be disclosed together with the new metric including EU Taxonomy.

Befesa informs the sections of the report that also respond to different regulations or reporting frameworks: Taxonomy Regulations and Delegated Acts; NFDR – Non-Financial Reporting Directive.

No incorporation by reference have been made.

GOV-1/GOV-2 Role of management and sustainability matters addressed

The Board of Directors of Befesa S.A. consists of eight members: two Executive Directors (Executive Chair and CEO) and six Non-Executive Directors. There are no employee representatives on the Board of Befesa S.A.

In terms of gender representation, the Board of Directors includes three female board members out of a total of eight members, representing 37.5%. Befesa's Board of Directors consists of six independent non-executive board members out of a total of eight members, representing 75%.

The Board of Directors of Befesa S.A. is vested with the broadest powers to perform all acts necessary or useful to accomplish the Company's corporate objectives and pursue the objective of increasing the sustainable value of the Company.

As such, the Rules of Procedure of the Board of Directors establish that the Board of Directors is responsible for the governance, management, strategic direction and control of Befesa's operations and businesses, including oversight of impacts, risks and opportunities, and sustainability matters.

Member	Position	Tipology	Committee
Javier Molina	Executive Chair	Executive	
Asier Zarraonandia	CEO	Executive	
Javier Petit Asumendi	Independent Director	Non-executive	Member of the Nomination & Remuneration Committee
Georg Graf Waldersee	Lead Independent Director	Non-executive	Audit Committee Chair
Frauke Heistermann	Independent Director	Non-executive	Member of the Audit Committee and of the Sustainability Committee
Natalia Latorre Arranz	Independent Director	Non-executive	Sustainability Committee Chair and member of the Audit Committee Chair
Soledad Luca de Tena	Independent Director	Non-executive	Member of the Nomination & Remuneration Committee
Helmut Wieser	Independent Director	Non-executive	Nomination & Remuneration Committee Chair and member of the Sustainability Committee

The board contracts of Befesa S.A. establish that the Board member agree to comply with the articles, the internal regulations regulating the internal functioning of the Company and the Board Committees, the dealing code and all other applicable policies of the Company.

The Board of Directors brings significant expertise across various sectors, including finance, digitalization, energy transition, logistics, and industrial engineering.

This diverse expertise is particularly relevant for overseeing sustainability matters due to the factors as shown below.

Diverse industry experience and strategic oversight:

- Members such as Georg Graf Waldersee (accounting and auditing, risk management and compliance), Javier Petit Asumendi (investment banking) and Soledad Luca de Tena (corporate governance in media) provide financial, risk management and governance expertise, ensuring robust decision-making frameworks.
- Frauke Heistermann (supply chain and digitalisation) and Helmut Wieser (industrial and manufacturing sectors, in particular aluminium and steel industries, health and safety, and accident prevention) bring technical and operational perspectives that are crucial for sustainability-related transformations.
- Natalia Latorre Arranz (energy transition) has direct ESG expertise, particularly in renewable energy, environmental products and corporate sustainability strategies.

Relevance to material impacts, risks and opportunities:

- Several members have expertise in sectors highly impacted by ESG matters, such as energy, industry and finance.
- Natalia Latorre Arranz's experience in energy transition and corporate transformation is particularly relevant for addressing climate-related risks and opportunities.
- Frauke Heistermann's background in digital transformation and supply chain management contributes to sustainable logistics and operational efficiencies.
- Georg Graf Waldersee's auditing and financial compliance experience ensures transparency and accountability in sustainability reporting.

Access to additional expertise and development initiatives:

- Many members serve on advisory boards, supervisory boards and strategic committees, allowing them access to broader networks of expertise.
- Board members such as Natalia Latorre Arranz, who engages in advisory roles related to sustainability (e.g. Marsi Bionics, Strategy Advisory Board of Programa Mujer e Ingeniería), and therefore has specific ESG experience and expertise.
- Membership in various supervisory bodies suggests exposure to ongoing training, industry developments and regulatory updates.

The explained composition and diversity of the Board of Directors (as shown on the previous page) reflects a well-rounded and strategic set of skills relevant for effective sustainability oversight. The diverse backgrounds of the board members, particularly in energy transition, finance, governance, digitalization, and industrial operations, provide a foundation for addressing material sustainability impacts, risks, and opportunities identified by Befesa in its Double Materiality assessment (see SBM-3 and IRO-1) in this chapter.

Additionally, the access of the Board members to expert networks and their commitment to ongoing learning strengthens their ability to effectively oversee ESG-related matters.

The Company has established collaborations to access external sustainability experts, including environmental consultants and other advisors. This allows the Company to fill any gaps in knowledge and to stay updated on best practices for sustainability within the steel industry.

According to the Rules of Procedure of the Board of Directors, the Executive Chair is responsible for deciding upon the Company's sustainability strategy, including CO_2 reduction plans, ESG plans and the 5-year Sustainable Global Growth Plan.

As outlined in the 2023 ESG Report, the company, led by the Executive Chair and CEO, is committed to voluntarily reporting on compliance with the EU CSRD. This includes conducting a Double Materiality assessment (DMA) and preparing for limited assurance of the ESG content and data by Befesa's external auditor.

In this context, the Executive Chair instructed the Chief Financial Officer (CFO) to carry out the Double Materiality Assessment, which involved defining the KPI reporting requirements, determining the level of granularity required, and assessing the internal process for collecting data on the KPIs.

The DMA was conducted during 2024 with the assistance of an external consultant and led by the CFO of the Company and reviewed by the Internal Sustainability Committee.

The material impacts, risks, and opportunities resulting from this analysis were presented to the Internal Sustainability Committee, the Audit Committee, and the Sustainability Committee. After being reviewed by these committees, the Board of Directors was also informed. During the presentations to the committees, information is also provided on the effectiveness of the policies, actions, metrics, and targets adopted to address the material topics identified in the double materiality assessment.

The Board of Directors has been thoroughly informed about the double materiality assessment (DMA) conducted by Befesa in 2024.

The list of the material impacts, risks and opportunities addressed by the Board of Directors of Befesa S.A., or their relevant committees during the reporting period is included in the specific Environmental, Social and Business Conduct areas of this sustainability report.

The Board of Directors of Befesa S.A. has set up an Audit Committee, a Nomination and Remuneration Committee and to ensure that sustainability is an integral part of the decision-making process, a Sustainability Committee and an Internal Sustainability Committee.

The chairs of the Audit Committee, Nomination and Remuneration Committee and the Sustainability Committee report on the meetings of their committees to the Board of Directors.

Audit Committee

The Audit Committee, as outlined in its rules of procedure, monitors the effectiveness of Befesa´s internal quality control, the Risk Management System (RMS) and the Compliance Management System (CMS). In addition to its other duties, it is responsible for supervising the RMS and CMS, which are integral elements of the Company´s control framework. For more information see ESRS GOV-1 of Business Conduct.

Befesa has implemented a Risk Management System (RMS) and a Compliance Management System (CMS) to enable managers to analyze, evaluate, and manage risks associated with various aspects of the company's operations. The purpose of the RMS is to identify and assess significant risks that may affect Befesa.

An internal risk committee, which reports to the Audit Committee has been established, comprising the Executive Chair, CEO, CFO, Vice President of Befesa's Aluminium Salt Slags Recycling Services Business Unit, regional CEOs of the Steel Dust Recycling Services Business Unit and various corporate managers (inter alia, – Chief Compliance Officer, Global EHS Director. This internal committee is responsible for monitoring and reviewing the risks included in the Risk Map of Befesa, in this sense, please refer to GOV-5. Annually, the risk analysis, risk map, and mitigation actions are submitted to the Audit Committee and Board of Directors for review. Corporate managers who form part of the internal risk committee are responsible for the definition and monitoring of the material sustainability impacts, risks and opportunities, together with the mitigation controls.

During 2024, the Audit Committee held four meetings.

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for ensuring that the Board of Directors has the necessary competencies and skills to effectively address sustainability issues and challenges.

When recommending suitable candidates to the Board of Directors for election by the General Meeting, the Nomination and Remuneration Committee ensures they have the necessary sustainability expertise, such as experience in environmental management, renewable energy, corporate governance, and social impact and other sustainability related fields. The committee aims to create a diverse set of skills among board members to oversee the Company's sustainability strategy and performance effectively.

The Nomination and Remuneration Committee engages external consultants and advisors to support the recruitment process. The Nomination and Remuneration Committee monitors the development of sustainability-related expertise on the Board on an ongoing basis for example, through specific training courses. The Committee evaluates the effectiveness of the Board's sustainability oversight and recommends any necessary changes to ensure that sustainability remains at the forefront of the Company's strategic decision-making. This assessment includes evaluating the knowledge of environmental regulations, climate change, resource efficiency, sustainable supply chains, and social responsibility within the context of Befesa's industry.

The Sustainability Committee

The Sustainability Committee comprises of members with expertise in sustainability, who are responsible for guiding the Company's strategy and monitoring its performance. The Sustainability Committee includes board members with knowledge in environmental and health and safety, social responsibility, corporate governance, and sustainable business practices.

This Board Committee has no executive functions; however, it has the power to provide information, advisory, and to make proposals and recommendations in the area of sustainability. The Chair of the Sustainability Committee reports to the Board of Directors of the Company. The Sustainability Committee meets at least two times per year.

Internal Sustainability Committee

Befesa has set up an Internal Sustainability Committee which is responsible for overseeing and managing all matters of the Company and its subsidiaries related to ESG matters, with a focus on emissions reduction and energy-saving targets.

The responsibilities of the Sustainability Committee of the Board of Directors include overseeing and monitoring all material questions regarding sustainability, including the implementation of the CO_2 reduction plan for 2030 and 2050. The Committee performs the following activities:

1.

Review and monitor the Company's environmental sustainability strategy and its realisation as well as the Company's environmental sustainability policies, standards and guidelines.

2.

Review and monitor the Company's environmental sustainability achievements in accordance with the targets and guidelines of the Company.

3.

Support and provide guidance to the Board of Directors in developing and updating the Company's policies and procedures relating to environmental sustainability.

This internal Sustainability Committee comprises the following members: Executive Chair, CFO & Head of IR, Strategy & Communications, Global EHS Director, HR & CSR Director, Compliance Officer, General Counsel.

The Sustainability Committee established by the Board of Directors of Befesa S.A. is regularly informed about and reviews the decisions and discussion made by the internal sustainability committee of Befesa and provides strategic direction on sustainability matters to the internal sustainability committee.

During the reporting period, and in line with the Climate Action Plan (see chapter E1) and the results of the Double Materiality assessment, the internal sustainability committee addressed the following information and issues: CO_2 emission overview 2023 compared to previous years, CO_2 reduction plan, Key projects for reducing C2 emissions, ESG ratings and reporting, Implementation of CSRD Directive, including execution of double materiality assessment (DMA). With expertise in environmental, health and safety management and energy transition, this committee focuses on reducing the environmental impact of Befesa's activities, particularly greenhouse gas emissions. Taking into consideration the Double Materiality assessment and the company's Climate Action Plan and by overseeing carbon reduction strategies and investment in clean technologies, the Committee helps the Company in successfully navigating regulatory challenges and positions it to capitalize on emerging opportunities, such as production of green steel and the use of hydrogen-based new technologies.

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

The remuneration system of the Non-Executive Directors of the Board of Directors consists of fixed remuneration only, with no incentives or variable compensation from Befesa S.A. The compensation of the non-executive members of the Board of Directors is approved on a yearly basis by the General Meeting of Befesa S.A.

Contrary to the remuneration system of the Non-Executive Directors, the remuneration system of the Executive Directors of the Board of Directors of Befesa S.A. includes both fixed, non-performance-related and variable, performance-related remuneration instruments (see table on the right).

In accordance with Befesa's Remuneration Policy 2023, the ESG performance criteria used in the variable instruments of the remuneration of the Executive Directors of Befesa S.A. are based on market best practices, the recommendations from a leading consulting firm and alignment with Befesa's ESG objectives in the following three key areas:

1. **Environmental/Climate change**
   Implementation of the CO_2 reduction plan to achieve the target of of 20% CO_2 intensity rate for scope 1&2 improvement by 2030 as well as the ambition to reach net zero by 2050. Specific KPIs include: increase in the percent of green power usage, decrease in the CO_2 intensity and level of execution of projects included in the CO_2 reduction plan during the performance period.
2. **Social/Health and safety**
   Employees' health and safety, measured by development of the Lost Time Injury Rate (LTIR) during the performance period .The target is to maintain an adequate level within the industry standards. The only numerical target is to keep fatalities at zero.

3. Governance/Compliance
Continuing progress on compliance and governance practices, e.g. annual risk assessment update, no covenant breaches or corporate governance misconduct, maintaining and improving internal audit practices across the Company.

In addition, other factors considered as part of Befesa's ESG performance criteria include maintaining, improving and extending ESG ratings by external agencies.

The Board of Directors of Befesa S.A., based on the review and recommendations of the Nomination and Remuneration Committee, is responsible for developing and updating the remuneration system and compensation levels for its executive members.

Moreover, the Board of Directors prepares a detailed and comprehensive remuneration report for the last financial year. This remuneration report provides detailed information on the remuneration received by each Executive and Non-Executive Director of Befesa S.A., and is submitted to the General Meeting for an advisory vote.

For the further development of the remuneration system and to assess its appropriateness, the Nomination and Remuneration Committee of Befesa S.A. may consult an external remuneration expert. If this review reveals the need for a significant change to the remuneration system, the remuneration policy will be updated accordingly and submitted at the next AGM for an advisory vote. If no significant change is identified, the remuneration system will be resubmitted to the AGM for an advisory vote at least every four years.

Instruments of Executive Directors' remuneration for reporting period (FY 2024)		
Fixed instruments	Annual base salary	Fixed remuneration paid in 12 monthly instalments
	Fringe benefits	Benefits such as company car
Variable instruments	One-year variable remuneration	Performance period: 1 year Performance criteria for financial year 2024: – 40% EBITDA – 20% Net debt – 20% ESG – 20% Execution of strategic initiatives and return on growth projects Performance scale: 0–200% of target value (cap)
	Long-term variable remuneration	Performance period: 3 years Criteria for Tranche V of LTI (3-year performance period 2022–2024) – 70% performance-based (Performance Stocks) and 30% retention-based (Restricted Stocks). The performance criteria of the Performance Stocks are the following: – 50% Relative TSR – 30% EBITDA CAGR – 20% Operating cash flow CAGR Performance scale: 0–200% of target value (cap) The Restricted Stocks contain a service condition so that they are subject to continuous employment over the 3-year performance period. Information on Befesa's Long-Term Incentive Plan (Tranches VI-VIII) regarding future reporting periods can be found in its Remuneration Policy 2023, published on the corporate governance section of Befesa's website.

GOV-4 Statement on due diligence

Core elements of due diligence	Section in the sustainability statements	Page
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2	76
	ESRS 2 GOV-3	80
	ESRS 2 SBM-1	83
	ESRS 2 SBM-3	92
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-5	82
	ESRS 2 SBM-1	83
	ESRS 2 SBM-2	85
	ESRS 2 SBM-3	92
	ESRS 2 IRO-1	86
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1	86
	ESRS 2 SBM-3	92
	ESRS 2 GOV-5	82
d) Taking actions to address those adverse impacts	ESRS 2 GOV-5	82
	S1-4	161
	E1-3	131
	E2-2	142
	E5-2	149
e) Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-P	108
	G1-1	180
	G1-3	189

GOV-5 Risk management and internal controls

Befesa, through the collaboration of its various corporate departments, is working on the implementation of a risk management plan for sustainability, taking into account the information to be reported by the new CSRD requirements.

This implementation plan is structured around the following key pillars:

- Risk and materiality analysis to identify critical areas;
- Definition of ethical internal controls to ensure best practices;
- Development of an audit plan, incorporating ethical audits;
- Reporting of identified deficiencies to Befesa's Audit Committee; and
- Monitoring and implementation of recommendations from internal audits.

As part of this commitment, Befesa has been working for the last two years on analyzing the sustainability risks associated with its activities where sustainability-related controls have already been identified in the internal control matrix. These controls apply generally to different Befesa processes, including controls focused on management and others focused on the company's own regulatory or performance indicators. The different controls relate specifically to the following areas:

- Human rights
- Labour rights and working conditions
- Supply chain
- Compliance policies
- Applicable regulations and legal requirements
- Befesa's corporate safety standards

The number of internal sustainability controls will be increased in coming years taking into account the increase in sustainability regulations.To achieve this, Befesa will rely on both the analysis of its management team and the expertise of external consultants.

In addition to the controls mentioned above, the internal audit of Befesa, in collaboration with the corporate Environmental, Health and Safety Department, includes ethical audits in its annual audit plan, which is approved by Befesa's Audit Committee. This plan seeks to ensure that all group companies undergo ethical audits of its processes at least once every three years. In 2024, a total of 8 ethical audits were conducted, compared to 7 ethical audits in 2023.

The scope of these audits is based on risk and materiality assessments, conducted both at a global level and for each audited subsidiary. It is expected that the number and scope of audits will increase in the coming years, in line with CSRD requirements and external audit demands.

SBM-1 Strategy, business model and value chain

Befesa's business model is based on a full-service approach to offering hazardous waste management solutions to its customers in the steel and aluminium industries. In the Steel Dust Recycling Services segment, Befesa collects and recycles steel dust and other steel hazardous waste generated in the production of crude, stainless and galvanised steel in EAF. The majority of the revenue generated in the Steel Dust Recycling Services segment comes from selling WOX to zinc smelters. Furthermore, a portion of the revenue generated comes from the service fees charged for the collection and especially the treatment of crude steel dust.

In the US, Befesa additionally operates its zinc-refining business, which creates a vertically zinc operation for Befesa in this market, helping to address the shortage of zinc smelting capacity in the North American market. Befesa's zinc-refining plant is the only one of its kind in the world producing green zinc – special high-grade (SHG) from 100% recycled raw materials (WOX).

In addition, a small portion of revenue is generated from tolling fees. These fees consist of a service fee charged for collecting and treating stainless steel residues and a fee for returning the metals – mainly nickel, chromium and molybdenum recovered in the recycling process – to stainless-steel dust customers.

In the Salt Slags operations of the Aluminium Salt Slags Recycling Services segment, Befesa recycles salt slags, a hazardous waste, which is collected from secondary aluminium customers for a service fee. Further salt slags are generated during the production of secondary aluminium at Befesa's plants. Furthermore, Befesa recycles SPL, a hazardous residue generated by primary aluminium producers. During the recycling process, melting salt, aluminium concentrates and aluminium oxides are recovered. Revenues from the Salt Slags operations are mainly derived from the sale of aluminium concentrates and melting salt obtained from recycling salt slags and SPL, in addition to fees charged for recycling these materials. A large amount of the recovered aluminium concentrates is sold and used in Befesa to produce aluminium alloys.

In the Secondary Aluminium operations of the Aluminium Salt Slags Recycling Services segment, Befesa collects and recycles aluminium scrap and other aluminium residues such as aluminium drosses, shavings and cuttings, and aluminium concentrates from, among others, aluminium foundries, scrap dealers and collectors, and primary aluminium producers. Befesa also generates aluminium concentrates itself during the salt slags recycling operations, producing secondary aluminium alloys from these aluminium residues. These are mainly sold to customers in the automotive and construction industries. Revenues from the Secondary Aluminium operations are mainly derived from the sale of secondary aluminium alloys. (For more information, see the management report sections "Business model" and "Strategy".

The headcount of employees by geographical areas is included in section S1-6 of this sustainability statement.

The list of the significant ESRS sectors had not been officially published when this report was prepared.

Befesa's core business is based on sustainability, and it has played a key role in the circular economy since 1987.

Befesa's business model is designed to capture opportunities provided by decarbonisation and environmental protection regulations. These regulations have been the main growth driver for Befesa and will remain so as more and more countries adopt more stringent environmental legislation.

Befesa's sustainability goals are closely integrated into its business strategy, focusing on enhancing the circular economy, reducing environmental impact and strengthening stakeholder engagement. To see more information please refer to chapters of the material topics.

General disclosures continued

Sustainability goals are structured across significant product and service groups, customer categories, geographical areas and stakeholder relationships.

Products and services:
Befesa operates two main business units, both of which contribute directly to sustainability objectives:

- Steel Dust Recycling Services: Recovering valuable materials such as zinc from steel dust, reducing hazardous waste and minimising the need for primary resource extraction; and
- Aluminium Salt Slags Recycling Services: Processing aluminium salt slags and SPL to recover secondary aluminium and other reusable materials, preventing landfill disposal.

Customer categories:
Befesa primarily serves EAF steel producers and secondary aluminium manufacturers, helping them to meet stringent environmental regulations. Befesa aims to improve resource efficiency and promote the use of recycled materials within its customers' production processes.

Geographical areas:
Befesa operates in Europe, North America and Asia, with facilities in key industrial regions. Expansion into new markets, particularly in China, is aligned with global sustainability objectives, as Befesa helps local industries to comply with strict environmental regulations, by recycling the hazardous waste they are producing in their processes.

Stakeholder relationships:
Befesa engages with multiple stakeholders, including employees, investors, regulators, suppliers and local communities, to foster transparency and ethical business practices:

- Governance initiatives: Strengthening compliance programmes to prevent corruption and bribery and
- Social commitments: Promoting health and safety, diversity and fair labour practices across all operations.

By advancing these sustainability goals across its products, customers, markets and stakeholder engagements, Befesa reaffirms its commitment to ESG excellence and long-term environmental and social impact.

Befesa's strategy is deeply rooted in sustainability, aligning its business model with circular economy principles, environmental protection and social responsibility. The Company focuses on managing hazardous industrial waste through recycling, minimising environmental impact and improving resource efficiency.

Befesa faces several sustainability-related challenges, including the following:

- **Energy and emissions reduction:** Reducing the carbon footprint of its recycling processes, which require high-temperature industrial operations;
- **Regulatory complexity:** Adapting to evolving sustainability regulations, including the CSRD and EU taxonomy, while maintaining operational efficiency; and
- **Market expansion:** Integrating sustainability into new geographies where stricter environmental regulations create both opportunities and operational challenges.

To address these challenges, Befesa has implemented several strategic initiatives, such as a CO_2 reduction road map, renewable energy projects, waste management and resource efficiency, and strengthening governance and compliance practices and policies. By integrating these strategic elements, Befesa ensures that sustainability remains at the core of its operations, positioning itself as a global leader in industrial waste recycling and ESG excellence.

Befesa operates in regulated environmental recycling services, specialising in the recycling of hazardous residues from the steel and aluminium industries. Through its two main business units – Steel Dust Recycling Services and Aluminium Salt Slags Recycling Services – Befesa contributes directly to the circular economy, recovering valuable materials and reducing environmental impact.

- **Secure supply agreements:** Befesa maintains long-term contracts and partnerships with industrial producers to ensure a consistent inflow of raw materials.
- **Advanced recycling technologies:** The Company continuously invests in R&D and process optimisation to improve material recovery rates and environmental efficiency.
- **Sustainability in operations:** Befesa integrates renewable energy sources and process improvements to reduce its carbon footprint and increase energy efficiency.

Befesa's recycling processes result in high-value secondary raw materials, reducing the need for virgin resource extraction and contributing to the reduction of CO_2 emissions.

Key outputs:
- **WOX:** A zinc-rich material sold to zinc smelters for refining
- **Salt slags and secondary aluminium:** Reintroduced into the market to replace primary resources

Expected benefits:
- **For customers:** Compliance with stringent environmental regulations, cost reduction in waste management and access to sustainable secondary materials
- **For investors:** A resilient business model with ESG credentials, aligned with EU sustainability regulations
- **For society and the environment:** Reduction in hazardous waste landfilling, conservation of natural resources and lower CO_2 emissions

Befesa is positioned as a critical intermediary in the industrial waste recycling value chain, bridging the gap between steel and aluminium producers and the circular economy.

Upstream (suppliers and inputs):
- **Key suppliers:** EAF steel mills, aluminium smelters and industrial manufacturers providing steel dust, salt slags and SPL. As well as transport suppliers and intermediaries in the raw materias collection process
- **Collection process:** Befesa operates 24 recycling plants in eight countries (Germany, Spain, Sweden, France, Turkey, South Korea, China and the US) strategically located near major industrial hubs.

Downstream (customers and distribution):
- **Key customers:**
  - Zinc smelters: Purchase WOX oxide for zinc extraction.
  - Secondary aluminium producers: Use recovered aluminium for new production.
- **Distribution channels:** Befesa delivers refined materials to end users through a combination of direct sales contracts and strategic logistics partnerships.

By leveraging its global footprint, advanced recycling technologies and its stakeholder relationships, Befesa continues to enhance sustainability and drive value creation across its entire supply chain. For more information, please see environmental chapter.

SBM-2 Interests and views of stakeholders

For Befesa, stakeholders are those individuals and organisations that affect or are affected by Befesa's business operations. Stakeholders are not just passive observers but active participants whose engagement can have a significant impact on the success and sustainability of Befesa.

Recognising their importance and effectively managing their involvement is key for Befesa to achieve its sustainability goals. The key stakeholders include customers, employees, local communities, suppliers, shareholders, rating agencies, analysts, government, NGOs and the media.

General disclosures continued

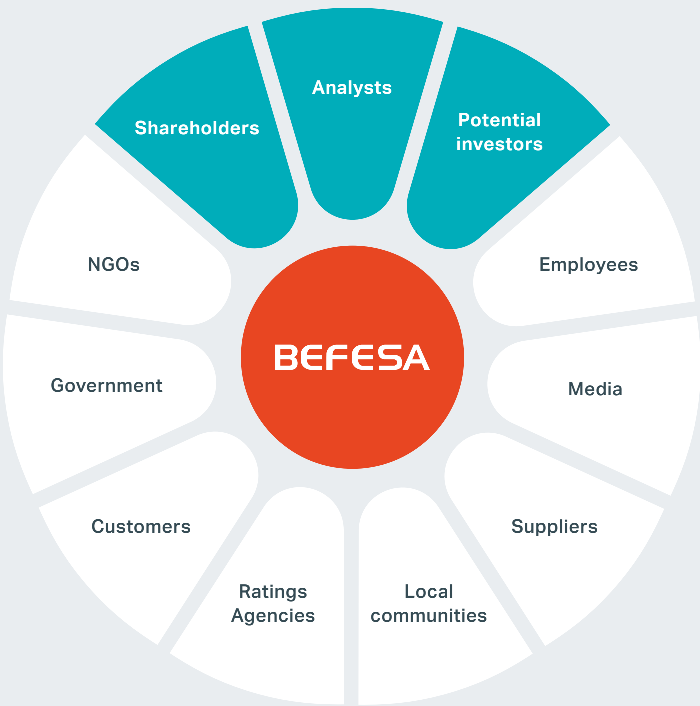
Befesa seeks engagement opportunities to gather feedback from stakeholders and to build relationships based on trust, where shareholders, analysts and potential investors are the main stakeholders to Befesa. Input from these engagements are considered in Befesa's operations and decision-making. Befesa pays close attention to society's views and works to identify emerging opportunities and risks through stakeholder dialogue.

Since Befesa's IPO in November 2017, it has established intensive and direct dialogue with shareholders, analysts and potential investors.

Dialogue channels include emails, phone calls, and virtual and face-to-face meetings. These discussions provide valuable insight into the views and expectations of investors and capital markets.

In 2024, dialogue on corporate governance, and in particular the remuneration report, were key before the shareholders' meeting. Befesa was able to use the content and updates from these meetings for its Double Materiality Assessment and later reporting.

Stakeholder groups



The Board of Directors and other committees, including the Audit Committee and the Sustainability Committee, are regularly informed about the views and feedback received from stakeholders. This task is led by the CFO, who is in charge together with the Investor Relations Department of gathering information from stakeholders to the Board and its committees. The results of the Double Materiality Assessment can be found in the IRO-1 and IRO-2 chapters.

The impact of Befesa on key stakeholder groups was considered in the materiality process. These include Befesa employees, shareholders, suppliers and customers, ratings agencies and analysts, and other groups such as government, local communities and NGOs.

IRO-1 Double Materiality Analysis

In 2024, Befesa completed a DMA on sustainability topics. The project followed the double materiality guidance from the European Financial Reporting Advisory Group (EFRAG) and is in line with disclosure requirements of the European Sustainability Reporting Standard (ESRS).

Double materiality considers the importance of sustainability topics from two main perspectives. First, the positive and negative impacts caused by Befesa's operations on people and the planet. This is known as **impact materiality** and assesses the "inside-out" impacts of Befesa. The second perspective is **financial materiality**, which assesses sustainability risks and opportunities that can have financial consequences for Befesa, also known as "outside-in" impacts.

To determine impact materiality, the potential severity and probability of sustainability impacts was assessed. Severity combines the average score of an impact's potential scale, scope and remediability, measured on a five-point scale. The probability of an impact occurring is also measured on a five-point scale.

Financial materiality is measured by the potential magnitude and probability of a risk or opportunity arising. Magnitude combines the average of a risk or opportunity's scale and scope measured on a five-point scale. Probability is measured in the same way as for impact materiality.

This process of the identification, assessments and management of the impacts and risks is fully integrated into the Befesa risk management process. The requirements for the internal control procedures and mitigation factors are the same as for other financial and non-financial risks assessed in the annual risk assessment.

Opportunities identification, assessments and management is also integrated at the same level as the impacts and risks in the management process. There have been multiple parameters taken into consideration for identifying the impacts, risks and opportunities, including interviews between advisors and managers, internal sources and procedures or stakeholders' engagement. The list of material impacts, risks and opportunities can be found below this section, in SBM-3 Sustainability material impacts, risks and opportunities.

Measuring impact materiality

Severity		
Scale, scope and remediability	**Probability**	**Impact assessment**
1. **Scale:** Evaluates the social and environmental impact. The average score among environmental, social and business units is selected to calculate severity. 2. **Scope:** Three areas reflecting the scope of the impact are evaluated – geographical, key stakeholders and business units. An average of the three scopes is taken. 3. **Remediation:** Remediation is only assessed for negative impacts and considers corrective measures that Befesa can implement if the impact materialises.	1. **Probability of occurrence:** Evaluates probability on a five-point scale, where five is a real impact and zero is zero probability when considering preventive controls. Within this probability variable, the time horizon is considered when assessing whether the IROs occur across different time frames. A probability rating of 5 corresponds to a short-term horizon; ratings of 4 or 3 indicate a medium-term horizon; and ratings of 2 or 1are associated with a long-term horizon.	A numerical result for impact materiality is calculated using 70% weighting for severity and 30% for probability. When there are several areas that evaluate the same identified topic, the scores will be averaged.
Measured on a five-point scale (where 5 = maximum)		

Measuring financial materiality

Severity		
Magnitude	**Probability**	**Financial assessment**
1. **Scale:** Evaluates the operational, financial, reputational and legal impact. The average score among environmental, social and business units is selected to calculate magnitude. 2. **Scope:** Three areas reflecting the scope of two types of scope are evaluated – geographical and key stakeholders, with an average of these scores taken.	1. **Probability of occurrence:** Evaluates probability on a five-point scale, where five is a real impact and zero is zero probability when considering preventive controls. Within this probability variable, the time horizon is considered when assessing whether the IROs occur across different time frames. A probability rating of 5 corresponds to a short-term horizon; ratings of 4 or 3 indicate a medium-term horizon; and ratings of 2 or 1 are associated with a long-term horizon.	A numerical result for financial materiality is calculated using a 70% weighting magnitude, a 20% weighting for scope and a 10% weighting for probability. When there are several areas that evaluate the same identified topic, the scores will be averaged.

The impact of Befesa on some of the stakeholder groups was considered in the materiality process. These include Befesa employees, shareholders, suppliers and customers, ratings agencies and analysts, and other groups such as government, local communities and NGOs.

Stakeholder groups considered in the materiality process

A total of 21 sustainability topics were assessed through the materiality assessment process previously explained. These were divided into ESG topics as shown in the following table:

Environmental

1. Climate change adaptation
2. Climate change mitigation
3. Energy
4. Air pollution
5. Water pollution
6. Water management and consumption
7. Biodiversity and ecosystems
8. Resources inflows, including resource use
9. Resource outflows
10. Waste management

Social

11. Working conditions
12. Employee engagement
13. Health and safety
14. Equal treatment and opportunities for all
15. Human and labour rights
16. Working conditions and human rights in the value chain
17. Community engagement
18. Consumers and end users

Governance

19. Corporate culture and complaints mechanisms
20. Supplier relationships including payment practices
21. Corruption and bribery

In order to obtain these results, an assessment of the associated IROs (Impacts, Risks and Opportunities) was performed. To do so, for the assessment of positive and negative impacts, the parameters to be used in the methodology are detailed as follows:

Rating Scale

Impacts measurement

SCORE LEVEL (FROM 1-5)	SEVERITY						PROBABILITY
	Scale			Scope			Probability
	Environment	Social	Remediability	Businesses	Geographical Scope	Key Stakeholders	
5	It positively/negatively and critically impacts the environment and global emissions reduction and temperature control goals.	It positively/negatively and critically impacts people and human rights in a lasting manner.	**ONLY FOR NEGATIVE IMPACTS** No use of score levels, just Yes/No	All of the business lines affected	Global Scope	All Stakeholders benefited/ affected	Recurrent. It has happened several times a year.
4	It positively/negatively and significantly impacts the environment with lasting effects and global goals of emissions reduction and control of global temperature.	It positively/negatively and significantly impacts people with lasting effects, potentially enhancing human rights.		2 business lines affected	Regional scope (Americas, Asia, Europe)	5 Stakeholders benefited/ affected	Highly likely. It has happened sometime in the last 2 years or once in the last year.
3	It positively/negatively impacts the environment in a moderate manner with temporary effects.	It positively/negatively impacts people moderately with medium-term temporary effects.			National Scope	4 Stakeholders benefited/ affected	Likely. It has happened sometime in the last 3 years.
2	It has a mildly positive/ negative impact on the environment or with short-term temporary effects.	It has a mildly positive/ negative impact on people or with short-term temporary effects.		1 business line affected	Local Scope	3 Stakeholders benefited/ affected	A little likely. An event occured occasionally in the history of BEFESA or similar companies (Sectoral risk).
1	It has a minimally positive/negative impact on the environment.	It has a minimal and specific positive/ negative impact on people.				1 or 2 Stakeholders benefited/ affected	Unlikely. It has happened at most once in the history of BEFESA.

For the assessment of risks and opportunities, the parameters to be used in the methodology are detailed, following the EFRAG recommendations:

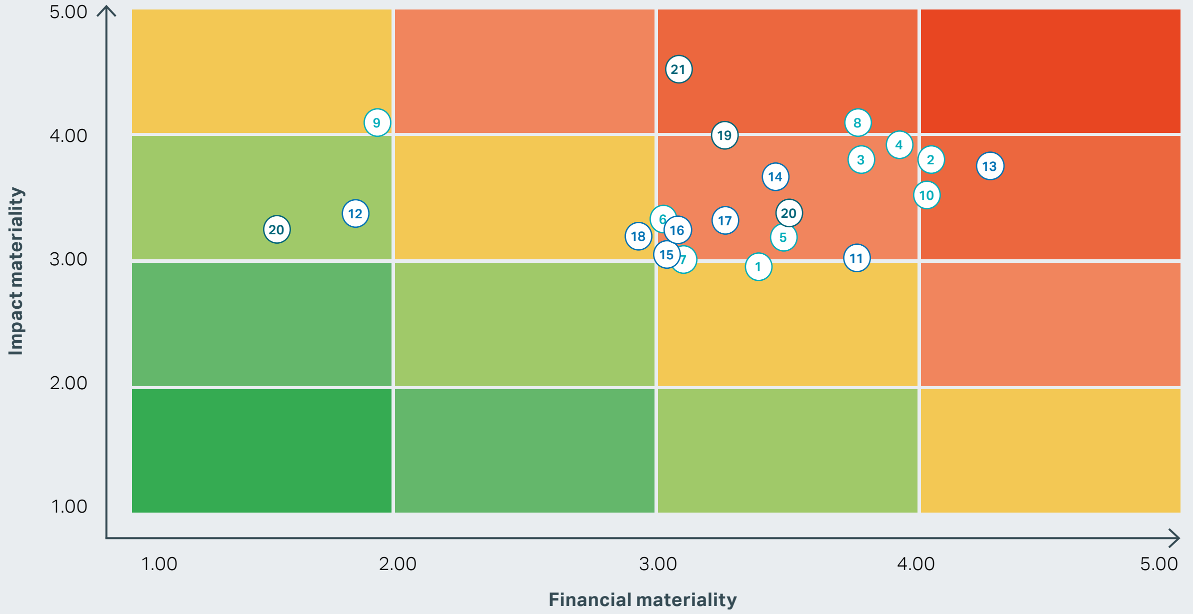
Rating Scale

Risks & Opportunities measurement

SCORE LEVEL (FROM 1-5)	SEVERITY				PROBABILITY
	Scale				Probability
	Operational	Financial impact	Reputational	Legal	
5	Long-term recoverable damage, in case of risks, or benefits or advantages, in case of opportunities, (more than 6 months). Several affected services. Very high impact on the organization in a global way.	Cost of Risk Materialization (k€): >21.000 €k % of impact on sales of the Group (Consolidated): 3,00% or more	The ocurrence would result in loss, in case of risks, or in gain, on case of objectives of customers or serious problems with stakeholders. Loss of investor's confidence. Adverse coverage in international media and social networks.	Treat of loss, in case of risks, or prospect of gaining, in case of opportunities, of the activity license and/or very serious legal implications (e.g. penal proceedings). Breach of contract with clients on a massive scale.	Recurrent. It has happened several times a year.
4	Long-term recoverable damage, in case of risks, or benefits or advantages, in case of opportunities, (3-6 months). Significant impact on the organization in a global way.	Cost of Risk Materialization (k€): 7.000-21.000 €k % of impact on sales of the Group (Consolidated): 3,00%	The occurrence would result in possible loss, in case of risks, or possible gains, in case of opportunities, of customers or stakeholders. The investors request for explanations. It arouses the interest for information by authorities and local/national associations.	Sanction imposed, in case of risks, or reward granted, in case of opportunities, by the regulatory bodies and/or serious legal implication. Breach/ Fulfillment of contract with a client.	Highly likely. It has happened sometime in the last 2 years or once in the last year.
3	Medium recoverable damage, in case of risks, or benefits or advantages, in case of opportunities, (1-3 months). Penalized or improvement of effectiveness of on or more services of the organization.	Cost of Risk Materialization (k€): 700-7.000 €k % of impact on sales of the Group (Consolidated): 1,00%	The occurrence would result in the formal request for explanations from customers or stakeholders. It arises the interest by authorities and local/regional association and information is requested. Coverage in national media and social networks.	Written warning, in case of risks, or verbal praise, in case of opportunities, by the regulatory body and/ or minor legal implications. Breach/ Fulfillment of contract with a client.	Likely. It has happened sometime in the last 3 years.
2	Short-term recoverable damage, in case of risks, or benefits or advantages, in case of opportunities, (less than 1 month). Eventual interruption or boost of a specific service of the organization.	Cost of Risk Materialization (k€): 350-700 €k % of impact on sales of the Group (Consolidated): 0,10%	The occurrence would result in numerous complaints, in case of risks, or appreciation, in case of opportunities, from customers and/or uneasiness within the organization. Coverage in local and/or sectoral media. Low impact in social networks.	Major breach, in case of risks, or adherence, in case of opportunities, of internal procedures.	A little likely. An event occured occasionally in the history of BEFESA or similar companies (Sectoral risk).
1	Minor damage, in case of risks, or improvements, in case of opportunities.	Cost of Risk Materialization (k€): <350 €k % of impact on sales of the Group (Consolidated): 0,05%	The occurrence would result in isolated complaints, in case of risks, or praises, in case of opportunities, from customers and/or minor uneasiness within the Organization.	Minor breach, in case of risks, or adherence, in case of opportunities, of internal procedures.	Unlikely. It has happened at most once in the history of BEFESA.

Once the impacts, risks and opportunities are evaluated, the following results are obtained:

Materiality matrix



Befesa's material topics:

Environmental

- Climate change mitigation
- Energy
- Air pollution
- Resources inflows, including resource use
- Waste management and resource outflows for waste

Social

- Working conditions
- Health and safety
- Equal treatment and opportunities for all

Governance

- Corporate culture and complaints mechanisms
- Corruption and bribery

The results of the analysis of the material topics are shown in the diagram. Given that Befesa's core business is a metallurgical industrial process that recycles hazardous waste, it is understandable that the majority of the most material issues are environmental topics.

In the social sphere, health and safety and equal treatment and opportunities for all and working conditions are business-critical. Key governance topics include corruption and bribery, and corporate culture and complaints mechanisms.

SBM-3 Sustainability material impacts, risks and opportunities

Befesa identifies potentially material impacts, risks and opportunities related to sustainability issues, taking into account the sustainability reporting standards issued by EFRAG, as well as the activities described above that contribute to understanding the context in which Befesa operates.In addition, Befesa's internal stakeholders contribute to the process of defining impacts, risks and opportunities, as, through their own activities, they manage the relationship with external stakeholders, knowing the potential impacts, risks and opportunities that might affect them or the organisation.

For the identification and assessment of the impacts, risks and opportunities, Befesa, with the support of an external advisor, has taken into consideration the following factors:

- Internal context: internal policies, risk map, annual and sustainability reports, Befesa's operations
- External context: peers benchmark, external Befesa news, standards and regulations, ESG questionnaires
- Value chain: interview with managers, upstream and downstream operations analysis (clients, suppliers, third parties, etc.)
- Assessment methodology previously stated

The list of potentially material impacts, risks and opportunities related to ESG topics (approximately 210 impacts, risks and opportunities were mapped in 2024) is considered the basis for internal assessment, with the aim of determining the material impacts, risks and opportunities from which the corresponding material topics are derived.

These impacts, risks and opportunities identified are part of the Befesa sustainability strategy. Befesa has implemented controls to avoid or reduce potential risks or negative impacts. In addition, Befesa has implemented measures to achieve the potential opportunities or positive impacts, as is stated in the impacts, risks and opportunities charts. Management takes into consideration the effects of the impacts, risks and opportunities for the definition of the sustainability strategy and the decision-making.

In the methodology established for the risk and opportunities assessment, financial impact is considered within the magnitude criteria. The scale is the following:

- **Very high:** > €21m
- **High:** €7m–€21m
- **Medium:** €0,7m–€7m
- **Low:** €0,35m–€0,7m
- **Very low:** < €0,35m

Every risk and opportunity detected has been assessed with a financial impact in the DMA. The mitigation controls have been implemented with the goal of reducing the risks and improving the pursuit of opportunities.

Befesa analyses its risks and opportunities internally every year and incorporate its effects to its strategy and decision-making. Potential financial effects are taking into consideration for the annual budget, including capex plan, cash flow or revenues and expenses. Management prepares the budget and strategy, which are presented to the Sustainability Committee and the Board of Directors for final approval.

Befesa's business model and strategy integrates sustainability, risk management and long-term adaptability. The Company addresses environmental and regulatory risks through compliance with evolving frameworks such as CSRD and ESRS while capitalising on circular economy opportunities. Its global presence and diversified operations reduce market and supply chain dependencies, ensuring business continuity.

Befesa continuously invests in technological innovation, process optimisation and capacity expansion to enhance efficiency and environmental performance. In addition, its commitment to decarbonisation[1] and circularity aligns with industry trends, reinforcing its role in sustainable industrial waste recycling. This strategic flexibility enables Befesa to navigate challenges, mitigate risks and seize emerging opportunities in an evolving global landscape.

All of the material impacts, risks and opportunities described are part of the material topics detected in the DMA.

Environment: Climate change mitigation

Positive impacts	Negative impacts
Reduction of environmental harm and carbon footprint by recycling materials from resource extraction, mitigating the negative impacts of mining activities on climate. Contribution to a transition to a low-carbon steel industry by enabling EAF steel production and secondary aluminium production. Reinforcement of the environmental commitment of employees and value chain members through conducting a life cycle analysis approach to evaluate its climate impact across the value chain.	Generation of CO_2 emissions, especially Scope 1, due to the dependency on the use of reducing agents in the production process, mainly coke in the steel dust business, needed for the reduction and oxidation chemical reaction that produces the separation of the zinc at a very high temperature. Absence of emissions reductions stems from the lack of commitment to initiatives aimed at reducing GHG emissions, such as SBTi (Science Based Targets initiative).

Opportunities	Risks
Promotion of transparency and confidence to investors by developing more distinguished internal policies in each in climate change area area to convey a clear message and commitment with each scope. Investor attraction through alignment with most renowned sustainability ratings and indexes, such as ISS ESG, MSCI, Sustainalytics, Vigeo Eiris, global challenges index, etc. Significant cost saving in purchasing green bonds by reducing emissions of the company.	Operating costs or production losses resulting from the impact of physical risks of climate change (such as flooding due to the proximity of the plants to large bodies of water). High risk level in the Carbon Risk Classification scale as industry is exposed to several carbon risks according to Befesa's main business activities. This could lead to the violation of the rules set by the Paris Agreement. Partial alignment of the risk management related to climate risk disclosure according to ISS rating. Low sustainability ratings will particularly affect sustainable investment portfolios. Perception of passivity towards sustainability by stakeholders due to a lack of a clearly defined climate targets.

Environment: Energy

Positive impacts	Negative impacts
Promotion of the use of renewable energy (e.g.: self-consumption of electricity through photovoltaic usage at one of Befesa's steel dust plants, purchase of energy with a guarantee of origin, installing LED lighting and material, etc.).	Significant energy consumption and inefficiency because of an excessive energy intensity in facilities and processes that have not yet implemented the energy management system established by international standards like ISO 50001 certification. Increase in energy use, driven by the inclusion of the EAF steel dust recycling. Increase in energy use, driven by the inclusion of the EAF steel dust recycling.

[1] BEFESA has not defined yet its own decarbonitation and circular economy target and plan.

General disclosures continued

Opportunities	Risks
Lack of knowledge among workers regarding energy-saving best practices, stemming from the failure to provide training on the subject.	Possible increased production costs due to dependence on external energy sourcing. Given the highly volatile nature of the energy market, relying on third parties can result in sudden spikes in expenses. Wrong adjustment of the facilities to renewable energy consumption, resulting in dependence on fossil fuels, which are increasingly hiking prices due to charges imposed to reduce their consumption. High operating costs in production plants and offices where energy-saving practices have not been implemented, resulting in a loss of product competitiveness due to higher production costs.

Environment: Pollution of air

Positive impacts	Negative impacts
Reduction of air and noise pollution through specific control and management measures implemented in the sites.	Impact on employee health due to the exposure to air pollution, which can lead to a range of respiratory health issues. Impact on the surrounding community from the air pollution of Befesa's operations that can cause concern for public health, decreased quality of life and discontent among local residents, as well as litigation matters. Damage of the ozone layer due to direct emissions originating through the use of coke in the production process.

Opportunities	Risks
Enhanced reputation by operating with a focus on reducing air pollution, which demonstrates Befesa's commitment to environmental stewardship and responsible business practices. This can enhance its reputation among customers, investors and the community, attracting environmentally conscious stakeholders and fostering goodwill.	Increase in sanctions imposed as a result of non-compliance with the disclosure of non-financial indicators or emissions-related conditions in environmental authorisations. Lack of anticipation of future legislation regarding air particles. Legislation is expected to get more and more restrictive and Befesa should adapt by cutting emissions and air particles. Higher investment necessities due to the need to improve facilities to reduce air pollution.

Environment: Resources inflows including resource use

Positive impacts	Negative impacts
Reduction in the waste directed to landfills by using the scrap generated by other manufacturers. Optimisation of recyclability of materials enables the utilisation of materials in almost 100%, owing to the process efficiency dedicated to recycling. Preservation of natural resources and reduction of need for virgin material extraction by reclaiming valuable material from industrial waste streams and increasing resource efficiency. Long-term resilience by embracing circular economy principles through diversifying sources of raw materials and reducing dependence on finite resources.	Greater emissions due to a purchase of high emissions materials.

Opportunities	Risks
Leadership in the emerging market of sustainable mining through a marketing strategy that attracts investment to a sector previously isolated due to a lack of sustainability. Cost savings by using remnants generated in previous production processes.	Reputational risk due to the lack of control over waste generation in the supply chain, which may lead to negative information disclosure affecting the Group. Loss of stakeholder trust because of poor resource management practices that may negatively affect the reputation of the production plant. Loss of operational efficiency due to failure to optimise the production process, resulting in excessive consumption of raw materials and natural resources. Rise in cost or difficulty obtaining raw materials as suppliers start recycling and reusing their waste instead of selling it. Reputational harm due to a lack of monitoring the origin of materials of the value chain, which could be involved with minerals from conflict areas that may cause human rights issues.

Environment: Waste management and resource outflow for waste

Positive impacts	Negative impacts
Conservation of natural resources such as metals, minerals and water by recycling and reusing waste materials, reducing the need for raw material extraction. Reduction of water disposal and creation of hazardous waste by implementing measures for hazardous waste and effluent treatment technologies to reduce the environmental impact. Preservation of land for agriculture, conservation and recreational purposes by proper waste management reduces the need for new landfills and helps to preserve land.	Higher waste generated because not all received input is recycled, so Befesa ends up being responsible for the waste generated by other companies. Production of excessive waste as Befesa is developing new production processes that require new materials and generate more waste than usual. Generation of waste that could be recycled or stored to be properly deposited in the corresponding landfill due to the lack of implementation of waste technologies in all of Befesa's plants. Possible waste generated, which could also be quite hazardous, due to a lack of adherence to rigorous procedures such as established global standards.

Opportunities	Risks
Profit generation by selling the by-product of the production process. Improvement in reputation by advertising the second life given to waste generated by other companies, thus avoiding ending up in landfills.	Economic sanctions resulting from non-compliance with proper waste management.

Social: Working conditions

Positive impacts	Negative impacts
Fair and stable employment conditions for workers, attractive remuneration, while also addressing the needs and interests of employers by establishing frameworks for labour relations, such as collective agreements. Increased employee retention and higher productivity by offering flexible work arrangements that allow for work–life balance.	Potential operational impact by reducing workforce availability due to a high rate of absenteeism in some locations.

Opportunities	Risks
Greater commitment to tasks and achievement of organisational and financial objectives when employees identify with the Company's culture and values.	Loss of personal information of employees and stakeholders due to a cyberattack through online scamming. Wage devaluation of employees due to high inflation volatility in certain countries, unleashing in strikes.

Social: Health and safety

Positive impacts	Negative impacts
Provision of an annual budget with investments to implement safety measures and carrying out risk assessments of all plants, increasing the satisfaction of the employees.	Long and short term damage to workers' health and safety due to having to perform potentially unsafe actions for workers who are outside the scope of application of the International Standard ISO 45001.

Opportunities	Risks
Promoting health and well-being with the inclusion of physical activities and emotional support through specific programmes leads to greater productivity, job satisfaction and employee retention.	Serious workplace accidents can result in significant medical and legal costs for the Company, including injury compensation, medical treatment expenses, and grounds for failure to comply with safety regulations. Development of occupational diseases over the next years derived from chemicals, which can have a negative economic impact over the company, such as sanctions or lawsuits, as well as a direct impact in its employees' health and safety. Losing employees and hiring shortages at plants that have recently experienced accidents, leading to a decrease in productivity.

Social: Equal treatment and opportunities for all

Positive impacts	Negative impacts
Promotion of diversity through recruitment and talent management practices, training and development of opportunities to cultivate a culture of inclusivity, and carry out campaigns on equality and diversity. Increase of gender diversity in senior management by increasing the percentage of women in the Board.	Lack of inclusion of people with disabilities as it is a sector that requires qualified personnel. Sector historically dominated by men, causing a gender imbalance in the workforce and industry more broadly.

Opportunities	Risks
Commitment to equality can generate a better reputation and a stronger brand, and can help to access new markets and customers by demonstrating a commitment to shared social and ethical values.	Failure to comply with the Diversity, Equity and Inclusion policy can cause communication and conflict problems and a tense and non-collaborative work environment.

Governance: Corporate culture and complaints mechanisms

Positive impacts	Negative impacts
Enhancement of employee engagement by fostering a sense of belonging and purpose among employees derived from compliance with the code of ethics. Improved corporation reputation through the implementation of policies and procedures focused on transparency, truthfulness, good practices and ethical behaviour. Increase in workers' confidence and trust in Befesa through the establishment of secure and confidential mechanisms, such as the whistleblowing channel.	Limited focus on decision-making and/or development of actions related to Befesa's sustainability strategy regarding resources and people due to the disengagement of interest groups with the sustainability issues promoted by Befesa. Absence of integrated management systems, directly affecting the expectations of interest groups in terms of quality, environment, health and safety management. Decline in employee trust towards Befesa, stemming from fears of potential repercussions, leads to employees feeling inhibited about reporting problems through the whistleblowing channel. Insufficient compliance training implies that employees make unintentional mistakes or even act negligently. Although compliance training programmes are in place, they may not be comprehensive enough for all employees. Violation of employee privacy, exposure of sensitive information, and the possibility of this information being used for retaliation by not having an adequate management system to prevent leakage of personal data of employees.

Opportunities	Risks
The implementation of new certifications can generate a strategic positioning in response to the demand from interest groups. Competitive positioning as leaders through the introduction and management of ethical aspects in the organisation and operation of Befesa. A corporate culture fosters creativity and innovation among employees, driving the generation of innovative solutions to industrial challenges. Enhancing transparency and accountability attracts like-minded investors and fosters trust and confidence in stakeholders, and ensures comparability of information through the reporting of sustainability reports. Improvement of operational efficiency and enhancement of reputation by complying with anti-corruption laws and regulations, decreasing possible fines and penalties. Protection from potential litigation and legal sanctions by effectively complying with current labour laws and regulations through the establishment of the whistleblowing channel.	Failure to consider business conduct risks can lead to operational issues such as supply chain disruptions due to a scarcity of natural resources, labour disputes related to unsatisfactory working conditions or risk management issues arising from poor governance. An ineffective response to compliance risk and regulatory changes can result in a loss of brand value. Non-compliance with policies related to social and governance can damage the reputation of the organisation, productivity among employees, and a decrease in market share and income of the organisation. Possible rise in the cases of corruption and bribery due to insufficient compliance training with employees, resulting in unintentional mistakes or negligent acts. Reputational issues derived from the leakage of Befesa's confidential information regarding the protection of whistleblowers, which could potentially result in legal consequences such as defamation or unfounded accusations. Reputational loss in cases where the Board of Directors of Befesa S.A. acts against applicable regulations and/or Befesa's internal policies. Loss of confidence of stakeholders by not complying with capital markets regulations, given its status as a listed company.

Governance: Corruption and bribery

Positive impacts	Negative impacts
Greater compliance with applicable laws and regulations through the availability of compliance management and criminal law enforcement, as well as the recognition of being a trusted business partner with the purpose of being useful to suppliers. Reduction of corruption and bribery crimes by promoting and enforcing compliance with the anti-money laundering rules and policies established by Befesa. Foster transparency, accountability and good governance practices by obtaining the UNE 19601 certification on Criminal Compliance (Befesa environment), which serves as a comprehensive framework for organisations to establish and maintain effective compliance management systems.	Possible rise in the cases of corruption and bribery due to insufficient compliance training with employees. Although training is provided, it may not be sufficient or comprehensive enough to cover all employees effectively for all countries. Negative impacts to the reputation/image towards Befesa's stakeholders due to potential illegal or ethically questionable activities, such as money laundering, corruption or greenwashing.

Opportunities	Risks
Improvement of transparency and accountability as an opportunity to increase the comparability of information and therefore makes investing in Befesa more attractive. Furthermore, this implies that more clients and suppliers want to work with Befesa, improving their prices. Strengthening the culture of ethics and integrity as an opportunity to increase the comparability of information, making investing in Befesa more attractive. By complying with anti-corruption laws and regulations, there is a reduction in fines and penalties, and an improvement in operational efficiency, as these programmes can identify and eliminate corrupt practices that may hinder the Company's operational efficiency. Furthermore, this implementation helps to protect Befesa's reputation and maintain the trust of customers, suppliers and investors.	Insufficient resources and capabilities for monitoring and compliance with standards and regulations at a global level, incurring possible future sanctions. Sanctions or fines derived from regulatory non-compliance, resulting from ineffective anticipation of regulatory requirements. Economic sanctions due to activities considered unfair competition.

IRO-2 Disclosure requirements in ESRS covered by the Befesa's sustainability statement

The following tables list all of the ESRS disclosure requirements in ESRS 2 and the five topical standards that are material to Befesa, and which have guided the preparation of its sustainability statements.

The tables can be used to navigate to information relating to a specific disclosure requirement in the sustainability statements.

In cases where Befesa does not yet have any information related to a disclosure requirement, no reference is made.

	Disclosure requirement	Section/Report	Page
ESRS 2	**General disclosures**		
BP-1	General basis for preparation of the sustainability statement	General disclosures	76
BP-2	Disclosures in relation to specific circumstances	General disclosures	76
GOV-1 GOV-2	Role of management & sustainability matters addressed	General disclosures	76
GOV-3	Integration of sustainability-related performance in incentive schemes	General disclosures	80
GOV-4	Statement on due diligence	General disclosures	82
GOV-5	Risk management and internal controls	General disclosures	82
SBM-1	Strategy, business model and value chain	General disclosures	83
SBM-2	Interests and views of stakeholders	General disclosures	85
IRO-1	Double Materiality Analysis	General disclosures	86
SBM-3	Sustainability material impacts, risks and opportunities	General disclosures	92
IRO-2	Disclosure requirements in ESRS covered by the Befesa´s sustainability statement		101
MDR-P	Policy overview	General disclosures	108

ESRS E1	Disclosure requirement Climate change	Section/Report	Page
ESRS 2 GOV-3	Sustainability in Befesa's incentive schemes	Environmental	122
ESRS 2 IRO-1	Processes to identify and assess IROs	Environmental	122
ESRS 2 SBM-3	Impacts, risks and opportunities	Environmental	126
E1-1	Climate Action Plan	Environmental	128
E1-2	Policies	Environmental	126
E1-3	Action and resources	Environmental	131
E1-4	Targets	Environmental	134
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E1-6	Emissions	Environmental	136
E1-7	Carbon credits	Environmental	139
E1-8	Internal carbon pricing	Environmental	139

ESRS E2	Disclosure requirement Pollution	Section/Report	Page
ESRS 2 IRO-1	Processes to identify and assess IROs	Environmental	140
E2-1	Policies	Environmental	142
E2-2	Actions and resources	Environmental	142
E2-3	Targets	Environmental	144
E2-4	Air pollution	Environmental	144

	Disclosure requirement	Section/Report	Page
ESRS E5	Resource Use and Circular Economy		
ESRS 2 IRO-1	Processes to identify and assess IROs	Environmental	145
E5-1	Policies	Environmental	147
E5-2	Actions and resources	Environmental	149
E5-3	Targets	Environmental	149
E5-4	Resource inflows	Environmental	150
E5-5	Resource outflows	Environmental	151

	Disclosure requirement	Section/Report	Page
ESRS S1	Own workforce		
SBM2,SBM3	Own Workforce IROs	Social	154
S1-1	Policies	Social	157
S1-2	Processes for engaging Befesa employees	Social	159
S1-3	Processes to remediate impact and channels to raise concerns	Social	160
S1-4	Actions to mitigate risks and pursuing opportunities	Social	161
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S1-6	Befesa Employee Metrics	Social	167
S1-7	Non-Employee Workforce	Social	169
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S1-9,S1-12	Diversity, Equity and Inclusion	Social	170
S1-10, S1-11, S1-15, S1-16	Compensation and Well-being	Social	171
S1-13	Training and Development	Social	173
S1-14	Health and Safety	Social	176
S1-17	Discrimination, Incidents and Human Rights Violations	Social	177

General disclosures continued

ESRS G1	Disclosure requirement	Section/Report	Page
	Pollution		
ESRS 2 GOV-1	Business conduct: role of management	Governance	178
ESRS 2 IRO-1	Business conduct: impacts, risks and opportunities	Governance	180
G1-1	Corporate culture and business conduct policies	Governance	180
G1-3	Prevention and detection of corruption or bribery	Governance	189
G1-4	Confirmed incidents of corruption or bribery	Governance	191

The following table includes all of the data points that derive from other EU legislation, as listed in ESRS 2 appendix B, indicating where the data points can be found in the report and which data points are assessed as "Not material".

Disclosure requirement	Data point	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Material/ Not material	Page
ESRS 2 GOV-1	21 (d)	Board's gender diversity	X		X		Material	76
ESRS 2 GOV-1	21 (e)	Percentage of Board members who are independent			X		Material	76
ESRS 2 GOV-4	30	Statement on due diligence	X				Material	82
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	X	X	X		Not material	
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	X		X		Not material	
ESRS 2 SBM-1	40 (d)iii	Involvement in activities related to controversial weapons	X		X		Not material	
ESRS 2 SBM-1	40 (d)iv	Involvement in activities related to cultivation and production of tobacco			X		Not material	
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				X	Material	128
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned benchmarks		X	X		Material	128
ESRS E1-4	34	GHG emission reduction targets	X	X	X		Material	134
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	X				Material	135
ESRS E1-5	37	Energy consumption and mix	X				Material	135

Disclosure requirement	Data point	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Material/ Not material	Page
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	X				Material	135
ESRS E1-6	44	Gross Scope 1, 2, 3 and total GHG emissions	X	X	X		Material	136
ESRS E1-6	53-55	Gross GHG emissions intensity	X	X	X		Material	136
ESRS E1-7	56	GHG removals and carbon credits				X	Material	139
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			X		Not Material	
ESRS E1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; location of significant assets at material physical risk		X			Not Material	
ESRS E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		X			Not Material	
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			X		Not Material	
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR regulation emitted to air, water and soil	X				Material	144
ESRS E3-1	9	Water and marine resources	X				Not material	
ESRS E3-1	13	Dedicated policy	X				Not material	
ESRS E3-1	14	Sustainable oceans and seas	X				Not material	
ESRS E3-4	28 (c)	Total water recycled and reused	X				Not material	
ESRS E3-4	29	Total water consumption in m^3 per net revenue on own operations	X				Not material	
ESRS 2-IRO-1 - E4	16 (a) i		X				Not material	
ESRS 2-IRO-1 - E4	16 (b)		X				Not material	
ESRS 2-IRO-1 - E4	16 (c)		X				Not material	

Disclosure requirement	Data point	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Material/ Not material	Page
ESRS E4-2	24 (b)	Sustainable land/agriculture practices or policies	X				Not material	
ESRS E4-2	24 (c)	Sustainable oceans/seas practices or policies	X				Not material	
ESRS E4-2	24 (d)	Policies to address deforestation	X				Not material	
ESRS E5-5	37 (d)	Non-recycled waste	X				Material	151
ESRS E5-5	39	Hazardous waste and radioactive waste	X				Material	151
ESRS 2- SBM3 - S1	14 (f)	Risk of incidents of forced labour	X				Material	154
ESRS 2- SBM3 - S1	14 (g)	Risk of incidents of child labour	X				Material	154
ESRS S1-1	20	Human rights policy commitments	X				Material	157
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8			X		Material	157
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	X				Material	157
ESRS S1-1	23	Workplace accident prevention policy or management system	X				Material	157
ESRS S1-3	32 (c)	Grievance/Complaints-handling mechanisms	X				Material	160
ESRS S1-14	88 (b) & (c)	Number of fatalities and number and rate of work-related accidents	X		X		Material	176
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	X				Material	176
ESRS S1-16	97 (a)	Unadjusted gender pay gap	X		X		Material	171
ESRS S1-16	97 (b)	Excessive CEO pay ratio	X				Material	171
ESRS S1-17	103 (a)	Incidents of discrimination	X				Material	177
ESRS S1-17	104 (a)	Non-respect of UNGPs on business and human rights and OECD	X		X		Material	177
ESRS 2- SBM3 – S2	11 (b)	Significant risk of child labour or forced labour in the value chain	X				Not material	
ESRS S2-1	17	Human rights policy commitments	X				Not material	

Disclosure requirement	Data point	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Material/ Not material	Page
ESRS S2-1	18	Policies related to value chain workers	X				Not material	
ESRS S2-1	19	Non-respect of UNGPs on business and human rights principles and OECD guidelines	X		X		Not material	
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8			X		Not material	
ESRS S2-4	36	Human rights issues & incidents connected to its upstream and downstream value chain	X				Not material	
ESRS S3-1	16	Human rights policy commitments	X				Not material	
ESRS S3-1	17	Non-respect of UNGPs on business and human rights, ILO principles or and OECD guidelines	X		X		Not material	
ESRS S3-4	36	Human rights issues and incidents	X				Not material	
ESRS S4-1	16	Policies related to consumers and end users	X				Not material	
ESRS S4-1	17	Non-respect of UNGPs on business and human rights and OECD guidelines	X		X		Not material	
ESRS S4-4	35	Human rights issues and incidents	X				Not material	
ESRS G1-1	§10 (b)	United Nations Convention against Corruption	X				Material	180
ESRS G1-1	§10 (d)	Protection of whistleblowers	X				Material	180
ESRS G1-4	§24 (a)	Fines for violation of anti-corruption and anti-bribery laws	X		X		Material	191
ESRS G1-4	§24 (b)	Standards of anti-corruption and anti-bribery	X				Material	191

MDR-P Policy overview

Befesa's policies for each identified material sustainability matter are in place to prevent, mitigate and remediate actual and potential impacts and risks, and to pursue opportunities. Policies related to specific sustainability matters are disclosed under each topic on the following pages.

Policy	Description of key contents	Policy scope	Accountable for implementation	Availability
Code of conduct	– Main cornerstone of the CMS of Befesa. – Provides rules and guidelines according to the values and principles of the Company involving all departments or areas (including, for example, HR and IT). – Informs about basic behavioural requirements, compliance with laws and regulations, maintaining high ethical standards and protecting the Company's reputation. – Prohibits conducts like anti-competitive practices, corruption and political contributions. – Fosters behaviours such as ensuring data security, maintaining confidentiality, adhering to human rights and labour standards and transparency in donations and sponsorships.	Befesa employees	Compliance Officer	Corporate intranet and corporate website
General compliance policy	– Principal framework of the CMS of Befesa. – Emphasises management commitment to compliance. – Contains preventive and detective measures regarding risks. – Refers to the identification and assessment of risks. – Encompasses the compliance policies, procedures and rules (including, for example, training and the whistleblowing channel).	Befesa employees	Compliance Officer	Corporate intranet and corporate website
Anti-trust policy	– Focuses on compliance on anti-trust laws to ensure fair competition. – Considers employee responsibility and consequences of violations. – Prohibits coordinating market behaviour with competitors and market manipulation. – Denies price coordination, market sharing, capacity limitations and bid-rigging.	Befesa employees	Compliance Officer	Corporate intranet and corporate website
Anti-corruption & anti-bribery policy	– Highlights compliance with national and international anti-corruption laws. – Considers employee responsibility and consequences of violations. – Forbids offering or accepting benefits to or from public officials or related persons, as well as facilitation payments. – Denies commercial bribery and benefits to induce improper performance. – Donations and sponsoring are also considered. – Includes a red flag list to help to identify potential corruption risks.	Befesa employees	Compliance Officer	Corporate intranet and corporate website
Anti-money laundering policy	– Defines money laundering and provides examples of suspicious behaviour. – Emphasises the Company's commitment to preventing financial crime and to not facilitate criminal behaviour. – Minimises money laundering risks considering risk factors, maintaining records and the attendance of training sessions.	Befesa employees	Compliance Officer	Corporate intranet and corporate website

Policy	Description of key contents	Policy scope	Accountable for implementation	Availability
Conflict of interest policy	– Pursues the identification and prevention of employees' activities that are in conflict with Befesa's interests. – Informs about making optimal business decisions, outside employment, prohibitions regarding competition and personal investments. – Involves the report of potential conflict of interest situations and disciplinary actions in cases of non-compliance.	Befesa employees	Compliance Officer	Corporate intranet and corporate website
Group security dealings code	– Aims to prevent the misuse of non-public information and ensure compliance with market regulations. – Explains the roles of restricted persons, persons discharging managerial responsibilities and persons closely associated and their obligations. – Prohibits the sharing of confidential information or engaging in insider dealing and also trade based on inside information. – Defines key terms such as "closed period", "permitted period", "inside information" and "dealing".	Befesa employees	Legal Counsel & Compliance Officer	Corporate intranet
Confidentiality & industrial and intellectual property policy	– Reinforces the goal of the Company to protect industrial and intellectual property rights. – Stresses the proper use of Befesa's trademarks and corporate identity. – Obliges employees to report any misuse of Befesa's trademarks or logos by third parties. – Fosters the implementation of security measures to protect information and computer systems. – Promotes confidentiality measures to protect business secrets and proprietary information.	Befesa employees	Legal Counsel & Compliance Officer	Corporate intranet and corporate website
International sanctions policy	– Emphasises the commitment to complying with all applicable sanctions and export control restrictions imposed by national governments and international bodies. – Refers to restrictions on dual-use items which are those that can be used for military and civil applications. – Informs about the prohibition of treating with blacklisted entities. – Outlines the importance of screening business partners and reporting transactions involving sanctioned countries to the persons in charge. – Provides a list of jurisdictions subject to sanctions.	Befesa employees	Compliance Officer	Corporate intranet and corporate website
Whistleblowing channel protocol & policy	– Encourages individuals to report wrongdoing and breaches of the code of conduct or the CMS without fear of retaliation. – Confirms that reports can be made by phone or electronically and that they are treated confidentially. – Remarks on the different whistleblower's rights and duties as well as the reported person's rights. – Clarifies how reports are registered and analysed, and the communication with the whistleblower.	Befesa employees & third parties	Compliance Officer	Corporate intranet

Policy	Description of key contents	Policy scope	Accountable for implementation	Availability
Privacy policy	– Applies to all personal data submitted to Befesa and explains how it is collected, processed and protected. – Explains that data requested in portal form is mandatory and cannot be processed if not provided correctly. – Clarifies that Befesa is responsible for processing personal data and can be contacted for data protection enquiries. – Explains that data is processed to manage information requests, complaints, communications and recruitment processes. – Specifies that users have a right to access, rectify, delete, restrict, object and port their data, and can exercise these rights by contacting Befesa.	Befesa employees & third parties	Legal Counsel & Compliance Officer	Corporate intranet and corporate website
Environmental, health & safety and quality policy	– Points out that the Company aims for ZERO incidents among employees and contractors, prioritising safety and health over economic gains or production targets. – Management levels are committed to EHSQ, leading by example and fostering a safety culture. – Promotes regular training for safe practices and environmental responsibility for employees and contractors, who must actively participate in EHSQ efforts. – Remarks on the need to monitor conditions to prevent environmental harm and accidents, with essential safe practices for employment and career growth. – Highlights that employees must intervene immediately when unsafe actions are observed, promoting a proactive safety culture. – Indicates that regular inspections, audits and adherence to legal and industry standards ensure continuous EHSQ improvement.	Befesa employees & third parties	Environmental, Health & Safety Director	Corporate intranet and corporate website
Security policy	– Aims to protect assets and to ensure that access is restricted to authorised personnel, maintaining safe workplaces and proactively managing risks. – Ensures the protection and compliance of Befesa's information systems. – Defines the system, security, services and assets by roles and responsibilities to guarantee the protection of information. – Provides information about potential violations that could result in different disciplinary actions.	Befesa employees	IT Director	Corporate intranet

Policy	Description of key contents	Policy scope	Accountable for implementation	Availability
Diversity, equality and inclusion policy	– Fosters a diverse, equitable and inclusive workplace by eliminating discrimination. – Aims to oppose any form of harassment, victimisation or discrimination against employees, customers and suppliers. – Highlights that training and development opportunities are offered to all staff so that they reach their full potential and enhance organisational efficiency.	Befesa & third parties	HR & CSR Director	Corporate intranet and corporate website
HR resources policy	– Ensures that recruitment, promotion and remuneration are based on merit and performance, free from discrimination. – To receive equal pay for work of equal value, without discrimination based on personal characteristics. – Commit to achieving zero injuries and ensuring a safe working environment for all employees and stakeholders. – Seeks to provide regular training and development opportunities for all employees to enhance their skills and career growth.	Befesa employees	HR Director	Corporate intranet
Human rights remediation policy	– Commit to respecting all internationally recognised human rights and addressing any adverse impacts associated with its operations. – Offers various remediation options, including disciplinary measures, rehabilitation, apologies, restitution and guarantees of non-repetition. – States that the whistleblowing channel is available for employees and external parties to report ethical concerns, with protections in place for whistleblowers. – Provides annual training on the code of conduct, CMS and human rights through DEI sessions.	Befesa & third parties	HR Director	Corporate intranet

Environmental: The EU Taxonomy

Introduction

In the context of constant growth in dialogue and legislation regarding environmental protection and climate change, it is the European Union (EU)'s focus on sustainable finance that emanates the EU Taxonomy for Sustainable Activities (Regulation 2020/852 and associated legislation). The reporting tool acts as a classification of activities where a set of criteria must be fulfilled in order for the activity to align with the regulation.

The aim is then to have a common system to evaluate to what extent an entity or activity could be considered "sustainable", ensuring that financial investments are directed towards these, and reducing greenwashing across organisations established or operating within the EU.

The Regulation (EU) 2020/852 and related regulations considers six environmental objectives, each presenting a set of technical screening criteria. These objectives are:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

On this account, an activity is considered eligible when it has the potential to make a substantial contribution to at least one of the six environmental objectives.

Furthermore, an activity qualifies as environmentally sustainable and is considered aligned when it fulfils the following three overarching conditions defined by the EU Taxonomy Regulation:

1. Making a substantial contribution to at least one environmental objective
2. Doing no significant harm to any of the other five environmental objectives
3. Complying with minimum safeguards

In accordance with Article 8 of the Taxonomy Regulation (EU) 2020/852 and the supplementary Delegated Acts, Befesa is required to disclose to what extent its economic activities comply with the criteria defined by the EU Taxonomy Regulation. As a non-financial company, Befesa reports the proportion of its total turnover, total capital expenditure (capex) and total operating expenses (opex) in 2024 that are associated with taxonomy-eligible and taxonomy-aligned economic activities.

This report presents the results of the EU Taxonomy analysis carried out for the activities of Befesa for the year 2024. It consists of an explanation of the methodology, followed by an alignment assessment in which the substantial contribution and "do no significant harm" (DNSH) principles, the minimum safeguards and the technical screening criteria were evaluated for the identified eligible activities of Befesa. Finally, the report presents the tables disclosing the financial information (turnover, capex and opex) as required by the Article 8 of the Taxonomy Regulation (EU) 2020/852.

Context

Befesa is a player in the circular economy. Since 1987, Befesa has helped to reduce the environmental impact of industrial waste and residues from the steel and aluminium industries. By recycling waste from these sectors, Befesa recovers valuable materials and reintroduces them into the production process, reducing environmental impacts and also the cost of primary production.

Befesa is the environmental services partner supporting the circular economy of the secondary steel and global aluminium industries, with facilities in eight countries in Europe, Asia and North America.

Befesa's two business units – Steel Dust and Aluminium Salt Slags Recycling Services – support the circular economy by recycling more than 2 million tonnes of industrial residues and hazardous waste each year. This prevents the landfill of these hazardous waste streams while recovering more than 1.5 million tonnes of valuable new materials, which are reintroduced into the economy, reducing the consumption of natural resources.

These activities meet the EU Taxonomy criteria for potentially sustainable economic activities, as they reduce waste, promote recycling and ensure the efficient use of resources. This contributes to environmental sustainability, under which the eligibility exercise was done to identify possible eligible activities.

In 2025 (for the year 2024), the eligibility and alignment analyses were carried out considering the newly available information contained in the relevant Acts. The EU Taxonomy report is now an integral component of Corporate Sustainability Reporting Directive (CSRD) reporting for Befesa. Under the updated framework, companies subject to the CSRD must disclose detailed EU Taxonomy alignment metrics in their sustainability statements, which Befesa hereby does.

This analysis has involved a thorough examination of Befesa's various business units across different geographies to correlate them with the taxonomic activities.

This report is divided in two sections:

1. **Eligibility analysis:** To qualify as eligible under the EU Taxonomy, an economic activity must be foreseen within the Climate Delegated Act and subsequent delegated regulations and pursue at least one of the environmental objectives set by Regulation (EU) 2020/852.

2. **Alignment analysis:** Regarding aligned activities, a study of the alignment of eligible activities has been carried out and, as they do not meet the different criteria, they are not aligned.

3. Based on the 2024 audited financial information (turnover, capex and opex), the corresponding proportions required by the EU Taxonomy Regulation were calculated. KPIs are only calculated for the eligible activities, since there are no aligned activities. According to the EU Taxonomy, turnover (Note 5 Annual Accounts), capex and opex are defined as:

   a. **Turnover:** Sales or turnover

      i. Numerator: A portion of net turnover derived from products or services, including intangible assets, associated with economic activities eligible according to the EU Taxonomy

      ii. Denominator: Total net turnover of the Group

   b. **Capex:** Expenditures derived from the Company's investments according to the taxonomy.

      i. Numerator: This equals the portion of investments in fixed assets included in the denominator that (i) is related to assets or processes associated with Taxonomy-eligible activities that comply with the taxonomy; (ii) is part of a plan to expand Taxonomy-eligible activities or to enable Taxonomy-eligible activities to become taxonomy-aligned; and (iii) is related to the purchase of production obtained from economic activities that comply with the taxonomy and individual measures that enable the target activities to become low-carbon or result in greenhouse gas reductions.

      ii. Denominator: Additions to tangible and intangible assets during the considered fiscal year before depreciation, amortisation and any remeasurements, including those resulting from revaluations and impairments, corresponding to the relevant fiscal year, excluding changes in fair value. Additions resulting from business combinations are also included.

c. **Opex:** Operating expenses derived from the functioning of a product, business or system according to taxonomy (research and development costs already accounted for in the KPI related to capex will not be accounted for as opex).

   i. Numerator: This will include the portion of operating expenses included in the denominator that (i) is related to assets or processes associated with economic activities that are eligible according to the EU Taxonomy, including training and other human resource adaptation needs, and direct non-capitalised costs representing research and development; (ii) is part of the capex plan to expand economic activities that are eligible according to the EU Taxonomy or to enable eligible economic activities under the taxonomy to be eligible according to the EU Taxonomy within a predefined time frame; and (iii) is related to the purchase of production obtained from economic activities that are eligible according to the EU Taxonomy and individual measures that enable the target activities to become low-carbon or result in greenhouse gas reductions.

   ii. Denominator: This will include direct non-capitalised costs related to research and development, building renovation measures, short-term leases, maintenance and repairs, and other direct expenses related to the daily upkeep of fixed assets, either by the Company or a third party to whom activities are subcontracted, necessary to ensure the continued and efficient operation of such assets. In addition to these concepts, leasing costs must be accounted for by non-financial companies applying generally accepted national accounting principles that do not capitalise right-of-use assets.

Eligibility analysis

To determine Befesa's eligibility under the EU Taxonomy, the descriptions of all relevant activities presented for the six objectives were analysed.

This analysis allowed Befesa to evaluate the eligibility of its activities with the descriptions according to the EU Taxonomy.

Befesa's economic activities can be classified into main activities:

- Steel Dust Recycling Services
  - Befesa collects and processes steel dust, a by-product of the steel manufacturing process, to recover valuable zinc and other metals. This recycling process reduces the need for primary raw materials and minimises environmental impact by preventing the landfill of hazardous waste.
- Aluminium Salt Slags Recycling Services
  - Befesa recycles salt slags and other residues generated during aluminium production. Through this process, the Company extracts aluminium and other valuable materials, which are then reintroduced into the production cycle, thereby reducing waste and conserving natural resources.

In line with this interpretation and the activities outlined in Delegated Regulation 2021/2139, Delegated Regulation 2023/2486 and Delegated Regulation 2022/1214, the EU economic activities that were initially identified that could contribute to the different objectives are:

EU Taxonomy activity identified

2.4 Treatment of hazardous waste

i. Description of the taxonomic activity

The treatment of hazardous waste is the overarching activity of most of the companies operating under Befesa. The Company understands this as a crucial part of its activities as well as being the very essence of Befesa.

The Annex II of the Delegated Regulation 2023/2486 and its amendment, under which an economic activity qualifies as contributing substantially to the transition to a circular economy, covers activity 2.4. Treatment of hazardous waste. Activity 2.4 is described as the construction, upgrade and operation of dedicated facilities for the treatment of hazardous waste as a means of material recovery operations.

Befesa has determined that it does not comply with what was listed in the description for this activity, given that the economic activity is defined as recycling or reclamation of inorganic materials other than metals or metal compounds. This would exclude the main activity of Steel Dust Recycling Services from the eligibility and alignment analysis, given that Befesa recycles metals and/or metal compounds.

Befesa's primary activity is unique, with no direct competitors offering similar services. This uniqueness has posed a challenge, as there is no specific classification for its activity within the EU Taxonomy related to steel dust recycling. Despite this, Befesa is a significant contributor to the circular economy, playing a crucial role in recycling and resource recovery. The lack of a proper classification highlights the need for more comprehensive guidelines to accommodate innovative and specialised activities that support the objective of the circular economy.

3.8 Manufacture of aluminium

i. Description of the taxonomic activity

Befesa produces secondary aluminium, while upholding the highest standards of sustainability. In line with Befesa's sustainability goals, the Company is actively involved in the manufacturing of secondary aluminium, promoting the circular economy and the sustainable reuse of this valuable material. In this way, Befesa contributes to resource conservation and minimises waste generation.

The Annex I of the Delegated Regulation 2021/2139 and its amendment, under which an economic activity qualifies as contributing substantially to climate change mitigation, covers activity 3.8 Manufacture of aluminium. Activity 3.8 is described as the manufacture of aluminium through a primary alumina (bauxite) process or secondary aluminium recycling.

EU Taxonomy activity	Match with Befesa economic activity	EU Taxonomy objective
3.8 Manufacture of aluminium	Aluminium salt slags recycling: The process of recycling aluminium salt slag recovers aluminium and other valuable materials from the slag, a residual product of aluminium production. This approach not only minimises waste but also creates a sustainable supply of raw materials for the aluminium industry.	Climate change mitigation Climate change adaptation

Compliance with the minimum safeguards was examined at a Group level, considering existing corporate policies and risk management processes. Therefore, Befesa covers the minimum safeguards required by the EU Taxonomy Regulation.

Alignment analysis

3.8 Manufacture of aluminium

i Substantial contribution to climate change mitigation

Befesa has determined that one of its main activities, Aluminium Salt Slags Recycling Services, complies with the technical screening criteria listed, specifically the manufacture of (b) secondary aluminium.

ii Do no significant harm ("DNSH")

a) Climate change adaptation: A robust climate risk and vulnerability assessment must be done to comply, following specific steps established in Annex I of the Delegated Regulation 2021/2139, Appendix A. In this sense, Befesa is carrying out action to ensure full compliance in the future.

b) Sustainable use and protection of water and marines resources: To comply with the DNSH criteria, Befesa needs to identify and address risks related to water quality and stress, aiming for good water status and ecological potential as per Regulation (EU) 2020/852 and Directive 2000/60/EC. The Company must develop a water management plan in consultation with stakeholders. If an environmental impact assessment under Directive 2011/92/EU includes a water impact assessment, no additional assessment is needed if the risks are addressed. In this sense, Befesa has already implemented an integrated environmental assessment, taking into account the above requirement.

c) Transition to a circular economy: N/A

d) Pollution prevention and control: In order to comply, Befesa has reviewed Annex I of the Delegated Regulation 2021/2139, Appendix C, taking into consideration all substances listed.

e) Biodiversity Protection DNSH: To comply with the DNSH criteria, Befesa needs to identify and address risks related to biodiversity as per Regulation (EU) 2020/852 and Directive 2000/60/EC.

Befesa has not yet conducted a physical climate risk analysis, which means that there is not yet compliance with DNSH, especially DNSH on adaptation to climate change. In addition, actions are currently being implemented to ensure full compliance. This ongoing process requires careful evaluation and adjustments to meet all the necessary standards and regulations. As a result, Befesa aims to achieve and publish complete alignment in the future once all criteria are satisfactorily met.

Minimum safeguards

The minimum safeguards are procedures implemented by an entity that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This includes the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights. These procedures also adhere to the DNSH principle.

Befesa's internal measures and policies on human rights, anti-trust, anti-corruption and taxation reflect the principles and concepts of the UN Global Compact, the OECD Guidelines on Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work) and the International Bill of Human Rights.

Further information on Befesa's processes and outcomes related to minimum safeguards are included in the following sections of the Company's reports:

- Human rights: Refer to the Social section in the report.
- Anti-bribery and anti-corruption: Refer to the Governance section in this report.
- Taxation: Refer to the Consolidated financial statement section in the report.
- Fair competition: Refer to the Governance section in this report.

Environmental: The EU Taxonomy continued

Reporting tables

Capex

Economic Activities	Code	CapEx	Proportion of CapEx, year 2024	Substantial contribution criteria: Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	DNSH criteria ("Does Not Significantly Harm"): Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity
		EUR 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)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%	0%	0%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of aluminium	CCM 3.8 / CCA 3.8	9,019	9%	EL	EL	N/EL	N/EL	N/EL	N/EL								5%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		9,019	9%	9%	0%	0%	0%	0%	0%								5%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		9,019	9%	9%	0%	0%	0%	0%	0%								5%		
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities		94,861	91%																
Total		**103,880**	**100%**																

	Proportion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0%	9%
CCA	0%	9%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Turnover

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code	Turnover	Proportion of Turnover, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity
		EUR 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.+ A.2.)																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%	0%	0%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of aluminium	CCM 3.8 / CCA 3.8	367,296	30%	EL	EL	N/EL	N/EL	N/EL	N/EL								31%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		367,296	30%	30%	0%	0%	0%	0%	0%								31%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		367,296	30%	30%	0%	0%	0%	0%	0%								31%		
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities		871,734	70%																
Total		**1,239,030**	**100%**																

	Proportion of turnover / Total turnover	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0%	30%
CCA	0%	30%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Environmental: The EU Taxonomy continued

OpEx

Economic Activities	Code	OpEx	Proportion of OpEx, year 2024	Substantial contribution criteria: Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	DNSH criteria ("Does Not Significantly Harm"): Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity
		EUR 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)		0	0%														0%	0%	0%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of aluminium	CCM 3.8 / CCA 3.8	3,292	9%	EL	EL	N/EL	N/EL	N/EL	N/EL								10%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3,292	9%	9%	0%	0%	0%	0%	0%								10%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		3,292	9%	9%	0%	0%	0%	0%	0%								10%		
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities		31,812	91%																
Total		**35,105**	**100%**																

	Proportion of OpEx / Total OpEx: Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	9%
CCA	0%	9%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Footnotes:

Key conclusions, changes and restatements are (all driven by secondary aluminium segment):

- Turnover: 29.6% eligible (vs 30.5% last year)
- Capex: 8.7% eligible (vs 5.3% last year; based on a new calculation: capex including ROU and an increase in assets related to business combination)
- Opex: 9.4% eligible (vs 9.5% last year; restatement needed: last year Befesa had shown 32.3% due to calculating Opex = Revenue minus EBIT. This year Befesa calculates according to the taxonomy, i.e. using non-capitalised R&D expenditure, Repair & Maintenance and Leases royalty-free)
- Alignment: 0.0% across all three items (vs 0.0% last year)

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

Environmental

E1 – Climate Change

ESRS 2 GOV-3
Sustainability in Befesa's incentive schemes

ESRS 2 IRO-1
Processes to identify and assess IROs

ESRS 2 SBM-3
Impacts, risks and opportunities

E1-2
Policies

E1-1
Climate Action Plan

E1-3
Action and resources

E1-4
Targets

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E1-6
Emissions

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Carbon credits

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Internal carbon pricing

E1 – Climate Change

ESRS 2 GOV-3 Sustainability in Befesa's incentive schemes

As indicated in ESRS 2 GOV-3, ESG performance targets are included as part of Befesa's one-year (annual bonus) and multi-year (stock incentive plan (SIP) variable remuneration schemes. The sustainability-related performance criteria include the implementation of the CO_2e reduction plan to achieve the target of 20% CO_2e intensity rate improvement by 2030 (scope 1 and 2), as well as the ambition to reach net zero by 2050 (see E1-4). Specific KPIs measured during the performance period include the increase in the percentage of green power usage, decrease in the CO_2e intensity as a result of lower CO_2 emissions and higher volume of recycled waste, as well as the level of execution of different projects included in the CO_2e reduction plan.

ESRS 2 IRO-1 Processes to identify and assess IROs

Befesa operates in 24 sites around the world that use innovative recycling technology including complex equipment and materials. Due to their different locations spread across the world, the sites are subject to different risks. While the company takes the highest precaution to manage this, climate-related physical hazards can represent physical risks for its assets and transition risks, which can potentially impact its operations and value chain. All sites have emergency plans that include climate-related risks and procedures to mitigate these, and Befesa closely follow local environmental regulation to avoid transition-related risks by adapting the facilities to the latest requirements.

In the double materiality assessment, the company analysed potential physical and transition climate-related risks, considering the input of the main stakeholders at different levels (see sections ESRS 2 SBM-3 and IRO-1 for more information). As of today, the company has not considered different scenarios in its analysis, however, it will explore the possibility of performing a more in-depth climate-related risk analysis based on scenario analysis and in line with ESRS to complement this information.

Impacts, Risks and Opportunities (IRO) associated with E1

Type	Description	Own operations/Value chain	Related policies and procedures
Positive Impact	**Reduction of environmental harm and carbon footprint** by recycling materials from resource extraction, mitigating the negative impacts of mining activities on climate.	Upstream	Integrated Safety, Health, Environment and Quality Policy
	Contribution to a transition to a low carbon steel industry by enabling Electric Arc Furnace (EAF) steel production and secondary aluminium production.	Operation	Integrated Safety, Health, Environment and Quality Policy
	Reinforcement of the environmental commitment of employees and value chain members through conducting a life cycle analysis approach to evaluate its climate impact across the value chain.	Operations	Integrated Safety, Health, Environment and Quality Policy
	Promotion of the use of renewable energy (e.g.: selfconsumption of electricity through photovoltaic usage at one of Befesa's steel dust plants, purchase of energy with a guarantee of origin, installing LED lighting and material, etc.).	Operations	Integrated Safety, Health, Environment and Quality Policy

Impacts, Risks and Opportunities (IRO) associated with E1

Type	Description	Own operations/Value chain	Related policies and procedures
Negative Impact	**Generation of CO_2 emissions**, especially scope 1, due to the dependency in the use of reducing agents in the production process, mainly coke in the steel dust business, needed for the reduction and oxidation chemical reaction that produces the separation of the zinc at a very high temperature.	Operations	Integrated Safety, Health, Environment and Quality Policy
	Absence of emissions reductions stems from the lack of commitment to initiatives aimed at reducing greenhouse gas emissions, such as SBTi (Science-Based Targets initiative).	Operations	Integrated Safety, Health, Environment and Quality Policy
	Significant energy consumption and inefficiency because of an excessive energy intensity in facilities and processes that have not yet implemented the energy management system established by international standards like ISO 50001 certification.	Operations	Integrated Safety, Health, Environment and Quality Policy
	Increase in energy use driven by the inclusion of the EAF steel dust recycling.	Operations	Integrated Safety, Health, Environment and Quality Policy

Impacts, Risks and Opportunities (IRO) associated with E1

Type	Description	Own operations/Value chain	Related policies and procedures
Opportunity	**Promotion of transparency and confidence** to investors by developing more distinguished internal policies in each ESG area to convey a clear message and commitment with each scope.	Operations	Integrated Safety, Health, Environment and Quality Policy
	Investor attraction through alignment with most renowned sustainability ratings and indexes, such as ISS ESG, MSCI, Sustainalytics, Vigeo Eiris, global challenges index, etc…	Operations	Integrated Safety, Health, Environment and Quality Policy
	Significant cost saving in purchasing green bonds by reducing emissions of the company.	Operations	Integrated Safety, Health, Environment and Quality Policy
	Lack of knowledge among workers regarding energy-saving best practices, stemming from the failure to provide training on the subject.	Operations	Integrated Safety, Health, Environment and Quality Policy

Impacts, Risks and Opportunities (IRO) associated with E1

Type	Description	Own operations/Value chain	Related policies and procedures
Risk	**Operating costs or production losses** resulting from the impact of physical risks of climate change (such as flooding due to the proximity of the plants to large bodies of water).	Operations	Integrated Safety, Health, Environment and Quality Policy
	High risk level in the Carbon Risk Classification scale as industry is exposed to several carbon risks according to Befesa's main business activities. This could lead to the violation of the rules set by the Paris Agreement.	Operations	Integrated Safety, Health, Environment and Quality Policy
	Partial alignment of the risk management related with climate risk disclosure according to ISS rating. Low sustainability ratings will particularly affect sustainable investment portfolios.	Operations	Integrated Safety, Health, Environment and Quality Policy
	Perception of passivity towards sustainability by stakeholders due to a lack of a clearly defined climate targets.	Operations	Integrated Safety, Health, Environment and Quality Policy

Impacts, Risks and Opportunities (IRO) associated with E1

Type	Description	Own operations/Value chain	Related policies and procedures
Risk	**Possible increased production costs** due to dependence on external energy sourcing. Given the highly volatile nature of the energy market, relying on third parties can result in sudden spikes in expenses.	Operations	Integrated Safety, Health, Environment and Quality Policy
	Wrong adjustment of the facilities to renewable energy consumption, resulting in dependence on fossil fuels, which are increasingly hiking prices due to charges imposed to reduce their consumption.	Operations	Integrated Safety, Health, Environment and Quality Policy
	High operating costs in production plants and offices where energy-saving practices have not been implemented, resulting in a loss of product competitiveness due to higher production costs.	Operations	Integrated Safety, Health, Environment and Quality Policy

Impacts: Befesa's emissions

One of the principal environmental impacts for Befesa is its carbon emissions, which are driven by the technology that the company uses. Befesa's 24 sites track emission intensity and total emissions annually, including Scope 1 & 2, and since 2022, also Scope 3. Direct emission categories (Scope 1) include stationary, process, mobile and fugitive emissions, while indirect emissions (Scopes 2 & 3) are disclosed in reference to each business unit's material categories.

To identify each site's material categories, the company commissioned an external analysis using the indirect emissions categories available in the GHG Protocol.

All sites were provided with a materiality analysis training session, and a procedure was developed for emissions measurements. Every year, all sites measure their emissions using emission factors provided by local governments, IPCC, or, if needed, Ecoinvent.

Befesa's plants' emissions are regulated by local and international regulatory bodies. GHG Protocol processes are applied to identify CO_2e emissions sources and other pollutants such as SOX and NOX are also tracked separately in the company's own operations. Total GHG emissions are reported annually following EMAS, ISO 14001, and ISO 14064 guidelines (see E1-6).

Befesa's main business activity, steel dust recycling, is currently the higher emitter of CO_2 due to the reliance on the use of emission-intensive reducing agents like coke. As mentioned in E1-1, the company is committed to research, invest and develop new technologies to reduce its environmental impact.

The company has identified physical and transition climate-related risks in its Double Materiality Analysis. The Company will conduct a climate change scenario analysis in line with TFCD framework. As part of ISO regulation, all of its sites have developed risk contingency plans including weather-related events and follow protocols to implement them when needed.

The company has considered all information that is available at the reporting date for its analysis. Disclosures are expected to improve over time.

Climate related assumptions in Befesa's financial statements

Critical climate-related assumptions are not made in Befesa's financial statements. The company discusses market trends, including factors such as the future demand of recycled materials or scrap availability, but these are usually done on a yearly basis and do not investigate medium- or long-term time frames.

ESRS 2 SBM-3 Impacts, risks and opportunities

Climate risk and Befesa's business model

In its Double Materiality Analysis, the company has not identified material aspects associated with physical climate risks. On the other hand, all the environmental risks set out in ESRS 2 SBM-3 related to climate change, resource use, air pollution, energy, and waste management are considered material topics.

- Befesa supports two highly regulated industries (steel and aluminium industries) and is subject of many local environmental regulations such as SEVESO, EU Emissions Trading System (EU ETS), Industrial Emissions Directive (IED), Waste Framework Directive (2008/98/EC) and Energy Efficiency Directive (2012/27/EU) among others). The introduction of more stringent environmental regulations, along with increasing focus on sustainability and circularity, remain growth drivers for the company since 1987 and make its business model resilient to climate risks. Befesa will keep working on the capture of growth opportunities that these market and operational conditions create with a business model that helps protect the environment at the same time as delivering profitable growth. These factors are expected to continue to support the company's growth as new geographies adopt tighter environmental regulations and Befesa's services become ever more critical to operators in the steel and aluminium industries.

Business model resilience

The company has conducted a preliminary analysis of the International Energy Agency (IEA) Global Energy and Climate (GEC) Model scenarios. Given its focus on recycling steel and aluminium, the different IEA scenarios (STEPS, APS, and NZE) will have significant implications for its business operations, supply chains, and financial performance. These will be taken into account in the next steps to perform a complete resilience analysis, which will be performed in the following years. According to the IEA, "increased scrap recycling and mass deployment of innovative technologies are key levers for reducing emissions". In steel, for example the IEA analyses that the share of scrap in metallic inputs is expected to increase 15% in 2050 from a 2022 baseline of 33%, reaching 48%. In aluminium, the share of secondary production is expected to increase 20% in 2050 from a 2022 baseline of 36%, reaching 56%.

This preliminary resilience analysis does not consider climate or business scenarios applied to Befesa's risks or information about its ability to adjust its strategy in the short, medium and long term. It also does not include areas of uncertainty or consider the different assets and activities at the different levels of the company's value chain. As part of its efforts to improve its climate risk and resilience analysis, Befesa will conduct a more detailed scenario analysis that includes its risks and mitigation actions against them, as well as anticipated financial effects.

E1-2 Policies

Befesa has an overarching Environment, Health, Safety & Quality (EHSQ) Policy that sets out its guiding principles related to these issues (see ESRS 2 MDR-P). With regards to climate change mitigation, it points out that:

- All management levels at Befesa are committed to EHSQ.
- Befesa promotes regular training for safe practices and environmental responsibility or employees and contractors, who must actively participate in EHSQ efforts.
- The company is committed to monitor conditions to prevent environmental harm and accidents, with essential safe practices for employment and career growth.

- Employees must intervene immediately when environmentally unsafe actions are observed, promoting a proactive safety culture.
- Regular inspections, audits and adherence to legal and industry standards ensure continuous EHSQ improvement.

As of today, this policy does not specifically addresses climate change adaptation, energy efficiency or renewable energy implementation. However, the company will include these topics in the policy going forward.

Environment, Health, Safety & Quality (EHSQ) Policy is available in Befesa's Corporate intranet and website, and the Environmental, Health & Safety Director and all Befesa employees are accountable for its implementation.

In addition to these overarching principles, the plants have developed independent policies according to the regional policy and third-party standards they comply with.
Some examples are:

- All sites except those in China and the US are ISO 50001 compliant and hence have developed an energy efficiency policy (see table below). This policy aims to reduce the site's environmental impact by identifying where energy inefficiencies happen and implementing technologies and controls for continuous improvement. These policies address energy efficiency and contemplate renewable energy deployment.
- All ISO 14001-compliant sites have developed an environmental policy that sets out environmental objectives and actions to achieve the intended outcomes of the environmental management system, as well as achieve continual improvement (see table below). These policies address climate change mitigation.

Downstream (customers and distribution):

- **Key customers:**
  - Zinc smelters: Purchase WOX oxide for zinc production.
  - Secondary aluminium producers: Use recovered aluminium for new production.
- **Distribution channels:** Befesa delivers refined materials to end users through a combination of direct sales contracts and strategic logistics partnerships.

By leveraging its global footprint, advanced recycling technologies and its stakeholder relationships, Befesa continues to enhance sustainability and drive value creation across its entire supply chain.
For more information, please see environmental chapter.

SBM-2 Interests and views of stakeholders

For Befesa, stakeholders are those individuals and organisations that affect or are affected by Befesa's business operations. Stakeholders are not just passive observers but active participants whose engagement can have a significant impact on the success and sustainability of Befesa.

Recognising their importance and effectively managing their involvement is key for Befesa to achieve its sustainability goals. The key stakeholders include customers, employees, local communities, suppliers, shareholders, rating agencies, analysts, government, NGOs and the media.

Befesa will work in the coming years on a more specific environmental policy for the entire group.

E1-1 Climate Action Plan

Befesa has developed a Climate Action Plan which was published in its 2023 ESG Report. It establishes a carbon intensity[1] reduction target of 20% by 2030 and an ambition to become Net Zero by 2050. To better explain the company's Climate Action Plan, it is useful to clarify its business model and sources of emissions:

Befesa's products and services can contribute to mitigate climate change by substituting virgin raw materials with recycled raw materials, which have a lower carbon profile. However, the operations of Befesa today use technologies that require inputs to conduct the recycling of the waste and extract the valuable materials out of them. Befesa's CO_2 emissions are mainly driven by the following activities:

- Direct emissions (scope 1) coming from the use of reducing agents in the steel dust production process: Coke produces CO_2 from its chemical reaction with coal (carbon) and steel dust in the Waelz furnaces. This process is a reduction and oxidation chemical reaction that produces the separation of zinc at a very high temperature.
- Additional direct emissions (scope 1) come from the use of natural gas in the secondary aluminium and salt slags businesses to produce the heat required in the metallurgical processes.
- The use of electricity (Scope 2) is another source of indirect emissions at Befesa. And finally the Scope 3 emissions represent the remaining CO_2 emissions at Befesa are mainly coming from:
  - Purchased goods and services
  - Fuel and energy-related
  - Activities (not included in Scope 1 or Scope 2)
  - Upstream transportation and distribution
  - Downstream transportations

In summary, the carbon footprint (location based method) of Befesa is as follows:

- Scope 1: 58%
- Scope 2: 21%
- Scope 3: 20%

By business unit, around 80% of the CO_2 emissions are produced by the steel dust business, which at the same time represents a similar portion of the total EBITDA generated by Befesa.

To minimise carbon emissions, Befesa applies best available technology (BAT) and looks for improvement opportunities as part of its operational excellence programme – the company is committed to investing in technology to reduce its emissions. Befesa's decarbonisation investments are not done as part of a Capex plan compliant with EU Taxonomy Delegated Regulation (EU) 2021/2178, but rather on a year-by-year basis depending on where improvements are needed and beneficial.

Befesa's Climate Action Plan

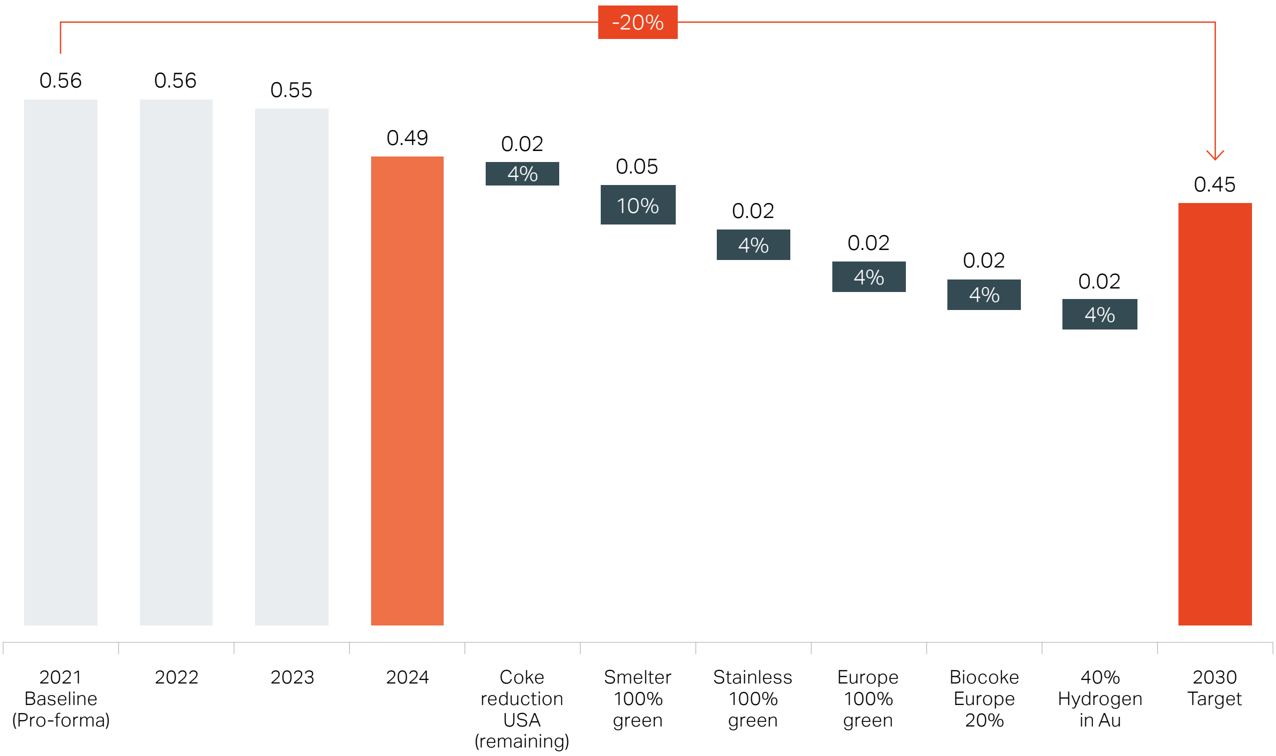
By 2050, Befesa's goal is to be net zero, which is in line with the Paris Agreement commitment to keep global warming to no more than 1.5°C. (i) This ambition and the company's intensity reduction target were both approved by the sustainability committee in 2022.

The company has identified a series of decarbonisation levers that will contribute to reduce its carbon intensity by 20% by 2030. When added together, these initiatives have the potential to reduce Befesa's intensity by up to 33%:

1. **Reduction of coke use by 40% in USA plants** by improving operations and increasing efficiency using technology such as SDHL air lances. This has the potential to reduce carbon intensity by 10% (0,05 Tn CO_2e/Tn output).
2. **Green power sourcing** to reduce Scope 2 emissions at its Smelter, Stainless and Europe sites through power purchase agreements and guarantees of origin purchases. This has the potential to reduce the intensity by 18% (0,09 Tn CO_2e/Tn output).
3. **Coke replacement with biomass** in its the European steel plants. This could reduce the emissions intensity by 0,02 Tn CO_2e/Tn input (3%).
4. **Natural gas replacement by 40% hydrogen sources** in its the aluminium sites. This could reduce the intensity by 2% (0,02 Tn CO_2e/Tn input).

[1] Carbon intensity refers to kg CO_2e per tonne of residue recycled (input).

$CO_{2}e$ intensity
($Tn\ CO_{2}e/Tn$ input)



Apart from these four levers, the company also implements smaller projects in its plants which aim for continuous improvement and efficiency increase as part of its operational excellence programme. See E1-3 and E1-4 for its progress in implementing the decarbonisation levers to reach its 2030 carbon intensity goal.

Befesa currently does not have a year-by year plan to reach its Net Zero by 2050 ambition, as this is heavily reliant on technology deployment, demand, and availability.

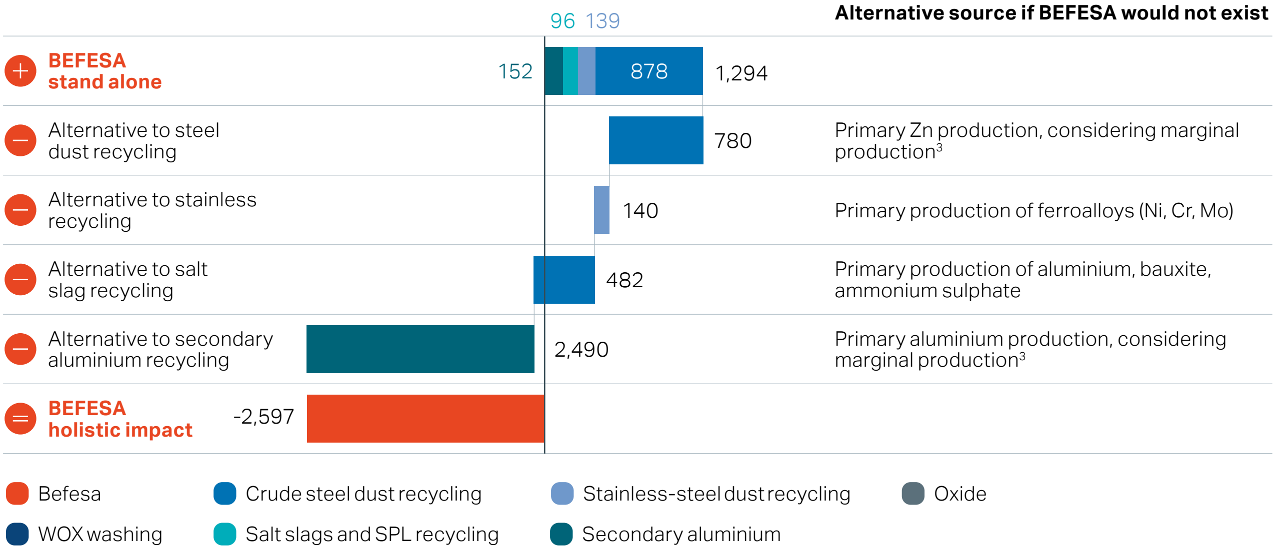
Befesa's locked-in emissions

Befesa's business model is compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5°C in line with the Paris Agreement. Compared to alternative sources, Befesa saved an estimated 2,596 kilotons CO_{2eq} in 2024[2]. Additionally, BEFESA contributes to the Electric Arc Furnace industry (EAF) (c. 85% less carbon intensive than Basic Oxygen Furnace, BOF)[3] and secondary aluminium (c. 99% less carbon intensive than primary aluminium)[4].

[2] Calculations were made considering alternative primary production of Zinc, ferroalloys, aluminium, bauxite, ammonium sulphate, considering marginal production. Only Scopes 1, 2 and maritime transport were reflected.
[3] Considering BOF vs EAF world average
[4] Considering Primary Production World Average vs Secondary Production

GHG emissions overall impact[1]; 2024 pro forma[2]

(Kton CO_2eq)



Even though Befesa's products and processes are intrinsically less carbon-intensive than the alternative, the company currently depends on emission-intensive components such as coke, which represents a large portion of its emissions. The company's business strategy is aligned with its ESG strategy and is rooted in an increased contribution to the circular economy while being environmentally compliant and reducing its carbon intensity through investments and R&D.

The company is committed to invest in technology to reduce the carbon intensity of its activities, but this will depend on the evolution of market enablers such as market demand, carbon capture, carbon prices, and energy technology developments. In 2024, it allocated 1.67M€ of research and development budget and 12M€ of CapEx to emission reduction projects. As it deploys its business model in new geographies, Befesa expects this to grow to ensure the emission intensity target results in a gross emission reduction to reach the Net Zero target.

Befesa has identified a series of levers that will contribute to achieving its Net Zero by 2050 ambition and has started developing basic knowledge and initiated investigations with partnering organisations.

Steel projects

Technology	Current development
Charcoal (biocoke) initiative: Substitution of coke with biocoke, a CO_2-neutral reducing agent	– Waelz process trials with charcoal performed in 3 sites, further research needed to optimise process – Charcoal smelting tested at lab-scale, large-scale testing in discussion
Dust2Value project: Substitution of coke with green hydrogen, a CO_2-neutral reducing agent	– EU funding achieved for ongoing investigation with partnering universities and other organisations – Undergoing design and construction of testing facility

Aluminium projects

Technology	Current development
HylnHeat: Replacement of natural gas with hydrogen	– EU funding achieved, collaborative project with aluminium producers on hydrogen end-to-end supply chain development – Small-scale tests will begin in 2025
Hydrogas: Hydrogen generation from salt slags capture	– Process to capture gases (ammonia, methane…) to produce hydrogen and reduce GHG emissions – European project approved, starting trials internally – Potential impact: 36% reduction in natural gas consumption

Activities within the EU Taxonomy

(e) Befesa's primary activity, which involves the treatment of hazardous waste, is crucial to its operations and the essence of the company. The EU Taxonomy defines Befesa's economic activity as the recycling or reclamation of inorganic materials other than metals or metal compounds, which excludes the Steel Dust Recycling Services from eligibility and alignment analysis. Despite the lack of specific classification for unique activities within the EU Taxonomy, the company believes that much more of its business should be eligible and aligned, given its significant contribution to the circular economy through recycling and resource recovery. Therefore, its main objective is to have its activities recognised in the Commission Delegated Regulation's classification. To achieve this, it may engage with the European regulator through the Taxonomy Stakeholder Request Mechanism or industrial associations.

Other considerations

(f) The company does not invest in anything whose product is related to coal, oil and gas-related economic activities. The company's activity does depend on the use of coal as a product.

(g) Befesa is not excluded from the EU Paris-aligned Benchmarks.

E1-3 Action and resources

Befesa's climate change mitigation actions are embedded in its Climate Action Plan and linked to its Environmental, Health & Safety and Quality (EHSQ) Policy. The company identified a series of levers to drive its emissions intensity reduction by 2030 (see E1-1). The company's ability to implement some of these actions depends on the development of technology and its allocation of funds through CapEx investments and its Research & Development department (R&D). Befesa's R&D department is involved in developing technology that enables its transition to Net Zero by 2050, dedicating 1,67M€ to decarbonisation projects in 2024 (for more information on its Climate Action Plan, see E1-1). On the other hand, the sustainable Capex investments take part as part of the recurrent maintenance CapEx strategy (55.9M€ in 2024, of which 12.5M€ were allocated towards decarbonisation initiatives), in which the company maintains its assets according to latest regulation and best practices. These currently do not relate to Taxonomy-aligned CapEx plans.

Below are the key actions taken this year:

All decarbonisation investments made this year:

Project	Spend (€)	Business Unit	Accounts
All decarbonisation-related CapEx	**12.4M**	**All**	**Property, Plant and Equipment**
Lever 1: Reduction of coke use in USA plants	100-500k	Steel dust	Property, Plant and Equipment
Lever 4: HylnHeat Hydrogen replacement testing on-site	500k-1M	Aluminium	Property, Plant and Equipment
Other decarbonisation-related CapEx	11.7M	All	Property, Plant and Equipment
All decarbonisation-related R&D	**1.7M**	**All**	**Other Intangible Assets**
Lever 3: Coke replacement with biomass	100-500k	Steel dust	Other Intangible Assets
Lever 4: HylnHeat Hydrogen replacement research	100-500k	Aluminium	Other Intangible Assets
Other decarbonisation-related R&D	1.1M	All	Other Intangible Assets

Actions related to the 4 decarbonisation levers:

					CO_2 intensity reduction (%)		CO_2 intensity reduction (absolute)	
Initiative	**Value chain**	**Target year**	**2024 cost[5,6]**	**Status**	**Expected (target year)**	**Actual (2024)**	**Expected (target year)**	**Actual (2024)**
Lever 1: Reduction of coke use in USA plants	Procurement & Operations, US steel	2025	100-500k (CapEx)	In process	10% (2025)	6%	0.05	0,035
Lever 2: Green power sourcing	Procurement & Operations, All locations	2030	N/A	Currently studying options	18% (2030)	0	0.09	0
Lever 3: Coke replacement with biomass	Procurement & Operations, Global steel	2030	100-500k (R&D)	Testing in process	3% (2030)	0	0.02	0
Lever 4: Natural gas replacement with hydrogen	Procurement & Operations, Europe aluminium	2030	500k-1M (OpEx and R&D)	Testing in process	2% (2030)	0	0.02	0

See E1-1 for more details about Befesa's intensity targets and progress.

Apart from these four levers, Befesa also implements smaller projects in its plants which aim for continuous improvement and efficiency increase as part of its operational excellence programme.

[5] All CapEx invested by plants is reported under 'Property, Plant and Equipment' in the annual accounts. R&D can be found under 'Other Intangible Assets'.
[6] As indicated in E1-1, CapEx investments are made ad-hoc and are not part of a sustainable investments plan but rather are included in the maintenance CapEx.

Other decarbonisation investments made this year:

Befesa implemented smaller projects at the locations which aim for continuous improvement and efficiency increase as part of its operational excellence programme.

Initiative	Outcome	Business unit	Value chain	Location	Cost (CapEx)
Installation of new inverters	Increased energy efficiency	Steel dust	Own Operations	Europe	<10k
Installation of Regenerative Thermal Oxidizer (RTO)	Mitigate emissions	Steel dust	Own Operations	Europe	<10k
Energy Efficiency Control cabinet installation	Increased energy efficiency	Secondary Aluminium	Own Operations	Europe	10-50k
Purchase and installation of bicycle and vehicle charging stations	Transport emissions reduction	Secondary Aluminium	Own Operations	Europe	10-50k
Thermal insulation of the mechanical workshop	Increased energy efficiency	Steel dust	Own Operations	Europe	10-50k
Roof renovation	Improved insulation to reduce energy consumption	Stainless Steel	Own Operations	Europe	10-50k
Energy transformer update	Electricity saving	Secondary Aluminium	Own Operations	Europe	10-50k
Replacement of old lighting with LEDs	Increased energy efficiency	Steel dust	Own Operations	Europe	10-50k
ISO 5001-aligned energy saving programmes	Increased staff awareness, optimisation of facilities and reduced energy use	Secondary Aluminium	Own Operations	Europe	50-100k
Purchase of new variable frequency driver (VFD)	Reduced electricity consumption and improved efficiency	Stainless Steel	Own Operations	Europe	50-100k
General equipment maintenance and improvement	Improved equipment efficiency	Stainless Steel	Own Operations	Europe	50-100k
Replace H2 & O2 gauge alarm in furnace building	Improve reliability of emissions measurement	Stainless Steel	Own Operations	Europe	100-500k
Upgrade of rectifier	Improved equipment efficiency	Stainless Steel	Own Operations	Europe	100-500k
Improved ventilation in staff halls and offices	Reduced energy consumption	Stainless Steel	Own Operations	Europe	100-500k
Replacement of refractory equipment	Reduced electricity consumption	Steel dust	Own Operations	Europe	100-500k
Substitution of primary alloys by secondary alloys	Energy saving achieved by avoiding electrolysis	Secondary Aluminium	Value chain	Europe	100-500k
Gas compressor upgrade	Improved equipment	Stainless Steel	Own Operations	Europe	100-500k
Purchase of energy-saving motors	Reduced energy consumption	Steel dust	Own Operations	Europe	100-500k

Initiative	Outcome	Business unit	Value chain	Location	Cost (CapEx)
Purchase of new furnace filter	Reduced electricity consumption and improved efficiency	Secondary Aluminium	Own Operations	Europe	100-500k
New transformer delivery & assembly	Reduced electricity consumption and improved efficiency	Stainless Steel	Own Operations	Europe	100-500k
Purchase of new reverb oven (2024 phase)	Reduced energy consumption and improved efficiency	Secondary Aluminium	Own Operations	Europe	500k-1M

E1-4 Targets

Befesa's aim is to reduce its environmental impact. Due to its goals to expand its business model in new geographies, the company has decided to follow an intensity reduction target rather than an absolute emissions reduction target. Befesa aims towards a 20% intensity reduction target in Scopes 1 & 2 by 2030 against a 2021 baseline, and a Net Zero ambition in Scopes 1 & 2 by 2050. The company has measured its baseline as a pro-forma in order to more accurately represent its activities in 2021: the China and USA plants were not fully functioning in 2021 but are now, so it calculated emissions using average production metrics for those plants so that comparison is more precise.

The actions towards these targets are set out in the Climate Action Plan and include improving current processes and adopting new technologies. These rely on high decarbonisation scenarios (1.5ºC or under) which will allow for the development of green technologies. These mainly target Scope 1 as it is the main source of its emissions (see E1-1 and E1-3). To ensure consistency between these targets and the GHG inventory boundaries, the company monitors and audits emission disclosures annually at a plant level, and track progress in its annual sustainability reports and bi-annual sustainability committees.

Target	Goal	Scopes[7]	Baseline
Interim target: 20% CO_2e intensity reduction by 2030	0.45 Tn CO_2e / Tn input (est. 1.34M Tn CO_2e in 2030[8])	1 & 2	0.56 Tn CO_2e / Tn input (2021 pro-forma)
Long-term ambition: Net Zero by 2050	122,226 Tn CO_2e	1 & 2	1,222,256 Tn CO_2e (2021 pro-forma)

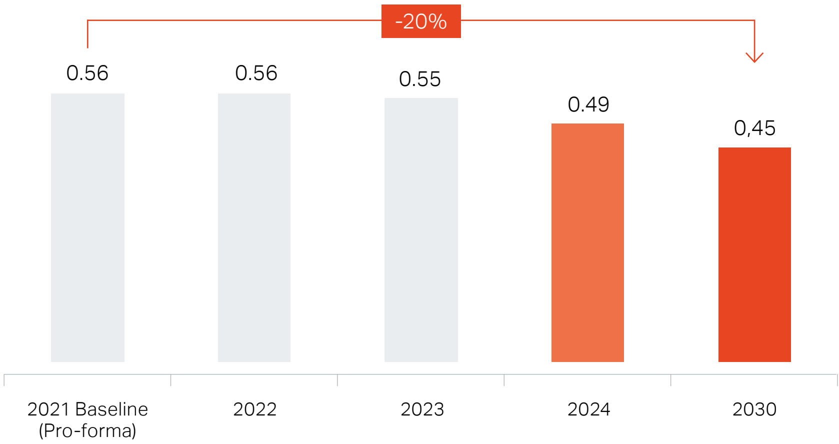
Befesa's Net Zero target is in line (not yet validated) with the Science-Based Target Initiative, which aims for 90-95% of GHG emission reduction with the possibility to offset the residual 5-10% through certified removals. The company will explore sector-specific guidance to apply the one most fitting to Befesa.

[7] The targets apply to Scopes 1 & 2 as a whole. Scope 2 refers to location-based emissions
[8] Absolute values have been calculated for this report assuming 2030 input will be 3 million tonnes of waste.

As the company develops its IRO analysis and environmental policies, it will establish methods to better monitor the effectiveness of its actions. At the moment, many of its targets are set at a plant-level and are linked to local legislation and third-party standards. As shown on the side, Befesa has achieved a 11% CO_2e intensity reduction in 2024 vs. 2023; moving forward to achieve its 2030 target of 20% reduction vs. a 2021 baseline.

See E1-1 16. for a description of Befesa's decarbonisation levers and their CO_2e reduction potential.

CO_2e intensity
(Tn CO_2e/Tn input)



E1-5 Energy

	Energy consumption and mix	Comparative	Year 2024
1	Fuel consumption from coal and coal products (MWh)	ND	0
2	Fuel consumption from crude oil and petroleum products (MWh)	ND	30,010.45
3	Fuel consumption from natural gas (MWh)	ND	456,691.51
4	Fuel consumption from other fossil sources (MWh)	ND	2,168.93
5	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	ND	729,996.27
6	**Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)**	**ND**	**1,218,867.16**
	Share of fossil sources in total energy consumption (%)	ND	86.68%
7	**Consumption from nuclear sources (MWh)**	**ND**	**100,873.65**
	Share of consumption from nuclear sources in total energy consumption (%)	ND	7.17%
8	Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	ND	0
9	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	ND	86,372.98
10	The consumption of self-generated non-fuel renewable energy (MWh)	ND	0
11	**Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)**	**ND**	**86,372.98**
	Share of renewable sources in total energy consumption (%)	ND	6.14%
	Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)		1,406,113.79

The plants measure and report energy consumption on the basis of real data, the accounting of which is based on continuous measurement or weighing, depending on the energy source. Once the data is available at a plant level, it is then consolidated by the EHS corporate team. As it is shown in E1-2, there are some plants with ISO 14001.

Energy intensity based on net revenue

Energy intensity per net revenue	Comparative	N	% N / N-1
Total energy consumption per net revenue for activities in high climate impact sectors (MWh/Monetary unit)	Not comparable	1,13	ND

Befesa has considered all of its activities to be included in the high climate impact sectors, since all of them could be included in NACE code C. 24. The net revenue figure used in this calculation (1.239 million euros) can be found in its income statement (note 5 and 22.1).

E1-6 Emissions

	Retrospective					Milestones and target years			
	2021 (Base year)	2023	2024	Comparative	% 2024/ 2023	2025	2030	2050	Annual % target/ 2021
Scope 1 GHG emissions						1,176.000	1,340.000	122.226	36.6%
Gross Scope 1 GHG emissions (tCO$_2$eq)	695,329.03	879,000.00	841,050.18	-37,949.82	95.68%				
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	ND	ND	ND	ND	ND				
Scope 2 GHG emissions									
Gross location-based Scope 2 GHG emissions (tCO$_2$eq)	102,494.70	249,000.00	309,258.28	60,258.28	124.20%				
Gross market-based Scope 2 GHG emissions (tCO$_2$eq)	ND	ND	270,369.91	ND	ND				
Significant Scope 3 GHG emissions									
Total Gross indirect (Scope 3) GHG emissions (tCO$_2$eq)	ND	421,000.00	290,669.26	-130,330.70	69.04%				
1 Purchased goods and services	ND	ND	180,685.62	ND	ND				
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	ND	ND	55,673.28	ND	ND				
4 Upstream transportation and distribution	ND	ND	35,669.53	ND	ND				
9 Downstream transportations	ND	ND	18,640.83	ND	ND				
Total GHG emissions									
Total GHG emissions (location-based) (tCO$_2$eq)	797,823.73	1,550,000.00	1,440,977.71	-109,022.24	92.97%				
Total GHG emissions (market-based) (tCO$_2$eq)	ND	ND	1,402,089.34	ND	ND				

All plants apply ISO 14064 methodology, and in alignment with GHG Protocol, to select reporting categories. Every year, all sites measure their emissions using emission factors provided by local governments, IPCC, or, if needed, Ecoinvent. Other pollutants are reported in E2-4.

Scope 1

Direct emission categories include stationary, process, mobile and fugitive emissions. This includes, for instance, natural gas and coke consumption.

The use of coke as a reductant agent is not counted as fuel, but as process emissions. In order to infer the volumes of coke used, plants use either mass balance calculations or direct weighing of the materials that go into the processes.

Scope 2

This category includes indirect emissions generated by electricity consumption. This year the company is reporting location- and market-based emissions separately for the first time.

Scope 3

Befesa has conducted a thorough assessment of its Scope 3 emissions, engaging external consultants with expertise in GHG accounting. The assessment process has included the following:

1. Identification of relevant Scope 3 categories based on materiality assessment for all the sites, with exception of BZ Recytech that became part of Befesa in 2024.

2. Application of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

3. Befesa uses specific emission factors when available, secondly industry-average collected data, and thirdly data from databases or standards, such as DEFRA and Ecoinvent

4. Development of internal policies, data collection processes and controls to improve Scope 3 data quality

Befesa acknowledges that there are various uncertainties associated with the measurement of Scope 3 measurement. These uncertainties arise from several factors, including:

1. Data Availability: Scope 3 emissions often rely on data from upstream and downstream value chain actors, which may vary in quality and completeness from location to location.

2. Materiality of categories might vary depending on a location.

3. Estimation Methodologies: Where direct data is unavailable, estimations based on emission factors and other proxies are used. Befesa carried out a materiality assessment conducted by experts on key representative locations from every sub-business unit at Befesa to gain a better understanding and obtain a methodology to calculate the scope 3 emissions by type of process. This assessment was based on real scope 3 data as well as estimations to obtain the most material categories for each business segment. Every location was trained to perform its own materiality analysis based on defined methodology. All the locations performed their own materiality analysis.

4. Value Chain Complexity: Befesa's value chain is complex, involving a large number of suppliers and customers across geographies, which can make it challenging to obtain precise data for all activities.

Befesa continuously reviews and updates its estimation methodologies to incorporate the latest scientific knowledge and best practices across all its locations. At the same time the Company is working to improve supplier engagement to obtain more accurate and consistent data in the future for the material categories. Befesa aims to improve the quality of Scope 3 measurement in future reporting years.

Timeline for Improvements: On best efforts basis, Befesa commits to enhance the data consolidation methodology and its coverage for all relevant locations by 2026, and report on the progress in its next reporting cycle.

[9] Market-based emissions are being reported for the first time in 2024 hence they do not have a comparative figure for 2023.

The materiality criteria for Scope 3 emissions were:

- Magnitude of emissions: this criterion refers to the volume of emissions from the emission source compared to the total indirect emissions.
- Level of influence: this criterion refers to the influence that the plant can have in reducing emissions from the emission source through policies or support to third parties.
- Data availability and traceability: this criterion refers to the degree of quality of the data through its direct or indirect collection and the ability to access and retain evidence.

Emissions are calculated using primary data in one of two ways:

- Using economic data as primary data: The plant estimates the emissions for each potential source using the following formula:

  GHG Emissions (t CO_2e) = Source Value (€) x Emission Factor (t CO_2e/€)

- Not using economic data as primary data: For these cases, the corporate procedure provides calculation methods that can be used. If not available, the plants follow the GHG Protocol's guidance and apply calculation methods depending on the available primary data:

  GHG Emissions (t CO_2e) = Source Value (unit) x Emission Factor (t CO_2e/unit)

The material categories for scope 3 emissions are the following:

- 1. Purchase goods and services
- 3. Fuel and energy-related activities (not included in scopes 1 and 2)
- 4. Upstream transportation and distribution
- 9. Downstream transportation

Intensity per net revenue

GHG intensity per net revenue	2023	2024	% 2024/2023
Total GHG emissions (location-based) per net revenue (tCO_2eq/Monetary unit)	1,31	1,16	88,58%
Total GHG emissions (market-based) per net revenue (tCO_2eq/Monetary unit)	ND	1,13	ND[9]

The net revenue found in the denominator can be found in the consolidated income statement under revenue or sales. The net revenue figure used in this calculation (1.239 million euros) can be found in the company's income statement (note 5 and 22.1).

E1-7 Carbon credits

Befesa does not take part in any accredited GHG removal schemes.

The company's Net Zero target is in line with the Science-Based Target Initiative, which aims for 90-95% of GHG emission reduction with the possibility to offset the residual 5-10% through certified removals. Befesa will explore sector-specific guidance to apply the one most fitting. See E1-4 for more detail.

E1-8 Internal carbon pricing

Currently Befesa does not apply internal carbon pricing. During 2025, it will explore the possibility of implementing this system in its recycling sites to promote carbon reduction initiatives.

E2 – Pollution

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Processes to identify and assess IROs

E2-1
Policies

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Air pollution

E5 – Resource Use and Circular Economy

ESRS 2 IRO-1
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Resource inflows

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Resource outflows

E2 – Pollution

ESRS 2 IRO-1 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

Emissions from recycling processes, transportation, and energy use at Befesa's 24 sites can contribute to air pollution, affecting local air quality and public health. These emissions are associated with all business units: crude steel dust, stainless-steel dust, oxide, WOX washing, zinc refining, salt slags & SPL, and secondary aluminium production. To identify and assess impacts, risks, and opportunities related to pollution, a Double Materiality analysis has been carried out. Since none of the company's plants are located in protected areas or zones vulnerable to water depletion, the results of the Double Materiality Analysis established that water and soil pollution are not material to Befesa (see ESRS 2 IRO-1 and SBM-3). Air pollution is the material sub-theme of this section.

With increasing environmental concerns and regulation, there is a risk that the reporting demand increases in the future. Befesa is committed to complying with environmental guidelines to meet local regulations and third-party standards. The following table details the IROs identified as material and the associated policies.

Impacts, Risks and Opportunities (IRO) associated with pollution

Type	Description	Related policies and procedures	Own operations/Value chain
Positive Impact	Reduction of air and noise pollution through specific control and management measures implemented in the sites.	– Environmental, health & safety and quality policy	Own operations
Negative Impact	Impact on employee health due to the exposure to air pollution, which can lead to a range of respiratory health issues.	– Environmental, health & safety and quality policy	Own operations
	Impact on the surrounding community from the air pollution of Befesa's operations that can cause concern for public health, decreased quality of life and discontent among local residents, as well as litigation matters.	– Environmental, health & safety and quality policy	Own operations
	Damage of the ozone layer due to direct emissions originating through the use of coke in the production process.	– Environmental, health & safety and quality policy	Own operations
Opportunities	Enhanced reputation by operating with a focus on reducing air pollution, which demonstrates Befesa's commitment to environmental stewardship and responsible business practices. This can enhance Befesa's reputation among customers, investors and the community, attracting environmentally conscious stakeholders and fostering goodwill.	– Environmental, health & safety and quality policy	Own operations
Risk	Increase in sanctions imposed as a result of non-compliance with the disclosure of non-financial indicators or emissions related conditions in environmental authorizations.	– Environmental, health & safety and quality policy	Own operations
	Lack of anticipation of future legislation regarding air particles. Legislation is expected to get more and more restrictive and Befesa should adapt by cutting emissions and air particles.	– Environmental, health & safety and quality policy	Own operations
	Higher investment necessities due to the need to improve facilities to reduce air pollution.	– Environmental, health & safety and quality policy	Own operations

Environmental continued

E2-1 Policies

As indicated in E1-2, given the global footprint of Befesa's recycling plants, the company currently does not have a specific policy related to pollution. At a corporate level, Befesa has established the Environmental, Health and Safety and Quality policy, which applies to all Befesa employees and third parties and includes Befesa's commitment to the prevention of environmental incidents and emergency situations. Each individual plant creates its own policies both to ensure legal compliance and to improve its own environmental performance. All ISO 14001-compliant sites have an environmental policy that sets out their efforts to mitigate pollution and comply with local regulation.

As part of the environmental policy development, Befesa will address how it manages pollution centrally, while being complaint with the local applicable regulations.

E2-2 Actions and resources

Most of the actions described in E1-3 are aimed towards decreasing the levels of pollution coming from the emissions of CO_2, as well as reducing other pollutants like methane (e.g., the Hydrogas project). At Befesa, each plant manages their pollution actions and targets locally in order to comply with local regulations and standards and constantly monitors them to minimise their impact.

Befesa is aware that, in certain circumstances and locations, its activity could have some negative impact on local communities, such as air pollution generated by its facilities. In order to mitigate these impacts, Befesa carries out mitigation actions each year, as explained below in relation to 2024.

Every year, Befesa carries out several planned actions to improve the pollution levels of its recycling assets. Below are the actions taken by sites in 2024, amounting to 4.2M€ . These initiatives are part of the annual budget for regular and compliance maintenance, and it is expressed as capital expenditures (CapEx) invested. Some of these initiatives will be continued in subsequent years, as future developments are evaluated yearly as part of the annual budgeting process and therefore do not form part of a specific action plan. These investments can be found in the 'Property, Plant and Equipment' section in the consolidated statement of financial position, as part of the additions made in 2024 (80.98 M€ , note 9), which includes not only regular maintenance CapEx but also expansion CapEx, dedicated to increase the recycling capacity of the company's sites.

Initiative	Outcome	Business unit	Own Operations /Value chain	Location	Capex cost
Slag cooling fan revision and upgrade	Emissions are collected more efficiently and discharged from the chimney	Steel dust	Own Operations and Value Chain	Asia	<10k
Improvement in dust emission collecting in furnace	Reduces atmospheric emissions	Oxide	Own Operations	Europe	<10k
Installation of lids for crucible ovens	Reduces atmospheric emissions	Oxide	Own Operations	Europe	<10k
Installation of quick-lift door in production building	Improve containment of diffuse dust emissions into the air outside the building	Steel dust	Own Operations	Europe	<10k
Installation of air particle collector	Reduce diffuse dust emissions	Steel dust	Own Operations	Europe	10-50k
Upgrade of central dedusting system pipeline	Reduce diffuse dust emissions	Steel dust	Own Operations	Asia	10-50k
Continuous emission monitoring systems (CEMS) analyzer replacement	Improve emissions measurement data	Steel dust	Own Operations	Asia	10-50k

Initiative	Outcome	Business unit	Own Operations /Value chain	Location	Capex cost
Replacement of dust measurement appliance on chimney	Improve technology and emissions measurement	Steel dust	Own Operations and Value Chain	Europe	10-50k
Application of lime dosing and active carbon dryers to purify emissions	Remove acids and organic compounds from air emissions	Secondary Aluminium	Own Operations	Europe	10-50k
Installation of NETfloc tank to remove extractives and non-process elements	Control of mercury emissions	Steel dust	Own Operations	Europe	10-50k
Installation of a water mist cannon in the powder house	Reduce diffuse dust emissions	Steel dust	Own Operations	Europe	50-100k
Change of filter in the exhaust gas cleaning system	Avoid mercury and dioxin emissions	Steel dust	Own Operations	Europe	50-100k
Replacement of old seals to reduce trace emissions	Reduced trace emissions from seals	Steel dust	Own Operations	America	100-500k
Installation of an Uninterruptible Power Supply System (UPS) on the main blower	Reduction of stack and diffuse particulate emissions	Steel dust	Own Operations	Europe	100-500k
Upgrade of reactors in the feeding pump	Curb emission of ammonia	Salt slags & SPL	Own Operations	Europe	100-500k
Installation of a ball mill	Reduces diesel consumption and diffuse emissions to the atmosphere	Oxide	Own Operations	Europe	100-500k
Refurbishment of an electro filter	Reduce particulate emissions	Steel dust	Own Operations	Europe	100-500k
Installation of Regenerative Thermal Oxidizer (RTO) to treat air emissions	Reduce CH4 emissions	Salt slags & SPL	Own Operations	Europe	2-3M

All actions implemented in 2024 are aimed at Befesa's own operations, which can mitigate negative impacts throughout its value chain. Befesa will keep implementing preventative and corrective actions to minimise pollution and comply with regulation across the several regions where Befesa operates. The company currently does not have a centralised action plan regarding future air pollution. However, each individual recycling plant is aware of the existing and new applicable regulations and has plans in place. Future actions are evaluated yearly as part of the annual budgeting process, allocating capital for those initiatives and prioritising the most critical ones.

Lastly, Befesa currently does not engage with suppliers and clients to understand their impacts related to pollution. However, their opinions have been taken into consideration for the Double Materiality analysis.

E2-3 Targets

Befesa has established targets related to its CO_2e emissions (see E1-4 and ESRS 2 IRO-1). Although Befesa has not stablished specific targets for air pollutants other than CO_2 at a company level, it monitors the air pollutant reduction initiatives carried out at plant level, as reported in this section. Befesa will evaluate the establishment of specific air pollution targets in the following years.

E2-4 Air pollution

As indicated in E1 IRO-1, Befesa measures, monitors and tracks GHG emissions and complies with local and third-party regulatory bodies to report and limit them. Until this year, plants have reported polluting gases individually on a plant-by-plant basis to comply with local regulations. In previous years, the company only reported CO_2e, SOx and NOx on a consolidated basis at corporate level. For the first time, this year Befesa will report all significant pollutants that have exceeded 100 kg during the year that plants have been reporting internally.

Pollutant gases are measured through specialised equipment, either through Continuous Emissions Measurement Systems (CEMS) or through accredited external control companies that perform periodic measurements according to local requirements. Once the data is available at a plant level, it is then consolidated by the EHS team and finally validated within EMAS reports or other environmental management systems certified through accredited bodies. All information is verified at plant level according to the applicable legal requirements.

This is the first year that Befesa has reported pollutants centrally, so it is not able to report on changes and differences from previous years. Until now, reporting was done at a plant level to comply with external audits and regulation.

28. **Pollutant in air**	**kg (2024)**
Methane (CH_4)	1.161.179,33
Carbon monoxide (CO)	921.807,15
Ammonia (NH_3)	27.851,15
Non-methane volatile organic compounds (NMVOC)	117.801,99
Nitrogen oxides (NO, NO_2)	532.225,12
Sulphur oxides (SO, SO_2)	282.987,10
Chromium and compounds (as Cr)	164,12
Mercury and compounds (as Hg)	307,87
Nickel and compounds (as Ni)	131,40
Lead and compounds (as Pb)	919,55
Zinc and compounds (as Zn)	38.872,98
Benzene	2.344,94
Particulate matter (PM_{10})	12.162,01

E5 – Resource Use and Circular Economy

ESRS 2 IRO-1 Processes to identify and assess IROs

Befesa's recycling processes reduce the dependency on primary resources and minimising waste. However, driven by the recycling technology used as of today, the company also faces challenges such as high reductant agent consumption. To mitigate these, Befesa is investing in R&D and advanced technologies, securing reliable material supplies, and leveraging circular economy principles to enhance sustainability and market differentiation as is explained in section E5-4 of this chapter.

The company has identified impacts, risks and opportunities for the material sub-themes related to resource use and circular economy, which were obtained through the Double Materiality process detailed in sections SBM-2, SBM-3 and IRO-1 (see chapter ESRS 2 General Information). For this analysis, carried out at corporate level, all the plants operated by Befesa in all its geographies have been taken into account and stakeholders have been consulted.

As a result of this analysis, resource inflows including resource use and waste management have been defined as the material sub-themes. Details of the IROs identified for each sub-theme are given below:

Impacts, Risks and Opportunities (IRO) associated with Resources inflows including resource use

Type	Description	Related policies and procedures	Own operations/Value chain
Positive Impact	Reduction in the waste directed to landfills by using the scrap generated by other manufacturers	– Environmental, health & safety and quality policy	Value chain and own operations
	Optimisation of recyclability of materials enables the utilisation of materials in almost 100%, owing to the process efficiency dedicated to recycling	– Environmental, health & safety and quality policy	Value chain and own operations
	Preservation of natural resources and reduction of need for virgin material extraction by reclaiming valuable material from industrial waste streams and increasing resource efficiency	– Environmental, health & safety and quality policy	Value chain and own operations
	Long-term resilience by embracing circular economy principles through diversifying sources of raw materials and reducing dependence on finite resources	– Environmental, health & safety and quality policy	Value chain
Negative Impact	Greater emissions due to a purchase of high emissions materials	– Environmental, health & safety and quality policy	Own operations
Opportunity	Leadership in the emerging market of sustainable mining through a marketing strategy that attracts investment to a sector previously isolated due to a lack of sustainability	– Environmental, health & safety and quality policy	Value chain
	Cost savings by using remnants generated in previous production processes	– Environmental, health & safety and quality policy	Value chain

Impacts, Risks and Opportunities (IRO) associated with Resources inflows including resource use

Type	Description	Related policies and procedures	Own operations/Value chain
Risk	Reputational risk due to the lack of control over waste generation in the supply chain, which may lead to negative information disclosure affecting the Group	– Environmental, health & safety and quality policy	Own operations
	Loss of stakeholder trust because of poor resource management practices that may negatively affect the reputation of the production plant	– Environmental, health & safety and quality policy	Own operations
	Loss of operational efficiency due to failure to optimise the production process, resulting in excessive consumption of raw materials and natural resources	– Environmental, health & safety and quality policy	Own operations
	Rise in cost or difficulty obtaining raw materials as suppliers start recycling and reusing their waste instead of selling it	– Environmental, health & safety and quality policy	Own operations
	Reputational harm due to a lack of monitoring the origin of materials of the value chain, which could be involved with minerals from conflict areas that may cause human rights issues	– Environmental, health & safety and quality policy	Value chain

Impacts, Risks and Opportunities (IRO) associated with Waste management and Resource outflows for waste

Type	Description	Related policies and procedures	Own operations/Value chain
Positive Impact	Conservation of natural resources such as metals, minerals and water by recycling and reusing waste materials, reducing the need for raw material extraction.	– Environmental, health & safety and quality policy	Value chain and own operations
	Reduction of water disposal and creation of hazardous waste by implementing measures for hazardous waste and effluent treatment technologies to reduce the environmental impact.	– Environmental, health & safety and quality policy	Own operations
	Preservation of land for agriculture, conservation and recreational purposes by proper waste management reduces the need for new landfills and helps to preserve land.	– Environmental, health & safety and quality policy	Own operations
Negative Impact	Higher waste generated because not all received input is recycled, so Befesa ends up being responsible for the waste generated by other companies.	– Environmental, health & safety and quality policy	Value chain and own operations

Impacts, Risks and Opportunities (IRO) associated with Waste management and Resource outflows for waste

Type	Description	Related policies and procedures	Own operations/Value chain
Negative Impact	Production of excessive waste as Befesa is developing new production processes that require new materials and generate more waste than usual	– Environmental, health & safety and quality policy	Own operations
	Generation of waste that could be recycled or stored to be properly deposited in the corresponding landfill due to the lack of implementation of waste technologies in all of Befesa's plants.	– Environmental, health & safety and quality policy	Own operations
	Possible waste generated, which could also be quite hazardous, due to a lack of adherence to rigorous procedures such as established global standards.	– Environmental, health & safety and quality policy	Own operations
Opportunity	Profit generation by selling the by-product of the production process.	– Environmental, health & safety and quality policy	Value chain and own operations
	Improvement in reputation by advertising the second life given to waste generated by other companies, thus avoiding ending up in landfills.	– Environmental, health & safety and quality policy	Own operations
Risk	Economic sanctions resulting from non-compliance with proper waste management.	– Environmental, health & safety and quality policy	Own operations

The primary materials used at Befesa include waste received from customers for recycling, such as steel dust, aluminium scrap, salt slags, etc. As well as the materials required for processing these wastes, like lime, coke, industrial salts, water and so on. For a detailed breakdown of the resource inflows, refer to section E5-4.

The material impacts and risks of staying in business as usual are not complying with future environmental regulations, which can result in fines, legal action, and reputational damage.

E5-1 Policies

The company currently does not have a specific policy related to use of resources and waste management, or that includes a specific mention of the transition away from virgin resources, including the relative increase in the use of secondary resources or renewable resources. Befesa will develop a specific policy related to resources and waste management at corporate level in the following years. However, at a corporate level, Befesa has established, at a corporate level, Befesa has established the *Environment, Health, Safety & Quality Policy*, which applies to all Befesa employees and third parties, and encompasses all of Befesa's operations. This policy includes Befesa's commitment to the prevention of environmental incidents and emergency situations and the commitment to minimise its resource use and maximise circularity. Each individual Befesa plant can create its own policies both to ensure legal compliance and to improve its own environmental performance. For instance, all ISO 14001-compliant sites have an environmental policy that consider their resource use and ways to minimise it.

Environmental continued

Certifications by plant

Site	Country	Type	Capacity (kt)	EMAS	ISO 14001	ISO 50001	ISO 9001	ISO 450001/ OHSAS 18001	ISO 14064
Steel Dust									
Duisburg	Germany	Crude steel	87		●	●	●	●	●
Freiberg	Germany	Crude steel	194	●	●		●	OHRIS (German system similar to OHSAS)	●
Asua – Erandio	Spain	Crude steel	160		●	●	●	●	●
Fouquieres-les-Lens	France	Crude steel	55		●	●	●	●	●
Iskenderun	Turkey	Crude steel	110		●	●	●	●	●
Gyeongju	South Korea	Crude steel	220		●	●	●	●	●
Changzhou	China	Crude steel dust	110						
Xuchang	China	Crude steel dust	110						
Barnwell, SC	US	Crude steel dust	165		●				
Rockwood, TN	US	Crude steel dust	147		●				
Calumet, IL	US	Crude steel dust	142		●				
Palmerton, PA	US	Crude steel dust	163		●				
Gravelines	France	Stainless steel dust	110		●	●	●	●	●
Landskrona	Sweden	Stainless steel dust	64		●	●	●	●	●
Sondika/Amorebieta	Spain	Oxide	16		●	●	●	●	●
Gravelines	France	WOX washing	100		●	●	●	●	●
Pohang	South Korea	WOX washing	60		●	●	●	●	●
Rutherford County, NC	US	Zinc refining	141						
Aluminium									
Lünen	Germany	Salt slags & SPL	170		●	●	●	●	●
Hanover	Germany	Salt slags & SPL	130		●	●	●	●	●
Valladolid	Spain	Salt slags & SPL	150		●	●	●	●	●
Bernburg	Germany	Secondary Aluinium	75		●	●	●	●	●
Erandio	Spain	Secondary Aluinium	64		●	●	●	●	●
Les Franqueses de Valles	Spain	Secondary Aluinium	66		●	●	●	●	●

EMAS: system of specifications fro environmental management systems.
ISO 140001: standard for environmental management systems.
ISO 50001: standard for energy management systems.
ISO 45001: standard for quality management systems.
OHSAS 18001: Standard for occupational safety management systems.
Recytech is out of the scope and it is not included in any calculation or percentage.

As part of its environmental policy development, Befesa will address how it manages the use of resources and waste centrally, while being complaint with the local applicable regulations.

E5-2 Actions and resources

Befesa has diverse initiatives in place to make the use of resources more efficient. For instance, the USA plant optimisation process is aimed to reduce the use of coke by up to 40%. This contributes to both the resource use and carbon emissions reduction (see E1-1).

Below are the main actions taken in 2024. Some of these initiatives will be continued in subsequent years, as future developments are evaluated yearly as part of the annual budgeting process and therefore do not form part of a specific action plan.
The material actions taken this year amounted to 170 thousand euros. They are part of the 'Property, Plant and Equipment' assets in the consolidated statement of financial position, under the additions made in 2024 (80.98 M€, note 9), which includes not only regular maintenance CapEx but also expansion CapEx, dedicated to increase the recycling capacity of Befesa's sites.

As part of the target to increase the volume of recycled waste and new materials produced (see E5-3 for more information), the company is aiming to increase the utilisation rates at the sites, especially those located in China and the US. The most notable project is the refurbishment of the Palmerton site which will make available a second furnace to duplicate the capacity. This project will be completed in 2025.

The main actions taken in 2024

Initiative	Outcome	Business unit	Value chain	Location	CapEx cost
Replacement of compressed air consumers which store and transmit energy	Reduced compressed air and energy consumption	Steel dust	Operations	Europe	<10k
Extension of air lance technology in Waelz kilns to reduce the use of coke	Coke use reduction	Steel dust	Operations	America	100-500k

E5-3 Targets

Resource inflows & outflows

Befesa has set three voluntary targets related to its resource inflows and outflows. The first two refer to the increase of primary material input to recycle and the output of recycled product. By 2025, the company aims to recycle more than 2.4 million tonnes of waste and to increase the volume of valuable materials recovered from waste to more than 1.8 million tonnes. This plan will be implemented through deploying Befesa's business model in different geographies. These targets are part of the company strategy and are also aligned with the European Union's aim to transition to a circular economy to achieve its 2050 climate neutrality target.

On the other hand, as stated in its decarbonisation levers (E1-1), Befesa also aims to reduce the use of coke in the US steel dust siters through optimising processes and implementing technologies that minimise the use of this primary raw material in the production phase.

These targets have been set by top management levels. On a monthly basis, plants send their input and output metrics which are validated internally. These are some of the most important environmental KPIs to understand the performance of Befesa, so they are followed closely. As part of the annual budget and quarterly performance reviews, recycled volumes are analysed against targets by the board of directors.

As can be seen in the table below, the three objectives cover the impacts, risks and opportunities identified as material in section IRO-1 of this chapter and are in line with the *Environmental Health and Safety and Quality policy* mentioned above.

Target	Waste hierarchy	Baseline (absolute metrics)	Progress (absolute metrics)	Next steps
Increase the volume of waste managed and recycled to more than 2.4 tonnes by 2025	Recycling	1.8 million tonnes (2022)	2023: 2 million tonnes 2024: 2.3 million tonnes	Increasing volumes through higher utilisation at existing plants and starting Palmerton plant (USA) in 2025
Increase the volume of valuable materials recovered from waste and residues to more than 1.8 million tonnes by 2025	Recycling	1.5 million tonnes (2022)	2023: 1.7 million tonnes 2024: 1.7 million tonnes	
Reduce coke use in USA plants by 40% (lever 1) by 2030	Prevention	113 kton (2023)	2024: 90 kton (-20.4%)	Keep implementing optimisation strategies such as SDHL air lances

E5-4 Resource inflows

The main primary materials used by Befesa are the hazardous waste received to recycle (steel dust, aluminium waste and scrap, salt slags, etc.) and the materials needed to process them (lime, coke, salts, etc.).

None of the raw materials used contain biological products.

Raw materials	31(a)TON	31(c) Ton Resource inflow recycled	31(c) % Resource inflow recycled
Waste containing Aluminium	239,027.37	239,027.37	8.39%
Alloying agents (Si, Mg, Mn, Fe, Zn, Cu)	9,496.49	449.13	0.02%
Smelting salt	28,984.94	28,984.94	1.02%
Liquid oxygen	28,357.14	–	–
Salt Slag	414,861.56	414,861.56	14.57%
Metalurgical wastes	11,416.12	11,416.12	0.40%
sulphuric acid	71,451.35	9,704.60	0.40%
Steel dust & zinc residues	1,252,498.74	1,252,498.74	43.98%
Metallurgical coke	177,729.67	1,148.81	0.04%
Petrol Coke	37,386.03	36,196.73	1.27%
Anthracite	8,551.92	–	–
Sodic Bicarbonate	4,819.26	–	–
Lime	104,181.40	7,562.08	0.27%

Raw materials	31(a)TON	31(c) Ton Resource inflow recycled	31(c) % Resource inflow recycled
Zinc oxide	199,313.00	199,313.00	7.00%
Rock Salt (sodium chloride)	6,490.00	–	–
Hydrochloric Acid 33-35%	4,386.00	–	–
Sodium Hypochlorite 10-20%	2,882.00	–	–
Manganese Sulphate	1,803.00	–	–
Hydrated lime (calcium hydroxide)	5,920.00	–	–
Zinc Dust	386.00	386.00	0.01%
Metal & metal dust	86,814.00	86,814.00	3.05%
Sand	15,865.00	–	–
Sugarcane molasses	2,706.00	–	–
Tackidex	1,974.00	–	–
Unwashed Oxide WAELZ	130,849.26	130,849.26	4.59%
Total	**2,848,150.25**	**2,419,212.34**	**84.94%**

Of this 2,419,212t of recycled inflow, 2,335,166t corresponds to waste treated for reuse and is therefore the tonnage used to calculate CO_2e intensity. The rest is recycled material, but not treated, as it is not the plant's purpose.

The inflow data is measured directly by weighting on-site and reported by each site on a monthly basis using an internal reporting tool[1]. Estimates are not included. Due to the nature of the company's operations, duplication sometimes take place when counting overall inputs and waste. This takes place because some plants produce waste that is managed by other Befesa divisions. For instance, salt slags are counted as waste sent for recycling by the secondary aluminium division but as input for the salt slags & SPL ones. See E5-5 for reference.

E5-5 Resource outflows

Most of the waste produced by Befesa comes from unsold by-products resulting from the steel and aluminium processes. Each site measures waste directly by weighting it on-site. Waste management is regulated and carried out by an authorised waste manager which allows the accounting of the different reported waste and its classification. Generally, Befesa generates three significant types of waste:

- **Hazardous waste:** Befesa produces waste which is categorised as hazardous. This includes solvents, flammable/ hazardous raw materials, chemical waste, batteries, acids, bases or caustic liquid, which are used in the recycling process. This type of waste is discharged to an authorized waste manager or incinerated without energy recovery.

- **Hazardous waste reused/ recovered/recycled:** At the end of some recycling operations, the company produces some hazardous residues such as salt slags coming from the secondary production. These hazardous waste are recycled internally by the salt slags recycling division.
- **Non-hazardous waste:** Includes by-products coming from the recycling process of steel dust and salt slags which have not been sold in the market and need to be dispossed of in a non-hazardous waste landfill. Quantity of non-hazardous waste discharged or incinerated without energy recovery – includes data on solid waste and on the liquids eliminated in solid waste containers.continuously recycled internally.

In summary, the majority of the waste generated by Befesa comes from by-products from the steel dust and salt slags recycling processes in the form of iron oxide (Ferrosita) and aluminum oxide (Paval) which have not been sold and hence had to be dispossed of as a non-hazardous waste in a regular landfill. As an example, in the steel dust business unit, about 70% of the waste is unsold iron-rich slag. The majority of the hazardous waste generated by Befesa (more than 99% of the total volume) is coming to salt slags from the secondary aluminum business , which is entirely recycled internally.

Of all the waste generated in the company, 78% is recycled. Befesa targets to minimize the percentage of waste destinated to landfill by increasing the usage of by-products and secondary materials.

Waste	Hazardous Ton	Non-Hazardous Ton	Total Ton	%
a) Total amount of waste generated	**248.476,90**	**492.859,13**	**741.336,03**	**100%**
b) the total amount by weight diverted from disposal	**185.035,80**	**372.352,94**	**557.388,74**	**75,19%**
i) Preparation for reuse	26,49	84,51	111,11	0,01%
ii) Recycling	184.895,45	327.314,29	512.209,74	69,09%
iii) Other recovery	113,86	44.954,14	45.069,00	6,08%
c) the amount by weight directed to disposal by waste treatment type	**63.441,10**	**120.506,19**	**183.947,28**	**24,81%**
i) Incineration	442,86	304,14	747,00	0,10%
ii) Landfill	61.516,85	101.770,94	163.287,79	22,03%
iii) Other disposal operations	1.481,39	18.431,11	19.912,50	2,69%
Amount and % non-recycled waste	**63.441,10**	**120.583,03**	**184.024,12**	**24,82%**

[1] This is the first year that waste is measured as wet in order to comply with CSRD guidelines. In the past, some plants have disregarded the small percentage of water present in incoming waste in their measurements.

Maximising circularity in Befesa's processes

Befesa strives to maximise circularity in its processes, diverting 75% of its outflows from disposal. Many times, recovery happens internally, and outflows from one process become inflows for another one. This way, the company maximises circularity and durability in the use of all of outflows, which would otherwise end up in landfill.

For instance, in the steel business unit, Waelz oxide produced in steel dust sites (e.g., Duisburg) is washed in the Oxide Washing plants (e.g., Gravelines). On the other hand, in the aluminium business unit, the salt slags resulting from the melting process are used as an inflow in the Salt Slags sites and then sent back to the aluminium melting plant (e.g., Valladolid).

Specifically in the US, the Waelz Oxide produced in the steel dust sites is treated at the smelter in North Carolina, where it is then processed to produce metal zinc. There is also a project to send the sludge remaining from treating the Oxide back to the Palmerton site, where zinc and other metals will be extracted. This initiative has been testing in 2024 and Befesa hopes to introduce it in the next year.

Social

SBM2, SBM3
Own Workforce IROs

S1-1
Policies

S1-2
Processes for engaging Befesa employees

S1-3
Processes to remediate impact and channels to raise concerns

S1-4
Actions to mitigate risks and pursuing opportunities

S1-5
Targets

S1-6
Befesa employee metrics

S1-7
Non-employee workforce

S1-8
Collective bargaining and social dialogue

S1-9, S1-12
Diversity, equity and inclusion

S1-10, S1-11, S1-15, S1-16
Compensation and well-being

S1-13
Training and development

S1-14
Health and safety metrics

S1-17
Discrimination incidents and human rights violations

SBM2, SBM3 Own workforce IROs

Befesa recognises the importance of engaging its stakeholders, as their involvement is crucial to the company's success. Employees are key stakeholders of Befesa. They are the core of the company's activity, and without their commitment and contributions, Befesa would not be able to meet the challenges ahead.

As a result of the Double Materiality Analysis conducted by the company in 2024, three social material topics have been identified: working conditions, health and safety, and equal treatment and opportunities for all. (See ESRS 2 IRO-1, SBM2 and SBM3) For each of these topics, Befesa, with the support of an external consultant, has identified material impacts, risks, and opportunities as follows:

Impacts, Risks and Opportunities (IRO) associated with Working conditions

Type	Description	Related policies and procedures	Own operations/Value chain
Positive Impact	Fair and stable employment conditions for workers, attractive remuneration, while also addressing the needs and interests of employers by establishing frameworks for labour relations, such as collective agreements.	– Own operations	– Human Resources Policy – Collective agreements
	Increased employee retention and higher productivity by offering flexible work arrangements that allow for work–life balance.	– Own operations	– Human Resources Policy – Collective agreements
Negative Impact	Potential operational impact by reducing workforce availability due to a high rate of absenteeism in some locations	– Own operations	– Integrated Safety, Health, Environment and Quality Policy – Human Resources Policy – Collective agreements
Opportunity	Greater commitment to tasks and achievement of organisational and financial objectives when employees identify with the Company's culture and values.	– Own operations	– Code of Conduct – Human Resources Policy
Risk	Loss of personal information of employees and stakeholders due to a cyberattack through online scamming	– Own operations	– Corporate IT Security Policy
	Wage devaluation of employees due to high inflation volatility in certain countries, unleashing in strikes	– Own operations	– Human Resources Policy – Collective agreements

Impacts, Risks and Opportunities (IRO) associated with Health and Safety

Type	Description	Related policies and procedures	Own operations/Value chain
Positive Impact	Provision of an annual budget with investments to implement safety measures and carrying out risk assessments of all plants, increasing the satisfaction of the employees	– Own operations	– Integrated Safety, Health, Environment and Quality Policy
Negative Impact	Long- and short-term damage to workers' health and safety due to having to perform potentially unsafe actions for workers who are outside the scope of application of the International Standard ISO 45001	– Own operations	– Integrated Safety, Health, Environment and Quality Policy
Opportunity	Promoting health and well-being with the inclusion of physical activities and emotional support through specific programmes leads to greater productivity, job satisfaction and employee retention	– Own operations	– Integrated Safety, Health, Environment and Quality Policy

Impacts, Risks and Opportunities (IRO) associated with Health and Safety

Type	Description	Related policies and procedures	Own operations/Value chain
Risk	Serious workplace accidents can result in significant medical and legal costs for the Company, including injury compensation, medical treatment expenses, and grounds for failure to comply with safety regulations	– Own operations	– Corporate IT Security Policy
	Development of occupational diseases over the next years derived from chemicals, which can have a negative economic impact over the company, such as sanctions or lawsuits, as well as a direct impact in its employees' health and safety	– Own operations	– Human Resources Policy – Collective agreements
	Losing employees and hiring shortages at plants that have recently experienced accidents, leading to a decrease in productivity	– Own operations	– Integrated Safety, Health, Environment and Quality Policy

Impacts, Risks and Opportunities (IRO) associated with Equal treatment and opportunities for all

Type	Description	Related policies and procedures	Own operations/Value chain
Positive Impact	Promotion of diversity through recruitment and talent management practices, training and development of opportunities to cultivate a culture of inclusivity, and carry out campaigns on equality and diversity	– Own operations	– Code of Conduct – Human Resources Policy – Diversity, Equity and Inclusion Policy
	Increase of gender diversity in senior management by increasing the percentage of women in the Board		– Code of Conduct – Human Resources Policy – Diversity, Equity and Inclusion Policy
Negative Impact	Lack of inclusion of people with disabilities as it is a sector that requires qualified personnel	– Own operations	– Code of Conduct – Human Resources Policy – Diversity, Equity and Inclusion Policy – Human Rights Policy
	Sector historically dominated by men, causing a gender imbalance in the workforce and industry more broadly.	– Own operations	– Code of Conduct – Human Resources Policy – Diversity, Equity and Inclusion Policy

Impacts, Risks and Opportunities (IRO) associated with Equal treatment and opportunities for all

Type	Description	Related policies and procedures	Own operations/Value chain
Opportunity	Commitment to equality can generate a better reputation and a stronger brand, and can help to access new markets and customers by demonstrating a commitment to shared social and ethical values	– Own operations	– Code of Conduct – Human Resources Policy – Diversity, Equity and Inclusion Policy
Risk	Failure to comply with the Diversity, Equity and Inclusion policy can cause communication and conflict problems and a tense and non-collaborative work environment	– Own operations	– Code of Conduct – Human Resources Policy – Diversity, Equity and Inclusion Policy – Human Rights Policy

The negative impacts are widespread and come directly from both Befesa's business model and the idiosyncrasies of the sector and the countries in which it operates. The positive impacts and opportunities come from specific actions that are carried out on an annual basis in Befesa's own operations (See following sections of this chapter).

Of the risks and opportunities mentioned above, none have been identified as arising from material impacts.

In general, the main people affected by the identified material impacts are the company's own salaried staff, including White Collars and Blue Collars. All impacts apply to all workforce, however, there are some impacts that are focused on specific group, e.g. for health & safety issues, shop floor staff as some of them could be more vulnerable. Non-salaried employees have also been considered in the identification and assessment of IROs. A more detailed definition of the non-employee workforce can be found during this chapter.

All the impacts detected come from specific actions that Befesa carries out continuously during its activity, whether through the development and implementation of policies, training of its own employees or specific awareness-raising events of different kinds. These actions and initiatives can be seen in more detail in the section *Actions to mitigate risks and pursuing opportunities* of this chapter.

No impacts, risks or opportunities on own workforce that may arise from transition or other environment-related plans have been identified as material as of today. As indicated in the E1 chapter, work will continue on identifying physical risks related to climate change, and therefore, those applicable to the own workforce and the actions to be considered may be reviewed.

No operations have been identified as having a risk of forced labour or child labour.

S1-1 Policies

Befesa is committed to achieve a safe, inclusive, and respectful workplace for all its employees, and that human rights are respected and upheld throughout its operations.

The company has established various policies:

- Code of Conduct
- Human Resources Policy
- Diversity, Equity and Inclusion Policy
- Human Rights Remediation Policy
- Integrated Environment, Health, Safety & Quality Policy
- Workshop Agreements

The relationship between the policies and codes and the material impacts, risks and opportunities obtained from the analysis of Double Materiality has been included above in the point Own workforce IROs of this chapter. Further details of the policies and codes can be found below.

Code of conduct

Befesa's Code of Conduct applies to all employees, encouraging a culture of respect, inclusivity, and integrity. Befesa expects its team members to embrace diverse values, respect individuality, uphold privacy, and prevent any form of human rights violations – whether based on race, ethnic background, culture, religion, age, disability, race, gender identity, political opinion, national extraction, social origin, or any other characteristic.

Befesa's Code of Conduct, among other policies, align with the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, its two implementing Covenants, as well as the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and its core conventions.

The Code of Conduct provides the legal and ethical framework for the conduct of all directors, officers and employees of Befesa and defines the basic rules of conduct within the company and in relation to its business partners and the general public. It also reflects the underlying basic values pursued by Befesa, including in particular values with respect to employment, work and product safety as well as environmental protection. The Code of Conduct also sets out the different channels through which any interested party can express complaints.

These expectations extend beyond its organisation to its business partners, who are required to comply with its Supplier Code of Conduct.

The Code of Conduct has been approved by the Befesa board, and the rest of the policies have been approved by the Chairman and the CEO of Befesa. The HR Director and the Compliance Officer hold an express mandate to ensure the fulfillment of human rights within Befesa by analysing any potential breaches.

The Code of Conduct is published on Befesa's website to maximise its visibility.

The Code of Conduct is provided to all new employees, training sessions are conducted, and an annual online training is carried out to ensure updates are thoroughly communicated.

In addition to the Code of Conduct, the other aforementioned policies are accessible on the intranet. During 2024, the company developed an onboarding training programme that not only explains Befesa' s principles but also introduces new employees to Befesa' s commitments regarding human rights and highlights where these documents can be explicitly found.

For further information please refer to Business Conduct chapter.

Human Resources Policy
In alignment with international standards, Befesa's Human Resources Department, through its Human Resources Policy, is dedicated to upholding the principles outlined in the Human Rights Act and the Befesa Code of Conduct. This commitment is integrated in all HR processes, from recruitment to promotion and career development. Befesa seeks that all practices are fair, respectful, and aligned with international human rights standards.

The policy places particular focus on critical areas where discrimination is most likely to arise, including recruitment, retrenchment, promotion, wages, workplace accommodation, training and development, working hours, and health and safety

Human Rights Remediation Policy
Befesa is committed to protecting and promoting human rights in all its operations. This commitment is embedded in Befesa's Code of Conduct and its Human Rights Remediation Policy, both strictly prohibiting any form of forced labour, modern slavery, human trafficking, and child labour, among others.

With a commitment to respecting internationally recognised human rights and with senior management responsible for its implementation and oversight, the policy not only establishes clear procedures for addressing instances of non-compliance but also provides various remediation options, tailored to the nature and severity of each issue. This policy applies to all Befesa employees, temporary agency workers, and subcontractor employees while performing services at Befesa assets.

Befesa does not tolerate any form of discrimination based on racial or ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction, social origin, or any other grounds. A whistleblowing channel has been implemented for reporting potential discrimination situations, including harassment, and as previously mentioned a Human Rights Remediation Policy is in place to address any violations of these rights. For more information regarding the remediation actions taking in place, please refer to the section on this report Processes to remediate impact and channels to raise concerns.

Diversity, Equity and Inclusion Policy
Befesa's Diversity, Equity, and Inclusion (DEI) policy plays a vital role in shaping recruitment processes, employee training, and promotion opportunities. This policy seeks that fairness and inclusivity are integrated into every

stage of an employee's journey, from hiring to professional growth, fostering a workplace culture where everyone can thrive.

To truly embrace diversity, it is essential that Befesa employees are not only respectful but also genuinely committed to it. This is where the various awareness campaigns launched by the company in recent years play a crucial role. A well-balanced combination of awareness initiatives and ongoing training in this area is key to fostering a workplace that values and embraces diversity.

Integrated Safety, Health, Environment and Quality Policy

At Befesa, safety is not just a priority but a fundamental value integral to its business operations. Befesa is dedicated to the continuous enhancement of health and safety performance for its entire workforce.

Befesa's safety management systems encompass 100% of its own employees, non-employees and contractors. These systems are aligned with internationally recognised standards, including ISO 45001and OSHAS, in addition to Befesa's Corporate Safety Standards.

All Befesa's European locations are certified in ISO 45001 and audited externally on an annual basis. Likewise, the US locations follow the OSHAS legal requirements, and all its locations are required to comply with Befesa corporate standards. To ensure compliance and the implementation of the corporate standards, all its locations are also audited internally by the corporate team every 3 years.

Workshop agreements

The workshop agreements negotiated with legal representatives should be considered as policies, as they contain measures that directly impact the IROs (Impacts, Risks, and Opportunities) identified during the double materiality assessment.

These agreements cover a wide range of important topics, including economic conditions, working hours, shift systems, holidays, employee benefits, and anti-harassment protocols, among others. All of these elements contribute to fostering a positive work environment.

S1-2 Processes for engaging Befesa employees

In Befesa, there are mechanisms in place to foster and promote employee engagement, these mechanisms are accessible to every employee, whether they belong to a vulnerable group or not, and are categorized as follows:

1. Informative:

Befesa aims to keep employees informed with relevant information across the company. News and updates are regularly shared through the company intranet and notice boards at each plant. The intranet serves as a resource, offering access to updates, including company news, safety protocols, HR policies, and workforce announcements.

The IT department tracks intranet visits and analyses the most visited sections to identify topics of greatest interest to Befesa employees and therefore assess how many employees make use of this information system.

2. Consultative:

Befesa conducts regular meetings with legal representatives of employees, such as the Works Council and trade unions, to discuss topics such as impact employee engagement. Additionally, Health & Safety (H&S) Committees, composed of company and safety representatives, addresses safety concerns.

The frequency of the meetings may vary depending on the topic under discussion. The most common frequency is monthly, (peg Health& Safety meetings) but if there is no specific topic to address, meetings are held at least quarterly.

Psychosocial surveys are also conducted under specific circumstances, such as changes in working conditions, health-related concerns, or employee requests. At Befesa, these surveys are generally conducted every three years; however, in some locations, they may be carried out annually.

Senior management is always involved in the negotiation process and the implementation of measures resulting from these discussions or surveys. This try to ensure that any commitments made are properly executed, as it could not be otherwise. While members of Befesa's works councils are authorised to sign agreements independently, they keep employees informed about the status of negotiations through informative meetings. In some regions, they even seek input from affected employees by conducting votes in assemblies.

Collective agreements address issues that are important to Befesa employees, and the company views them as a valuable tool for measuring the effectiveness of this collaborative engagement channel.

3. Participative:
Befesa has established employee participation through different initiatives. For example, suggestion boxes are installed at all plants, allowing employees to propose workplace improvements. Additionally, annual performance reviews provide opportunities for feedback and discussions about professional development. Befesa also conducts psychosocial surveys, inviting employees to express their opinions on issues such as salary, workload, training, and manager relations.

Other participate initiatives to promote corporate culture and to enable employees to actively communicate their views on different social issues include the charity contest and the environmental award, where all Befesa employees can submit a social or environmental project they feel connected to. The top three charity projects, along with the most-voted environmental project, receive awards, further fostering engagement and involvement in social and environmental causes.

The effectiveness of participative initiatives is generally measured by the number of participants in each initiative, the voter turnout in related decisions, and the feedback received on specific activities.

The above-described mechanisms are available to all Befesa employees throughout their professional journey with the company, with varying frequencies depending on the nature of the topic addressed.

In addition to the channels mentioned above, two key channels help Befesa understand any sensitivities or specific needs of employees who may be considered vulnerable: the workers' legal representatives and HR employees. These serve as the primary communication channels for all Befesa employees, particularly those who may be more vulnerable, to express their concerns.

One of the key goals of the Befesa HR community is to foster an equitable and inclusive workplace. This is achieved by caring for employees, which includes proactively identifying and addressing any special needs they may have.

All the measures taken by Befesa to support climate change mitigation do not – and will not – negatively impact the workforce.

S1-3 Processes to remediate impact and channels to raise concerns

Channels to raise concerns
As the Code of Conduct indicates, an employee who believes that he or she has been, or is being subjected to unlawful discrimination, an abusive behaviour or harassment could immediately use the Whistleblowing Channel. Any such complaints are promptly investigated. If the investigation substantiates the discrimination, abusive behaviour or harassment, immediate corrective action will be taken. An employee complaining in good faith shall not be reprimanded or adversely treated because of having made the complaint.

This Whistleblowing Channel is public, anonymous, and available among Befesa employees and other interested parties. Through it, employees can confidentially report concerns about unfair or potentially illegal practices within the company. All complaints received through the whistleblowing channel, along with the results of their investigations, are subsequently presented to Befesa's Board of Directors. Detailed information about this tool can be found in section G1-1 (Corporate culture and Business conduct policies and G1-3 Prevention and detection of corruption or bribery).

The whistleblowing channel is not the only mechanism available to employees for submitting complaints:

- Most of the collective bargaining agreements applicable to different Befesa entities include a specific procedure for handling potential human rights violations
- To better understand any sensitivities or specific needs of employees who may be considered vulnerable, employees can express their concerns to the workers' legal representatives, Human Resources employees, their relevant Supervisor and the Compliance Officer.

S1-4 Actions to mitigate risks and pursuing opportunities

Regarding the negative impacts identified through the Double Materiality analysis, Befesa has implemented actions to prevent and mitigate their materialisation. These actions contribute to the development and reinforcement of key policies, including the Code of Conduct, the Diversity, Equity, and Inclusion Policy, the Human Resources Policy, the Integrated Safety, Health, Environmental & Quality Policy, and the Safety Corporate Standards.

Befesa develops various initiatives, most of them carried out in collaboration with legal representatives. The following are the processes established for each sub-theme identified as material:

- Processes implemented in relation to **working conditions,** and specifically to remedy the impact of absenteeism:
  - **Absence Analysis:** A plant-specific analysis of absence typologies (long-term, short-term, and other leaves) to identify trends and address underlying causes.
  - **Absence Talks & Operational Integration Management:** In some plants, for example those found in Germany, have implemented structured discussions and reintegration processes to support employees in returning to work after absences,
  - **Restricted Work Opportunities:** Implementing restricted work options where possible to facilitate employees' return to duty.
  - **Flexible Work Arrangements:** Offering flexible shifts for manufacturing employees and implementing work-life balance measures such as flexible work hours and remote work (when feasible based on the role).
- Processes implemented in relation to **working conditions,** and specifically to remedy the impact of high inflation volatility on fair wage conditions:
  - **Social Dialogue:** In countries such as Turkey, where high inflation volatility has significantly impacted purchasing power, salary agreements have been reached through negotiations with employee representatives.
- Processes implemented in relation to workers **health and safety:**
  - **Ergonomic Campaigns & Training:** Promoting workplace ergonomics through awareness initiatives and training programmes.
  - **Health & Safety Committees:** Engaging legal worker representatives in Health & Safety committees to ensure a safe and supportive working environment.
  - **Health & Safety risk reduction programmes:** Befesa has also instituted targeted risk reduction programmes, such as the Fatal and Serious Injuries Prevention Programme, Traffic Safety initiatives, and Hand Injuries Prevention measures.
  - **Psychological Surveys:** Psychosocial surveys must be conducted under specific circumstances, such as changes in working conditions, health-related concerns, or employee requests. At Befesa, these surveys are generally conducted every three years; however, in some locations, they may be carried out annually.

- Processes implemented in relation to **equal treatment and opportunities for all,** in particular with regard to the **inclusion of people with disabilities:**
  - **Awareness Campaigns & Training:** Befesa annually launches awareness campaigns and training course and the Purposeful Inclusion to promote the integration of employees with disabilities.
  - **Support for Autism Research:** Befesa has renewed its sponsorship of the Autism Chair at the University of Seville, supporting all initiatives promoted by the institution.
  - **Participation in Inclusive Sports & Advocacy:** As part of its commitment to inclusion, Befesa has once again participated in the Copa del Rey de Vela with the Befesa-Ybarra sailing team, led by the first Paralympic athlete to compete as a skipper. Additionally, Befesa sponsored the Death Valley Project, an initiative in which the president of the NGO Dale Candela, who is affected by ALS, and his friends cycled 565 km across Death Valley over seven days. Their journey aimed to raise awareness about the importance of supporting ALS research. Their efforts have led to the creation of a new ALS research line in Bilbao.
- Processes implemented in relation to **equal treatment and opportunities for all,** in particular with regard to the attraction of female talent.
  - **Job advertisements** are written using **neutral wording** to ensure that no candidate self-excludes from the process for any reason other than their match with the required technical skills.
  - **All résumés** from female candidates are carefully reviewed, and those who meet the technical requirements are invited for an interview, ensuring that all qualified female candidates are being taken into account as well as men with the same technical capabilities
  - Befesa **requires** headhunter agencies and temporary staffing agencies managing its recruitment processes to strictly comply with non-discrimination policies, ensuring fair and equal opportunities for all candidates.
  - **Increasing company visibility at job fairs and technical universities** to attract diverse talent and participating in various employment fairs, showcasing that its activities can be performed equally by individuals of any gender.

Furthermore, Befesa has designed and implemented a series of measures to mitigate risks and take advantage of opportunities related to its workforce. These actions are shown for each sub-topic below:

Working conditions

Action	Period	Resources*	Scope
Newcomer Training on Befesa's Operations and Culture	2024-and onwards	Corporate HR&CSR department	New Befesa employees
Step Challenge Initiative	2024-2025	Corporate HR&CSR department	All Befesa employees
Cybersecurity Awareness Programme	2024- and onwards	Corporate IT department	Befesa employees with email address roughly 800 employees

* Financial resources have not been included as the amount is not significant.

Initiatives regarding Befesa's Operations and Culture
Befesa remains committed to strengthening its culture and principles. In 2024, a new welcome training course was introduced for new employees, providing them with a overview of the company. Beyond offering a global perspective on Befesa, the training highlights the company's core values, including its commitment to Diversity, Equity, and Inclusion (DEI).

The programme try to ensure that new joiners understand Befesa's mission, ethical standards, and key policies from the start, and to generate a sense of belonging and alignment with the company's principles. This activity will continue on the following years.

In 2024, Befesa carried out various global initiatives to create a positive impact on its employees, starting with the **Step Challenge** – a health, wellness, and community spirit initiative. More than 550 participants from across the Befesa community took part in this challenge, promoting an active lifestyle while fostering team building and friendly competition.

Together, they covered in just one month, the equivalent of circling the Earth twice. The company with the highest average number of steps walked had the opportunity to choose an NGO to receive a donation and was rewarded with a well-deserved breakfast for all employees.

The communication department publishes a **quarterly Befesa Newsletter** with relevant news on Business, R&D, H&S, Environmental, and Social Activities involving Befesa employees. The newsletter is sent by email and posted on the Befesa intranet. In 2025, it will also be accessible to employees without an email address.

Cybersecurity awareness Programme
The Befesa IT Corporate department maintains an annual cybersecurity programme. The program is based on a previous assessment conducted through a global IT awareness assessment conducted globally, which allows the IT team to evaluate Befesa users' knowledge of IT security and reinforce it through new training. This proactive approach underscores Befesa's commitment to cultivating a cybersecurity-conscious culture, where each employee becomes a frontline defender against potential threats. As a consequence, the following courses were conducted in 2024. QR Codes: Safe Scanning; Security Snapshots # Passwords; Incident Response: First Steps; Classic Danger Zone; Security Snapshots #23 – Reusing Passwords; Cyber Snaps Series: Social Media

Health and safety Actions

Action	Period	Resources*	Scope
Fatality prevention program	2021-and onwards	H&S department	All Befesa employees
Safety Awards	2022-and onwards	H&S department	All Befesa employees
Corporate Safety Standards	2015-Onwards	H&S department	All Befesa employees
Corporate safety Initiatives to reduce specific hazards: Hand injuries prevention and traffic safety	2020- Onwards	H&S depart	All Befesa employees

* Financial resources have not been included as the amount is not significant.

Fatal & serious injuries prevention:
The fatal & serious injuries (FSI) prevention programme, aims to:

- Increase the focus on the higher safety risks;
- Extend the scope of risk identification, including non-routine tasks, places and operations, e.g. shutdown, start tasks;
- Give visibility to those risks at all levels of the organisation, from the executive to the shop floor employees level;
- Allocate the appropriate time and resources to risk identification and control; and
- Ensure that robust controls are in place, and that those controls are periodically verified.

Befesa Safety Excellence Awards 2024

- Every year Befesa recognises the achievement of Befesa employees and locations that contribute to a safer workplace for all with the **Safety Excellence Award**:
- Two locations were recognised for the exceptional safety improvement and Zero lost time injuries.
- 70 employees were awarded for their safety projects.

Traffic safety & Hand injuries prevention:
These two projects aim to identify and tackle the two most common risks at Befesa.

In all Befesa locations we use mobile equipment's for material and people movements are used; the objective of the project was to identify potential interaction between mobile equipment and pedestrians, and implement robust controls to prevent accidents, such as segregation, blind spots elimination, signalisation, speed limits and different procedures and trainings to reduce these risks.

In almost all Befesa's locations, it transports materials internally using conveyor belts, there are many risks inherent to these equipment's such as nip points, electric hazards and falling materials. The project aimed to identify all these risks on the conveyor belts and implemented action plans to get robust controls in place.

Equal treatment and opportunities Actions

Action	Period	Resources*	Scope
Training on Code of Conduct	2024-and onwards	Compliance department	Befesa employees with email address roughly 800 employees
Compliance Quarterly Newsletter	2024-and onwards	Compliance department	Befesa employees with email address roughly 800 employees
Brochure with the guidelines conduct available in the eight languages where Befesa operates	2024-and onwards	Compliance department/Local HR team	All Befesa employees
Awareness Campaigns over Diversity, Equity and Inclusion	2024-and onwards	Corporate HR department	All Befesa employees
Diversity, Equity and Inclusion Training	2024-and onwards	Corporate HR&CSR department	Befesa employees with email address roughly 800 employees
Renewal of the Seville Autism Chair Sponsorship	2024-2025	Corporate HR&CSR department	Community / People with Autism Spectrum
Renewal of the promotion of adapted sport (In Foundation) sponsorship	2024-2025	Corporate HR&CSR department	Community / People with disabilities

* Financial resources have not been included as the amount is not significant.

Compliance Management System and Diversity, Equity and Inclusion actions

During 2024, Befesa has been developing actions to minimise the risk of non-compliance with the Code of Conduct requirements in general, and with the DEI policy and harassment prevention in particular.

All the compliance-related actions and their content and scope are detailed in G1-3: Prevention and Detection of Corruption or Bribery.

Other actions related to Diversity, Equity, and Inclusion are led by the Corporate HR & CSR Department through awareness campaigns, including Non-Discrimination, Cultural Diversity, World Autism Awareness Day, and the International Day of People with Disabilities. Additionally, DEI training covers topics such as Microaggressions, Age-Based Diversity, Purposeful Inclusion, and Overcoming Unconscious Bias.

On **Cultural Diversity Day**, a video highlighting the company's multicultural environment was shared on the intranet and posted on plant notice boards, featuring a QR code for easy access and download. As in previous years, Befesa also published its **Intercultural Calendar** at the beginning of the year, reflecting all holidays and days off in different locations to help avoid scheduling meetings on non-working days in certain regions.

Operating in different countries, there are different legislations regarding the identification and categorisation of people with disabilities. In this sense, although only in this report data of those persons with an official certificate are communicated, Befesa understands that normalising disabilities is the best way to foster true workplace inclusion.

In this spirit, and in honour of the **International Day of People with Disabilities,** Befesa organised an **online workshop,** open to all employees. The session focused on **sleep hygiene** and was led by a psychologist and expert from an NGO specialising in the labour integration of people with disabilities. The event also featured powerful testimonials from individuals with disabilities, who shared their experiences and how they manage sleep-related challenges.

Befesa also joined the **2024 World Autism Awareness Day** by participating in the **Light It Up Blue** campaign, initiated by Autism Speaks. This global initiative encourages individuals, organisations, and landmarks to illuminate their buildings in blue to symbolise support for autism awareness and foster greater understanding and acceptance of people with ASD. On this day, Befesa lit up its logo in blue in solidarity with the cause.

Moreover, Befesa is aware that the inclusion of people with disabilities needs to be comprehensive and sponsors various activities that, among other benefits, help this group gain employment opportunities and access adapted sports.

In this regard, **Befesa has introduced several online training programmes** in 2024, covering topics such as Microaggressions, Age-Based Diversity, Purposeful Inclusion, and Overcoming Unconscious Bias.

In addition to awareness campaigns and training on disability-related topics, Befesa has continued sponsoring the Autism Chair at Seville University throughout 2024, supporting various initiatives that help university students on the autism spectrum gain full access to the labour market.

S1-5 Targets

Equity, Diversity, and Inclusion

As described in Disclosure Requirement S1-4 Befesa implemented various actions in 2024 linked to its strategic goals on these subjects. All targets were set by the Befesa Chairman and CEO, approved in the HR & CSR Committee, and later communicated to the regional CEOs during the Health & Safety, Human Resources, and Corporate Social Responsibility committees.

IRO´s	Initiative	Target	Scope	2024	2025	2026
Protect the company against Potential Cyberattack	Cybersecurity training	Ensure Bimonthly Training	Befesa employees with email address roughly 800 employees	Done	Bimonthly Training	Bimonthly Training
Measures against potential non-compliance with the code of conduct	Code of Conduct Training	Ensure Yearly Training	Befesa employees with email address roughly 800 employees	Done	Yearly	Yearly
Measure to prevent non-compliance of DEI Policies and topics	DEI Awareness Campaigns	Launch 4 Campaigns	Befesa employees with email address roughly 800 employees	Done	5 Campaigns to all Befesa employees	6 Campaigns to all Befesa employees
Measure to prevent non-compliance of DEI Policies and topics	DEI Training	Ensure Quarterly Training	Befesa employees with email address roughly 800 employees	Done	Quarterly Training	Quarterly Training
Measures to reduce Absenteeism	Step Challenge initiative	Achieve 75M Steps	All Befesa employees	Done	Positive feedback, new edition planned for 2025	New edition planned for 2026
Measures to reduce Absenteeism	Wings for Life race	700 hundred Kilometres	All Befesa employees	Done	Positive feedback, New edition planned for 2025	

Health and safety objectives:
Befesa based its safety strategy on the following pillars:

- Progressively achieve the excellence in the safety management systems.
- Identify and control the process safety risks
- Promote the safety culture at all the levels of the organisation.

Befesa has established the goal of achieving **zero fatalities**, achieved in 2024, and progressively reducing the accident rates (for more information see section S1-14). To attain this goal, Befesa has implemented several programmes, as outlined in sections S1-3. These programmes are monitored through the following leading indicators, among others:

- Percentage of compliance with the fatality prevention programme: The objective for 2024 was 75%. (Achieved)
- Percentage of compliance with corporate standards: The objective for 2024 was 75%. (Achieved)
- Follow-up and management of non-conformities identified during corporate audits: The objective for 2024 was 100%. (Achieved)

These leading indicators are evaluated during corporate audits, which are conducted every three years, and internal audits, which are conducted annually. These audits involve a thorough analysis of compliance with all corporate safety standards.

The objectives are established during the annual health and safety strategic meeting, in which all locations participate in formulating BEFESA's strategy for the following year. Inputs from the locations are summarised and sent back as the annual strategy for final approval.

The strategic goals are also presented for approval at the Regional CEO's health and safety committee, led by Befesa's CEO and the board of Befesa. Once approved, the strategy and objectives are incorporated into the action plans of each location and monitored at the corporate level through health and safety follow-up meetings and location audits.

S1-6 Befesa employee metrics

Country	Number of employees (headcount) 31 Dec 2023	Number of employees (headcount) 31 Dec 2024	HC difference	FTE 31 Dec 2024	2024 distribution
South Korea	71	75	6%	75	4%
Turkey	81	86	6%	86	5%
Sweden	83	91	10%	90	5%
China	104	96	-8%	96	6%
France	156	163	4%	162	9%
Spain	401	406	1%	380	21%
Germany	417	427	2%	416	23%
United States	477	488	2%	479	27%
Total	**1,790**	**1,832**	**2%**	**1,784**	**100%**

Gender	Number of employees (headcount) 31 Dec 2023	Number of employees (headcount) 31 Dec 2024	HC difference	FTE 31 Dec 2024	2024 FTE distribution
Female	216	218	1%	207	12%
Male	1,574	1,614	3%	1,577	88%
Other	0	0	0%	0	0%
Not reported	0	0	0%	0	0%
Total Employees	**1,790**	**1,832**	**2%**	**1,784**	**100%**

FTE 31 Dec 2024	Female	Male	Other*	Not disclosed	Total	%
Number of employees	207	1,577	–	–	1,784	100%
Number of permanent employees	187	1,416	–	–	1,603	90%
Number of temporary employees	20	161	–	–	181	10%
Number of non-guaranteed hours employees	–	–	–	–	–	0%
Number of full-time employees	186	1,557	–	–	1,743	98%
Number of part-time employees	21	20	–	–	41	2%

Turnover	Voluntary termination	Other termination	Total termination
Leavers	124	116	240
HC Average	1,615	1,615	1,615
Total	**7.68%**	**7.18%**	**14.86%**

* Gender as specified by the employees themselves

Number of employees
The total number of employees is expressed as headcount at the end of the financial period to ensure comparability with the previous year's breakdown by country and gender. However, for the rest of the statement, the number of employees is expressed as Full-Time Equivalent (FTE).

FTE
FTE is calculated based on the percentage of working time at the end of the financial period compared to a full-time employee in the same location. This methodology ensures consistency in reporting and reflects the actual workforce capacity.

Turnover
Employee turnover measures the rate at which employees leave the company over a given period. It is calculated by comparing the number of permanent employees who have left the company to the average number of permanent employees throughout the financial year.

Employees Overview
As of December 31, 2024, Befesa had a total of 1,832 employees (1,784 FTE), representing a 2% increase compared to the previous year. The workforce remains well-distributed across different countries, with the largest employee bases in the United States (27%), Germany (23%), and Spain (21%), together accounting for more than 70% of the total of employees.

Befesa remains committed to job security, as reflected in the high percentage of permanent contracts, which account for 90% of total employment. Temporary contracts represent only 10% of the workforce, ensuring a stable and engaged employee base.

Befesa also continues to improve work-life balance by offering part-time positions, even though the majority of employees work full-time (98%). Among part-time employees (2% of the workforce), female workers represent a higher proportion, with 10% of female employees working part-time, compared to only 1% of male employees.

Regarding gender distribution, the workforce remains consistent, with 12% of employees identifying as female and 88% as male. Manufacturing positions account for 75.82 % of the company's workforce, and the representation of women in these roles remains low, primarily due to the limited number of applications received.

Despite operating in a traditionally male-dominated industry, Befesa continues to promote gender diversity, maintaining its efforts to support and retain female talent, as is indicated in previous sections of this report.

As a result of these measures, the number of female employees in manufacturing has increased by 12% over the past year, rising from 26 in 2023 to 29 in 2024.

S1-7 Non-employee workforce

	HC
Non-employee workforce	23
Total headcount	1,832
%	1.3%

Number of non-employees' workers
The total number of non-employee workers is expressed as headcount at the end of the financial period, specifically as of December 31, 2024.

Methodology
To collect the information regarding non-employee workers, Befesa reached out to each plant, and they provided the active headcount for non-employee workers as of December 31, 2024.

As of December 31, 2024, non-employee workers accounted for 1.3% of the total workforce, representing 23 individuals out of a total headcount of 1,832. These workers are primarily temporary agency employees, engaged by Befesa to address fluctuations in staffing needs.

Non-employee workers are typically employed to cover temporary absences such as sick leave or vacation periods, and during periods of workforce transitions, such as when employees are leaving the company.

It is a common practice within the company to reach out to these temporary workers first when new permanent positions become available, as they have already gained familiarity with the organisation and its operations. This approach helps maintain continuity and efficiency while offering flexibility in staffing.

S1-8 Collective bargaining and social dialogue

	%HC
% Employees Covered by CBA	75%

Coverage rate	Collective bargaining coverage		Social dialogue
	Employees – EEA	Employees – non-EEA	Workplace representation (EEA only)
	(For countries with >50 empl. representing >10% total empl.)	(Estimate for regions with >50 empl. representing >10% total empl.)	(For countries with >50 empl. representing >10% total empl.)
0–19%			
20–39%		Asia, North America	
40–59%			
60–79%			
80–100%	Spain, Germany, Sweden, France		Spain, Germany, Sweden, France

Befesa fully recognises employees' right to freedom of association and collective bargaining. As a testament to this commitment, 75% of the workforce is covered by collective bargaining agreements.

In the European Economic Area (EEA), the coverage is notably high, with 80-100% of employees in each country falling under such agreements. Outside the EEA, in regions such as Asia and North America, collective bargaining coverage is lower, ranging between 20-39%.

In locations where collective bargaining agreements are not in place, Befesa ensures that work conditions are regulated through alternative means. These include employee handbooks or specific agreements with local authorities, which serve to establish fair working conditions and foster a positive social dialogue.

In the European Economic Area (EEA), where labour practices are well-established, 80-100% of employees are represented through social dialogue.

S1-9, S1-12 Diversity, equity and inclusion

Top management gender diversity

Top management	No.	%
Female	5	21%
Male	19	79%

While female employees constitute 12% of the total workforce, their presence in top management positions is higher, reaching 21%.

Generational Diversity Headcount

Row Labels	Female	Male	Grand Total	%
Up to 30	28	201	**229**	12.5%
30 – 50	111	820	**931**	50.8%
Over 50	79	593	**672**	36.7%
Grand Total	**218**	**1,614**	**1,832**	**100%**

People with disability

	PWD	Total workforce	% PWD
Female	1	218	**0.5%**
Male	23	1,614	**1.4%**
People with disabilities	**24**	**1,832**	**1.3%**

Regarding people with disabilities, it is important to recognise that there is no common global framework on this subject. Each country has its own legislation, so the approach must be adapted locally, as described below.

However, Befesa is also working at a global level to normalise the situation of employees with disabilities, regardless of the degree of disability, seeking their full integration. This goes beyond removing physical barriers when necessary – it also involves creating a safe and supportive work environment where employees feel comfortable expressing their condition if they choose to do so.

Methodology

Every year, Befesa´s Human Resources department collect information on the number of employees with disabilities working at the Company from all operations. This includes details on the areas in which they work, as well as data on alternative measures such as certificates of exceptionality, indirect employment, and any fines incurred if legal requirements are not met. While this process ensures regulatory compliance, it is not the only method Befesa uses to monitor progress in disability inclusion across different locations.

- **Germany (DE):** Defined in **Section 2 (1) SGB IX.** A person is considered disabled if they have a physical, mental, intellectual, or sensory impairment that significantly limits participation in society for more than six months. A **degree of disability (GdB) of 50+** qualifies as severely disabled, while 30–50 can receive special consideration.
- **China (CN):** Disability is described in the **Law on the Protection of Persons with Disabilities** but requires a disability certificate for formal recognition.
- **Spain (ES):** Defined under **Royal Legislative Decree 1/2013,** which states that a person with a **recognized disability degree of 33% or higher** is considered disabled.
- **South Korea (KOR):** A **quota system** requires companies with 50+ employees to have **3.1% of their workforce** comprised of persons with disabilities.
- **Sweden (SWE):** No specific legal definition of disability.
- **United States (US):** A **disability** is defined as a physical or mental impairment that substantially limits major life activities.
- **France (FR):** Recognition as a disabled worker **(RQTH)** grants support for employment and requires an assessment by the **CDAPH (Commission for the Rights and Autonomy of Disabled People).**
- **Turkey (TK):** A person is considered disabled if they experience **at least 40% loss of body functions.**

Although Befesa tracks the number of employees with an official disability certification, the actual number of employees affected by some form of disability is higher. Befesa's awareness campaigns focus not only on those with formal recognition but also on those who, despite not having official certification, face daily challenges due to their disabilities.

S1-10, S1-11, S1-15, S1-16 Compensation and wellbeing

Commitment to fair and adequate compensation

Befesa is committed to ensuring fair and adequate compensation for all its employees, complying with all applicable laws and regulations in the countries where it operates, including minimum wage requirements, equal pay legislation, and sector or local collective bargaining agreements.

Methodology for adequate wage assessment

The adequate wage calculation at Befesa is conducted at the country level, considering the following criteria:

- Legal Minimum Wage: Employees' base salaries are compared against the statutory minimum wage in each location.
- Collective Bargaining Agreement: In countries where sectoral or company agreements apply, wages are assessed to ensure compliance with or above the minimums set in these agreements.
- Benchmarks: Where additional industry or economic wage benchmarks exist, Befesa evaluates the competitiveness of salaries against market standards.

The calculation is based on the guaranteed fixed salary of all employees, ensuring that only base pay is considered without including variable elements such as bonuses, overtime pay, or discretionary benefits.

This methodology ensures alignment with statutory minimum wages and collective bargaining agreements, providing a clear and objective assessment of wage adequacy.

Evaluation results
Following a comparative analysis of salaries applied against reference indices in each country where Befesa operates, the following conclusions have been identified:

- 100% of Befesa employees receive an adequate wage based on the defined reference criteria.
- Befesa's wage policy ensures that all employees earn at least the statutory minimum wage or, where applicable, meet the conditions set by collective bargaining agreements.

These reference indices are based on a combination of publicly available sources, such as government reports, HR publications, and internet-based research, along with formal compensation data from specialised providers, local market surveys when needed, and informal insights from recruiters and job candidates.

Befesa will continue to assess its remuneration policies in line with these developments, ensuring that all employees receive fair compensation aligned with industry standards and applicable legislation in each region.

Gender Pay Gap
The Gender Pay Gap has been calculated following the methodology set out in AR 98 of ESRS, using the formula:

(Average gross hourly pay of men – Average gross hourly pay of women) / Average gross hourly pay of men x 100.

The calculation includes all employees with an employment contract throughout the reporting period. Both fixed and variable remuneration received during the year have been included to ensure a comprehensive view of total compensation. The gross hourly pay level has been used as the basis for comparison, ensuring alignment with ESRS S1 requirements.

Gender Pay Gap (%): -12,57

The reported consolidated GPG reflects the simple arithmetic average of the gender pay gaps across all countries and sites, as required under CSRD methodology. Befesa's GPG is influenced by the higher representation of women in higher-paying roles and in locations with higher wage standards, along with their lower presence in operational positions, which on average involve longer working hours.

Total Remuneration Ratio
Befesa reports an Annual Total Remuneration Ratio of 50.57 for the 2024 reporting period. This ratio reflects the total annual remuneration of the highest-paid employee compared to the median total remuneration of all other employees within the company

The ratio has been calculated using the total remuneration, which includes both fixed and variable pay, in line with the scope and methodology defined in ESRS S1-16.

This ratio reflects the combined effect of several structural and organisational factors, including:

- Befesa's global presence, with operations in regions with different wage levels and cost of living standards, which impacts the consolidated average remuneration.
- The sector-specific workforce composition, where operational roles in industrial sites typically have lower average remuneration compared to management positions.
- The size and geographic spread of the company, operating across Europe, Asia, and the Americas, introduces currency volatility and differences in local remuneration policies that influence the ratio.

Work–life balance metrics

In compliance with local regulations, all employees are entitled to family-related leave.

In the past year, 6% of the total workforce took family-related leave, with 11% of female employees and 5% of male employees utilising this benefit.

Social protection

Befesa operates in compliance with local regulations in each country, providing employees with access to social protection against major life events, in accordance with national laws and industry standards.

In all locations, employees are covered for employment injury, acquired disability, parental leave, unemployment, and retirement. Sickness coverage is provided in accordance with national frameworks. In South Korea, public provisions primarily cover work-related illnesses and injuries, while personal illnesses are managed through a combination of employer policies and statutory leave entitlements.

S1-13 Training and development

Befesa is committed to the continuous development of its employees and offers a variety of training and development programmes. These programmes aim to enhance technical skills, leadership capabilities, communication proficiency, and other essential workplace competencies, ensuring sustainable talent development.

Work-life balance metrics	Female	Male	Total
Nº of employees who took leave	23	87	**110**
Nº of employees entitled to leave	218	1,614	**1,832**
% of entitled employees that took family-related leave, and a breakdown by gender.	11%	5%	**6%**

A key element of Befesa's talent development strategy is the Young Professionals Programme (YPP), which has been conducted continuously since 2021. The programme is designed for junior professionals with at least one year of experience at Befesa and a higher education background or equivalent qualification. While the programme targets employees with up to five years of tenure, this upper limit is applied flexibly. To ensure long-term professional growth, the YPP is structured as a two-stage programme:

Participants start with YPP 1.0 and then move on to the advanced YPP 2.0 programme to further develop their leadership skills.

The Young Professionals Programme 1.0 (YPP 1.0) was conducted in 2021, 2022, and 2024 and focuses on developing intercultural competencies and strategic business insights.

The key topics of the programme include:

- Intercultural Communication in Business – Training on cultural differences, communication styles, and effective collaboration in an international corporate environment.
- Strategic Insights & Networking – Direct interaction with top management (Executive Chaiman, CEO and CFO) and presentations by corporate directors on key business areas such as human resources, health & safety, IT and compliance.

In 2024, Group 3 of YPP 1.0 started in November and will complete the programme in April 2025.

The Young Professionals Programme 2.0 (YPP 2.0) was introduced in 2023 as an advanced programme for YPP 1.0 graduates and continues in 2024. It focuses on leadership development and solving real-world business challenges.

The core components of the programme are:

- Leadership Development – Training in collaboration with a globally recognised management consulting firm to enhance strategic and operational leadership skills.
- Practical Business Challenge – Participants work on real business problems under the guidance of business mentors, developing analytical and strategic decision-making abilities.
- Highlight: Final presentation of their solutions to the Chairman, CEO and CFO.
- Strategic Exchange with Regional CEOs, providing participants with insights into current business challenges and corporate strategies.

In 2024, two groups are participating in YPP 2.0:

- Group 1 started in September 2023 and completed the programme in June 2024.
- Group 2 began in March 2024 and will complete the programme in May 2025.

By combining intercultural communication, corporate strategy, and hands-on leadership development, the Young Professionals Programme provides a comprehensive and sustainable development path for future leaders at Befesa.

Regular performance and career development reviews

In addition to global HR initiatives, local development reviews are conducted across various Befesa locations to support employee growth. Structured performance evaluation systems are in place in almost all Befesa locations ensuring regular feedback and development opportunities. These local performance evaluations complement the global HR initiatives, ensuring that all employees, regardless of location or job level, receive structured feedback, development opportunities, and career growth support.

In most locations, individual companies conduct their own development reviews to support the professional growth of their employees. Last year, an estimated 42% of the total headcount participated in regular performance and career development reviews.

While most countries conduct annual evaluations, some have additional review cycles:

- Germany holds quarterly reviews for certain employee groups.
- China conducts monthly evaluations for blue-collar employees alongside annual reviews for white-collar employees.

White-collar employees typically receive formal annual reviews. Blue-collar employees often undergo more frequent or informal evaluations (e.g., in China, Germany, and Spain). Additionally, most Blue-collar have an incentive system tied to annual production targets, reinforcing the importance of teamwork and shared accountability. This fosters a collaborative culture where collective success is valued.

Befesa's commitment to employee training and professional development is reflected in its comprehensive global and local programmes. Through initiatives such as the Young Professionals Programme, Global Annual Performance Review, and local development reviews, the company ensures that its workforce is continuously growing, developing new skills, and preparing for future leadership roles. These efforts support both individual career progression and Befesa's long-term success in a competitive global market.

Annual Performance Review

Befesa aims for a culture of continuous improvement and professional development through its Annual Performance Review Programme. This structured process plays a crucial role in assessing employee performance, setting development goals, and aligning individual contributions with the company's strategic objectives.

In 2024, a total of 217 employees (calculated by headcount) participated in the Global Annual Performance Review, which is conducted and led by the Global HR team.

Female	Male	Total
53	164	**217**

Focus Group: Employees eligible for a performance-based bonus. The review consists of several key components:

1. Goal Setting & Performance Assessment

- Setting targets for the next year based on business objectives and individual career aspirations.
- Reviewing the achievement of last year's targets to assess progress and identify areas for improvement.

2. Evaluation of Befesa Core Competencies. Employees are assessed based on the following core competencies:

- Engagement
- Health & Safety Commitment
- Adaptability
- Leadership
- Working Relationships
- Result-Oriented Approach
- Analytical Capability
- Strategic Vision

3. Professional Development

- Identifying training needs to support employees in improving skills and advancing in their roles.
- Discussing potential learning opportunities tailored to their career growth.

4. Career Development and Potential

- Evaluating the employee's career aspirations and growth potential within Befesa.
- Discussing possible career paths and development opportunities based on performance and competencies.

The Annual Performance Review is a key element of Befesa's talent management strategy, ensuring that employees receive constructive feedback, clear development plans, and opportunities for career progression, while also supporting the company's long-term success.

	Male	Female	Total
Total training hours	34,496	6,542	**41,038**
No. Total of employees	1,577	207	**1,784**
Average training hours per employee	22	32	**23**

	2024
Total training hours	**41,038**
Blue collar (%)	50%
White collar (%)	50%
Training hours average per employee	**23**
Gender breakdown (hours)	
Male	22
Female	32
Age group breakdown (hours)	
Up to 30	26
30 – 50	28
Over 50	15
Training hours per category	
General Training	10,449
Health and Safety	23,586
Languages	7,003

	2024
Total training cost	**513,717€**
Blue collar (%)	39%
White collar (%)	61%
Training Cost average per employee €	**288€**

Training Cost per Category €	
General Training	196,090€
Health and Safety	241,448€
Languages	76,178€

The company is committed to fostering equal growth opportunities for all employees, with a focus on training and development. On average, women receive 32 hours of training per year, which is 45% more than men, who receive 22 hours. This highlights Befesa's dedication to supporting female employees' professional growth.

In terms of age distribution, employees aged 30-50 years receive the highest training hours, followed by those under 30 and over 50.

Regarding the distribution by training category, Health & Safety (H&S) training represents the largest share, accounting for 57% of total training hours. This reflects the company's commitment to maintaining a safe and secure working environment, ensuring that employees are well-prepared to identify and mitigate risks.

S1-14 Health and safety metrics

Befesa's safety management systems encompass 100% of its own workforce and contractors. These systems are aligned with internationally recognised standards, including ISO 45001, and OSHAS, in addition to Befesa's Corporate Safety Standards.

Befesa has also instituted targeted risk reduction programmes, such as the Fatal and Serious Injuries Prevention Programme, Traffic Safety initiatives, and Hand Injuries Prevention measures.

All Befesa sites are equipped with robust safety management systems, which include, but are not limited to:

- Life Saving Rules
- Inspections & Audits and Safety Observations
- Internal Training & Communication
- Accident Investigations and Learning Lessons
- Plant-level Safety Standards and Work Instructions
- Risk Evaluations of Works, Including Periodical Revisions
- Procedures & Communications with Subcontractors
- Continuous Management Attention
- Annual Budget Allocations for Safety Measures Implementation

Befesa has maintained a record of no fatalities and no work-related illnesses over the past decade, resulting in zero lost workdays due to these causes.

	2023	2024
Fatalities		
Own employees	0	0
Contractors	0	0
Total	**0**	**0**
Professional illness		
Own employees	0	0
Contractors	0	0
Total	**0**	**0**
Number of lost time incidents		
Own employees	9	13
Contractors	0	0
Total	**9**	**13**
Number of lost work days		
Own employees	580	753
Contractors	0	0
Total	**580**	**753**

Befesa has been using the OSHA methodology for classification and calculating the accident's rates: Accident rate = Number of accidents x 200.000 /Number of reported working hours

OSHA based calculations:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Lost Time Injury Rate (LTIR)										
Own employees	5.30	3.57	2.88	2.67	2.16	1.34	1.03	0.73	0.55	0.73
Contractors	8.06	0.98	3.88	5.47	1.60	0.66	0.43	0.00	0.00	0.0
Total	**5.71**	**3.11**	**3.08**	**3.22**	**1.98**	**1.26**	**0.81**	**0.55**	**0.45**	**0.66**
Severity Rate (SR)										
Total	**0.77**	**0.77**	**0.31**	**0.44**	**0.41**	**0.48**	**0.16**	**0.12**	**0.15**	**0.19**

Lost Time Injury rate = Number of accidents with lost time x 200.000 /Number of reported working hours*
Severity rate = Number of days lost due to an accident x 1.000 /Reported working hours) *
*The working hours are calculated from real reported working hours.

Total employees & contractors	**2023**	**2024**
Number of recordable incidents		
Total	49	81
Total recordable rate per 200.000 working hours		
Total (a)	2.46	4.03

(a) Total recordable rate (includes contractors) = Number of recordable accidents (except first aids) x 200.000 /Number of reported working hours

Due to CSRD requirements, in this report the calculations are also made using the following formula:
Accident rate = Number of accidents x 1000.000 /Number of reported working hours

CSRD based calculations:

Own employees	**2024**
Number of recordable accidents (including commuting accidents)	
Total	84
Total recordable rate per 1.000.000 working hours (including commuting accidents)	
Total (b)	25.45

(b) Total recordable rate (own employees) = Number of recordable accidents (including commuting accidents) x 1.000.000 /Number of reported working hours

Own employees	**2024**
Number of lost time accidents (including commuting)	
Total	13
Lost time injury rate per 1.000.000 working hours	
Total (c)	**3.94**

(c) Lost time injury rate (own employees) = Number of lost time accidents x 1.000.000 / Number of reported working hours

S1-17 Discrimination incidents and human rights violations

Four incidents of alleged discrimination or harassment have been reported in 2024. However, after thorough investigations, none were confirmed as such.

Governance

G-1 Business Conduct

ESRS 2 GOV-1
The role of the administrative, supervisory and management bodies

ESRS 2 IRO-1
Description of the processes to identify and assess material impacts, risks and opportunities

G1-1
Corporate culture and business conduct policies

G1-3
Prevention and detection of corruption or bribery

G1-4
Confirmed incidents of corruption or bribery

ESRS 2 GOV-1 The role of the administrative, supervisory and management bodies

The Code of Conduct and the General Compliance Policy outline the responsibilities and ethical standards for all directors, officers, and employees of Befesa, including the role of Befesa's Board of Directors. This framework governs their business conduct and ensures adherence to legal and ethical standards, both internally and in interactions with external parties.

These policies are implemented with the intention to ensure that Befesa's daily operations are carried out with integrity, transparency, and responsibility. As explained in all its public documentation they form the foundation of its ethical and compliance program, which Befesa considers a critical aspect of its business conduct efforts. For further information, please refer to Chapter "GOV-1 + GOV-2 Role of Management & Sustainability Matters Addressed".

The duties and responsibilities of the different administrative bodies and functions is explained upon below.

Board of Directors

- The Board of Directors of Befesa S.A. is responsible for developing and implementing an effective Compliance Management System ("CMS") which has adequate policies and procedures in place to ensure compliance with all relevant laws and regulations
- This responsibility is delegated to the Audit Committee of the Board of Directors that reports to the full Board. This Committee holds regular meetings to monitor the effectiveness of the CMS. In 2024, four meetings have been held in this regard, and the results of these meetings are reported to the Board. For more information regarding the Audit Committee refer to GOV-1 / GOV-2 of the ESRS 2 chapter.
- The Board of Directors not only asks for regular compliance reports from the Audit Committee and the Compliance Officer, but also reviews compliance audit reports and follows up any material non-compliance issues raised.
- The Board of Directors has already designated a Compliance Officer (a corporate manager directly reporting to the Executive Chair) to support the CMS implementation.
- Compliance is part of the agenda of the Board of Directors meetings, which takes place at regular intervals. Board minutes do reflect compliance matters discussed and actions points going forward.

Senior Executive Management (Executive Chair and CEO)

- The Executive Chair and CEO are committed to ensure compliance and communicate this commitment throughout the organization.
- The Executive Chair and CEO are responsible for ensuring that: (i) appropriate guidelines and policies are developed, issued and continuously monitored and reviewed; (ii) employees and Directors are properly trained with respect to those guidelines and policies; (iii) compliance matters are made subject to compliance audits; and (iv) non-compliance issues are appropriately sanctioned.

- Sufficient resources are made available to adequately deal with compliance matters (in particular regarding time and budget).

Compliance Officer

- As mentioned above, the Board has designated a Compliance Officer who conducts internal compliance meetings to support the implementation and effectiveness of the CMS.
- These internal compliance meetings, ensure that all relevant compliance matters are adequately covered and in which the following persons participate: Executive Chair, Chief Compliance Officer and Global Controller. In addition, other corporate managers (e.g. personnel of the legal department, internal audit, IT department, finance department, business controlling, Environmental, Health, and Safety, customs/export control department, the data protection officer, and also representatives of the business (or various business lines) who know how the business is run and what the relevant business practices are) could participate in those meetings depending on the agenda.
- The Compliance Officer:

  i. reviews that appropriate policies and procedures are put in place;

  ii. is the contact person when employees have questions regarding compliance matters;

  iii. implements appropriate training for employees with respect to Befesa's code of conduct and other material compliance matters;

  iv. reviews the code of conduct and Befesa's other compliance guidelines and policies at regular intervals and proposes amendments or additional compliance guidelines or policies to the extent required;

  v. informs the organisation about important legal developments which may cause non-compliance issues;

  vi. if any non-compliance issue is suspected, they investigate the issue;

  vii. ensures that non-compliance issues which they become aware are resolved;

  viii. is responsible for proposing compliance audits to the Executive Chair and for proposing which matters should be made the subject of a compliance audit;

  ix. provides regular or ad hoc compliance reports to the Executive Chair and has a reporting line to the Board of Directors; and

  x. is given the responsibility of informing the Board of Directors if the Executive Chair and/or CEO has failed to deal with a non-compliance issue.
- The responsibilities and tasks delegated to the Compliance Officer are documented. This is normally done by an appointment letter from Senior Executive Management addressed to, and countersigned by, the Compliance Officer.

Compliance audits

- In order to ensure that the CMS is effective, a process designed and implemented to detect potential non-compliance issues has been instead. Befesa has therefore established an audit compliance process led by the Internal Audit Department The Internal Audit Department audits compliance matters in addition to its other matters.
- Alternatively, outside professionals (for example, a law firm which specializes in compliance audits or one of the bigger audit firms which also conduct compliance audits) could be engaged.
- The Internal Audit Director proposes, on an annual basis, a compliance audit plan to the Executive Chair and CEO, which describes the selected compliance matters to be made subject to an audit.
- The results of the compliance audit are reported to the Executive Chair and CEO. An executive summary along with the audit report is submitted to the Audit Committee before being presented to the Board of Directors.

All members of the Board of Directors of Befesa S.A. are required to have a balance of skills, qualifications, background, experience and ability to adequately perform the duties of the Board. Such a qualified and balanced composition is reflected in the skills matrix (ESRS-2 GOV-1 21c + AR5), which shows, in particular, that all members of the Board have ethics and governance skills.

ESRS 2 IRO-1 Impacts, risks and opportunities

The process to identify material impacts, risks and opportunities is disclosed in section 53 of the ESRS 2 IRO-1, that includes business conduct matters. This process follows the EFRAG double materiality guideline, including the context analysis (internal and external communication, analysis of the value chain and identification of internal and external stakeholders), the identification of current and potential impact, risk and opportunities and the evaluation and prioritization of the IROs.

G1-1 Corporate culture and business conduct policies

Corporate culture in Befesa is mainly covered by the Befesa Compliance Management System (CMS). Befesa is committed to achieving success and sustainable, profitable growth. Befesa must, at all times, fully respect all applicable laws, regulations and the environment in which it operates.

Befesa's CMS includes, but is not limited to, internal guidelines and policies such as the code of conduct and guidelines that address competition law requirements, anti-corruption, anti-money laundering, IT services, EHS issues, conflicts of interest and international sanctions. These measures, in addition to the whistle-blowing channel, guide members in ensuring that Befesa complies with all laws, regulations and values

In the next page are the material impacts, risks and opportunities related to Governance: Corporate culture and complaints mechanisms identified as a result of the double materiality, and the policies implemented that relate to them (see the table on the next page)

Befesa's general compliance policy

The general compliance policy provides guidance to Befesa and its subsidiaries on how to establish, maintain and report an effective CMS.

This document briefly describes concepts and guidelines that are developed later in specific policies, tools and procedures. It covers several topics such as commitment of management, code of conduct, compliance officer figure, identification and assessment of risks, specific compliance policies, training and the existence of a whistle-blowing channel.

Befesa's general compliance policy establishes the foundation for the implementation of an effective compliance framework and introduces the basic principles that will be the content of the complete compliance system. It is supported by monthly compliance committees, and by communication and training for the entire organisation.

Code of conduct

Befesa has in place a code of conduct that is binding for all employees and which is the cornerstone of its CMS. It is available to all employees and third parties in the Sustainability/Governance/Compliance section of Befesa's website: https://www.befesa.com/sustainability/governance/#compliance

The code provides the legal and ethical framework for the conduct of Befesa's directors, executives, managers and employees. It defines basic behavioral standards within Befesa itself and in connection with other parties. The document is available in the eight languages spoken in the countries where Befesa operates. Some of the key aspects include the following:

- Strictly comply with the laws and regulations of each jurisdiction.
- Do not compromise your integrity. Do not use your position at Befesa to obtain benefits for yourself, your family or your friends.
- Do not offer or accept gifts and invitations that could create the impression of influencing the commercial judgement of the recipient.
- Do not deliberately mislead anyone. Never attempt to falsify any record.
- Treat your colleagues with fairness and respect. Any form of discrimination based on race, colour, religion, gender, age, marital status, sexual orientation or disability is unacceptable.
- Respect Befesa's commercial relationships. Treat Befesa's clients and suppliers fairly and with respect at all times. Be a good neighbour.
- Look out for the safety of others. Health and safety standards and procedures are intended to protect you, your colleagues and all others. Comply with them at all times.
- Respect and protect the environment.
- In case of doubt, always ask.

Below are the material impacts, risks and opportunities related to Governance: Corporate culture and complaints mechanisms identified as a result of the double materiality, and the policies implemented that relate to them:

Impacts, Risks and Opportunities (IRO) associated with Governance: Corporate culture and complaints mechanisms and corruption and bribery

Type	Description	– Related policies and procedures	Own operations/Value chain
Positive Impact	Enhancement of employee engagement by fostering a sense of belonging and purpose among employees derived from compliance with the code of ethics.	– Code of Conduct	Own operations
	Improved corporation reputation through the implementation of policies and procedures focused on transparency, truthfulness, good practices and ethical behaviour.	– Code of Conduct – Conflict of Interests – Security Dealings Code – International Sanctions – Diversity, equality and inclusion	Own operations/Value chain
	Increase in workers' confidence and trust in Befesa through the establishment of secure and confidential mechanisms, such as the whistleblowing channel.	– Whistlebowing Channel – Whistleblowing Channel Protocol & Whistleblower Protection Policy	Own operations
	Greater compliance with applicable laws and regulations through the availability of compliance management and criminal law enforcement, as well as the recognition of being a trusted business partner with the purpose of being useful to suppliers.	– Supplier Code of Conduct – Code of Conduct – Anti-Corruption & Anti-Bribery – Anti-Trust – International Sanctions – Conflict of Interests	Own operations/Value chain
	Reduction of corruption and bribery crimes by promoting and enforcing compliance with the anti-money laundering rules and policies established by Befesa.	– Anti-Corruption & Anti-Bribery	Value chain
	Foster transparency, accountability and good governance practices by obtaining the UNE 19601 certification on Criminal Compliance (Befesa environment), which serves as a comprehensive framework for organizations to establish and maintain effective compliance management systems.	– UNE19601 Certification	Own operations/Value chain

Impacts, Risks and Opportunities (IRO) associated with Governance: Corporate culture and complaints mechanisms and corruption and bribery

Negative Impact	Absence of Integrated Management Systems, directly affecting the expectations of interest groups in terms of quality, environment, health and safety management.	– Befesa CMS	Own operations/Value chain
	Decline in employee trust towards Befesa, stemming from fears of potential repercussions, leads to employees feeling inhibited about reporting problems through the whistle-blowers channel.	– Whistleblowing Channel – Whistleblowing Channel Protocol & Whistleblower Protection Policy	Own operations
	The insufficient compliance training implies that employees make unintentional mistakes or even act negligently. While compliance training programs are in place, they may not be comprehensive enough for all employees.	– CMS Training – Code of Conduct Training – Quarterly Newsletters – QR Posters – Guidelines of conduct brochures – Compliance web & intranet section	Own operations
	Violation of employee privacy, exposure of sensitive information, and the possibility of this information being used for retaliation, by not having the adequate management system to prevent leakage of personal data of employees.	– Confidentiality, and industrial & intellectual property – Privacy Policy	Own operations
	Possible rise in the cases of corruption and bribery due to insufficient compliance training withing employees. While training is provided, it may not be sufficient or comprehensive enough to cover for all countries.	– Code of Conduct – Anti-Corruption & Anti-Bribery	Own operations
	Negative impacts to the reputation/image towards Befesa's stakeholders due to potential illegal or ethically questionable activities, such as money laundering, corruption or greenwashing.	– Code of Conduct – Anti-Corruption & Anti-Bribery – Anti-money laundering	Own operations/Value chain

Impacts, Risks and Opportunities (IRO) associated with Governance: Corporate culture and complaints mechanisms and corruption and bribery

Risk	Failure to consider business conduct risks can lead to operational issues such as supply chain disruptions due to scarcity of natural resources, labor disputes related to unsatisfactory working conditions, or risk management issues arising from poor governance.	– Befesa CMS	Own operations/Value chain
	An ineffective response to compliance risk and regulatory changes can result in a loss of brand value.	– Befesa CMS	Own operations
	Non-compliance with policies related to social and governance can damage the reputation of the organization, productivity among employees, and a decrease in market share and income of the organization.	– Befesa CMS	Own operations/Value chain
	Possible rise in the cases of corruption and bribery due to insufficient compliance training withing employees, resulting in unintentional mistakes or negligent acts.	– General Compliance Policy – Anti-Corruption & Anti-Bribery	Own operations
	Reputational issues derived from the leakage of Befesa's confidential information regarding the protection of whistle-blowers, which could potentially result in legal consequences such as defamation or unfounded accusations.	– Code of Conduct – General Compliance Policy – Whistleblowing Channel Protocol & Whistleblower Protection Policy – Confidentiality, and industrial & intellectual property	Own operations/Value chain
	Reputational loss in cases where the Board of Directors of Befesa S.A. acts against applicable regulations and/or Befesa's internal policies.	– Befesa CMS	Own operations/Value chain
	Loss of confidence of stakeholders by not complying with capital markets regulations given its status as a listed company.	– Security Dealings Code – Whistleblowing Channel	Value chain
	Insufficient resources and capabilities for monitoring and compliance with standards and regulations at a global level, incurring possible future sanctions.	– Befesa CMS	Value chain
	Sanctions or fines derived from regulatory non-compliance, derived from ineffective anticipation of regulatory requirements.	– Befesa CMS	Own operations
	Economic sanctions due to activities considered unfair competition.	– Anti-Corruption & Anti-Bribery – Anti-money laundering	Own operations

Impacts, Risks and Opportunities (IRO) associated with Governance: Corporate culture and complaints mechanisms and corruption and bribery

Opportunity	The implementation of new certifications can generate a strategic positioning in response to the demand of interest groups.	– There is not specific policy about this IRO. Befesa will continue work to develop the necessary policies for this opportunity management	Own operations
	Competitive positioning as leaders through the introduction and management of ethical aspects within the organization and operation of Befesa.	– Befesa CMS	Own operations
	A corporate culture fosters creativity and innovation among employees, driving the generation of innovative solutions to industrial challenges.	– Code of Conduct	Own operations
	Enhancement of transparency and accountability, attracting like so investors and fostering trust and confidence in stakeholders, by ensuring comparability of information through the reporting of sustainability reports.	– Befesa CMS	Own operations/Value chain
	Improvement of operational efficiency, and enhancement of reputation, by complying with anti-corruption laws and regulations, decreasing like so possible fines and penalties.	– Anti-Corruption & Anti-Bribery – Anti-money laundering	Own operations/Value chain
	Protection from potential litigation and legal sanctions by effectively complying with current labor laws and regulations through the establishment of the whistle-blower channel.	– Whistlebowing Channel – Whistleblowing Channel Protocol & Whistleblower Protection Policy	Own operations
	Improvement of transparency and accountability as an opportunity to increase the comparability of information and therefore makes investing in Befesa more attractive. Furthermore, this implies that more clients and suppliers want to work with Befesa, improving their prices.	– Befesa CMS	Value chain
	Strengthening the culture of ethics and integrity as an opportunity to increase the comparability of information and therefore makes investing in Befesa more attractive.	– Befesa CMS	Own operations/Value chain
	By complying with anti-corruption laws and regulations, there is a reduction in fines and penalties, and an improvement in operational efficiency, as these programs can identify and eliminate corrupt practices that may hinder the company's operational efficiency. Furthermore, this implementation helps protect the company's reputation and maintain the trust of customers, suppliers, and investors.	– Anti-Corruption & Anti-Bribery – Anti-money laundering – Supplier Code of Conduct	Own operations/Value chain

Any violation of the laws and regulations or the infringement of the code of conduct by any employee at any level of the organisation will be subject to disciplinary measures.

Complementary-specific compliance policies

Based on the results from the risk identification and assessment, Befesa has developed and updated compliance-relevant documents covering the following areas:

Anti-corruption and anti-bribery policy:
One of Befesa's core principles is to comply with all the anti-corruption and anti-bribery laws and regulations where the Company operates. Befesa's principle is to compete by making deals and providing services to its customers based on the quality and price of its products and offerings, instead of providing undue advantages or benefits to others.

Anti-money laundering policy:
Befesa is committed to carrying out its activities with accredited clients and with other trading partners who perform their activities legally and whose funds come from legitimate sources. Accordingly, all employees of Befesa must strictly comply with the pertinent anti-money laundering legislation and with Befesa's internal procedures, which are designed to detect and prevent suspicious payment methods.

All Befesa employees are obliged to report any suspicious behaviour by clients or trading partners, either to the Compliance Officer or by using the whistleblowing channel. All employees must comply with all the rules and guidelines regarding accounting and financial information applicable to cash and other forms of payment in relation to the transactions that need to be made.

Anti-trust policy:
It is the unconditional policy of Befesa to fully comply with all applicable anti-trust laws worldwide and to enforce compliance throughout the organisation. In this policy, a guideline summarises the basic rules of the anti-trust laws prevailing in the main jurisdictions where Befesa is active.

All employees must be familiar with and strictly observe the basic rules and specific anti-trust regulations of the relevant jurisdiction in which they operate or which is affected by their operations. Non-compliance will be taken very seriously by Befesa's management and will lead to personal consequences for the relevant employee(s).

Conflicts of interest policy:
The purpose of this policy is to identify and prevent situations in which an employee's activities conflict or appear to conflict with the interests of Befesa and its subsidiaries. Every employee must offer undivided commercial loyalty to Befesa and make business decisions only in the best interests of the Company, not based on their potential personal interests. All employees must avoid any relationship or activity that could affect their independent judgement in the conduct of Befesa's business, conflicts with the Company's interests or could reasonably give the appearance of conflicting with Befesa's interests.

Group security dealings code:
This code applies to all employees, managers and Directors of Befesa and its fully consolidated subsidiaries and joint ventures. These rules are designed to ensure that employees do not misuse, or place themselves under suspicion of misusing, information about Befesa that they have access to, and which is not available to other investors. This code also includes a closed period calendar to be followed by the affected persons.

International sanctions policy:
International sanctions or restrictive measures take the form of economic instruments that seek to modify policies or activities in other countries that breach international law or human rights. The implemented measures are obligatory and affect all the countries that form part of the organisation that adopts them. In the case of the EU, they are obligatory for all its member states. Befesa believes that all its employees must comply with these restrictive measures, insofar as they affect their activities. The aforementioned CMS of Befesa includes a specific section on policies, systems and controls in relation to international sanctions.

Diversity, equality and inclusion policy:
Befesa seeks to strengthen diversity, equality and inclusion among its workforce, and seeks to eliminate discrimination. The policy's purpose is to provide equality, fairness and respect for all the employees of the Company. It seeks to oppose and avoid all forms of discrimination by ensuring that recruitment, remuneration and promotion at Befesa is based on qualifications and performance.

Confidentiality, and industrial and intellectual property policy: Befesa is aware of the value of its assets, in particular the industrial and intellectual property rights inherent in the innovative knowledge generated during the progress of its activities. The Company strives to protect this by adopting appropriate measures for interactions with its employees and with third parties. This policy establishes the operational rules and standards to be applied at Befesa, as well as for third parties. This ensures the effective protection of the industrial and intellectual property of Befesa, guaranteeing a high level of security and compliance with current legislation.

Privacy policy

There is in place a privacy policy that applies to all personal data submitted to Befesa through any means of communication. In this policy, different aspects are covered, such as the obligation to provide data, data responsible, purpose, type of data and rights, among others.

It also covers the measures implemented to protect data security and to prevent the alteration, loss, processing or unauthorised access, in accordance with the provisions of applicable regulations.

Supplier code of conduct

During 2020, Befesa implemented a code of conduct for suppliers that must be accepted and signed by all suppliers. Befesa expects its suppliers to implement the principles set out in this code of conduct throughout their organisations worldwide and to comply with these principles. Befesa also expects suppliers to use their best efforts to implement these standards with their suppliers and subcontractors and to take these principles into account when selecting them.

The supplier code of conduct covers different aspects, including environmental protection and energy efficiency; human rights, employment practices, and health and safety; and business integrity and corporate governance standards. The supplier code of conduct is available on Befesa's website at https://www.befesa.com/sustainability/governance/#compliance. The internal audit team reviews and analyses the implementation of the code.

In addition to the aforementioned policies and codes, Befesa also has different internal procedures that complement the internal control system:

Internal procedures

Concept

The internal procedures of Befesa take the form of a suitable internal control system that represents the internal rules of the Company. It works through an internal system of communication and authorisation. The main goal is to have a common method of operating, assessing and mitigating the business risks inherent in Befesa's activities.

This implies the following:

- Consistency of actions
- Reinforcement of corporate identity
- Risk control and reduction
- Optimisation of management
- Creation of value for stakeholders
- Profitability

Covered areas

The internal procedures cover different areas considered as key for Befesa. Twenty-one procedures are in place and include controls for the following areas:

- Financial management
- Legal matters and insurance management
- Human resources and CSR
- IT management
- General expenses
- Corporate identity

Other aspects covered by Befesa's CMS

In addition to the above aspects, as part of Befesa's CMS, there are other relevant areas in the system, such as internal controls, risk analyses, insurance coverages and data protection regulations.

Internal controls

In addition to the compliance policies mentioned, Befesa has in place an internal control matrix that contains financial and non-financial information control and processes. This cover the most significant areas of the Company:

- Purchases
- Fixed assets
- Stocks
- Sales
- Treasury
- Human resources
- Taxes
- Hedging
- Equity

- Closing and reporting
- Legal and ethics

Risk analysis and insurance coverage

Included in the CMS, Befesa has an Risk Management System in place, which is explained in detail in the "GOV-1/GOV-2 Role of management and sustainability matters addressed section of this Annual Report.

Data-protection regulations Following the EU General Data Protection Regulation (GDPR) that came into force in May 2018, Befesa has carried out an analysis of the Company's data-protection standards, with the main goal of adapting those standards to the new GDPR requirements.

Criminal compliance certification UNE 19601

The Spanish criminal code establishes that legal persons may have criminal responsibility. To avoid this from happening at Befesa, a criminal compliance programme (Criminal Risks Management System) was implemented.

This programme comprises a set of preventive tools with the aim of preventing a breach of the rules of a criminal nature and of avoiding possible sanctions that could generate responsibility for the Company. Furthermore, there is a certifiable standard UNE 19601 concerning criminal compliance that Befesa Medio Ambiente S.L.U. satisfactorily achieved in Q1 2021. Befesa renewed this certification in Q1 2023 for another 3 years.

Whistleblowing Channel

Befesa has a whistleblowing channel in place on its website, which is available to all employees and external third parties on a 24/7 basis. Complaints can be made via telephone or the web platform. This platform is available in eight languages: English, German, Spanish, French, Swedish, Turkish, Korean and Chinese.

Befesa's whistleblowing channel is managed through EQS software, the leading company in Europe and the first compliance platform certified in accordance with the data protection law at European level (GDPR).

EQS offers an instruction manual to the staff receiving reports in Befesa, plus regular webinars and workshops. A whistleblowing channel section is included in the CMS annual training and is also covered in the compliance printed guidelines of conduct that every employee receives. The policy for training in the organisation on business conduct is developed later in this section.

Furthermore, Befesa is certificated in UNE 19601 Criminal Compliance, where part of the certification is the evaluation of the whistleblowing channel, the protocol established and the capability of the people in charge of the channel.

In addition, it meets the following data security standards: double security certification in accordance with ISO 27001, state-of-the-art encryption algorithms, high-security data centres and manual penetration testing.

Befesa has a policy called the "Whistleblowing Channel Protocol & Whistleblower Protection Policy". Befesa will not, in relation to the reporting of any incident under the policy, permit any form of retaliation or reprisal (including discharge, demotion, transfer, suspension, threat, intimidation, harassment or any other form of discrimination) by any person or group, directly or indirectly, against any whistleblower, witness or interviewee who, truthfully and in good faith, reports an incident in accordance with this policy.

Befesa has a structured and comprehensive process to investigate business conduct incidents, including cases of corruption and bribery, with promptness, independence and objectivity.

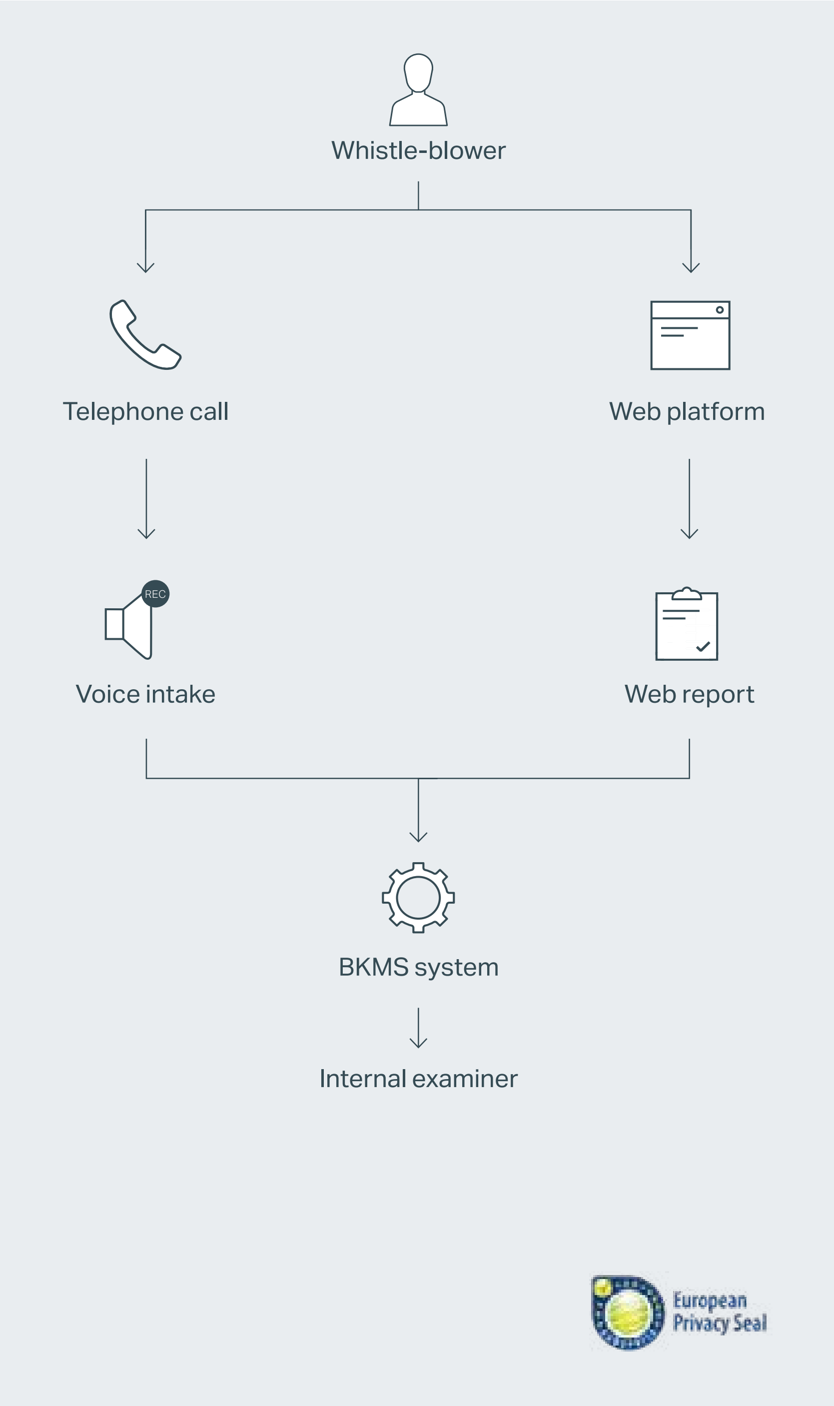
Key aspects of Befesa's investigation procedures include:

- **Confidentiality and anonymity:** All reports are treated as confidential, and whistleblowers' identities are protected to the extent permitted by law.
- **Independent oversight:** The Compliance Officer oversees the whistleblowing channel and ensures investigations are conducted without conflicts of interest.

- **Thorough investigation process:**
  1. Reports are classified and analysed to determine the need for an investigation.
  2. If required, additional information is gathered from the whistleblower and relevant parties.
  3. Investigations may be conducted internally or with external specialised resources, ensuring impartiality.
- **Decision-making and corrective actions:** Findings are reviewed by management or the Board of Directors, which determines appropriate actions.

The training within the organisation on business conduct is detailed in section G1-3 of this report.

In terms of risk regarding corruption and bribery, the functions with higher risks are: plant managers, purchases & sales areas employees, employees in the financial areas, corporate directors and managers. Basically those employees that have relationships with third parties. That is the reason why, together with the remaining white collars employees, they have 2 specific compliance and business conducts online training courses every year.



G1-3 Prevention and detection of corruption or bribery

The process that Befesa has in place to prevent, detect and address allegations or incidents of corruption and bribery is the following:

- **Preventive measures:** A CMS and all policies and procedures previously detailed. All of them are available to all employees on the intranet and the website. In addition, training is provided annually.
- **Detective measures:** Befesa has an Internal Audit Department that carries out an annual audit programme in all subsidiaries, supervised by the Audit Committee. Internal controls and processes included in Befesa's internal control matrix cover financial and non-financial information. Its compliance is audited by Befesa's Internal Audit Department following an annual audit plan approved by Befesa's Audit Committee. Befesa's Internal Audit Department conducts audits of all significant operations every year and at least once every two years for all other operations.

Integrated audits conducted by Befesa's internal audit team provide Befesa's investors and stakeholders with additional confidence regarding the financial and non-financial information published every quarter.

These audits cover:

- Befesa's consolidated and subsidiaries' stand-alone financial statements
- Company processes and policies
- Compliance, ESG policies and ethical standards

In 2024, a total of 29 audits (2023: 26 audits) were carried out following this internal control matrix.

Among others, these include:

- The definition of proper criminal compliance policies of Spanish entities (UNE 19601);
- Training for employees on compliance policies, the code of conduct and IT security;
- Internal approvals for key actions;
- Anti-money laundering, payments and collections, and cash destinations and origins;
- Powers of attorney and compliance with the "four-eyes" principle;
- Negotiations with suppliers, customers and other business partners, in addition to existing contracts;
- Compliance with Befesa's supplier code of conduct;
- The recruitment and hiring of staff;
- Training and compensation of employees;
- Donations and sponsorships; and
- Health and safety.

Befesa's internal audit team is also involved in investigations concerning complaints received through the Company's whistleblowing channel. The results and progress on internal audit works are reported to Befesa's Audit Committee every quarter.

Whistleblowing channel:

As it was previously mentioned, in addition to the preventive and detective measures, Befesa has the aforementioned whistleblowing channel where every employee or third party can send potential irregularities. In every investigation carried out, the investigators are independents and separated from the people investigated.

No convictions, incidents or fines for violation of anti-corruption and anti-bribery laws have been taken place in Befesa.

Corporate review:

Compliance culture in Befesa is implemented in a top-down approach. The CMS of Befesa was initially approved by management and the Board of Directors. After that, a monthly follow-up is carried out by both bodies. Communication and promotion are key for a positive development of the corporate culture through the organisation.

As it has been mentioned, corporate culture in Befesa is mainly covered by the Befesa CMS. The CMS is reported and reviewed internally in three different ways:

a) Internal meetings: On a monthly basis, the Compliance Officer and the Executive Chair have a meeting where all significant aspects of the CMS are analysed, reviewed and approved.

b) The CMS plan and status are reviewed in every Board meeting as a regular part of the agenda.

c) Audit Committee: A more detailed CMS status is presented in the Audit Committee. Its members supervise the compliance tasks and CMS performance, including whistleblowing reports.

Training and engagement:
Befesa has implemented four tools to guarantee that everyone in the organisation has access to the latest compliance initiatives: quarterly newsletters, training, conduct guidelines and QR compliance posters.

In addition to these tools, all the compliance information is available to all empoyees in the Befesa intranet. Also for third parties, Befesa webpage has a compliance section were compliance documentation can be found.

Quarterly newsletters:
Every quarter, one specific compliance topic is shared with all Befesa's employees. These topics are agreed upon with management and are circulated via email throughout the organisation.

Training:
The continuous training of Befesa's employees is key for the future and the development of the organisation. Compliance is an important aspect for the Company.

Befesa has therefore developed annual training for employees, including part-timers; the training courses and training tests are updated on an annual basis with the latest compliance-related contents. All the topics included in the Befesa CMS are covered by the training tool, including policies regarding business conduct.

During 2024, two specific compliance training courses were launched to all employees on the CMS and the code of conduct. Both training courses were included in a specific online training tool, supported by live interactions and questionnaires.

Befesa divides its employees into two groups:

- **White collar employees (roughly 800 employees):** Every employee with a company email is included in the annual corporate compliance online training through the KnowBe4 training tool. There are two training courses every year that cover business conducts: Compliance Management System (H1) and Code of Conduct (H2). The CMS training covers the theory and practical exercises relating to the Befesa compliance policies and requirements. In the CMS training, anti-corruption and anti-bribery topics are covered, among others. The code of conduct training is a specific and deeper training covering the contents of the Befesa Code of Conduct. The Compliance Department has a follow-up of the percentage of accomplishment of the training. We understand that white collars employees have higher risks in terms of corruption and bribery, so this is the reason why they have two specific compliance and business conduct online training courses every year.

- **All employees (blue collars and white collars)** receive a printed brochure with the guidelines of conduct. These brochures are available in the eight languages of Befesa. In addition, every plant and office of the Group has compliance posters with QR codes. In these QR codes, all compliance and business conduct policies and procedures are available to employees.

All training courses are reviewed by the Compliance Department to makesure that every employee has accomplished the training requirements, and a final summary is shared with management. One hundred per cent of employees with functions at risk are covered by training programmes, and it is controlled with the Befesa training platform.

Management receives same compliance training as the remaining employees. Board members do not receive specific compliance training, but they are informed about the compliance topics in the Board and audit meetings.

Brochures on conduct guidelines:
Printed brochures on the conduct guidelines are in place and have been sent to all Befesa's employees. These brochures are available in the eight languages of Befesa. The brochure covers the main aspects of Befesa's code of conduct and CMS in a visual format that can be easily checked by all personnel.

QR compliance posters:
With the goal of strengthening communication with employees, Befesa has designed printed posters with QR codes. These posters are available in eight languages and are at all the Befesa plants, so that every employee can scan the QR codes of the posters to find direct access to the following:

- Code of conduct
- Complementary-specific compliance policies
- Compliance training
- Procedures tool
- Whistleblowing channel

G1-4 Confirmed incidents of corruption or bribery

There have not been convictions or fines for violation of anti-corruption and anti-bribery laws, so no actions for addressing breaches have been needed.

Independent auditor's report

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To Board of Directors of Befesa S.A.
68-70, Boulevard de la Pétrusse
L-2320 Luxembourg,
Luxembourg

Limited Assurance Conclusion

We conducted a limited assurance engagement on the Sustainability Statement of Befesa S.A. ("the Group") included in section Sustainability Report of the Management Report (the "Sustainability Statement") as at 31 December 2024 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the accompanying Sustainability Statement is not prepared, in all material respects, in accordance with:

- article 29(a) 4 of EU Directive 2013/34/EU ("Directive");
- the European Sustainability Reporting Standards ("ESRS"), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note IRO-1 Double Materiality Analysis;
- the disclosures in subsection "The EU Taxonomy" within the environmental section] of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");

altogether the "Criteria".

Basis for Limited Assurance Conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (revised) ("ISAE 3000"), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, established by the International Auditing and Assurance Standards Board ("IAASB") as adopted for Luxembourg by the Institut des Réviseurs d'Entreprises ("IRE").

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the *Responsibilities of* réviseur *d'entreprises agréé's* section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management ("ISQM") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements as adopted for Luxembourg by the CSSF and accordingly maintains a comprehensive system of quality control including the design, implementation and operate a system of quality management, of audits or reviews of financial statements, or other assurance and related services engagements.

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Emphasis of Matter - New sustainability reporting standards

We draw attention to the section "General disclosures" of the Sustainability Statement. Subsection "Basis for preparation" sets out that the Sustainability Statement has been prepared in a context of new sustainability reporting standards requiring entity-specific and temporary interpretations and addressing inherent measurement or evaluation uncertainties. The disclosures in the subsections "GOV-4 Statement on due diligence", "GOV-5 Risk management and internal controls" and "IRO-1 Double materiality analysis" in section "General disclosures" of the Sustainability statement explain possible future changes in the ongoing due diligence and double materiality assessment process. Due diligence is an on-going practice that responds to and may trigger changes in the Group's strategy, business model, activities, business relationships, operating, sourcing and selling contexts relevant for stakeholders as a group. The double materiality assessment process may also be impacted in time by sector-specific standards to be adopted. The Sustainability Statement may therefore not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder may consider important in its own assessment.

Our conclusion is not modified in respect of this matter.

Emphasis of Matter - Data limitation

We draw attention to the fact that the Group encountered data availability limitation when measuring Scope 3 emissions across its locations and value chain. Details regarding material estimation uncertainties and the plan to address data availability and estimation challenges for Scope 3 measurement are provided in Disclosure E1-6.

Our conclusion is not modified in respect of this matter.

Other Matter

The corresponding information in the Sustainability statement and thereto related disclosures with respect to previous years have not been subject to limited assurance procedures.

Our conclusion is not modified in respect of this matter.

Responsibilities of for the Board of Directors for the Sustainability Statement

The Board of Directors of the Group is responsible for:

- the preparation of the sustainability information in the Sustainability Statement in accordance with the Criteria,
- designing, implementing and maintaining such internal control that determines is necessary to enable the preparation of the sustainability information in the Sustainability Statement, in accordance with the Criteria, that is free from material misstatement, whether due to fraud or error.

This responsibility includes:

- developing and implementing a process to identify the information reported in the Sustainability Statement in accordance with ESRS and for disclosing this process in note IRO-1 Double Materiality Analysis of the Sustainability Statement.
- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;

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- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

The Board of Directors of the Group is further responsible for the preparation of the Sustainability Statement, which includes the information identified by the Process, in accordance with the Criteria.

Inherent limitations in preparing the Sustainability Statement

In reporting forward looking information in accordance with ESRS, the management of the Group is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcome is likely to be different since anticipated events frequently do not occur as expected. . Forward-looking information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the achievability of this forward-looking information.

In determining the disclosures in the Sustainability Statement, the management of the Group interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

The references to external sources or websites are not part of the sustainability information as included in the scope of our assurance engagement. We therefore do not provide assurance on this information.

Responsibilities of the réviseur d'entreprises agréé

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000, we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- performing procedures, including obtaining an understanding of internal control relevant to the engagement, to identify risks that the process to identify the information reported in the Sustainability Statement does not address the applicable requirements of ESRS, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;

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— designing and performing procedures to evaluate whether the Process to identify the information reported in the Sustainability Statement is consistent with the Group's description of its Process as disclosed in note IRO-1 Double Materiality Analysis.

Our other responsibilities in respect of the Sustainability Statement include:

— performing risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control;

— designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The procedures performed in a limited assurance engagement vary in nature and form, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The nature, timing and extent of procedures selected depend on professional judgement, identification of disclosures where material misstatements are likely to arise in the Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect of the Process, we:

— obtained an understanding of the Process by performing inquiries to understand the sources of the information used by management and reviewing the Group's internal documentation of its Process; and

— evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in note IRO-1 Double Materiality Analysis .

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

— obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement;

— evaluated whether all material information identified by the Process is included in the Sustainability Statement;

— evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the Criteria;

— performed inquires of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;

— performed substantive assurance procedures based on a sample basis on selected disclosures in the Sustainability Statement;

— where applicable, reconciled selected disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and management report;

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— evaluated selected methods, assumptions and data for developing estimates and forward-looking information;

— analysed, on a limited sample basis, relevant internal and external documentation at the level of the Group for selected disclosures

— obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement;

Other information

The management of the Group is responsible for the other information. The other information comprises information included in the consolidated Annual report 2024 but does not include the Sustainability Statement and our assurance report thereon.

Our conclusion on the Sustainability Statement does not cover the other information and we do not express any form of assurance conclusion thereon.

Luxembourg, 29 April 2025

KPMG Audit S.à r.l.
Cabinet de révision agréé

Stephan Lego-Deiber

05

Consolidated financial statements

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Consolidated statement of financial position as at 31 December 2024

(Thousands of euros)

Assets	Note(s)	2024	2023
Non-current assets:			
Intangible assets			
Goodwill	7	645,137	629,643
Other intangible assets	8	109,503	108,030
		754,640	**737,673**
Right-of-use assets	11	**37,594**	**31,945**
Property, plant and equipment	9	**736,555**	**702,660**
Non-current financial assets			
Other non-current financial assets	10	15,846	35,138
		15,846	**35,138**
Deferred tax assets	19	**102,182**	**96,708**
Total non-current assets		**1,646,817**	**1,604,124**
Current assets:			
Inventories	12	**100,332**	**101,089**
Trade and other receivables	13	**102,429**	**75,818**
Trade receivables from related companies	13	**354**	**409**
Accounts receivable from public authorities	13–20	**10,487**	**20,726**
Other receivables	13	**14,643**	**22,201**
Other current financial assets	10	**461**	**14,626**
Cash and cash equivalents	4	**102,520**	**106,692**
Total current assets		**331,226**	**341,561**
Total assets		**1,978,043**	**1,945,685**

The accompanying Notes 1 to 28 and the Appendix are an integral part of the consolidated financial statements.

Consolidated statement of financial position as at 31 December 2024 continued

Equity and liabilities	Note(s)	2024	2023
Equity:			
Parent Company	14		
Share capital		111,048	111,048
Share premium		532,867	532,867
Hedging reserves		(20,787)	36,888
Other reserves		132,254	96,490
Translation differences		24,017	(11,738)
Net profit/(loss) for the year		50,820	57,972
Equity attributable to the owners of the Company		830,219	823,527
Non-controlling interests	14	15,518	53,829
Total equity		845,737	877,356
Non-current liabilities:			
Long-term provisions	18	16,071	18,053
Loans and borrowings	15	664,086	655,610
Lease liabilities	11–15	20,475	17,080
Other non-current financial liabilities	17	16,207	–
Other non-current liabilities	16	4,908	6,707
Deferred tax liabilities	19	110,296	113,845
Total non-current liabilities		832,043	811,295
Current liabilities:			
Loans and borrowings	15	25,422	28,798
Lease liabilities	11–15	11,493	9,283
Other current financial liabilities	17	26,162	2,229
Trade and other payables		169,646	171,084
Other payables			
Accounts payable to public administrations	16–20	23,590	14,103
Other current liabilities	16	43,950	31,537
		67,540	45,640
Total current liabilities		300,263	257,034
Total equity and liabilities		1,978,043	1,945,685

The accompanying Notes 1 to 28 and the Appendix are an integral part of the consolidated financial statements.

Consolidated income statement for the year ended 31 December 2024

(Thousands of euros)

	Note(s)	2024	2023
Continuing operations:			
Revenue	**5, 22.1**	1,239,030	1,180,600
Changes in inventories of finished goods and work in progress		(4,256)	150
Raw material and consumables	**22.2**	(575,284)	(578,273)
Other operating income	**22.3**	7,412	37,101
Personnel expenses	**22.4**	(145,323)	(146,278)
Other operating expenses	**22.5**	(317,020)	(304,490)
Amortisation/Depreciation, impairment and provisions	**22.6**	(91,703)	(82,169)
Operating profit		**112,856**	**106,641**
Finance income	**23**	1,476	2,635
Finance costs	**23**	(46,713)	(39,029)
Net exchange differences	**3.17**	7,231	(2,179)
Net finance income/(loss)		**(38,006)**	**(38,573)**
Profit/(Loss) before tax		**74,850**	**68,068**
Corporate income tax expense	**19**	(20,764)	(10,500)
Profit/(Loss) for the year from continuing operations		**54,086**	**57,568**
Profit/(Loss) for the year		**54,086**	**57,568**
Attributable to:			
Parent Company's owners		50,820	57,972
Non-controlling interests		3,266	(404)
Earnings/(Losses) per share from continuing and discontinued operations attributable to owners of the Parent (expressed in euros per share)			
Basic earnings per share:	**27**	1.27	1.45

The accompanying Notes 1 to 28 and the Appendix are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2024

(Thousands of euros)

	Note(s)	2024	2023
Consolidated profit/(loss) for the year		**54,086**	**57,568**
Other comprehensive income from continuing operations:			
Items that may subsequently be reclassified to income statement:			
Income and expense recognised directly in equity		**(17,900)**	**34,481**
- Cash flow hedges	17	(75,870)	79,878
- Translation differences		38,748	(31,898)
- Tax effect	19	19,222	(13,499)
Transfers to the income statement		**(1,027)**	**(26,918)**
- Cash flow hedges	17	2,659	(26,610)
- Tax effect	19	(3,686)	(308)
Other comprehensive income/(loss) for the year, net of tax		**(18,927)**	**7,563**
Total comprehensive income/(loss) for the year		**35,159**	**65,131**
Attributable to:			
Parent Company's owners		28,900	65,498
Non-controlling interests		6,259	(367)

The accompanying Notes 1 to 28 and the Appendix are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2024

(Thousands of euros)

	Attributable to the owners of the Parent							
	Share capital (Note 14)	Share premium (Note 14)	Hedging reserves (Note 14)	Other reserves (Note 14)	Translation differences (Note 14)	Net profit/ (loss) for the year (Note 14)	Non-controlling interests (Note 14)	Total equity
Balances at 31 December 2022	**111,048**	**532,867**	**(2,573)**	**37,340**	**20,197**	**106,220**	**14,153**	**819,252**
Total comprehensive income for the year	–	–	39,461	–	(31,935)	57,972	(367)	65,131
Non-controlling interests operations								
Business combination (Notes 6 and 14)	–	–	–	–	–	–	40,043	40,043
Distribution of profit for the year								
Reserves	–	–	–	106,220	–	(106,220)	–	–
Dividends (Note 14)	–	–	–	(50,000)	–	–	–	(50,000)
Other movements (Note 3.17)	–	–	–	2,930	–	–	–	2,930
Balances at 31 December 2023	**111,048**	**532,867**	**36,888**	**96,490**	**(11,738)**	**57,972**	**53,829**	**877,356**
Total comprehensive income for the year	–	–	(57,675)	–	35,755	50,820	6,259	35,159
Non-controlling interests operations								
Acquisitions of shares (Note 14)	–	–	–	4,356	–	–	(44,570)	(40,214)
Distribution of profit for the year								
Reserves	–	–	–	57,972	–	(57,972)	–	–
Dividends (Note 14)	–	–	–	(29,200)	–	–	–	(29,200)
Other movements (Note 3.17)	–	–	–	2,636	–	–	–	2,636
Balances at 31 December 2024	**111,048**	**532,867**	**(20,787)**	**132,254**	**24,017**	**50,820**	**15,518**	**845,737**

The accompanying Notes 1 to 28 and the Appendix are an integral part of the consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 December 2024

(Thousands of euros)

	2024	2023 (*)
Cash flows from operating activities:		
Profit/(Loss) for the year before tax	**74,850**	**68,068**
Adjustments for:		
Amortisation, impairment and others (Note 22.6)	91,703	82,169
Changes in provisions	(1,982)	(465)
Interest income	(1,476)	(2,635)
Finance costs (Note 23)	46,713	39,029
Other profit and loss (Notes 2.6 and 6)	(819)	(23,245)
Exchange differences (Note 3.17)	(7,231)	2,179
Changes in working capital:		
Trade receivables and other current assets	(20,185)	44,113
Inventories	(3,126)	1,607
Trade and other payables	9,170	(46,829)
Other cash flows from operating activities:		
Taxes paid/collected	4,205	(16,565)
Net cash flows from/(used in) operating activities	**191,822**	**147,426**
Cash flows from investing activities:		
Investments in intangible assets (Note 8)	(4,124)	(3,425)
Investments in property, plant and equipment (Note 9)	(74,444)	(101,387)
Collection from financial assets	–	113
(Acquisition)/Disposal of new subsidiaries (Note 6)	–	13,848
Net cash flows from/(used in) investing activities	**(78,568)**	**(90,851)**
Cash flows from financing activities:		
Cash inflows from bank borrowings and other liabilities (Note 15)	24,014	3,848
Cash outflows from bank borrowings and other liabilities (Note 15)	(29,697)	(24,584)
Dividends paid to shareholders (Note 14)	(29,200)	(50,000)
Interest paid	(42,390)	(30,102)
Transactions involving non-controlling interest (Note 14)	(40,000)	(9,500)
Net cash flows from/(used in) financing activities	**(117,273)**	**(110,338)**
Effect of foreign exchange rate changes on cash and cash equivalents	**(153)**	**(1,296)**
Net increase/(decrease) in cash and cash equivalents	**(4,172)**	**(55,059)**
Cash and cash equivalents at the beginning of the year	106,692	161,751
Cash and cash equivalents at the end of the year	102,520	106,692

(*) Interest paid has been reclassified from cash flows from operating activities to cash flows from financing activities (please refer to Note 3.23).

The accompanying Notes 1 to 28 and the Appendix are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements as at 31 December 2024

(Thousands of euros)

1. General information

Befesa, S.A. (hereinafter the "Parent Company" or the "Company") was incorporated in Luxembourg on 31 May 2013 as a "société à responsabilité limitée", subject to Luxembourg law for an unlimited period of time. The registered office of the Company is 68-70 Boulevard de la Pétrusse, L-2320 Luxembourg.

The Company's statutory activity is the acquisition, holding and disposal of interests in Luxembourg and/or in foreign companies and undertakings, as well as the administration, development and management of such interests.

The Company may provide loans and financing in any other kind or form or grant guarantees or security in any other kind or form, for the benefit of the companies and undertakings forming part of the Group of which the Company is a member.

The Company may also invest in real estate, in intellectual property rights or in any other movable or immovable assets in any kind or form.

The Company may borrow in any kind or form and issue bonds, notes or any other debt instruments as well as warrants or other share subscription rights.

In general, the Company may carry out any commercial, industrial or financial operation that it may deem useful in accomplishing and conducting its statutory activity.

The Company's financial year starts on 1 January and ends on 31 December.

The Company's shareholders, at their General Meeting held on 18 October 2017, agreed to convert the Company from a private limited liability company to a public limited company.

On the same date, it was also agreed at the Company's General Meeting to change the name of the Company from Bilbao Midco, S.à.r.l. to Befesa, S.A.

The principal place of business of the Group is located in Asúa – Erandio, Bizkaia (Spain).

The Company and its subsidiaries ("Befesa" or the "Group") is an international industrial group (see Appendix) that engages mainly in the management and treatment of industrial residues (see Note 5).

The majority of the systems, equipment and facilities included in the Group's property, plant and equipment should be deemed to be assigned to the management and treatment of industrial residues and, in general, to the protection and improvement of the environment, either because of the business activities carried out by the Group or because of their nature (industrial residues). Most of the expenses and revenues for 2024 and 2023 should be understood to accrue in the normal course of the aforementioned activities. Any information on possible provisions for contingencies and charges and on possible contingencies, liabilities and grants, if any, arising from the normal performance of the activities constituting the Group's statutory activity, and other environmental measures are described, as and when appropriate, in the related notes to the consolidated financial statements.

Since 3 November 2017, Befesa, S.A. has been listed on the Frankfurt Stock Exchange (Germany) (Note 14) (ISIN code LU1704650164).

2. Basis of presentation of the consolidated financial statements and basis of consolidation

The consolidated financial statements have been prepared on the basis of the accounting records of Befesa, S.A. and its consolidated subsidiaries. The consolidated financial statements for 2024 have been prepared in accordance with IFRS Accounting Standards ("IFRS") as adopted by the European Union (IFRS-EU) and other applicable provisions of the applicable financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of Befesa, S.A. and subsidiaries at 31 December 2024, and the consolidated results of operations, consolidated cash flows and changes in consolidated equity for the year then ended.

Details of the Group's accounting policies are included in Note 3.

The Directors of the Parent Company consider that the consolidated financial statements for the year ended 31 December 2024, authorised for issue on 29 April 2025, will be approved with no changes by the shareholders at their Annual General Meeting (AGM) to be held on 19 June 2025.

2.1 Fair presentation

The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the notes thereto for the 2024 financial year include comparative figures for the prior year, which formed part of the 2023 consolidated financial statements approved by the shareholders of the Parent at their AGM held on 20 June 2024.

The Group's consolidated financial statements for 2024 were formally prepared:

- In accordance with Accounting Standards ("IFRS") as adopted by the European Union (IFRS-EU), in conformity with the regulation (EC) of the European Parliament and of the Council, including International Accounting Standards (IAS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by the Standing Interpretations Committee (SIC). The principal accounting policies and measurement bases applied in preparing the accompanying consolidated financial statements are summarised in Note 3.
- Considering all the mandatory accounting policies and rules, and measurement bases with a material effect on the consolidated financial statements, as well as the alternative permitted by the relevant standards in this connection, which are specified in Note 3.
- So that they present fairly the Group's consolidated equity and consolidated financial position at 31 December 2024 and the consolidated results of its operations, changes in consolidated equity and consolidated cash flows for the year then ended.
- On the basis that the accounting records are kept by the Parent and by the other Group companies. However, because the accounting policies and measurement bases used in preparing the Befesa, S.A. consolidated financial statements (IFRS-EU) differ from those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with IFRS-EU.
- The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2.4.
- The consolidated financial statements have been prepared in accordance with Luxembourg's legal and regulatory framework and on the going concern assumption.

2. Basis of presentation of the consolidated financial statements and basis of consolidation continued

2.2 Adoption of new standards and interpretations issued

a) First-time application of standards

The following new and amendments to standards and interpretations, which are applicable for the first time in 2024, are either not material or do not have a material impact on the consolidated financial statements of the Group as adopted by the EU:

- Amendments to IAS 1 Presentation of Financial Statements:
  - Classification of Liabilities as Current or Non-current
  - Classification of Liabilities as Current or Non-current – Deferral of Effective Date
  - Non-current Liabilities with Covenants
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

b) Standards, amendments and interpretations issued but not yet effective

At the date these consolidated financial statements were authorised for issue, standards, amendments and interpretations issued but not yet effective, and which the Group expects to adopt for annual periods beginning on or after 1 January 2025, are as follows, as adopted by the EU:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

In light of the Group's activities, the effect of applying the new standards, amendments or interpretations to the consolidated financial statements when they are applied for the first time is not deemed to be relevant for the Group.

c) Standards, amendments and interpretations to existing standards that have not been adopted by the European Union

At the date these consolidated financial statements were authorised for issue, the IASB and the IFRS Interpretations Committee had published the following standards, amendments and interpretations, which are pending adoption by the European Union:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7): Disclosures
- Annual Improvements Volume 11 to IFRS Accounting Standards – Amendments to:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards
  - IFRS 7 Financial Instruments: Disclosures and its Accompanying Guidance on Implementing IFRS 7
  - IFRS 9 Financial Instruments
  - IFRS 10 Consolidated Financial Statements
  - IAS 7 Statement of Cash flows
- Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosure

The Group is in the process of reviewing these standards; however, it estimates that the effect of applying new standards, amendments or interpretations to the consolidated financial statements when applied for the first time is not considered to be material for the Group.

2.3 Functional currency

These consolidated financial statements are presented in thousands of euros, as the euro is the currency used in the main economic area in which the Group operates. Foreign operations are recognised in accordance with the policies established in Note 3. The main currencies other than the euro in which the Group carries out its transactions are the US dollar, Korean won, Swedish krona, Turkish lira and Chinese yuan.

2.4 Use of estimates and judgements

The information in these consolidated financial statements is the responsibility of the Board of Directors of the Parent Company.

In the Group's consolidated financial statements for the year ended 31 December 2024, estimates are occasionally made by senior management of the Parent Company and of the consolidated companies, and later ratified by the Directors, in order to qualify certain assets, liabilities, income, expenses and obligations reported herein.

Relevant accounting estimates and assumptions

These estimates relate to the following:

Impairment losses on goodwill and certain assets (see Notes 7, 8, 9 and 11)

The Group verifies annually whether there is an impairment loss in respect of goodwill and other assets, in accordance with the accounting policy described in Note 3.

When calculating the value in use of the principal items of goodwill and licences with indefinite useful life, the assumptions used were as follows:

- Projections of the cash flows of the cash-generating unit (CGU) or group of CGUs in question are made for periods of five years (when based on past experience it is possible to predict cash flows accurately over a period longer than five years), calculating a residual value based on flow for the last year projected, provided that this flow is representative of a normalised flow to reflect margin and cash flow experience in those businesses, as well as future expectations. The projections are based on the budgets for next year, increased in accordance with the assumptions estimated by management.
- The gross margins used in the calculation are in line with the profit expected to be obtained, based on past experience of profits of each of the segments and on new contracts existing in each case.
- To discount the flows, a discount rate is used based on the weighted average cost of capital for assets of this type, adjusted where necessary, on the basis of the additional risk that could be contributed by certain types of activity.
- In any case, further sensitivity analyses are conducted, particularly regarding the discount rate used and the residual growth rate, to ensure that the effect of possible changes in estimates of these rates does not have an impact on the recoverability of the recognised goodwill and licences with indefinite useful life.

Recoverability of deferred taxes (Notes 3.18 and 19)

Deferred tax assets are recognised for all deductible temporary differences and unused deductions for which it is probable that the companies of the Group will have future tax profits against which they can be utilised. To determine the deferred tax assets eligible for recognition, their amount, the dates on which the future tax profits are expected to be obtained and the reversal period of the temporary differences are estimated.

If the final outcome (on judgement areas) differs unfavourably by 10% from management estimates, deferred assets would decrease and no material income tax expense would be recorded. If these changes evolved favourably, these deferred tax assets would increase and no material income tax expense would be recorded.

Fair value of derivatives

The fair value of financial instruments that are not quoted in an active market (e.g. OTC derivatives) is determined by using valuation techniques. The Group uses judgement to select a series of methods and makes assumptions that are mainly based on the market conditions existing at each balance sheet date.

2. Basis of presentation of the consolidated financial statements and basis of consolidation continued

Estimates made in the context of share-based payments (Note 24)

To calculate the liability for the obligation derived from share-based compensation plans with certain employees, at year-end the Group estimates the fair values of the liabilities based on Befesa, S.A.'s share price, and the degree of target achievement.

Estimates made in the context of the Purchase Price Allocation (Notes 3.1 and 6)

Estimating the fair value of assets acquired and liabilities assumed in business combinations and Purchase Price Allocations in acquisitions requires significant judgements by management.

Although these estimates were made on the basis of the best information available at 31 December 2024 on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated income statement.

2.5 Changes in the scope of consolidation

The following is a description of the main changes in the scope of consolidation in 2024 and 2023:

2024

There was no change in the scope of consolidation in 2024.

2023

On 1 January 2023, the Group proceeded to re-evaluate control over its French subsidiary Befesa Zinc Recytech, S.A.S., concluding that it obtains control over Befesa Zinc Recytech, S.A.S., and therefore becoming consolidated by the global integration method as from 1 January 2023 (Note 6). Until 31 December 2022, the Group considered this agreement as a joint agreement, sharing control over the economic activity.

Meanwhile, on 10 February 2023, the Group proceeded with the sale of the UK subsidiary Befesa Salt Slags Ltd., which at 31 December 2022 was out of activity. The sale price amounted to 100 thousand of British pounds. Therefore, Befesa Salt Slags Ltd. no longer belongs to the scope of consolidation of the Group. This sale does not have any material impact on the consolidated financial statements.

2.6 Alternative performance measures

The Group regularly reports alternative performance measures (APMs) not defined by the IFRS Accounting Standard that management believes are relevant indicators of the performance of the Group.

Alternative performance measures are used to provide readers with additional financial information that is regularly reviewed by management and is used to make decisions about operating matters. These measures are also used for defining senior management's variable remuneration. The measures are useful in discussions with the investment analysts' community.

However, these APMs are not uniformly disclosed by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. In addition, certain information presented is derived from amounts calculated in accordance with the IFRS Accounting Standard but is not itself an expressly permitted GAAP measure. Such measures should not be viewed in isolation or as an alternative to the equivalent IFRS Accounting Standard measure.

Definitions used and reconciliations to the closest IFRS Accounting Standard measures are presented below.

a) Net debt

Net debt is defined as current and non-current financial debt plus current and non-current lease liabilities less cash and cash equivalents and less other current financial assets adjusted by non-cash items. The Group believes that net debt is relevant to investors, as it gives an indication of the absolute level of non-equity funding of the business.

This can be compared to the income and cash flows generated by the business, and available undrawn facilities.

The following table reconciles net debt to the relevant statement of financial position line items:

	2024	2023
Non-current financial debt (Note 15)	664,086	655,610
Non-current lease liability (Notes 11 and 15)	20,475	17,080
Current financial debt (Note 15)	25,422	28,798
Current lease liability (Notes 11 and 15)	11,493	9,283
Cash and cash equivalents (Note 4)	(102,520)	(106,692)
Other current financial assets adjusted by non-cash items (Note 10)	–	(71)
Net debt	**618,956**	**604,008**

b) EBITDA, Adjusted EBITDA and EBITDA margin

EBITDA is defined as operating profit for the period before the impact of amortisation, depreciation, impairment and provisions.

Adjusted EBITDA is defined as EBITDA adjusted by any non-recurrent costs/incomes.

EBITDA margin is defined as EBITDA divided by revenue. The Group believes that EBITDA and EBITDA margin are useful supplemental indicators that may be used to assist in evaluating the Group's operating performance.

The following table reconciles EBITDA to the consolidated income statement line items from which it is derived:

	2024	2023
Revenue (Note 5)	1,239,030	1,180,600
Income/Expenses from operations (except revenue, depreciation and amortisation/depreciation charge and provisions) (Note 22)	(1,034,471)	(991,790)
Amortisation/Depreciation, impairment and provisions (a) (Note 22.6)	(91,703)	(82,169)
EBIT (operating profit/(loss)) (b)	**112,856**	**106,641**
EBITDA (operating profit/(loss) before amortisation/depreciation and provisions) (a+b)	**204,559**	**188,810**
Non-recurrent costs/incomes (*)	8,803	(6,828)
Adjusted EBITDA	**213,362**	**181,982**

(*) This amount mainly includes other non-recurrent costs related to Befesa Zinc Metal, LLC. and the estimated amount of the impact of hyperinflation on the Group's EBITDA (2023: this amount mainly included the impact of the takeover in Befesa Zinc Recytech, S.A.S. Notes 6 and 22.3. The estimated amount €3,678 thousand of the impact of hyperinflation on the Group's EBITDA and other non-recurrent costs related to the ramp-up of Befesa Zinc Metal, LLC., Befesa Zinc Environmental Protection Technology Henan Co, Ltd., and the plant of Hanover of Befesa Salzschlacke GmbH.)

(Thousands of euros) continued

2. Basis of presentation of the consolidated financial statements and basis of consolidation continued

The following table provides a reconciliation of EBITDA margin and Adjusted EBITDA margin:

	2024	2023
Revenue (a)	**1,239,030**	**1,180,600**
EBITDA (b)	**204,559**	**188,810**
Non-recurrent costs/incomes	8,803	(6,828)
Adjusted EBITDA (c)	**213,362**	**181,982**
EBITDA margin (%) (b/a)	**17%**	**16%**
Adjusted EBITDA margin (%) (c/a)	**17%**	**15%**

c) EBIT, Adjusted EBIT and EBIT margin

EBIT is defined as operating profit for the year. The Group uses EBIT to monitor its financial return after both operating expenses and a charge representing the cost of usage of its property, plant and equipment and finite-life intangible assets.

Adjusted EBIT is defined as EBIT adjusted by any non-recurrent costs/incomes.

EBIT margin and Adjusted EBIT margin are defined as EBIT and Adjusted EBIT as a percentage of revenue, respectively. The Group believes that these ratios are useful measures to demonstrate the proportion of revenue that has been realised as EBIT and Adjusted EBIT, and therefore indicators of profitability.

The following table reconciles EBIT and Adjusted EBIT to the income statement line items from which it is derived:

	2024	2023
Revenue (Note 5)	1,239,030	1,180,600
Income/Expenses from operations (except revenue, depreciation and amortisation/depreciation charge and provisions) (Note 22)	(1,034,471)	(991,790)
Amortisation/Depreciation, impairment and provisions (Note 22)	(91,703)	(82,169)
EBIT (operating profit/(loss))	**112,856**	**106,641**
Non-recurrent costs/(income) EBIT (Note 3.17)	2,748	1,906
Non-recurrent costs/(income) EBITDA (Note 2.6)	8,803	(6,828)
Adjusted EBIT	**124,407**	**101,719**

The following table provides a reconciliation of EBIT margin and Adjusted EBIT margin:

	2024	2023
Revenue (a)	**1,239,030**	**1,180,600**
EBIT (b)	**112,856**	**106,641**
Non-recurrent costs/(income) EBIT (Note 3.17)	2,748	1,906
Non-recurrent costs/(income) EBITDA (Note 2.6)	8,803	(6,828)
Adjusted EBIT (c)	**124,407**	**101,719**
EBIT margin (%) (b/a)	**9%**	**9%**
Adjusted EBIT margin (%) (c/a)	**10%**	**9%**

d) Net debt/Adjusted EBITDA (adjusted leverage ratio)

Net debt/Adjusted EBITDA ratio is defined as net debt divided by Adjusted EBITDA. The Group believes that this ratio is a useful measure to show its ability to generate the income needed to be able to settle its loans and borrowings as they fall due.

The following table reconciles the net debt/Adjusted EBITDA ratio to net debt and Adjusted EBITDA:

	2024	2023
Net debt (Note 4)	618,956	604,008
Adjusted EBITDA	213,362	181,982
Net debt/Adjusted EBITDA	**2.9**	**3.3**

e) Capex

Capex is defined as the cash payments made during the period for investments in intangible assets, property, plant and equipment, and right-of-use assets.

The Group believes that this measure is useful to understand the effort made by the Group each year to acquire, upgrade and maintain physical assets such as property, industrial buildings and equipment.

The following table reconciles capex to the cash flow statement line items from which it is derived:

	2024	2023
Cash flows from investing activities:		
Investments in intangible assets (Note 8)	4,124	3,425
Investments in property, plant and equipment (Note 9)	74,444	101,387
Capex	**78,568**	**104,812**

3. Accounting principles and policies and measurement methods applied

All accounting principles and policies are consistently applied by the Group.

3.1 Business combination

The Group applies the acquisition method for business combinations. The Group has applied IFRS 3 "Business Combinations" revised in 2008 to transactions carried out from 1 January 2010.

The acquisition date is the date on which the Group obtains control of the acquiree.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

The consideration transferred excludes any payment that does not form part of the exchange for the acquired business. Acquisition costs are recognised as an expense when incurred.

The Group recognises the assets acquired and liabilities assumed at their acquisition-date fair value. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured. The Group also recognises indemnification assets transferred by the seller at the same time and following the same measurement criteria as the item that is subject to indemnification from the acquiree, taking into consideration, where applicable, the insolvency risk and any contractual limitations on the indemnified amount.

These criteria are not applicable to long-term defined benefit obligations, share-based payment transactions, or deferred tax assets and liabilities.

The excess between the consideration given, plus the value assigned to non-controlling interests and the value of net assets acquired and liabilities assumed, is recognised as goodwill. Where applicable, the defect, after assessing the amount of consideration delivered, the value allocated to non-controlling interests and the identification and valuation of the net assets acquired, is recognised in a separate item in the consolidated income statement.

The business combination has only been determined provisionally, so the identifiable net assets have initially been recognised at their provisional values, and adjustments made during the measurement period have been recognised as if they had been known at the acquisition date. Comparative figures for the previous year are restated where applicable.

In any event, adjustments to provisional amounts only reflect information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date.

For business combinations achieved in stages, the excess of the consideration given, plus the value assigned to non-controlling interests and the fair value of the previously held interest in the acquiree, over the net value of the assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall, after assessing the consideration given, the value assigned to non-controlling interests and to the previously held interest, and after identifying and measuring the net assets acquired, is recognised in profit or loss. The Group recognises the difference between the fair value of the previously held interest in the acquiree and the carrying amount in consolidated profit or loss or in other comprehensive income.

3.2 Subsidiaries

Subsidiaries are entities, including structured entities, over which the Group, either directly or indirectly, exercises control. The Group controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Group has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Group is exposed, or has rights, to variable returns from its involvement with the subsidiary when the returns from its involvement have the potential to vary as a result of the subsidiary's performance.

The income, expenses and cash flows of subsidiaries are included in the consolidated financial statements from the date of acquisition, which is the date on which the Group obtains effective control of the subsidiaries. Subsidiaries are no longer consolidated once control ceases.

Transactions and balances with Group subsidiaries and unrealised gains or losses have been eliminated on consolidation. Nevertheless, unrealised losses have been considered as an indicator of impairment of the assets transferred.

The accounting policies of subsidiaries have been adapted to Group accounting policies for transactions and events in similar circumstances.

The consolidated financial statements or financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Group.

3.3 Non-controlling interests

Non-controlling interests in subsidiaries acquired as of 1 January 2004 are recognised on the acquisition date at the percentage participation in the fair value of identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date were recognised at the percentage participation in their equity on the date of first consolidation.

Non-controlling interests are disclosed in consolidated equity separately from equity attributable to shareholders of the Parent. Non-controlling interests in consolidated profits for the year (and in consolidated comprehensive income for the year) are also presented separately in the consolidated statement of comprehensive income.

The consolidated total comprehensive income for the year and changes in equity of the subsidiaries attributable to the Group and non-controlling interests after consolidation adjustments and eliminations are determined in accordance with the percentage ownership at year-end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or not, on cumulative preference shares classified in equity accounts. However, Group and non-controlling interests are calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently give access to the returns associated with the interests held in the subsidiaries.

The results and each component of other comprehensive income are allocated to equity attributable to the shareholders of the Parent and to non-controlling interests in proportion to their investment, although this implies a balance receivable from non-controlling interests.

The increase and decrease of non-controlling interests in a subsidiary while maintaining control is recognised as a transaction with equity instruments. Therefore, no new acquisition cost arises from the increases, and no results are recognised from the decreases. Instead, the difference between the consideration paid or received and the carrying amount of the non-controlling interests is recognised in the investor's reserves.

3.4 Goodwill

This heading in the consolidated financial statement reflects the difference between the price paid to acquire certain consolidated subsidiaries and the Group's interest in the fair value of the net assets (assets, liabilities and contingent liabilities) of those companies at the date of acquisition.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the Company acquired over the acquisition cost of the investment is allocated to income on the date of acquisition.

Goodwill is recognised as an asset and at the end of each reporting period it is estimated whether any impairment has reduced its value to an amount lower than its carrying amount. If so, impairment losses are recognised for the goodwill, which must not be reversed in a subsequent period.

Goodwill is allocated to CGUs for the purpose of impairment testing. The goodwill is allocated to the CGUs that are expected to benefit from the business combination in which the goodwill arises.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

3. Accounting principles and policies and measurement methods applied continued

3.5 Other intangible assets

Intangible assets are recognised initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred. In conformity with IFRS Accounting Standards, the Group classifies as internally generated intangible assets the expenses incurred in the development of projects that meet the following conditions:

- The expenditure is specifically identified and controlled by project, and its distribution over time is clearly defined.
- The Directors have well-founded reasons for believing that there are no doubts as to the technical success or the economic and commercial viability of the projects, on the basis of their level of completion and order book.
- The Group has the necessary technical, financial and other resources to complete the development work.
- The development cost of the asset, which includes, where appropriate, the personnel expenses of the Group's personnel working on the projects, can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over the period that they are expected to generate income, which is generally five years. The technical, economic and financial potential of each project is reviewed at each year-end. If a project is progressing negatively or if there are no financing plans to assure effective completion, the related amount is charged to income in full.

Where no internally generated intangible asset can be recognised, development expenditure is accounted for as an expense in the year in which it is incurred.

The Group has recognised the work performed on its intangible assets in relation to the development of new technologies for which there is a high probability of technical and economic success as a decrease in the income statement headings which reflect the carrying amount of capitalised expenses for an amount of €3,053 thousand (2023: €2,948 thousand).

The amounts capitalised during the year mainly relate to projects aimed at improving aluminium scrap treatment processes, developed by the subsidiary Befesa Aluminio, S.L., amounting to €1,897 thousand, and to a project in Befesa Holding US, Inc. focused on converting a residue into a new product for reuse in production, amounting to €1,156 thousand (2023: the capitalised amounts primarily related to projects aimed at improving aluminium scrap treatment processes, developed by Befesa Aluminio, S.L.).

Computer software

The acquisition and development costs incurred in relation to the basic computer systems used in the management of the Group are recognised with a charge to "Other intangible assets" in the consolidated financial statement. Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

Computer software is amortised on a straight-line basis over the useful life of the assets (five years).

Concessions, patents, licences and similar items

In general, the amounts recognised by the Group in connection with concessions, patents, licences and similar items relate to the cost incurred in acquiring them, which is amortised on a straight-line basis over the estimated useful life based on the concession arrangement.

The capitalised concessions have a maximum estimated useful life of 25 years.

Licences acquired in a business combination are recognised at fair value at the acquisition date and have an indefinite useful life. Licences with an indefinite useful life are tested for impairment at least annually (Note 8). The useful life, in accordance with IAS 38, is considered indefinite due to the fact that those licences represent the amount that any producer willing to enter the market at any moment would have to pay in order to obtain the needed environmental authorisation to start the activity and have no maturity.

3.6 Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost less any accumulated depreciation and any recognised impairment losses. However, prior to the date of transition to IFRS Accounting Standards, the Group revalued certain items of property, plant and equipment as permitted by the applicable legislation. In accordance with IFRS Accounting Standards, the Group considered the amount of the restatements as part of the cost of the assets.

The costs of expansion, modernisation or improvements, leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets, are capitalised. Repairs that do not lead to a lengthening of the useful life of the assets and maintenance expenses are charged to the consolidated income statement for the year in which they are incurred.

In-house work on non-current assets is recognised at accumulated cost (external costs plus in-house costs, determined on the basis of in-house warehouse materials consumption and manufacturing costs allocated using hourly absorption rates, similar to those used for inventory valuation). In 2024, €68 thousand was recognised in this regard (2023: €2,055 thousand, primarily related to works carried out by Befesa Salzschlacke GmbH for the reconstruction of the plant following the 2021 fire) (Note 22.3). The work performed by the Group on its property, plant and equipment is recognised under "Other operating income" in the consolidated income statement.

The Group depreciates property, plant and equipment using the straight-line method (land is not subject to depreciation), distributing the cost of the assets over the following years of estimated useful life:

	Average years of estimated useful life
Buildings	16–50
Plant and machinery	10–35
Other property, plant and equipment	4–10

Because the Group has to meet certain costs in relation to the closure of its facilities, the accompanying consolidated financial statement includes the provisions raised for such costs (Note 18).

Assets' residual values and useful lives are reviewed, and adjusted as appropriate, at each consolidated financial statement date.

Gains and losses on disposals are determined by comparing the proceeds to the carrying amount of the items sold.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 9).

3.7 Leases

Identification of a lease

At the inception of a contract, the Group assesses whether it contains a lease. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. The period of time during which the Group uses an asset includes consecutive and non-consecutive periods of time. The Group reassesses the conditions if the contract is changed.

Lessee accounting

For contracts that contain one or more lease components and non-lease components, the Group considers all the components as a single lease component.

The right-of-use asset comprises the amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred and an estimate of dismantling and restoration costs to be incurred, as described in the accounting policy for provisions.

3. Accounting principles and policies and measurement methods applied continued

The Group measures the lease liability at the present value of the lease payments that are not made at the commencement date. The Group discounts the lease payments using the appropriate incremental borrowing rate, unless the interest rate implicit in the lease can be reliably determined. In this regard, for initial measurement of the lease liability, the incremental borrowing rate has been used, which represents the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment (2–5%).

Pending lease payments comprise fixed payments, less any lease incentives receivable, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of the purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The Group measures the right-of-use asset at cost, less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the right-of-use asset includes the price of the purchase option, the lessee will depreciate the right-of-use asset following the depreciation criteria for property, plant and equipment from the commencement date of the lease to the end of the useful life of the underlying asset. Otherwise, the lessee will depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term.

The Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises remeasurements of the lease liability as an adjustment to the right-of-use asset, until this is reduced to zero and then in profit or loss.

A lessee will remeasure the lease liability by discounting the revised lease payments using a revised discount rate if there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.

The Group remeasures the lease liability if there is a change in the amounts expected to be payable under a residual value guarantee or a change in an index or a rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review.

3.8 Non-financial asset impairment

At each reporting date, the Group reviews non-financial assets to determine if there is any indication that they might have undergone an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In addition, at each statement of financial position date, the possible impairment of goodwill and of any intangible assets that have not yet come into operation or which have an indefinite useful life is analysed.

The recoverable amount is the higher of fair value, less costs to sell and value in use, which is taken to be the present value of the estimated future cash flows. In order to calculate value in use, the assumptions used include discount rates, growth rates and forecast changes in selling prices and costs. The Directors estimate post-tax discount rates, which reflect the time value of money and the risks specific to the CGU. The growth rates and the changes in selling prices and costs are based on in-house and industry forecasts, and experience and future expectations, respectively.

If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised for the difference, with a charge to "Amortisation/Depreciation, impairment and provisions" in the consolidated income statement. Impairment losses recognised for an asset in prior years are reversed, with a credit to the aforementioned heading when there is a change in the estimates concerning the recoverable amount of the asset, increasing the carrying amount of the asset, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised, except in the case of the impairment of goodwill, which cannot be reversed.

3.9 Financial instruments

Recognition and classification of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 "Financial Instruments: Presentation".

For measurement purposes, the Group classifies financial instruments in the following categories of financial assets and financial liabilities according to the business model and the characteristics of the contractual cash flows.

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows solely represent payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated income statement. This category includes the loans, trade and other receivables, and security deposits.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows solely represent payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the income statement and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the consolidated income statement. This category corresponds with the hedging derivatives.
- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the income statement and presented net in other gains/(losses) in the period in which it arises. This category includes the factoring and equity instruments.

The business model is determined by key Group personnel and on one level reflects the manner in which they jointly manage groups of financial assets to reach a specific business objective. The Group's business model represents the manner in which it manages its financial assets to generate cash flows.

The Group initially designates a financial liability at FVPL if doing so eliminates or significantly reduces an inconsistency in the measurement or recognition that would otherwise arise if measurement of the assets of liabilities or recognition of the results thereof were made on different bases, or if a group of financial liabilities or financial assets and financial liabilities is managed, and their return is evaluated, based on fair value, in accordance with an investment strategy or documented risk management strategy, and information on this group is provided internally on the same basis to the Group's key management personnel.

The Group classifies the remaining financial liabilities, except financial guarantee contracts, commitments to extend below-market rate loans and financial liabilities resulting from a transfer of financial assets that do not qualify for derecognition or are recognised using the continued involvement approach, as financial liabilities at amortised cost.

3. Accounting principles and policies and measurement methods applied continued

Measurement

At initial recognition, the Group measures a financial asset and financial liability at its fair value, plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated statement of income statement. Financial assets with embedded derivatives are considered in their entirety when determining if their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments, financial assets and financial liabilities depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Impairment

The Group recognises an impairment loss for expected credit losses on financial assets at amortised cost, FVOCI, lease finance receivables, contractual assets, loan commitments and financial guarantees.

For trade receivables, the Group applies the simplified approach permitted under IFRS 9, which requires that expected lifetime losses be recognised from the initial recognition of the receivable.

Derecognition, modification and extinguishment of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Derecognition and modifications of financial liabilities

The Group derecognises all or part of a financial liability when it either discharges the liability by paying the creditor or is legally released from primary responsibility for the liability, either by a process of law or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications of initially recognised liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, providing the instruments have substantially different terms.

The Group considers the terms to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

If the exchange is accounted for as an extinguishment of the original financial liability, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange is not accounted for as an extinguishment, the modified flows are discounted at the original effective interest rate, and any difference in the previous carrying amount is recognised in the income statement. Any costs or fees incurred adjust the carrying amount of the financial liabilities and are amortised using the amortised cost method over the remaining term of the modified liability.

The Group has contracted reverse factoring facilities with various financial institutions to manage payments to suppliers. The Group applies the above criteria to determine if it should derecognise the original trade payable and recognise a new liability with the financial institutions. Trade payables settled under the management of financial institutions are recognised under trade and other payables only if the Group has transferred management of the payment to the financial institutions but retains primary responsibility for settling the debt with the trade creditors. At 31 December 2024, the amount is €1,394 thousand (2023: €2,176 thousand).

The Group does not identify any type of material liquidity risk related to these reverse factoring agreements. Despite this, the Group uses only entities that have been given a high independent credit rating and have proven solvency on the market.

Factoring receivables

Befesa derecognises trade receivables for the amount transferred to financial institutions, providing the factor assumes all the risk of insolvency and default (non-recourse factoring). At 31 December 2024 and 2023, balances receivable not due, which were extinguished as a result of the aforementioned non-recourse factoring operations, amounted to €61,466 thousand and €49,894 thousand, respectively. Unlike above, Befesa does not derecognise amounts receivable transferred to financial institutions for which it substantially retains the associated risks.

3.10 Hedge accounting

Derivative financial instruments are initially recognised using the same criteria as for financial assets and financial liabilities. Derivative financial instruments that do not qualify for hedge accounting are classified and measured as financial assets and financial liabilities at fair value through profit or loss. Derivative financial instruments that qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issue of the financial instruments. Nonetheless, transaction costs are subsequently recognised in profit and loss as they do not form part of the changes in the effective value of the hedge.

At the inception of the hedge, the Group formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. This documentation includes identifying the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group measures hedge effectiveness.

Hedge accounting applies only when there is an economic relationship between the hedged item and the hedging instrument. The effect of credit risk does dominate the value changes that result from that economic relationship, and the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually uses to hedge that quantity of hedged item. However, that designation does not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness, irrespective of whether or not it is recognised, which could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting.

For cash flow hedges of forecast transactions or a component thereof, the Group assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit or loss for the year.

At the inception of the hedging relationship, and on an ongoing basis, the Group evaluates if the relationship meets the effectiveness qualifying criteria prospectively. The Group assesses the effectiveness at each accounting close or when there are significant changes affecting the effectiveness requirements.

The Group performs a qualitative assessment of effectiveness, providing that the fundamental conditions of the instrument and the hedged item are the same. When the fundamental conditions are not exactly the same, the Group uses a hypothetical derivative with fundamental conditions equivalent to the hedged item to assess and measure efficiency.

The Group records changes in the time value of the options, hedging an item related to a transaction in other comprehensive income. If the hedged item results in the recognition of a non-financial asset or liability, the Group includes the accumulated amount in other comprehensive income with an adjustment to the non-financial asset or liability. For the remaining hedging relationships, the amount deferred in other comprehensive income is reclassified to profit or loss in the same period or periods in which the expected hedged cash flows affect profit or loss. Nonetheless, if the Group expects that part of the amount will not be recovered in one or more future periods, this is immediately recognised in profit or loss.

However, if the hedge is interrupted, the amount deferred in other comprehensive income is reclassified immediately to profit or loss.

Cash flow hedges

The Group recognises the portion of the gain or loss on the fair value measurement of a hedging instrument that is determined to be an effective hedge in other comprehensive income. The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised under finance income or costs.

The separate component of other comprehensive income associated with the hedged item is adjusted to the lesser of the cumulative gain or loss on the hedging instrument from the inception of the hedge and the cumulative change in fair value or present value of the expected future cash flows on the hedged item from the inception of the hedge. However, if the Group expects that all or a portion of a loss recognised in other comprehensive income will not be recovered in one or more future periods, it reclassifies the amount that is not expected to be recovered into finance income or finance expenses.

3. Accounting principles and policies and measurement methods applied continued

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive income are reclassified to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss and under the same caption of the consolidated income statement.

3.11 Cash and cash equivalents

This item includes cash on hand, current bank accounts and, where applicable, deposits and reverse repurchase agreements that meet all of the following requirements:

- They may be converted into cash.
- They have a maturity of three months or less on the date of acquisition.
- They are not subject to a significant risk of changes in value.
- They form part of the Group's usual cash management policy.

Bank overdrafts are recognised in the consolidated financial statement as current borrowings.

3.12 Inventories

"Inventories" in the consolidated financial statement includes the assets that the Group:

- holds for sale in the ordinary course of its business;
- has in the process of production, construction or development for such sale; or
- expects to consume in the production process or in the provision of services.

Raw materials and goods held for resale are measured at the lower of FIFO cost and market. Ancillary products, consumables and spare parts are measured at the lower of the price per the last invoice and market value, which does not differ significantly from FIFO cost.

Work in progress and finished goods are measured at the lower of market value and average production cost. Average production cost is calculated as the specific cost of the supplies and services plus the applicable portion of the direct and indirect cost of labour and general manufacturing expenses. Other warehouse materials are measured at the lower of average acquisition cost and market value.

Obsolete, defective or slow-moving materials have been reduced to their net realisable value.

3.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are presented in equity as a deduction, net of taxes, from resources obtained.

Where any Group company purchases the Company's share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to equity holders of the Company until the shares are cancelled, reissued or sold. Where such shares are subsequently disposed of or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity owners.

3.14 Provisions, contingent liabilities and contingent assets

In the preparation of the consolidated financial statements, the Parent's Directors drew a distinction between the following:

- Provisions: Credit balances covering present obligations at the consolidated financial statement date arising from past events that could give rise to a loss for the companies, which are certain as to their nature but uncertain as to their amount and/or timing.
- Contingent liabilities: Possible obligations arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the consolidated companies and which do not meet the requirements for recognition as provisions.
- Contingent assets: Possible assets that arise from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the entities.

The Group recognises provisions for the estimated amount required to suitably meet its liability, whether it is legal or constructive, probable or certain, arising from contingencies, litigation in process or obligations, which arise as a result of past events, for which it is more probable than not that an outflow of resources will be required, provided that it is possible to make a reasonable estimate of the amount in question. Provisions are recognised when the liability or obligation arises with a charge to the relevant heading in the consolidated income statement, based on the nature of the obligation, for the present value of the provision when the effect of discounting the obligation is material.

Provisions for pensions and similar obligations

Several Group companies have certain defined benefit obligations with their employees to supplement social security retirement pensions. These obligations had been externalised at 31 December 2024 and 2023. Subsidiaries' obligations as pension plan promoters are established in the contribution of a percentage of employees' pensionable salaries. These commitments are not significant on a Group scale.

Dismantling, restoration and similar provisions

In addition to the above, "Long-term provisions" in the accompanying consolidated financial statement also include, where applicable, the estimated amounts required to close certain facilities (Note 18), and the estimated amounts required to settle any liability that might arise from ongoing litigation and other significant obligations, when it is considered more probable than not that these obligations will have to be met, whereas any contingent liabilities (possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of Befesa) are not recognised in the consolidated financial statements, but rather are disclosed, as required by IAS 37 (see Note 22).

Share-based payments

The fair value of options granted under share-based compensation plans is recognised as an employee benefits expense with the corresponding increase in long-term liabilities.

For cash-settled share-based payment transactions, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period, with any changes in fair value recognised in the consolidated income statement. Services received or goods acquired, and the liability payable are recognised over the vesting period or immediately if vesting is immediate. The Group only recognises as personnel expenses the amount accrued in accordance with the vesting conditions of the fair value of the payment on the grant date, and the residual amount accrued is recognised as finance income or expense.

3.15 Revenue recognition

a) Sale of goods

Sales of Waelz oxide (WOX) and green zinc (Special High Grade, also known as SHG) and secondary aluminium are recognised when control of the products is transferred to the customers, mainly manufacturing companies, when the customer has full discretion over the products and there is no unfulfilled obligation that could affect the client's acceptance of the products. Delivery occurs depending on the specific agreements with customers (incoterm), the risks of obsolescence and loss have been transferred to the customer, and the Group has evidence that all criteria for acceptance have been satisfied.

3. Accounting principles and policies and measurement methods applied continued

Revenue is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group acts as the principal in all sales transactions. In addition, the Group has determined that its contracts with customers do not contain a significant financing component and Group sales have no variable component.

No critical judgements in recognising revenue are identified.

In relation to the revenue recognition of sales, the Group considers that under IFRS 15 there is only one kind of contract with customers. The assessment is supported by the fact that the main sales of the Group's products have only one performance obligation: the delivery of WOX, green zinc "SHG" or secondary aluminium. Furthermore, the products are not dependent on or connected to other products or services. Consequently, as there are no delayed performance obligations, the revenue is recognised fully after passing control to the customer.

The performance obligations for this type of sale reflect the delivery of distinct goods defined in each contract and the price of each delivery is established in each separate contract, having been indexed to various market variables on the payment dates.

b) Sale of services

Revenue from customer contracts is recognised based on the amount expected to be received from the customer when the transfer of control of a customer service occurs. Control transfer can occur at a specific time or over time.

The performance obligations for this type of sale correspond to the collection of waste, the collection of the salt slags and SPLs, and the delivery of the defined product in each technology contract. The Group considers that the performance obligation related to this type of service is satisfied at a specific point in time except for technology contract sales, where the performance obligation is satisfied over time.

The price of each service is established in each separate contract. Each contract has a unique performance obligation, which means that the price is estimated on an individual contract basis.

A contract is not considered to contain a significant financing component when the period between when the customer's committed service is transferred and when the customer pays for that service is one year or less.

There are no incremental costs for any of this type of rendering of services to secure the contract.

Consequently, as there are no delayed performance obligations, the revenue is recognised fully after passing control to the customer.

Based on this, the Group discloses revenue by reporting segment and geographical area (Note 5).

The different type of services provided by Befesa are:

Steel Business Services

In the Steel Dust Recycling Services segment, the Group collects and recycles crude steel dust and other steel residues generated in the production of crude, stainless and galvanised steel through EAF steel production. The Group sells the WOX produced in the recycling of crude steel dust to zinc smelters and, to a lesser extent, returns metals – mainly nickel, chromium and molybdenum – recovered in the recycling of stainless steel residues to stainless steel producers for a tolling fee or sells such recovered metals on the market.

In this segment, in addition to the Group revenues from the sales of WOX, the other revenue sources are:

- The service fees the Group charges for collecting and recycling crude steel dust. The performance obligations for this type of sale correspond to the collection of waste as defined in each contract; the price of the service is established in each separate contract.
- The tolling fees the Group charges for collecting and recycling stainless steel residues and for returning the recovered metals to the stainless steel producers. Most of the services of this type are with the return of recovered metals. If there are no returns, the service is the same as in the previous point (collecting). The performance obligations for this type of sale correspond to waste collection. The Group invoices customers a tolling/conversion fee per tonne of dust treated. The plant receives stainless steel dust from its customers, treats this dust and returns the alloys contained in this dust to the customers.

Collection of salt slags and SPLs

In the Salt Slags operations of the Aluminium Salt Slags Recycling Services segment, the Group recycles salt slags that it receives from customers for a service fee or generates during its own production of secondary aluminium. In addition, the Group recycles SPLs generated by primary aluminium producers.

The basis for the Aluminium Salt Slags Recycling Services segment is the secondary aluminium production market in Europe. The secondary aluminium production market produces salt slags, which are categorised as a hazardous waste in Europe and other markets.

The performance obligations for this type of sale reflect the collection of the salt slags and SPLs. The treatment price per tonne is a fixed price indicated in each contract, based on the tonnes received during the year.

Technology division

The Secondary Aluminium subsegment has a small technology division which designs, constructs, assembles and starts up the facilities so that they are ready for use in the aluminium, zinc and lead cast houses.

The performance obligation for this type of sale reflects the delivery of the defined product in each contract, with each contract containing a purchase order with all of the specifications of the project and a fixed price for it.

Note 13 to the consolidated financial statements for 2024 reflects a breakdown of "Contract assets" at 31 December 2024, which amounts to €4,839 thousand (2023: €6,468 thousand).

c) Interest income

Interest income is accrued on a time-proportion basis by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

d) Income from dividends

Income from dividends is recognised when the shareholder's right to receive payment is established.

3.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets, in accordance with IAS 23 for assets that necessarily take a substantial period of time to be prepared for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated income statement in the year in which they are incurred.

3. Accounting principles and policies and measurement methods applied continued

3.17 Foreign currency

Foreign currency transactions, balances and cash flows

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies have been translated into euros at the foreign exchange rate ruling at the financial statement date, whereas non-monetary assets and liabilities valued at historical cost are translated at the rates prevailing at the transaction date. For these purposes, advances to suppliers and customers are deemed non-monetary items and are translated at the exchange rate on the date the payment or collection took place. Subsequent recognition of the receipt of the inventories or the advance on the income from sales is translated at the original exchange rate and not at the transaction date. Non-monetary assets measured at fair value have been translated into euros at the exchange rate at the date that the fair value was determined.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Translation of foreign operations

Foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate at the reporting date.
- Income and expenses, including comparative amounts, are translated at the exchange rates prevailing at each transaction date.
- All resulting exchange differences are recognised as translation differences in other comprehensive income.

Translation differences recognised in other comprehensive income are accounted for in profit or loss as an adjustment to the gain or loss on the sale using the same criteria as for subsidiaries.

Foreign operations in hyperinflationary economies

The financial statements of Group companies whose functional currency is the currency of a hyperinflationary economy are restated in terms of the measuring unit at the reporting date.

If the reporting date of the consolidated companies' financial statements is different to that of the Company, the former is adjusted to the measuring unit at the Group's reporting date.

The results and financial position of the Group's foreign operations whose functional currency is the currency of a hyperinflationary economy are translated into euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, assets and liabilities, income and expenses, and cash flows, are translated at the closing rate at the most recent reporting date.
- Comparative amounts are those that were included in the prior year's consolidated annual accounts and are not adjusted for subsequent changes in the price level or in exchange rates. The effect of the adjustment on the prior year's balances is recognised as a revaluation reserve in other comprehensive income/translation differences in other comprehensive income/reserves under equity.

Given the economic situation in Turkey, and in accordance with the definition of a hyperinflationary economy established in IAS 29, the country has been considered hyperinflationary since 1 January 2022. The Group holds investments in Turkey through the subsidiaries Befesa Silvermet İskenderun Çelik Tozu Geri Dönüşümü, A.S. and Befesa Silvermet Dış Ticaret, A.S.

An application of IAS 29 for the first time in Turkey in the Group's 2022 consolidated annual accounts was carried out in accordance with the following criteria:

- The comparative figures for 2021 were not subject to modification.
- Hyperinflationary accounting was applied to all assets and liabilities of subsidiaries before conversion.
- The historical cost of non-monetary assets and liabilities and the different equity items of those companies was adjusted from the date of acquisition or incorporation into the consolidated statement of financial position until the end of the year to reflect the changes in the purchasing power of the currency resulting from inflation.
- The initial equity presented in the stable currency is affected by the cumulative effect of restatement for inflation of non-monetary items from the date they were recognised for the first time and the effect of converting these balances at the closing rate at the beginning of the year.

The effect of hyperinflation in the Turkish subsidiaries on the consolidated equity of the Group is €3.2 million and the "gains on the net monetary position" amounts to €5.2 million (2023: €4.4 million and the "gains on the net monetary position" amounts to €3.9 million), recognised under net exchange differences in the consolidated income statement for the year ended 31 December 2024 and 31 December 2023.

3.18 Income tax, deferred tax assets and deferred tax liabilities

Expense for income tax and other similar taxes applicable to the foreign consolidated entities is recognised in the consolidated income statement, except when it results from a transaction the result of which is recognised directly in equity, in which case the related tax is also recognised in equity.

Current income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit (tax loss) for the year, after deducting allowable tax credits, plus the change in deferred tax assets and liabilities, and any tax loss and tax credit carry-forwards and deductions.

Deferred tax assets and liabilities include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carry-forwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, unless, in general, the temporary difference arises from the initial recognition of goodwill. In addition, deferred tax assets recognised for tax loss, tax credit carry-forwards and temporary differences are only recognised if it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised. The Directors have also taken into account the Group's ability to use tax benefits in different fiscal years, depending on their needs.

Deferred tax assets and liabilities recognised are reassessed at each financial statement date in order to ascertain whether they still exist, and the appropriate adjustments are made based on the findings of the analyses performed (see Notes 19 and 20).

In view of the Group's international nature, there are several tax rates, depending on the applicable legislation, ranging mainly from 20% to 33% (2023: 20% to 33%).

3.19 Environmental matters

The Group carries out actions aimed mainly at preventing, reducing or repairing any damage its activities may cause to the environment.

The Group recognises environmental investments at acquisition or production cost, net of the related accumulated depreciation/amortisation, and classifies them by nature in the appropriate non-current asset accounts.

Expenses incurred in order to comply with the applicable environmental legislation are classified by nature under "Other operating expenses" in the accompanying consolidated income statement.

3. Accounting principles and policies and measurement methods applied continued

3.20 Related party transactions

The Group performs all its transactions with related parties at arm's length. In addition, transfer prices are adequately supported and, therefore, the Parent's Directors consider that there are no material risks in this regard that might give rise to significant liabilities in the future.

3.21 Dividend distribution

The distribution of dividends to the Parent Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Parent Company's shareholders.

3.22 Segment reporting

The operating segments are presented consistently with the management approach, in accordance with the information used internally at the highest decision-making level. The maximum authority for decision-making is responsible for assigning resources to operating segments and evaluating the segment's performance. Segment reporting is disclosed in Note 5.

3.23 Consolidated statement of cash flows

The following terms are used in the consolidated statement of cash flows, which has been prepared using the indirect method, with the meanings specified:

- Cash flows: Inflows and outflows of cash and cash equivalents, which are short-term, liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: The principal revenue-producing activities of the Group companies and other activities that are not investing or financing activities.
- Investing activities: The acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: Activities that result in changes in the size and composition of the equity and borrowings that are not operating activities.

In the year 2024, the Group changed the presentation criteria for the payment of financial interest, shifting them from being recorded as operating cash flow to financing cash flow. This change is due to management's view that the financial statements provide more reliable and relevant information about the entity's cash flows.

3.24 Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take the following into account:

- The post-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- The weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares

4. Financial risk management policy

The activities carried out by the Group through its business segments are exposed to several financial risks: market risk (including foreign currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The risk management model used by the Group focuses on the uncertainty in financial markets and attempts to minimise the potential adverse effects on the Group's earnings.

Risk management is carried out by the Corporate Financial Department in accordance with internal management rules. This department identifies, assesses and hedges financial risks in close cooperation with the different operating units. The internal management rules provide written policies for global risk management and for specific areas such as foreign currency risk, interest rate risk, liquidity risk, the use of derivative and non-derivative instruments, and the investment of cash surpluses. There were no changes in risk management policies between 2024 and 2023.

4.1 Financial risk factors

a) Market risk

i) Foreign currency risk

The Group companies operate internationally and are therefore exposed to foreign currency risks in foreign currency transactions (especially the US dollar). To control the foreign currency risk that arises from future commercial transactions and recognised assets and liabilities, Group companies use derivative contracts. Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that it is not the Group's functional currency.

For financial reporting purposes, each subsidiary designates hedges with the Corporate Financial Department as fair value hedges or as cash flow hedges, as appropriate. In addition, at the corporate level, external foreign currency hedges are designated as foreign currency risk hedges on certain assets, liabilities or future transactions.

The Group's main exposures to currency risk at 31 December 2024 and 2023 are shown below. The table reflects the carrying amount of the Group's financial instruments or classes of financial instruments denominated in foreign currency:

	2024				2023			
Currency	Trade and other receivables	Treasury	Short-term loans and borrowings	Trade and other payables	Trade and other receivables	Treasury	Short-term loans and borrowings	Trade and other payables
USD	15,377	12,540	6,264	3,139	8,968	4,945	8,511	3,328
EUR	5,411	3,324	–	1,084	4,665	816	–	1,985
Other	292	–	–	45	14	-	–	62
Total	**21,080**	**15,864**	**6,264**	**4,268**	**13,647**	**5,761**	**8,511**	**5,375**

If the average exchange rate of the euro in 2024 and 2023 had depreciated or appreciated by 10% on all functional currencies other than the euro, with the other variables remaining constant, results for the year would not have changed significantly.

The US dollar is the primary currency to which the Group is exposed. If, as at 31 December 2024, the euro had appreciated or depreciated by 10% against the dollar, while all other currencies and variables remained constant, the equity attributable to the Parent Company would have fluctuated by approximately €61 million.

ii) Cash flow and fair value interest rate risk

The Group's interest rate risk mainly arises from variable interest financial debt.

To manage interest rate risk, in certain situations the Group uses floating-to-fixed interest rate swaps ("IRSs"), either for the total amount or a portion of the loan and either for the full term or a portion thereof.

In 2024 and 2023, had the average interest rates on the financial debt denominated in euros increased or decreased by 50 basis points, with all the other variables remaining constant, the profit after tax for the year would not have been significantly affected as a result of the hedging policies in place.

(Thousands of euros) continued

4. Financial risk management policy continued

The exposure of the Group's financial debt to variations in interest rates is set out below:

	2024	2023
Total external financial debt (Note 15)	721,476	710,771
Effect of interest rate swaps (Note 17)	(316,000)	(316,000)
Financial debt subject to variable interest	**405,476**	**394,771**

iii) Price risk

Earnings in the Steel Dust, Salt Slags and Secondary Aluminium segments are exposed to the movement of recycled metal prices (zinc and aluminium). The Group manages price risk through the acquisition of commodity swaps. Befesa's target in the Steel Dust Recycling Services segment is to hedge between 60% and 75% of the sale transactions, which are subject to the risk of changes in selling prices.

The objective of the Group is to secure a certain level of revenues that will ensure a reasonable return, given the risk of decline that these revenues may face in the event of a fall in zinc prices, which accounts for 85% of the price of the product sold (WOX).

The Group uses zinc futures contracts at the London Metal Exchange (LME), hedging between 60% and 75% of the estimated sales, therefore the likelihood of the hedged transaction being executed is almost 100%, given that, due to the nature of the business, the sale of the entire production is assured. Establishing this limit protects the business against reductions in production due to once-off events, such as breakdowns, technical shutdowns or other similar circumstances.

These financial instruments are initially analysed to assess if they can be treated as hedging instruments and, if so, the accounting rules specific to these instruments may be applied.

Note 17 contains a breakdown of derivative financial instruments arranged on the selling prices of these metals.

b) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and at FVOCI, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

Regarding cash and cash equivalents, the Group's credit policy is to use only entities that have been given high independent credit ratings. Most of the balances are held in credit institutions located in the eurozone, mainly in Spain and Germany, with their credit risk rated at least BBB or above.

Most receivables and work in progress relate to several customers in various industries and countries. In most cases, the contracts provide for progress billings, billings at the beginning of the provision of service or billings upon delivery of the product.

It is standard practice for the Group to reserve the right to cancel projects in the event of any material breach and, in particular, of default on payment.

In addition, under most contracts the Group has a firm commitment from several banks for the acquisition, without recourse, of receivables. Under these agreements, the Group pays a fee to the banks for assuming its credit risk, plus interest and a spread on the financing received. In all cases, the Group assumes liability for the validity of the receivables.

In this regard, factored receivables are recognised from the consolidated financial statement, provided that all the conditions established in IFRS 9 are met for their derecognition from the consolidated financial statement. An analysis is performed to determine if the risks and rewards inherent to ownership of the related financial assets have been transferred, comparing the Group's exposure to changes in the amounts and timing of net cash flows from the transferred asset before and after the transfer. Once the exposure of the Group factoring the receivables to these changes has been eliminated or substantially reduced, the financial asset in question is deemed to have been transferred.

In addition, some Group companies work with insurance companies that establish the credit guaranteed, normally insuring around 95% of the risk hedged in case of insolvency. The Finance Department continually seeks to adjust the limits granted to business needs. The Group allows for an acceptable level of commercial risk, which is established based on each specific customer, market and circumstance (history of non-payment and solvency, among others).

Consequently, regarding the balance of trade and other receivables, the potential effect of trade receivables, for which there are factoring agreements, would have to be excluded, as well as the effect of other trade receivables that can be factored but which have not yet been sent to the factor at year-end and assets that are covered by credit insurance and that are reflected in this balance. Through this policy, the Group minimises its credit risk exposure in relation to these assets.

At 31 December 2024, the amount subject to credit risk amounts to €102,429 thousands (€75,818 thousands at 31 December 2023).

Trade and other receivables, other receivables, current financial assets and cash are the Group's main financial assets and represent its maximum exposure to credit risk, in the event that the counterparty does not meet its obligations.

c) Liquidity risk

The prudent management of liquidity risk entails the maintenance of sufficient cash and marketable securities, the availability of financing through a sufficient level of committed credit facilities and the capacity to settle market positions. Given the dynamic nature of the core businesses, the Group's Treasury Department has the objective of maintaining flexible financing through the availability of committed credit lines.

Management monitors the Group's liquidity reserve projections and changes in net borrowings, calculated as follows at 31 December 2024 and 2023:

	2024	2023
Cash and cash equivalents	102,520	106,692
Other current financial assets adjusted by non-cash items (Note 10)	–	71
Undrawn credit facilities and unused financing (Note 15)	100,000	75,000
Liquidity reserve	**202,520**	**181,763**
Financial debt (Note 15)	689,508	684,408
Finance lease payables (Note 15)	31,968	26,363
Cash and cash equivalents	(102,520)	(106,692)
Other current financial assets adjusted by non-cash items (Note 10)	–	(71)
Net debt (Note 2.6)	**618,956**	**604,008**
Less non-current borrowings (Note 15)	(684,561)	(672,690)
Current net financial debt	**(65,605)**	**(68,682)**

One of the Group's strategic objectives is the optimisation and most efficient possible use of its assets and resources assigned to the business. Therefore, the Group pays special attention to the net operating working capital invested in it. In this respect, as in previous years, during 2024 and 2023 the Group made significant efforts to control and reduce collection periods with customers and other debtors, and to optimise payment terms, thereby unifying policies and conditions across the Group.

(Thousands of euros) continued

4. Financial risk management policy continued

The table below presents an analysis of the financial liabilities that will be settled, which are grouped to reflect the term remaining from the date of the financial statements to contractual maturity. This breakdown does not include long-term provisions (Note 18).

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At 31 December 2024				
Bank borrowings and lease liabilities (Note 15)	36,915	22,274	659,293	2,994
Other financial liabilities (derivatives)	26,162	16,151	56	–
Trade and other payables (*)	237,186	1,387	–	–
Unaccrued interest payable	32,928	32,018	86,171	1,581
At 31 December 2023				
Bank borrowings and lease liabilities (Note 15)	38,081	21,720	647,589	3,381
Other financial liabilities (derivatives)	2,229	–	–	–
Trade and other payables (*)	216,724	1,533	1,219	–
Unaccrued interest payable	30,191	24,226	15,810	1,167

(*) Long-term payables do not include capital grants amounting to €3.5 million and €3.9 million in 2024 and 2023, respectively.

d) Capital risk

The Group manages its equity investments to ensure that its subsidiaries have a guarantee of continuity in terms of their assets and financial position, maximising shareholder return by optimising the structure of equity and liabilities on the liabilities side of the subsidiaries' financial statements.

Capital management is the responsibility of the Group's Management Committee, whose approach focuses on increasing the value of the business in the long term for shareholders and investors as well as for employees and customers. The objective is to achieve constant, sustained results through organic and, where necessary, inorganic growth. For this purpose, a balance in the businesses is required, with control of financial risks, combined with the necessary financial flexibility to achieve such objectives.

The Group's capital management policy focuses on achieving a financial structure that optimises the cost of capital while maintaining a solid financial position. This policy makes the creation of value for the shareholders compatible, with access to financial markets at a competitive cost in order to cover both debt-refinancing requirements and the investment plan financing needs not covered by the funds generated by the business.

Details of the debt/equity ratios (excluding balances with Group companies) as at 31 December 2024 and 2023 are as follows:

		2024	2023
Total bank borrowings and lease liabilities (Note 15)		721,476	710,771
Less:	Cash and cash equivalents	(102,520)	(106,692)
	Other current financial assets adjusted by non-cash items (Note 10)	–	(71)
Net debt		**618,956**	**604,008**
Total equity		**845,737**	**877,356**
Total capital invested		**1,464,693**	**1,481,364**
Borrowing ratio		**42.3%**	**40.8%**

For a detailed definition of net debt, please refer to Note 2.6.

4.2 Fair value estimation

IFRS 13 establishes as fair value the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date, whether it is observable or has been estimated using a valuation technique. For this purpose, consistent data with features that market participants would consider in the transaction are selected.

IFRS 13 maintains the principles of the other standards while setting the full framework for fair value measurement when it is mandatory under other IFRSs and establishes the additional information to be disclosed about fair value measurements.

The requirements of IFRS 13 are met by the Group in the fair value measurement of assets and liabilities when fair value is required by other IFRSs.

For financial assets and liabilities not valued at fair value, the Group breaks down the possible impacts between the fair value and the amortised cost if the impact is significant (Note 10).

Based on the content of IFRS 13 and in accordance with IFRS 7 on financial instruments measured at fair value, the Group reports on estimating the fair value hierarchy levels as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. reference prices) or indirectly (i.e. derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (unobservable market data) (Level 3)

The table below shows the Group's assets and liabilities that were measured at fair value at 31 December 2024 and 2023:

2024

	Level 2	2024
Assets		
– Derivatives (Note 17)	11,256	11,256
Total assets at fair value	**11,256**	**11,256**
Liabilities		
– Derivatives (Note 17)	42,369	42,369
Total liabilities at fair value	**42,369**	**42,369**

2023

	Level 2	2023
Assets		
– Derivatives (Note 17)	44,697	44,697
Total assets at fair value	**44,697**	**44,697**
Liabilities		
– Derivatives (Note 17)	2,229	2,229
Total liabilities at fair value	**2,229**	**2,229**

4. Financial risk management policy continued

a) Financial instruments Level 2

The fair value of financial instruments not traded in an active market is determined using valuation techniques. The Group employs a variety of methods such as estimated discounted cash flows and uses assumptions based on the market conditions at each financial statement date. If all significant data required to calculate the fair value of an instrument are observable, the instrument is included in Level 2.

Specific techniques for measuring financial instruments include the following:

- The fair value of interest rate swaps is calculated as the present value of future estimated cash flows.
- The fair value of currency forwards is determined using forward exchange rates quoted in the market at the consolidated financial statements date.
- It is assumed that the book value of trade payables and receivables approximates their fair value.
- The fair value of financial liabilities for financial reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The instruments included in Level 2 relate to derivative financial instruments (Note 17).

5. Segment reporting

The Board of Directors is ultimately responsible for making the Group's operational decisions, as the Board functions as the Chief Operating Decision-Maker (CODM). The Board of Directors reviews the Group's internal financial information in order to assess its performance and allocate resources to the segments.

The Board of Directors analyses the business based on the segments indicated:

- Steel Dust Recycling Services ("Steel Dust")
- Aluminium Salt Slags Recycling Services
  - Salt Slags Recycling ("Salt Slags")
  - Secondary Aluminium Production ("Secondary Aluminium")

These segments correspond to the Group's principal activities (products and services), the sales of which (fee for the services and/or sale of the recycled waste) determine the Group's revenue.

The Board of Directors assesses the performance of the operating segments, based mainly on operating income before interest and taxes (EBIT), depreciation/amortisation and provisions (EBITDA).

The financial information received by the Board of Directors includes finance income and costs tax aspects, cash flow and net debt only on a consolidated basis because this is the way the Group manages them.

For a detailed definition of EBIT and EBITDA, please refer to Note 2.6.

The accounting policies and measurement bases applied to the information furnished to the Board of Directors are consistent with those applied in the consolidated financial statements.

a) *Segment reporting*

Set out below is the distribution by segment of EBIT and Adjusted EBIT for the year ended 31 December 2024 and for the year ended 31 December 2023 (thousands of euros).

	2024				
	Steel Dust	**Salt Slags**	**Secondary Aluminium**	**Corporate, other minor and eliminations**	**Total**
Revenue	825,550	105,874	367,296	(59,690)	1,239,030
Income/Expenses from operations (except revenue, depreciation and amortisation/ depreciation charge and provisions)	(663,950)	(74,095)	(356,116)	59,690	(1,034,471)
Amortisation/Depreciation, impairment and provisions	(71,037)	(11,909)	(8,318)	(439)	(91,703)
EBIT (operating profit/(loss))	**90,563**	**19,870**	**2,862**	**(439)**	**112,856**
Non-recurrent costs/incomes EBIT (Note 3.17)	2,748	–	–	–	2,748
Non-recurrent costs/incomes EBITDA (Note 2.6)	8,803	–	–	–	8,803
Adjusted EBIT (operating profit/(loss))	**102,114**	**19,870**	**2,862**	**(439)**	**124,407**

	2023				
	Steel Dust	**Salt Slags**	**Secondary Aluminium**	**Corporate, other minor and eliminations**	**Total**
Revenue	785,575	86,318	360,228	(51,521)	1,180,600
Income/Expenses from operations (except revenue, depreciation and amortisation/ depreciation charge and provisions)	(643,373)	(61,600)	(338,586)	51,769	(991,790)
Amortisation/Depreciation, impairment and provisions	(64,667)	(9,261)	(7,823)	(418)	(82,169)
EBIT (operating profit/(loss))	**77,535**	**15,457**	**13,819**	**(170)**	**106,641**
Non-recurrent costs/incomes EBIT (Note 3.17)	1,906	–	–	–	1,906
Non-recurrent costs/incomes EBITDA (Note 2.6)	(8,111)	1,283	–	–	(6,828)
Adjusted EBIT (operating profit/(loss))	**71,330**	**16,740**	**13,819**	**(170)**	**101,719**

5. Segment reporting continued

The reconciliation of Adjusted EBIT to results attributable to the Parent Company is as follows:

	2024	2023
Adjusted EBIT	**124,407**	**101,719**
– Non-recurrent costs/(income) EBIT (Note 3.17)	(2,748)	(1,906)
– Non-recurrent costs/(income) EBITDA (Note 2.6)	(8,803)	6,828
EBIT (operating profit/(loss))	**112,856**	**106,641**
Finance income/(cost)	(38,006)	(38,573)
Corporate income tax	(20,764)	(10,500)
Profit/(Loss) attributable to continuing operations	**54,086**	**57,568**
Non-controlling interests (Note 14d)	(3,266)	404
Profit/(Loss) attributable to the Parent Company	**50,820**	**57,972**

Set out below is the distribution by segment of EBITDA and Adjusted EBITDA for the years ended 31 December 2024 and 2023 (thousands of euros):

	2024				
	Steel Dust	Salt Slags	Secondary Aluminium	Corporate, other minor and eliminations	Total
Revenue	825,550	105,874	367,296	(59,690)	1,239,030
Income/Expenses from operations (except revenue, depreciation and amortisation/ depreciation charge and provisions)	(663,950)	(74,095)	(356,116)	59,690	(1,034,471)
Amortisation/Depreciation, impairment and provisions (a)	(71,037)	(11,909)	(8,318)	(439)	(91,703)
EBIT (operating profit/(loss)) (b)	**90,563**	**19,870**	**2,862**	**(439)**	**112,856**
EBITDA (operating profit/(loss) before amortisation/depreciation and provisions) (a–b)	**161,600**	**31,779**	**11,180**	**–**	**204,559**
Non-recurrent costs/incomes (Note 2.6)	8,803	–	–	–	8,803
Adjusted EBITDA	**170,403**	**31,779**	**11,180**	**–**	**213,362**

	2023				
	Steel Dust	**Salt Slags**	**Secondary Aluminium**	**Corporate, other minor and eliminations**	**Total**
Revenue	785,575	86,318	360,228	(51,521)	1,180,600
Income/Expenses from operations (except revenue, depreciation and amortisation/depreciation charge and provisions)	(643,373)	(61,600)	(338,586)	51,769	(991,790)
Amortisation/Depreciation, impairment and provisions (a)	(64,667)	(9,261)	(7,823)	(418)	(82,169)
EBIT (operating profit/(loss)) (b)	**77,535**	**15,457**	**13,819**	**(170)**	**106,641**
EBITDA (operating profit/(loss) before amortisation/depreciation and provisions) (a–b)	**142,202**	**24,718**	**21,642**	**248**	**188,810**
Non-recurrent costs/incomes (Note 2.6)	(8,111)	1,283	–	–	(6,828)
Adjusted EBITDA	**134,091**	**26,001**	**21,642**	**248**	**181,982**

The reconciliation of Adjusted EBITDA to results attributable to the Parent Company is as follows:

	2024	**2023**
Adjusted EBITDA	**213,362**	**181,982**
Non-recurrent costs/incomes (Note 2.6)	(8,803)	6,828
Amortisation/Depreciation, impairment and provisions	(91,703)	(82,169)
Operating profit/(loss)	**112,856**	**106,641**
Finance income/(cost)	(38,006)	(38,573)
Corporate income tax	(20,764)	(10,500)
Profit/(Loss) attributable to continuing operations	**54,086**	**57,568**
Non-controlling interests (Note 14d)	(3,266)	404
Profit/(Loss) attributable to the Parent Company	**50,820**	**57,972**

(Thousands of euros) continued

5. Segment reporting continued

Other segment items included in the consolidated income statement are as follows:

	2024					2023				
	Steel Dust	Salt Slags	Secondary Aluminium	Corporate, other minor and eliminations	Total	Steel Dust	Salt Slags	Secondary Aluminium	Corporate, other minor and eliminations	Total
Depreciation/ Amortisation charge:										
– Property, plant and equipment (Notes 9 and 22)	(54,266)	(7,973)	(6,280)	(121)	(68,640)	(53,325)	(6,904)	(6,192)	(111)	(66,532)
– Intangible assets (Notes 8 and 22)	(359)	(890)	(1,190)	(64)	(2,503)	(421)	(908)	(728)	(69)	(2,126)
– Right-of-use assets (Notes 11 and 22)	(9,664)	(1,458)	(848)	(254)	(12,224)	(9,608)	(1,448)	(712)	(238)	(12,006)
– Reversal/ (Recognition) of impairment losses and other (Note 22)	(6,748)	(1,588)	–	–	(8,336)	(1,313)	(1)	(191)	–	(1,505)
Total	**(71,037)**	**(11,909)**	**(8,318)**	**(439)**	**(91,703)**	**(64,667)**	**(9,261)**	**(7,823)**	**(418)**	**(82,169)**

Details of segment assets and liabilities are as follows:

	2024					2023				
	Steel Dust	Salt Slags	Secondary Aluminium	Corporate, other minor and eliminations	Total	Steel Dust	Salt Slags	Secondary Aluminium	Corporate, other minor and eliminations	Total
Assets										
Intangible assets	687,812	51,069	15,756	3	754,640	670,625	51,105	15,890	53	737,673
Property, plant and equipment	597,088	86,070	52,998	399	736,555	563,452	85,978	52,795	435	702,660
Right-of-use assets	31,026	4,646	1,470	452	37,594	25,879	4,310	1,140	616	31,945
Non-current financial assets and deferred tax assets	61,524	1,926	19,428	35,150	118,028	60,495	2,021	27,263	42,067	131,846
Current assets	241,316	12,979	65,746	11,185	331,226	244,045	23,466	61,539	12,511	341,561
Total assets	**1,618,766**	**156,690**	**155,398**	**47,190**	**1,978,043**	**1,564,496**	**166,880**	**158,627**	**55,682**	**1,945,685**
Equity and liabilities										
Net assets	652,701	60,916	23,767	108,353	845,737	642,164	85,394	40,359	109,439	877,356
Non-current liabilities	736,461	80,891	60,114	(45,423)	832,043	739,172	65,006	40,427	(33,310)	811,295
Current liabilities	229,603	14,883	71,517	(15,740)	300,263	183,160	16,480	77,841	(20,447)	257,034
Total equity and liabilities	**1,618,766**	**156,690**	**155,398**	**47,190**	**1,978,043**	**1,564,496**	**166,880**	**158,627**	**55,682**	**1,945,685**

Investments in the corresponding year were as follows (excluding the effect of translation differences):

	2024					2023				
	Steel Dust	Salt Slags	Secondary Aluminium	Corporate, other minor and eliminations	Total	Steel Dust	Salt Slags	Secondary Aluminium	Corporate, other minor and eliminations	Total
Additions to non-current assets (Notes 8 and 9)	68,031	9,232	7,743	98	85,104	76,343	22,910	5,312	25	104,590
Disposals of non-current assets (Notes 8 and 9)	(5,012)	(20,343)	(25,074)	–	(50,429)	(1,833)	(122)	(1,409)	–	(3,364)
Net investments in the year (Notes 8 and 9)	**63,019**	**(11,111)**	**(17,331)**	**98**	**34,675**	**74,510**	**22,788**	**3,903**	**25**	**101,226**

Investments in non-current assets include additions to property, plant and equipment (see Note 9) and intangible assets (see Note 8).

In 2024, disposals mainly relate to the removal of fully amortised assets in the Salt Slags and Secondary Aluminium segments (Note 8 and 9).

Inter-segment transfers and transactions (if any) are arranged under the same usual commercial terms and conditions as those that should also be available to unrelated third parties. Details of sales by geographical segment for the years ended 31 December 2024 and 2023 are as follows:

Geographical area	2024	%	2023	%
Spain	222,216	18%	193,394	16%
Germany	133,388	11%	122,949	10%
France	53,376	4%	48,985	4%
Belgium	52,533	4%	46,717	4%
Finland	44,408	4%	54,054	5%
Norway	39,256	3%	32,920	3%
Italy	31,532	3%	19,339	2%
Netherlands	28,166	2%	33,253	3%
Sweden	20,212	2%	18,536	2%
Portugal	14,638	1%	19,058	2%
Rest of Europe	54,741	4%	48,538	4%
US	367,530	30%	371,776	31%
Japan	54,162	4%	62,134	5%
South Korea	40,121	3%	27,405	2%
Brazil	22,292	2%	20,320	2%
Australia	16,542	1%	11,015	1%
China	12,344	1%	17,643	1%
Singapore	8,822	1%	12,400	1%
Rest of the world	22,751	2%	20,164	2%
	1,239,030	**100%**	**1,180,600**	**100%**

(Thousands of euros) continued

5. Segment reporting continued

The distribution of property, plant and equipment, intangible assets (excluding goodwill and licences) and right-of-use assets is as follows:

	2024	2023
US	393,797	351,091
Germany	122,024	119,774
China	93,036	93,961
Spain	84,219	85,139
France	35,407	36,625
South Korea	23,520	27,859
Turkey	17,991	15,817
Sweden	14,598	14,389
	784,592	**744,655**

b) Information on customers

At 31 December 2024, only one customer from the Steel Dust segment represented over 10% of the Group's total revenues; this customer represents approximately 37% (2023: 35%) of the Group's total revenues.

6. Business combination

Befesa Zinc Recytech, S.A.S.

On 1 January 2023, the Group proceeded to re-evaluate control over its French subsidiary Befesa Zinc Recytech, S.A.S. in response to the liquidation procedure of the other partner, Recylex S.A. (see Note 2.5).

Befesa Zinc Recytech, S.A.S. was established in 1991 by Befesa Steel Services GmbH (a company belonging to the Group) and Recylex S.A. Both parties holding 50% of the share capital respectively. Its activities consist of recycling steel dust and producing WOX, and until 31 December 2022 the Group considered this agreement as a joint operation.

As a result of the liquidation process of the partner Recylex S.A., the latter no longer carries out commercial activities and the Group, throughout the financial year 2023, acquired 100% of the final product of Befesa Zinc Recytech, S.A.S. The main relevant activities related to the business fall under the decisions of the General Director of the Company, which directly depends on the European Chief Executive Officer of the Group and simultaneously has been appointed as General Director of the other French subsidiary. Moreover, given that the Group is in charge of the supply of the dust and is the client at the same time, the latter makes the decisions on these relevant activities.

Given this situation, the Group re-evaluated the control it had over this business, concluding that it obtains control over Befesa Zinc Recytech, S.A.S., and therefore becoming consolidated by the global integration method as from 1 January 2023 (Note 2.5).

This business generated revenue and a consolidated profit/(loss) of €38,900 thousand and €7,959 thousand, respectively, for the Group (before non-controlling interests) between 1 January 2023 and the end of the reporting period.

The breakdown of the fair value of the net assets and the excess of net assets over the cost of the combination was as follows:

	Thousands of euros
Consideration transferred	–
Non-controlling interests	49,543
Fair value of previous investment in the business	49,543
Fair value of net assets acquired	(38,793)
Goodwill	**60,293**

The valuation at fair value of 50% of the previous net assets of the Befesa Zinc Recytech, S.A.S. business, which amounted to €29,044 thousand (including a goodwill amount of €9,649 thousand allocable to this business within the Steel CGU), had led to the recognition of a positive result for a total amount of €20,498 thousand, which was recognised in the "Other income" item of the consolidated income statement for the year 2023 (Note 22.3).

The amounts recognised by significant class at the date of acquisition of the assets, liabilities and contingent liabilities (100% of net assets) are as follows:

	Thousands of euros
Property, plant and equipment (Note 9)	8,812
Other intangible assets	1,534
Other financial assets	713
Cash and cash equivalents	27,697
Other current assets	8,518
Total assets	**47,274**
Other liabilities	2,978
Current liabilities	5,503
Total liabilities and contingent liabilities	**8,481**
Total net assets	**38,793**
Total net assets acquired (100%) (a)	**38,793**
Fair value of non-controlling interests	49,543
Fair value of net assets acquired	49,543
Total fair value (b)	**99,086**
Goodwill (b–a)	**60,293**

The criteria for calculating the main assets and liabilities existing at the date of taking over the operations of Befesa Zinc Recytech, S.A.S. were the following:

Property, plant and equipment: Estimated the fair value of the tangible assets based on the cost method.

Finally, in 2024, the Group signed a share purchase agreement and completed the acquisition of the remaining 50% stake in Befesa Zinc Recytech, S.A.S. for a price of €40 million (Note 14.d).

(Thousands of euros) continued

7. Goodwill

Details of goodwill on the consolidated statement of financial position as at 31 December 2024 and 2023 are as follows:

CGU	Balance at 31/12/23	Business combination (Note 6)	Translation differences	Balance at 31/12/24
Befesa Zinc US, Inc.	243,435	–	15,494	258,929
Steel Dust	341,422	–	–	341,422
Salt Slags	35,829	–	–	35,829
Secondary Aluminium	8,957	–	–	8,957
	629,643	**–**	**15,494**	**645,137**

CGU	Balance at 31/12/22	Business combination (Note 6)	Translation differences	Balance at 31/12/23
Befesa Zinc US, Inc.	252,289	–	(8,854)	243,435
Steel Dust	290,778	50,644	–	341,422
Salt Slags	35,829	–	–	35,829
Secondary Aluminium	8,957	–	–	8,957
	587,853	**50,644**	**(8,854)**	**629,643**

The increase in goodwill in 2023 was due to Befesa Zinc Recytech, S.A.S.'s control reassessment described in Note 6.

Impairment analysis

The Group has implemented a procedure where at each year-end, any impairment of goodwill and licences with indefinite useful life (Note 8) is analysed.

The recoverable amount is the higher of fair value less costs to sell and value in use, which is taken to be the present value of estimated future cash flows.

The measurement methods indicated in Note 2.4 led to discount rates used to perform the impairment test in a range for each CGU, as follows:

- Befesa Zinc US, Inc.: 9.08% (2023: 8.9%).
- Steel Dust: 7.34–13.3% (2023: 6.73–13.3%).
- Salt Slags: 7.34–8.34% (2023: 6.73–7.25%).
- Secondary Aluminium: 7.34–8.34% (2023: 6.73–7.25%).

The discount rates used are pre-tax and reflect the risks specific to the significant CGU segments. The Directors consider that a change in the discount rate used (approximately 50 basis points) would not have a significant impact on these consolidated financial statements.

The cash flow budget is determined by the Group's management in their strategic plans, considering a similar activity structure as the present one and based on previous years' experience.

At the end of 2024 and 2023, estimates were made of the recoverable amounts of the CGUs to which goodwill and/or licences with indefinite useful life had been allocated, in accordance with Notes 3.4 and 3.5 and the methods described above. No impairment has been recognised in 2024 and 2023.

The Group's management carried out a sensitivity analysis of the recoverable amount of goodwill and licences (Note 8) in the event of variations of ±5% in key assumptions, and no signs of impairment were identified.

8. Other intangible assets

Movements in "Other intangible assets" in the consolidated statement of financial position as at 31 December 2024 and 2023 are as follows:

	2024				
	Development expenditure	Licences	Computer software	Administrative concessions and others	Total
Cost:					
Balance at 31/12/23	**17,493**	**97,980**	**5,808**	**5,033**	**126,314**
Additions	3,053	79	115	877	4,124
Disposals	(6,664)	–	(456)	(845)	(7,965)
Transfers	–	–	16	(461)	(445)
Translation differences	48	1,081	9	6	1,144
Balance at 31/12/24	**13,930**	**99,140**	**5,492**	**4,610**	**123,172**
Accumulated amortisation					
Balance at 31/12/23	**(10,855)**	**–**	**(4,592)**	**(2,837)**	**(18,284)**
Additions (Note 22.6)	(2,059)	–	(444)	–	(2,503)
Disposals	6,664	–	456	–	7,120
Transfers	–	–	–	–	–
Translation differences	–	–	(2)	–	(2)
Balance at 31/12/24	**(6,250)**	**–**	**(4,582)**	**(2,837)**	**(13,669)**
Other intangible assets, net at 31/12/23	**6,638**	**97,980**	**1,216**	**2,196**	**108,030**
Other intangible assets, net at 31/12/24	**7,680**	**99,140**	**910**	**1,773**	**109,503**

(Thousands of euros) continued

8. Other intangible assets continued

	2023				
	Development expenditure	Licences	Computer software	Administrative concessions and others	Total
Cost:					
Balance at 31/12/22	**14,544**	**98,591**	**5,489**	**2,793**	**121,417**
Business combination (Note 6)	–	–	149	1,747	1,896
Change in scope of consolidation (Note 2.5)	–	–	(233)	–	(233)
Additions	2,949	–	374	102	3,425
Disposals	–	–	(34)	–	(34)
Transfers	–	–	93	400	493
Translation differences	–	(611)	(30)	(9)	(650)
Balance at 31/12/23	**17,493**	**97,980**	**5,808**	**5,033**	**126,314**
Accumulated amortisation					
Balance at 31/12/22	**(9,231)**	**–**	**(4,248)**	**(1,824)**	**(15,303)**
Business combination	–	–	(117)	(1,013)	(1,130)
Change in scope of consolidation (Note 2.5)	–	–	233	–	233
Additions (Note 22.6)	(1,624)	–	(502)	–	(2,126)
Disposals	–	–	34	–	34
Transfers	–	–	–	–	–
Translation differences	–	–	8	–	8
Balance at 31/12/23	**(10,855)**	**–**	**(4,592)**	**(2,837)**	**(18,284)**
Other intangible assets, net at 31/12/22	**5,313**	**98,591**	**1,241**	**969**	**106,114**
Other intangible assets, net at 31/12/23	**6,638**	**97,980**	**1,216**	**2,196**	**108,030**

Licences are intangible assets with an indefinite useful life. The recoverability of these licences has been evaluated by the Group's management based on the impairment tests disclosure in Note 7.

2024
The most significant additions for the year relate to capitalised development expenses, with €1,897 thousand in the "Secondary Aluminium" segment and €1,156 thousand in Befesa Holding US, Inc. (Note 3.5).

In 2024, disposal mainly relates to the removal of fully amortised assets in the subsidiary Befesa Aluminio, S.L.U.

2023
The most significant additions for the year relate to development expenses capitalised in the Secondary Aluminium segment, amounting to €2,949 thousand.

Investment commitments
At 31 December 2024 and 2023, the Group had no significant investment commitments.

9. Property, plant and equipment

Movements in this consolidated statement of financial position as at 31 December 2024 and 2023 are as follows:

	2024					
	Land	Buildings	Plant and machinery	Other property, plant and equipment	Fixed assets in progress	Total
Cost:						
Balance at 31/12/23	**45,421**	**212,888**	**908,070**	**35,489**	**47,159**	**1,249,027**
Additions	–	275	9,139	453	71,113	80,980
Disposals	(161)	(724)	(39,061)	(2,508)	(10)	(42,464)
Transfers	–	7,777	29,306	2,374	(49,391)	(9,934)
Translation differences	(112)	2,525	26,298	166	2,463	31,340
Balance at 31/12/24	**45,148**	**222,741**	**933,752**	**35,974**	**71,334**	**1,308,949**
Accumulated depreciation and provisions:						
Balance at 31/12/23	**–**	**(89,539)**	**(425,143)**	**(23,215)**	**–**	**(537,897)**
Additions (Note 22.6)	–	(7,928)	(58,485)	(2,227)	–	(68,640)
Disposals	–	528	38,809	2,506	–	41,843
Transfers	–	–	4,923	–	–	4,923
Translation differences	–	(233)	(3,801)	(119)	–	(4,153)
Balance at 31/12/24	**–**	**(97,172)**	**(443,697)**	**(23,055)**	**–**	**(563,924)**
Impairment losses at 31/12/23	**(874)**	**–**	**(7,569)**	**(27)**	**–**	**(8,470)**
Impairment losses at 31/12/24	**(874)**	**–**	**(7,569)**	**(27)**	**–**	**(8,470)**
Carrying amount at 31/12/23	**44,547**	**123,349**	**475,358**	**12,247**	**47,159**	**702,660**
Carrying amount at 31/12/24	**44,274**	**125,569**	**482,486**	**12,892**	**71,334**	**736,555**

(Thousands of euros) continued

9. Property, plant and equipment continued

	2023					
	Land	Buildings	Plant and machinery	Other property, plant and equipment	Fixed assets in progress	Total
Cost:						
Balance at 31/12/22	**45,942**	**175,462**	**785,167**	**33,700**	**147,976**	**1,188,247**
Business combination (Note 6)	185	5,608	16,211	200	375	22,579
Change in scope of consolidation (Note 2.5)	(79)	(1,413)	(34,670)	(225)	–	(36,387)
Additions	–	2,652	2,934	622	94,957	101,165
Disposals	(6)	(158)	(2,432)	(700)	(35)	(3,331)
Transfers	106	33,341	163,408	1,964	(191,594)	7,225
Translation differences	(727)	(2,604)	(22,548)	(72)	(4,520)	(30,471)
Balance at 31/12/23	**45,421**	**212,888**	**908,070**	**35,489**	**47,159**	**1,249,027**
Accumulated depreciation and provisions:						
Balance at 31/12/22	**–**	**(80,021)**	**(374,662)**	**(21,703)**	**–**	**(476,386)**
Business combination (Note 6)	–	(4,354)	(13,707)	(111)	–	(18,172)
Change in scope of consolidation (Note 2.5)	–	1,413	16,302	225	–	17,940
Additions (Note 22.6)	–	(7,492)	(56,979)	(2,061)	–	(66,532)
Disposals	–	152	2,382	670	–	3,204
Transfers	–	295	(8,011)	(2)	–	(7,718)
Translation differences	–	468	9,532	(233)	–	9,767
Balance at 31/12/23	**–**	**(89,539)**	**(425,143)**	**(23,215)**	**–**	**(537,897)**
Impairment losses at 31/12/22	**(874)**	**–**	**(28,151)**	**(27)**	**–**	**(29,052)**
Reversal (Note 2.5)	–	–	20,582	–	–	20,582
Impairment losses at 31/12/23	**(874)**	**–**	**(7,569)**	**(27)**	**–**	**(8,470)**
Carrying amount at 31/12/22	**45,068**	**95,441**	**382,354**	**11,970**	**147,976**	**682,809**
Carrying amount at 31/12/23	**44,547**	**123,349**	**475,358**	**12,247**	**47,159**	**702,660**

2024

The main additions for the year relate to investments made by Befesa Holding US, Inc. (€39.0 million), primarily driven by the Palmerton Project and recurring environmental and maintenance expenditures at each plant.

In 2024, disposals mainly relate to the removal of fully amortised assets in the subsidiary Befesa Aluminio, S.L.U.

“Transfers” for a net value of €5.0 million mainly include the amount of long-term spare parts transferred to short-term spare parts, included in the “Inventory” line of the consolidated statement of financial position due to their storage cycle of less than one year.

2023
The main additions for the year are related to the investments made by the new companies in the US (€56.5 million) and to works done in Befesa Salzschlacke GmbH, mainly related to the Hanover plant after the fire in 2021 (€20.4 million) and the recurring environmental and maintenance investments made at each plant every year.

Impairment losses
On 31 December 2024, there were no impairment additions.

On 31 December 2023, the reversal of the impairment losses mainly relates to the sale of Befesa Salt Slags, Ltd. as at 31 December 2023 (€18 million) as a result of the sale of this company (Note 2.5).

Insurance
The Group takes out insurance policies to cover possible risks that its property, plant and equipment are subject to. The coverage is considered to be sufficient.

Capitalisation of borrowing costs
There are no significant borrowing costs capitalised in 2024 and 2023.

Mortgaged property, plant and equipment
At 31 December 2024 and 2023, there are no significant fixed assets pledged to secure loans.

Investment commitments
At 31 December 2024, the Group had investment commitments amounting to €50.9 million, mainly due to the expansion projects in Befesa Holding US, Inc. and in Befesa Aluminium Germany GmbH (2023: €41.4 million, mainly due to the expansion project in Befesa Holding US, Inc.).

10. Financial assets by category and class
The classification of financial assets by category and class is as follows:

	2024		2023	
	Current	Non-current	Current	Non-current
Financial assets at amortised cost				
Loans				
Variable rate	–	1,666	–	1,666
Impairment	–	(741)	–	(924)
Trade and other receivables (Note 13)	127,913	–	119,154	–
Security deposits	461	3,665	450	3,875
Financial assets measured at fair value				
Hedging derivatives (Note 17)	–	11,256	14,176	30,521
Total financial assets	**128,374**	**15,846**	**133,780**	**35,138**

The fair value of financial assets does not differ significantly from their carrying amount.

(Thousands of euros) continued

11. Right-of-use assets and lease liabilities

Details of and movement in classes of right-of-use assets during 2024 and 2023 are as follows:

	Land	Buildings	Plant and machinery	Other property, plant and equipment	Total
Cost:					
Balance at 31/12/22	**17,594**	**6,842**	**10,981**	**10,830**	**46,247**
Additions	688	1,905	4,962	7,606	15,161
Disposals	110	(293)	(2,135)	(2,255)	(4,573)
Translation differences	(509)	(73)	(99)	(517)	(1,198)
Balance at 31/12/23	**17,883**	**8,381**	**13,709**	**15,664**	**55,637**
Additions	127	1,343	7,622	9,684	18,776
Disposals	81	(213)	(5,087)	(2,659)	(7,878)
Translation differences	300	116	182	998	1,596
Balance at 31/12/24	**18,391**	**9,627**	**16,426**	**23,687**	**68,131**
Accumulated amortisation					
Balance at 31/12/22	**(3,018)**	**(3,743)**	**(5,661)**	**(2,930)**	**(15,352)**
Additions (Note 22.6)	(1,011)	(1,463)	(4,661)	(4,871)	(12,006)
Disposals	(158)	126	1,711	1,556	3,235
Translation differences	22	39	134	236	431
Balance at 31/12/23	**(4,165)**	**(5,041)**	**(8,477)**	**(6,009)**	**(23,692)**
Additions (Note 22.6)	(1,077)	(1,333)	(4,495)	(5,319)	(12,224)
Disposals	(81)	195	3,230	2,519	5,863
Translation differences	(45)	(76)	(60)	(303)	(484)
Balance at 31/12/24	**(5,368)**	**(6,255)**	**(9,802)**	**(9,112)**	**(30,537)**
Right-of-use assets net at 31/12/2023	**13,718**	**3,340**	**5,232**	**9,655**	**31,945**
Right-of-use assets net at 31/12/2024	**13,023**	**3,372**	**6,624**	**14,575**	**37,594**

The short-term lease expense for 2024 amounts to €2,545 thousand (2023: €1,406 thousand).

Details of lease payments and liabilities

An analysis of the contractual maturity of lease liabilities, including future interest payable, is as follows:

	2024	2023
Within 1 year	11,493	9,283
Between 1 and 2 years	7,134	5,799
Between 2 and 3 years	4,927	3,732
More than 3 years	8,414	7,549
	31,968	**26,363**

The changes in this liability from 1 January to 31 December are as follows:

	2024	2023
Balance as at 1 January	26,363	24,286
Increase	18,776	15,838
Lease payments	(13,385)	(12,826)
Interest	1,257	980
Disposal	(2,226)	(1,224)
Translation differences	1,183	(691)
	31,968	**26,363**

12. Inventories

Details of inventories in the accompanying consolidated statement of financial position as at 31 December 2024 and 2023 are as follows:

	2024	2023
Finished goods	23,827	25,258
Goods in progress and semi-finished goods	5,822	7,807
Raw materials	26,017	31,889
Other	44,666	36,135
Total	**100,332**	**101,089**

"Other" at 31 December 2024 and 2023 mainly includes spare parts for the Group's facilities.

The Group has taken out insurance policies to cover risks relating to inventories. The coverage provided by these policies is considered to be sufficient.

13. Accounts receivable

The breakdown of accounts receivable in the accompanying consolidated statement of financial position as at 31 December 2024 and 2023 is as follows:

	2024	2023
Contract assets	4,839	6,468
Trade and other receivables	98,565	70,549
Trade receivables from related companies	354	409
Other receivables (Note 21)	11,631	19,342
Public authorities (Note 20)	10,487	20,726
Advances to suppliers	3,012	2,859
Expected credit loss	(975)	(1,199)
Total	**127,913**	**119,154**

No significant impact of the applicability of the expected credit loss model has been identified on trade receivables.

(Thousands of euros) continued

13. Accounts receivable continued

Changes in the allowances for doubtful debts relating to the Group's trade and other receivables for 2024 and 2023 are as follows:

	2024	2023
Opening balance	**(1,199)**	**(1,891)**
Write-off uncollectible accounts receivable and other transfers	263	712
Business combination (Note 6)	–	(28)
Conversion differences	(39)	8
Closing balance	**(975)**	**(1,199)**

The credit quality of trade receivables that have not become impaired can be classified as highly satisfactory, because in substantially all of the cases the risks are accepted and covered by credit risk insurers and/or banks and financial institutions.

The maximum exposure to credit risk at the date of presentation of the financial information is the fair value of each of the accounts receivable disclosed above and, in all cases, taking into consideration the aforementioned credit insurance coverage.

14. Equity

a) Share capital

The number of shares as at 31 December 2024 and 2023 is 39,999,998 with a par value of €2.78 each. All the shares are listed on the Frankfurt Stock Exchange.

The authorised capital of the Company (including, for the avoidance of doubt, the Company's issued share capital) is set at 39,999,998 shares.

The shareholder structure as at 31 December 2024 and 2023 is as follows:

	Percentage of ownership	
	2024	2023
Free-float (including management)	100%	100%
Total	**100%**	**100%**

b) Share premium and other reserves

Details in the consolidated financial statement are as follows:

	2024	2023
Share premium	532,867	532,867
Hedging reserves	(20,787)	36,888
Other reserves	132,254	96,490
Total	**644,334**	**666,245**

Share premium

The share premium may be used to provide for the payment of any shares that the Parent Company may repurchase from its shareholders, to offset any net realised losses, to make distributions to its shareholders, in the form of a dividend, or to allocate funds to the legal reserve.

Other reserves

The Parent Company is required to transfer a minimum of 5% of its net statutory profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. If the legal reserve later falls below the 10% threshold, at least 5% of net statutory profits must again be allocated to the reserve. The legal reserve is not available for distribution to the shareholders.

At the AGM in June 2024, the shareholders resolved to approve the distribution of a dividend of €29,200 thousand from the net profit of the year 2023 (2023: in June 2023, the shareholders at their AGM resolved to approve the distribution of a dividend of €50,000 thousand from the net profit of the year 2022).

c) Translation differences

The breakdown, by company, of "Translation differences" at 31 December 2024 and 2023 is as follows:

Company or group of companies	2024	2023
Befesa Zinc Korea, Ltd.	(4,200)	(1,448)
Befesa Circular Alloys Sweden, AB	(3,639)	(3,137)
Befesa Silvermet İskenderun Çelik Tozu Geri Dönüşümü, A.S.	(17,203)	(16,565)
Befesa Silvermet Dış Ticaret, A.S.	(1,135)	(1,959)
Befesa Zinc Environmental Protection Technology (Jiangsu) Co, Ltd.	799	426
Befesa Zinc Environmental Protection Technology (Henan) Co, Ltd.	(11)	(209)
Befesa Holding US, Inc.	60,082	23,092
Befesa Zinc Metal, Inc.	(9,708)	(11,465)
Other	(968)	(473)
Total	**24,017**	**(11,738)**

d) Non-controlling interests

Details of equity – non-controlling interests are as follows:

	% non-controlling		Thousands of euros	
	2024	2023	2024	2023
Steel Dust:				
Befesa Zinc Recytech, S.A.S.	0%	50%	–	43,978
Befesa Silvermet Turkey, S.L. and subsidiaries	47.6%	46.4%	15,518	9,851
Total			**15,518**	**53,829**

On 4 March 2024, Befesa Steel Services GmbH acquired the remaining 50% stake in Befesa Zinc Recytech, S.A.S. (formerly Recytech, S.A.) for a price of €40 million (Note 6). The difference between the consideration paid and the carrying amount of the non-controlling interests was recognised in the "Other reserves" item of the consolidated equity of an amount of €4,356 thousand.

14. Equity continued

Movements in non-controlling interests are as follows:

	2024	2023
Balance at 1 January of current period	**53,829**	**14,153**
Profit for the year	3,266	(404)
Difference in foreign currency conversion	2,993	37
Dividends to non-controlling interests	–	(9,500)
Variations in the perimeter and business combinations (Notes 2.5 and 6)	(44,570)	49,543
Balance at 31 December of current period	**15,518**	**53,829**

Summary information on subsidiaries with non-controlling material shareholdings

Below are the main figures of Befesa Zinc Recytech, S.A.S. expressed in thousands of euros.

	Befesa Zinc Recytech, S.A.S.	
	2024	2023
Non-current assets	–	11,953
Current assets	–	21,908
Non-current liabilities	–	2
Current liabilities	–	6,110
Equity	–	27,749
Sales	5,504	38,900
Profit before taxes	1,570	10,240
Profit after taxes	1,183	7,959

Below are the main figures of Befesa Silvermet Turkey, S.L. and its subsidiaries, expressed in thousands of euros.

	Befesa Silvermet Turkey, S.L. and its subsidiaries	
	2024	2023
Non-current assets	33,766	31,250
Current assets	13,266	9,736
Non-current liabilities	935	5,858
Current liabilities	13,523	13,869
Equity	32,574	21,259
Sales	29,389	19,535
Profit before taxes	6,575	(10,404)
Profit after taxes	5,613	(9,459)

e) Capital management

The Group's capital management focuses on achieving a financial structure that optimises the cost of capital while maintaining a solid financial position. This policy reconciles the creation of value for the shareholders, with access to financial markets at a competitive cost in order to cover both debt-refinancing requirements and investment plan financing needs not covered by the funds generated by the business (Note 4.1.d).

The Group's management considers that the leverage ratio (Note 2.6) is a good indicator of the degree to which the objectives set are being achieved.

15. Financial debt

Details of the related line items in the accompanying consolidated statement of financial position as at 31 December 2024 and 2023 are as follows:

	2024		2023	
	Current maturity	Non-current maturity	Current maturity	Non-current maturity
Bank loans and credit facilities	20,533	664,086	22,580	655,610
Unmatured accrued interest	4,889	–	6,218	–
Finance lease payables (Note 11)	11,493	20,475	9,283	17,080
Total	**36,915**	**684,561**	**38,081**	**672,690**

The fair values of borrowings are not materially different from their carrying amounts as the interest payable is close to current market rates.

The main terms and conditions of borrowings are as follows:

				2024		2023	
Type	Limit in nominal currency (thousands of currency)	Interest rate	Maturity date	Current maturity	Non-current maturity	Current maturity	Non-current maturity
Facilities agreement	EUR 785,000	Euribor+2.75%	2029	4,763	639,802	6,015	616,234
Jiangsu	CNY 220,000	LPR(NBIC)+25 bps	2026	7,271	7,253	9,264	14,011
Henan	CNY 260,000	LPR(NBIC)+25 bps	2027	6,673	17,030	4,522	22,864
Other				18,208	20,476	18,280	19,581
				36,915	**684,561**	**38,081**	**672,690**

At 31 December 2023, the facilities agreement consisted of a €626 million senior secured Term Loan B (TLB) which is a bullet with maturing in July 2026, a €75 million revolving credit facility (RCF) maturing in July 2025, and a €35 million guarantee facility maturing in July 2025.

On 18 July 2024, the Company successfully completed the refinancing of its facilities agreement, which now consists of:

- TLB facility commitment in an amount of €650 million, which is a bullet maturing in July 2029.
- RCF in an amount of €100 million maturing in July 2028.
- A guarantee facility commitment in an amount of €35 million maturing in July 2028.

The Group has analysed whether there is a substantial modification of the conditions and concluded that the original liabilities are not cancelled, as the discounted present value of the cash flows under the new terms decreases by only 0.42% compared to the discounted present value of the remaining cash flows of the original financial liability. However, this modification resulted in the recognition of a finance cost of €0.8 million, as the new future cash flows were discounted at the original effective rate of 2.8%.

Following the 2024 refinancing, the interest rate on the TLB was set at Euribor plus a 2.75% spread, whereas the RCF carried a spread of 2.25% (compared to the previous rates in 2023 of 2.00% and 2.25%, respectively, prior to the refinancing). These spreads could be adjusted downwards to 2.25% in the case of TLB and to 1.75% in the case of the RCF, depending on the ratio of net financial debt/Adjusted EBITDA.

(Thousands of euros) continued

15. Financial debt continued

The facilities agreement provides a financial covenant based on the net leverage which will not exceed the ratio 4.5:1 for any relevant period. The covenant applies only if the total amount of all drawings under the RCF exceeds 40% of the commitments. At 31 December 2024 and 2023, the RCF has not been drawn and no financial covenant applies.

The facilities agreement was signed by the Parent of the Group (Befesa, S.A.) and has been designed to meet the financing needs of all Group companies. The facilities agreement limits the dividend distribution if any Group company incurs an event of default as defined in the agreement.

In 2020, Befesa closed the financing structure for both plants under construction in China (Jiangsu and Henan). The notional and the rest of the conditions signed are shown in the table above.

At 31 December 2024 and 2023, "Other" mainly includes the short-term financing of Befesa Silvermet İskenderun and debt related to the financial leases.

At 31 December 2024, an amount of €100 million was undrawn from the syndicated financing arrangement (2023: €75 million) (Note 4.c).

The evolution of net financial debt during the 2024 and 2023 is as follows:

	Cash and cash equivalents (Note 4)	Other current financial assets (Note 10)	Financial debt (Note 15)	Total
Net financial debt as at 31 December 2022	**(161,751)**	**(60)**	**710,772**	**548,961**
Cash flows	56,355	–	(20,736)	35,619
Exchange rate adjustments	(1,296)	–	(373)	(1,669)
Other non-monetary movements (*)	–	(11)	21,108	21,097
Net financial debt as at 31 December 2023	**(106,692)**	**(71)**	**710,771**	**604,008**
Cash flows	4,325	–	(5,683)	(1,358)
Exchange rate adjustments	(153)	–	1,222	1,069
Other non-monetary movements (*)	–	71	15,166	15,237
Net financial debt as at 31 December 2024	**(102,520)**	**–**	**721,476**	**618,956**

(*) Other non-monetary movements: mainly due to the impact of the new contracts under IFRS 16.

16. Other current and non-current payables

	2024		2023	
	Current maturity	Non-current maturity	Current maturity	Non-current maturity
Payable to asset suppliers	14,921	–	8,385	–
Accounts payable to public authorities (Note 20)	23,590	–	14,103	–
Remuneration payable (Note 18)	18,840	–	19,064	–
Other	10,189	4,908	4,088	6,707
Total	**67,540**	**4,908**	**45,640**	**6,707**

"Other" mainly includes the capital grants not yet released to income, amounting to approximately €3.5 million (2023: €3.9 million), and the current financial liabilities related to the last derivative settlements of the year amounting to EUR 6.6 million (2023: €0.0 million).

17. Financial derivatives

The Group uses derivative financial instruments to hedge the risks to which its activities, operations and future cash flows are exposed, which are mainly risks arising from changes in exchange rates, interest rates and the market price of certain metals, mainly zinc. Details of the balances that reflect the measurement of derivatives in the accompanying consolidated statement of financial position as at 31 December 2024 and 2023 are as follows:

	2024	2023
Cash flow hedges non-current assets (Note 10)		
Swap contracts for zinc	–	8,796
Interest rate swap	11,256	20,845
Equity swap	–	880
	11,256	**30,521**
Cash flow hedges current assets		
Swap contracts for zinc	–	14,138
Foreign currency swap	–	38
	–	14,176
Total assets	**11,256**	**44,697**
Cash flow hedges non-current liabilities:		
Swap contracts for zinc	12,637	–
Equity swap	3,570	–
	16,207	–
Cash flow hedges current liabilities:		
Swap contracts for zinc	26,079	2,229
Foreign currency SWAP	83	–
	26,162	**2,229**
Total liabilities	**42,369**	**2,229**

Zinc derivative contracts

Details of the tonnes hedged and of the maturity of the related contracts at 31 December 2024 and 2023 are as follows:

	Tonnes			
	31 December 2024		31 December 2023	
	2025	2026 and subsequent years	2024	2025 and subsequent years
Hedge (in tonnes)				
Swap contract for zinc	165,901	152,925	145,733	40,375
	165,901	**152,925**	**145,733**	**40,375**

During 2024, Befesa has extended its zinc hedges until and including January 2027 (2023: June 2025).

17. Financial derivatives continued

Derivatives are designated to hedge highly probable forecast transactions (sales). The full effect of the hedge is recognised in equity, net of the tax effect, considering its assessment as highly effective hedging instruments. The portion transferred to profit/(loss) each year is recognised under "Revenue" in the income statement at each settlement date.

Interest rate swaps (floating to fixed)

The Company arranged an interest rate swap ("IRS") in March 2020; the notional amount of the IRSs outstanding at 31 December 2024 and 31 December 2023 totalled €316,000 thousand (Note 4.1), which was classified as a highly effective hedging instrument. The fix interest rate is 0.236%, and the main benchmark floating rate was Euribor. This derivative matures in July 2026.

Equity swap

At the end of the year 2024, the Group has an ongoing equity swap agreement to acquire 293,228 shares.

At the end of the year 2023, the Group had formalised an equity swap agreement to acquire 374,588 shares with the same schedule of the compensation plan (Note 24).

Foreign currency cash flow hedges

At 31 December 2024, currency purchase contracts (swaps or forwards) amounted to:

- US dollar sales: USD 21,667 thousand
- US dollar purchases: USD 4,900 thousand

At 31 December 2023, currency purchase contracts (swaps or forwards) amounted to:

- US dollar sales: USD 14,033 thousand
- US dollar purchases: USD 7,873 thousand

Highly probable future hedged transactions denominated in foreign currency are expected to take place on various dates within the next 12 months. The gains and losses recognised in the hedging reserve in equity in connection with forward foreign currency contracts at 31 December 2024 and 2023 are recognised in profit or loss in the year in which the hedged transactions affect the income statement. Gains and losses in equity in respect of currency forwards at 31 December 2024 will be transferred to the income statement over the next 12 months.

18. Long-term provisions

Details of long-term provisions on the liability side of the accompanying consolidated financial statements and of movements in 2024 and 2023 are as follows:

	Provisions for litigation, pensions and similar obligations	Other provisions for contingencies and charges	Total long-term provisions
Balance at 31 December 2022	**9,795**	**8,723**	**18,518**
Profit and loss impact	2,539	1,588	4,127
Transfers	(3,889)	–	(3,889)
Payments	(284)	(73)	(357)
Conversion differences	(79)	(267)	(346)
Balance at 31 December 2023	**8,082**	**9,971**	**18,053**
Profit and loss impact	(143)	197	54
Transfers	(1,837)	–	(1,837)
Payments	(340)	(694)	(1,034)
Conversion differences	345	490	835
Balance at 31 December 2024	**6,107**	**9,964**	**16,071**

Provisions for litigation, pensions and similar obligations

At 31 December 2024, the Group recognised a provision of €2.0 million (2023: €3.1 million) related to the compensation plans described in Note 24. "Transfers" in 2024 and 2023 mainly corresponds to the liability payable in 2025 and 2024, which has been recognised as "Remuneration payable" at 31 December 2024 and 2023.

In 2024, the profit and loss impacts are related to a cancellation of a provision for Befesa Holding US, Inc. partially offset by the compensation plans described in Note 24. In 2023, the profit and loss impacts were mainly related to the compensation plans described in Note 24.

Other provisions for contingencies and charges

The Group company Befesa Circular Alloys France, S.A.S. (formerly Befesa Valera, S.A.S.) recognises a provision of approximately €1.9 million at 31 December 2024 and 2023 for the present value of the estimated costs of dismantling the concession for the performance of their activities at the Port of Dunkirk (France) following its termination.

In addition, the Group recognised other provisions under "Other provisions for contingencies and charges" to meet liabilities, whether legal or implicit, probable or certain, due to contingencies, ongoing litigations and tax obligations, which arise as the result of past events and are more likely than not to require an outflow of resources embodying economic benefits from the Group to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Befesa Zinc US, Inc. recognises asset retirement obligations linked to its different facilities in the US of €7.0 million at 31 December 2024 (2023: €7.0 million) for the present value of estimated costs. The main asset retirement obligation relates to the ultimate closure of the former Monaca facility.

19. Income tax

The Group's Parent Company, Befesa, S.A., is subject to Luxembourg law (Note 1).

Befesa Medio Ambiente, S.L.U. heads the fiscal group of companies subject to Biscay tax regulation. That tax group comprises Befesa Medio Ambiente, S.L.U., MRH Residuos Metálicos, S.L.U., Befesa Aluminio, S.L.U., Befesa Aluminio Comercializadora, S.L.U., Befesa Zinc, S.A.U., Befesa Zinc Comercial, S.A.U., Befesa Zinc Óxido, S.A.U., Befesa Zinc Aser, S.A.U., Befesa Steel R&D, S.L.U., Befesa Zinc Sur, S.L.U. and Befesa Circular Alloys, S.L.U.

The German companies Befesa Zinc Germany GmbH, Befesa Steel Services GmbH, Befesa Zinc Freiberg GmbH and Befesa Zinc Duisburg GmbH file consolidated tax returns under the tax legislation applicable to them in Germany; Befesa Zinc Gravelines, S.A.S. and Befesa Circular Alloys France, S.A.S. file consolidated tax returns under the tax legislation applicable to them in France; the German companies Befesa Salzschlacke GmbH and Befesa Aluminium Germany GmbH file consolidated tax returns under the tax legislation applicable to them in Germany; and in the US, the companies Befesa Holding US, Inc., Befesa Zinc US, Inc., Befesa Zinc Metal, LLC. and Chesnut Ridge Railroad, Corp. file consolidate tax returns under the tax legislation applicable to them in the US.

The remaining Group companies file individual income tax returns in accordance with the tax legislation applicable to them.

Group companies subject to Biscay tax legislation, including those that form part of the tax group, generally have open for review by the tax authorities the years that have not become statute-barred, the last four years for income tax and for the main taxes and tax obligations applicable to them, in accordance with current legislation.

Fully consolidated foreign subsidiaries calculate income tax expense and tax charges for the taxes applicable to them in conformity with the legislation of, and at the tax rates in force in, their respective countries (Note 3.19).

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation is effective for the Group's financial year beginning 1 January 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Group would meet at least one of the Transitional Safe Harbours tests for the following years (2024–2026) in all the jurisdictions except in France, where a capitalisation of tax loss carry-forwards coming from previous years has been carried out in 2024. Without this impact, the French jurisdiction also would meet at least one of the Transitional Safe Harbours tests. The Group does not expect a material exposure to Pillar Two income taxes in any jurisdiction.

The reconciliation of accounting profit/(loss) for the year to income tax expense for the year is as follows:

	2024	2023
Profit/(Loss) before tax from continuing operations	74,850	68,068
Total accounting profit/(loss) before tax	**74,850**	**68,068**
Tax charge at the tax rate in force in each territory	(20,253)	(18,251)
Tax credits (loss) generated/used in the year and not capitalised	(7,311)	(2,265)
Off-balance tax credits recognition	4,849	2,402
Tax credit de-recognition	(2,128)	–
Non-deductible expenses and non-computable income (Note 22.3)	426	4,445
Tax deductions generated/(used) in the year	1,241	893
Others	2,412	2,276
Income tax expense	**(20,764)**	**(10,500)**
– From continuing operations	(20,764)	(10,500)

2024

Tax credits generated/used in the year and not capitalised mainly corresponds to tax loss carry-forwards generated in US companies.

Off-balance tax credits recognition relates mainly to previous year tax loss carry-forwards capitalisation in companies in France.

2023

Non-computable income at 31 December 2023 mainly corresponds to the income from valuing the net asset of Befesa Zinc Recytech, S.A.S. at 31 December 2022 at fair value (Note 22.3) that does not have a tax impact.

The detail of not reflected deferred tax assets and liabilities as of 31 December 2024 and 2023 is as follows:

2024

	Tax loss carry-forwards	Deductions	Temporary differences (assets)	Temporary differences (liabilities)
Befesa, S.A.	8,908	–	–	–
Befesa Holding US, Inc.	146,495	–	22,607	26,272
Befesa Circular Alloys Sweden, AB	8,343	–	53	174
Befesa Zinc Environmental Protection Technology (Henan) Co. Ltd	2,881	–	–	–
Befesa Circular Alloys France, S.A.S.	279	–	–	–
Others	1,398	600	267	–
Total deferred tax	**168,304**	**600**	**22,927**	**26,446**

(Thousands of euros) continued

19. Income tax continued

2023

	Tax loss carry-forwards	Deductions	Temporary differences (assets)	Temporary differences (liabilities)
Befesa, S.A.	8,866	–	–	–
Befesa Holding US, Inc.	129,203	–	18,647	19,704
Befesa Circular Alloys Sweden, AB	7,805	–	–	–
Befesa Circular Alloys France, S.A.S.	4,452	–	144	–
Others	2,321	458	316	–
Total deferred tax	**152,647**	**458**	**19,107**	**19,704**

The majority of these tax credits (€155.5 million) expire in 2043 or later (2023: €142.6 million).

Details of deferred tax assets and deferred tax liabilities in the accompanying consolidated financial statements for 2024 and 2023 are as follows:

	2024	2023
Deferred tax assets arising from:		
Tax loss carry-forwards and tax credits and tax relief	74,148	76,793
Revaluation of derivative financial instruments	8,742	272
Other deferred tax assets	19,292	19,643
Total deferred tax assets	**102,182**	**96,708**
Deferred tax liabilities arising from:		
Asset revaluation	43,782	44,065
Revaluation of derivative financial instruments	2,701	6,264
Deferred tax liability arising from the tax deductibility of goodwill	55,454	50,801
Other deferred tax liabilities	8,359	12,715
Total deferred tax liabilities	**110,296**	**113,845**

Amounts corresponding to deferred tax assets are as follows:

	2024	2023
Deferred tax assets		
Deferred tax assets recoverable in more than 12 months	88,798	91,486
Deferred tax assets recoverable within 12 months	13,384	5,222
Total deferred tax assets	**102,182**	**96,708**

The Directors of the Group companies consider that the tax assets recognised will be offset in the income tax returns of the Group companies taken individually or of the companies forming the consolidated tax group, as appropriate, within the applicable deadlines and limits.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the income taxes levied by the same tax authority. At 31 December 2024 and 2023, there was no material offset of deferred tax assets and liabilities.

The Group recognises deferred tax assets, tax loss carry-forwards and unused tax credits and tax relief to the extent that their future realisation or utilisation is sufficiently assured.

Movements in deferred tax assets and liabilities in 2024 and 2023 relate to:

2024

	Balance at 31/12/23	Recognised in: Income statement	Recognised in: Equity	Balance at 31/12/24
Deferred tax assets				
Tax loss carry-forwards and deductions	76,793	(1,472)	(1,173)	74,148
Derivatives	272	(3,686)	12,156	8,742
Other	19,643	(343)	(8)	19,292
Total deferred tax assets	**96,708**	**(5,501)**	**10,975**	**102,182**
Deferred tax liabilities				
Revaluations	44,065	(1,211)	928	43,782
Derivatives	6,264	–	(3,563)	2,701
Goodwill	50,801	4,653	–	55,454
Other (temporary differences)	12,715	(3,903)	(453)	8,359
Total deferred tax liabilities	**113,845**	**(461)**	**(3,088)**	**110,296**

2023

	Balance at 31/12/22	Recognised in: Income statement	Recognised in: Equity	Balance at 31/12/23
Deferred tax assets				
Tax loss carry-forwards and deductions	72,731	6,639	(2,577)	76,793
Derivatives	13,902	(308)	(13,322)	272
Other	17,014	1,492	1,137	19,643
Total deferred tax assets	**103,647**	**7,823**	**(14,762)**	**96,708**
Deferred tax liabilities				
Revaluations	46,123	(1,498)	(560)	44,065
Derivatives	7,474	–	(1,210)	6,264
Goodwill	46,644	4,157	–	50,801
Other (temporary differences)	7,392	5,259	64	12,715
Total deferred tax liabilities	**107,633**	**7,918**	**(1,706)**	**113,845**

The main amounts and changes in deferred tax assets and liabilities in 2024 and 2023 were as follows:

(Thousands of euros) continued

19. Income tax continued

2024

- Movements recognised in equity relate mainly to the tax effect of the measurement of derivatives hedging zinc prices (Note 17), and to the impact of conversion difference, mainly from deductions in Turkey and Befesa Zinc US, Inc.
- The movement in goodwill relates to the tax depreciation of the goodwill by Befesa Zinc.

2023

- Movements recognised in equity relate mainly to the tax effect of the measurement of derivatives hedging zinc prices (Note 17), and to the impact of conversion difference from deductions in Turkey (-€2.3 million) in assets, and from Befesa Zinc US, Inc. (€0.6 million) in liabilities.
- The movement in income statement in tax loss carry-forwards and deductions is mainly related to tax loss carry-forwards generated in Befesa Management Services, Chinese and Korean companies (€8.4 million) and tax incentives regarding investments in fixed assets in Turkey (€2.2 million). Meanwhile, in Basque fiscal companies, tax loss carry-forwards and deductions amounting to €4.2 million have been used.
- The movement in goodwill relates mainly to the tax depreciation of the goodwill by Befesa Zinc.

20. Public administrations

Details of tax receivables and tax payables on the asset and liability sides, respectively, of the accompanying consolidated statement of financial position as at 31 December 2024 and 2023 are as follows:

	2024		2023	
	Receivable (Note 13)	Payable (Note 16)	Receivable (Note 13)	Payable (Note 16)
VAT	8,420	7,232	7,812	5,979
Withholdings and interim payments	198	919	–	787
Corporate income tax	1,200	11,968	11,975	4,636
Social security	11	2,696	14	2,134
Other	658	775	925	567
Total	**10,487**	**23,590**	**20,726**	**14,103**

"Accounts payable to public authorities" on the liability side of the accompanying consolidated financial statements includes the liability relating to applicable taxes, mainly personal income tax withholdings, VAT and projected income tax relating to the profit for each year, mainly net of tax withholdings and pre-payments made each year.

21. Guarantee commitments to third parties and contingencies

At 31 December 2024 and 2023, a number of Group companies had provided guarantees for an overall amount of approximately €71.9 million (31 December 2023: €74.0 million) to guarantee their operations vis-à-vis customers, banks, government agencies and other third parties.

The Group has contingent liabilities for litigation arising in the ordinary course of business from which no significant liabilities are expected to arise other than those for which provisions have already been recognised.

In November 2021, a fire broke out at the plant in Hanover (Germany) belonging to the subsidiary Befesa Salzschlacke GmbH. Because of this fire, some parts of the plant were seriously damaged and have consequently been amortised. The insurance policy in place fully covers the damage caused, so the Group recognised an income of €4,065 thousand in 2023 under "Other operating income" (Note 22.3). In 2024, the Group has not recognised any income related to this incident and at 31 December 2024, the Group has no outstanding amounts to collect under "Other receivables" (2023: €2,280 thousand).

22. Income and expenses

22.1 Revenues

Details of revenues by category for 2024 and 2023 are as follows:

	2024	%	2023	%
Steel Dust	**825,550**	**67%**	**785,575**	**67%**
– Sale of WOX and other metals	541,882	44%	480,778	41%
– Service fees	83,527	7%	101,270	9%
– Smelting: sale of metals and by–products (Note 6)	341,334	28%	326,935	28%
– Eliminations (*)	(141,193)		(123,408)	
Salt Slags	**105,874**	**9%**	**86,318**	**7%**
– Sale of aluminium concentrates and melting salt	62,947	5%	51,903	4%
– Fees for recycling salt slags and SPL	42,927	3%	34,415	3%
Secondary Aluminium	**367,296**	**30%**	**360,228**	**31%**
– Sale of secondary aluminium alloys	342,717	28%	333,157	28%
– Technology division and others	24,579	2%	27,071	2%
Corporate, other minor eliminations	**(59,690)**		**(51,521)**	
Total	**1,239,030**		**1,180,600**	

(*) Eliminations in the Steel Dust segment correspond to the elimination of sales between Befesa Zinc US, Inc. and Befesa Zinc Metal, Inc., as Befesa Zinc US, Inc. sells 100% of its production to Befesa Zinc Metal, Inc., which processes WOX and transforms it into SHG zinc.

The Group discloses revenue by reporting segment and geographical area in Note 5.

22.2 Raw materials and consumables

Details of procurements in the consolidated income statement for 2024 and 2023 are as follows:

	2024	2023
Cost of raw materials and other supplies used	579,595	578,482
Changes in goods held for resale, raw materials and other inventories	(4,311)	(209)
	575,284	**578,273**

22.3 Other operating income

Details of other operating income in the consolidated income statement for 2024 and 2023 are as follows:

	2024	2023
In-house work on non-current assets (Note 3.6)	68	2,055
Income from income-related grants	1,680	6,269
Gain on business combination (Note 6)	–	20,498
Other operating income (Note 21)	1,283	4,065
Services	4,381	4,214
Total	**7,412**	**37,101**

(Thousands of euros) continued

22. Income and expenses continued

22.4 Personnel expenses

Details of personnel expenses in the consolidated income statement for 2024 and 2023 are as follows:

	2024	2023
Wages and salaries	112,243	114,749
Employer's social security contributions	19,240	18,250
Other welfare costs	13,840	13,279
Total	**145,323**	**146,278**

Of the Group's average headcount in 2024, 218 employees had temporary employment contracts (2023: 214 employees).

The number of employees at the 2024 and 2023 year-end, by gender, was as follows:

	2024		2023	
	Male	Female	Male	Female
Management	43	8	45	7
Experts	153	69	165	41
Professionals	313	66	291	100
Operators and assistants	1,068	64	1,073	68
Total	**1,577**	**207**	**1,574**	**216**

22.5 Other operating expenses

	2024	2023
External services	300,814	287,698
Taxes other than income tax	6,893	6,595
Other current operating expenses	9,313	10,197
Total	**317,020**	**304,490**

22.6 Amortisation/Depreciation, impairment and provisions

	2024	2023
Amortisation of intangible assets (Note 8)	2,503	2,126
Depreciation of property, plant and equipment (Note 9)	68,640	66,532
Amortisation of right-of-use assets (Note 11)	12,224	12,006
Other	8,336	1,505
Total	**91,703**	**82,169**

23. Finance costs

The breakdown of this balance in the 2024 and 2023 consolidated income statements is as follows:

	2024	2023
Interest expense	39,768	35,786
Other finance costs	6,945	3,208
Losses of fair value of financial assets measured at fair value through profit or loss (Note 6)	–	35
Total	**46,713**	**39,029**

In 2024, an interest rate swap settlement accrued €11,181 thousand of finance income (2023: €9,336 thousand). Other finance costs include €4,450 thousand related to the fair value of the equity swap (Note 17) (2023: €0 thousand).

24. Remuneration of the Board of Directors

Directors' remuneration and other benefits

Remuneration in the total amount of €5,768 thousand was accrued in 2024 to the members of the Parent Company's Board of Directors (including Executive Members of the Board of Directors) for discharging their duties in Group companies (2023: €8,106 thousand).

Also, as at 31 December 2024 and 2023 and during the year then ended, the Parent Company had not granted any loans, advances or other benefits to its former or current Directors.

In addition, the Parent Company did not have any pension or guarantee obligations with any current members of the Board of Directors.

Incentives to executives and other matters

In 2024 and 2023, there were no transactions with senior executives outside the normal course of business.

In January 2018, the Parent Company approved a compensation plan for certain members of the Group's management. This compensation plan was linked to the evolution of certain key indicators determined in the agreement (cumulative EBIT and/or EBITDA; cumulative cash flow; return on inputs of strategic projects; and EHS environment, health and safety, and governance as strategic initiatives). The plan consists of four tranches of three years each, from January 2018 to January 2021, and considers 89,107 shares per tranche. The agreed remuneration plan is conditioned to the continuation of the beneficiaries as senior management and managers of the Group. The agreed remuneration related to the fourth and third tranche was paid in 2024 and 2023 for the amounts of €3.4 million and €5.8 million, respectively.

In 2022, the Parent Company approved another compensation plan for certain members of the Group's management. This compensation plan was linked to the evolution of certain key indicators determined in the agreement (cumulative EBITDA; cumulative cash flow; ESG targets; and share price development). The plan consists of four tranches of three years each, from January 2022 to January 2025, and considers 82,392 shares per tranche. The agreed remuneration plan is conditioned to the continuation of the beneficiaries as senior management and managers of the Group.

The main assumptions correspond to the estimation of the degree of achievement of the key indicators and the fair value of the shares. In this regard, in 2024 the Group's Directors estimate a degree of achievement of these indicators of 75% for the fifth tranche and 100% for the remaining tranches using the market value of Befesa, S.A. shares at 31 December 2024, as a reference. In 2023, the Group's Directors estimate a degree of achievement of these indicators of 100% for all tranches, taking as reference the market value of Befesa, S.A. shares at 31 December 2023.

On 26 April 2021, the Board of Directors of the Company granted a Transformational Growth Incentive Plan (TGIP) incentivising a transformational acquisition opportunity. This TGIP is linked to the evolution of the share price, consisting of 187,500 shares that can be executed 1/3 in 2021, 1/3 in 2022 and the last 1/3 in 2023. The first 1/3 was paid in 2021 for an amount of €4.4 million, the second 1/3 was paid in 2022 for an amount of €2.7 million, and the third 1/3 was paid in 2023 for an amount of €1.6 million.

25. Information on the environment

The Parent Company and its subsidiaries maintain their production facilities in such a way as to meet the standards established by the environmental legislation of the countries in which the facilities are located.

Property, plant and equipment include investments made in assets intended to minimise the environmental impact and protect and improve the environment (Note 1).

26. Auditors' fees

Fees corresponding to services rendered by KPMG Audit S.à.r.l. and network firms for the years ended 31 December 2024 and 2023, irrespective of the invoice date, are as follows:

	Thousands of euros	
	2024	**2023**
Audit services	1,057	783
Tax services	8	16
Other services	204	47
	1,269	**846**

27. Earnings per share

a) Basic earnings/(losses) per share (EUR per share)

	2024	**2023**
From continuing operations attributable to the ordinary equity holders of the Company	1.27	1.45
From discontinued operations	–	–
Total basic earnings/(losses) per share attributable to the ordinary equity holders of the Company	**1.27**	**1.45**

b) Diluted earnings/(losses) per share (EUR per share)

As at 31 December 2024 and 2023, there are no differences between basic and diluted earnings/(losses) per share.

c) Reconciliation of earnings used in calculating earnings per share

	Thousands of euros	
	2024	2023
Profit/(Loss) for the year from continuing operations	54,086	57,568
Less non-controlling interests from continuing operations	(3,266)	404
Profit/(Loss) from continuing operations attributable to the ordinary equity holders of the Company	50,820	57,972
Profit/(Loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**50,820**	**57,972**

d) Weighted average number of shares used as the denominator

	Number in thousand	
	2024	2023
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (Note 14)	40,000	40,000

As at 31 December 2024 and 2023, there are no financial instruments or other contracts that might have a significant dilutive effect on the calculation of earnings per share.

28. Subsequent events

On 19 March 2025, Befesa repriced its TLB, reducing its interest rate by 50 bps to Euribor +225 bps with a floor of 0%. The facility's long-term July 2029 maturity date and all other contractual terms remain unchanged.

28. Subsequent events

On 19 March 2025, Befesa repriced its TLB, reducing its interest rate by 50 bps to Euribor +225 bps with a floor of 0%. The facility's long-term July 2029 maturity date and all other contractual terms remain unchanged.

Subsidiaries

2024

					Thousands of euros (31/12/2024)				
Entity	Country	Activity	% interest	Auditor	Capital	Reserves	Translation differences	Results	Interim dividend
Subsidiaries:									
Befesa Medio Ambiente, S.L.U.	Spain	Holding	100%	KPMG	150,003	820,038	–	116,526	–
– Befesa Management Services GmbH	Germany	Holding	100%	KPMG	25	2,458	(30)	263	–
– MRH Residuos Metálicos, S.L.U.	Spain	Holding	100%	(1)	15,600	13,679	–	57,607	(53,000)
– Befesa Salzschlacke GmbH	Germany	Aluminium waste treatment	100%	KPMG	25	3,843	–	1,673	–
– Befesa Aluminium Germany GmbH	Germany	Aluminium waste treatment	100%	KPMG	25	303	–	–	–
– Befesa Aluminio, S.L.U.	Spain	Recovery of metals	100%	KPMG	4,767	64,150	–	11,383	–
Befesa Aluminio Comercializadora, S.L.	Spain	Marketing company	100%	(1)	90	21	–	–	–
– Befesa Zinc, S.A.U.	Spain	Holding	100%	KPMG	25,010	498,176	–	63,619	(60,000)
– Befesa Zinc Comercial, S.A. (Sociedad Unipersonal)	Spain	Sale of recycled waste	100%	KPMG	60	7,529	–	325	–
– Befesa Zinc Aser, S.A. (Sociedad Unipersonal)	Spain	Recovery of metals	100%	KPMG	4,260	7,153	–	46,024	(40,850)
– Befesa Zinc Sur, S.L. (Sociedad Unipersonal)	Spain	Recovery of metals	100%	(1)	605	202	–	(3)	–
– Befesa Zinc Óxido, S.A. (Sociedad Unipersonal)	Spain	Recovery of metals	100%	KPMG	1,102	5,364	–	564	–
– Befesa Steel R&D, S.L. (Sociedad Unipersonal)	Spain	Development of projects and technology innovation	100%	(1)	3	797	–	59	–
– Befesa Circular Alloys, S.L.U.	Spain	Holding	100%	(1)	3	14,512	–	5,924	–
Befesa Circular Alloys France, S.A.S.	France	Recovery of metals	100%	KPMG	4,000	1,206	–	3,096	–
Befesa Circular Alloys Sweden, AB	Sweden	Recovery of metals	100%	KPMG	5,309	2,895	(351)	(3,236)	–

Entity	Country	Activity	% interest	Auditor	Capital	Reserves	Translation differences	Results	Interim dividend
					Thousands of euros (31/12/2024)				
– Befesa Silvermet Turkey, S.L.	Spain	Holding	53.60%	(1)	9,175	740	–	(111)	–
Befesa Silvermet İskenderun Çelik Tozu Geri Dönüşümü, A.S.	Turkey	Recovery of metals	100%	E&Y	5,707	42,185	(30,467)	5,914	–
Befesa Silvermet Dış Ticaret, A.S.	Turkey	Recovery of metals	100%	(1)	2,674	4,923	(4,987)	874	–
– Befesa Zinc Germany GmbH	Germany	Holding	100%	(1)	25	552,394	–	20,059	(20,000)
Befesa Steel Services GmbH	Germany	Sales and logistics	100%	KPMG	2,045	68,004	–	(28)	–
Befesa Zinc Duisburg GmbH	Germany	Recovery of metals	100%	KPMG	5,113	14,083	–	38	–
Befesa Zinc Korea Co., Ltd.	South Korea	Recovery of metals	100%	KPMG	17,015	20,756	(4,200)	7,052	–
Befesa Pohang Co., Ltd.	South Korea	Recovery of metals	100%	KPMG	1,770	5,883	(1,150)	1,422	–
Befesa Zinc Freiberg GmbH & Co., KG	Germany	Recovery of metals	100%	KPMG	1,000	12,628	–	245	–
Befesa Zinc Environmental Protection Technology (Jiangsu) Co., Ltd.	China	Recovery of metals	100%	KPMG	21,407	(9,877)	799	(1,828)	–
Befesa (China) Investment Co., Ltd.	China	Holding	100%	KPMG	18,825	(1,084)	236	187	–
Befesa Zinc Environmental Protection Technology (Henan) Co., Ltd.	China	Recovery of metals	100%	KPMG	17,890	(6,197)	(11)	(7,751)	–
Befesa Zinc Gravelines S.A.S.	France	Waelz oxide treatment	100%	KPMG	8,000	327	–	395	–
Befesa Holding US, Inc.	US								
Befesa Zinc US, Inc.	US	Waelz oxide treatment	100%	(1) /(2)	549,152	(798)	32,044	21,150	–
Befesa Zinc Metal, Inc.	US	Zinc refining	100%	(1) /(2)	107,466	(37,306)	(9,708)	(48,275)	–
Befesa Zinc Recytech, S.A.S. (3)	France	Recovery of metals	100%	Deloitte	6,240	3,718	–	14,762	–

(1) Companies not subject to statutory audit
(2) Audit for Group audit purposes by KPMG
(3) Name changed in 2024 from Recytech, S.A. to Befesa Zinc Recytech, S.A.S.

Subsidiaries
2023

Entity	Country	Activity	% interest	Auditor	Thousands of euros (31/12/2023)				
					Capital	Reserves	Translation differences	Results	Interim dividend
Subsidiaries:									
Befesa Medio Ambiente, S.L.U.	Spain	Holding	100%	KPMG	150,003	803,745	–	51,582	–
– Befesa Management Services GmbH	Germany	Holding	100%	KPMG	25	2,191	(30)	267	–
– MRH Residuos Metálicos, S.L.U.	Spain	Holding	100%	(1)	15,600	14,997	–	(1,318)	–
– Befesa Salzschlacke GmbH	Germany	Aluminium waste treatment	100%	KPMG	25	22,192	–	9,651	–
– Befesa Aluminium Germany GmbH	Germany	Aluminium waste treatment	100%	KPMG	25	303	–	–	–
– Befesa Aluminio, S.L.U.	Spain	Recovery of metals	100%	KPMG	4,767	79,285	–	14,957	–
Befesa Aluminio Comercializadora, S.L.	Spain	Marketing company	100%	(1)	90	21	–	–	–
– Befesa Zinc, S.A.U.	Spain	Holding	100%	KPMG	25,010	413,275	–	43,901	(39,000)
– Befesa Zinc Comercial, S.A. (Sociedad Unipersonal)	Spain	Sale of recycled waste	100%	KPMG	60	7,105	–	424	–
– Befesa Zinc Aser, S.A. (Sociedad Unipersonal)	Spain	Recovery of metals	100%	KPMG	4,260	15,376	–	33,451	(30,800)
– Befesa Zinc Sur, S.L. (Sociedad Unipersonal)	Spain	Recovery of metals	100%	(1)	605	206	–	(3)	–
– Befesa Zinc Óxido, S.A. (Sociedad Unipersonal)	Spain	Recovery of metals	100%	KPMG	1,102	6,113	–	(749)	–
– Befesa Steel R&D, S.L. (Sociedad Unipersonal)	Spain	Development of projects and technology innovation	100%	(1)	3	787	–	10	–
– Befesa Circular Alloys, S.L.U. (3)	Spain	Holding	100%	(1)	3	10,342	–	10,169	–
Befesa Circular Alloys France, S.A.S. (4)	France	Recovery of metals	100%	KPMG	4,000	(154)	–	7,241	–
Befesa Circular Alloys Sweden, AB (5)	Sweden	Recovery of metals	100%	KPMG	5,309	(3,956)	(261)	1,600	–
– Befesa Silvermet Turkey, S.L.,	Spain	Holding	53.60%	(1)	9,175	800	–	(60)	–

					Thousands of euros (31/12/2023)				
Entity	Country	Activity	% interest	Auditor	Capital	Reserves	Translation differences	Results	Interim dividend
Befesa Silvermet İskenderun Çelik Tozu Geri Dönüşümü, A.S.	Turkey	Recovery of metals	100%	E&Y	4,968	46,260	(29,103)	(9,851)	–
Befesa Silvermet Dış Ticaret, A.S.	Turkey	Recovery of metals	100%	(1)	2,035	4,060	(4,758)	452	–
– Befesa Zinc Germany GmbH	Germany	Holding	100%	KPMG	25	430,144	–	12,250	(15,000)
Befesa Steel Services GmbH	Germany	Sales and logistics	100%	KPMG	2,045	67,970	–	33	–
Befesa Zinc Duisburg GmbH	Germany	Recovery of metals	100%	KPMG	5,113	17,207	–	(53)	–
Befesa Zinc Korea Co., Ltd.	South Korea	Recovery of metals	100%	KPMG	17,015	34,798	(1,448)	(505)	–
Befesa Pohang Co., Ltd.	South Korea	Recovery of metals	100%	KPMG	1,770	3,827	(646)	2,061	–
Befesa Zinc Freiberg GmbH & Co., KG	Germany	Recovery of metals	100%	KPMG	1,000	18,118	–	200	–
Befesa Zinc Environmental Protection Technology (Jiangsu) Co., Ltd.	China	Recovery of metals	100%	KPMG	21,407	(5,896)	426	(3,982)	–
Befesa (China) Investment Co, Ltd.	China	Holding	100%	KPMG	18,825	(422)	228	(662)	–
Befesa Zinc Environmental Protection Technology (Henan) Co., Ltd.	China	Recovery of metals	100%	KPMG	17,890	(1,034)	(209)	(5,163)	–
Befesa Zinc Gravelines S.A.S.	France	Waelz oxide treatment	100%	KPMG	8,000	273	–	1,677	–
Befesa Holding US, Inc.	US								
Befesa Zinc US, Inc.	US	Waelz oxide treatment	100%	(1)/(2)	424,152	22,345	(494)	(1,725)	–
Befesa Zinc Metal, Inc.	US	Zinc refining	100%	(1)/(2)	107,466	(15,490)	(11,464)	(21,055)	–
Recytech, S.A.	France	Recovery of metals	50%	Deloitte	6,240	13,450	–	7,960	–

(1) Companies not subject to statutory audit
(2) Audit for Group audit purposes by Grant Thornton
(3) Name changed in 2023 from Befesa Stainless Recycling, S.L. to Befesa Circular Alloys, S.L.U.
(4) Name changed in 2023 from Befesa Valera, S.A.S. to Befesa Circular Alloys France, S.A.S.
(5) Name changed in 2023 from Befesa ScanDust AB to Befesa Circular Alloys Sweden, AB.

Responsibility statement

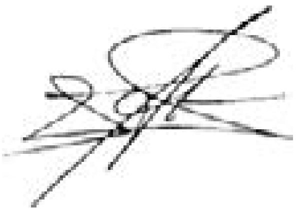
Consolidated financial statements

We, Javier Molina Montes, Asier Zarraonandia Ayo and Rafael Pérez Gómez, respectively Executive Chair, Chief Executive Officer and Chief Financial Officer, confirm, to the best of our knowledge, that:

- the 2024 consolidated financial statements of Befesa S.A. presented in this Annual Report, which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of Befesa S.A. and the undertakings included in the consolidation taken as a whole; and
- the management report includes a fair review of the development and performance of the business and the position of Befesa S.A. and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 29 April 2025

Javier Molina
Executive Chair



Asier Zarraonandia
Chief Executive Officer

Rafael Pérez
Chief Financial Officer

Independent auditor's report

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Responsibilities of

To the Shareholders of
Befesa S.A.
68-70, Boulevard de la Pétrusse
L-2320 Luxembourg
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Befesa S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Recoverability of the goodwill from Befesa Zinc US, Inc.

a) Why the matter was considered to be one of the most significant in our audit of the consolidated financial statements of the current period

On 17 August 2021, the Group, through Befesa Holding US, Inc, acquired a 100% interest in American Zinc Recycling Corp. (currently Befesa Zinc US, Inc). Befesa Zinc US, Inc has its registered office in Pittsburgh, Pennsylvania and its principal activity is providing electric arc furnace steel dust (EAFD) recycling services. The main reason for the business combination was to enter the US market and become a global leader in steel dust recycling.

As a result of the business combination, a goodwill of EUR 228,674 thousand resulting from the excess of net assets acquired over the cost of acquisition arose on the date of acquisition.

As of 31 December 2024, the goodwill from Befesa Zinc US, Inc. is EUR 258,929 thousand, which represents 40.1% of the total goodwill amount of Befesa S.A..

We identified the goodwill from Befesa Zinc US, Inc., and particularly the recoverability of the asset as a key audit matter because of its significance to the consolidated financial statements, being Befesa Zinc US, Inc. a relatively recent cash generating unit acquired and because of the significant judgement of the management and estimation required in performing the valuation analysis which could be subject to error or potential management bias.

b) How the matter was addressed in our audit

Our procedures concerning the valuation of Befesa Zinc US, Inc goodwill included, but were not limited to, the following:

- Assessing the appropriateness of the accounting treatment applied.
- With the involvement of our valuation specialists:
  - Evaluating the methodology applied by management for the valuation of goodwill;
  - Testing the mathematical accuracy of the valuation model used;
  - Assessing the key valuation assumptions;
  - Validating key inputs and data used in the valuation model.
- Assessing whether the Group’s disclosures in the consolidated financial statements reflect the requirements of the prevailing accounting standards.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of the “réviseur d'entreprises agréé” thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Our responsibility is to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Shareholders on 20 June 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 6 years.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2024 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to:

— consolidated financial statements prepared in a valid xHTML format;

— The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of Befesa S.A. as at 31 December 2024, identified as 222100VXGA8L6J4ZWG61-2024-12-31-0-en.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the consolidated financial statements of Befesa S.A. as at 31 December 2024, identified as 222100VXGA8L6J4ZWG61-2024-12-31-0-en.zip, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 29 April 2025

KPMG Audit S.à r.l.
Cabinet de révision agréé

Stephan Lego-Deiber

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Balance sheet for the year ended 31 December 2024

(Expressed in euros)

				Note(s)	2024	2023
Assets						
A.	**Subscribed capital unpaid**					
	I.	Subscribed capital not called				
	II.	Subscribed capital called but unpaid				
B.	**Formation expenses**			**3**	**1,063,163.00**	**1,794,587.00**
C.	**Fixed assets**				**1,247,026,151.00**	**1,223,026,151.00**
	I.	Intangible assets				
		1.	Costs of development			
		2.	Concessions, patents, licences, trademarks and similar rights and assets, if they were			
			a) acquired for valuable consideration and need not be shown under C.I.3			
			b) created by the undertaking itself			
		3.	Goodwill, to the extent that it was acquired for valuable consideration			
		4.	Payments on account and intangible assets under development			
	II.	Tangible assets				
		1.	Land and buildings			
		2.	Plant and machinery			
		3.	Other fixtures and fittings, tools and equipment			
		4.	Payments on account and tangible assets in the course of construction			
	III.	Financial assets		**4**	**1,247,026,151.00**	**1,223,026,151.00**
		1.	Shares in affiliated undertakings		**597,026,151.00**	**597,026,151.00**
		2.	Loans to affiliated undertakings		**650,000,000.00**	**626,000,000.00**
		3.	Participating interests			
		4.	Loans to undertakings with which the undertaking is linked by virtue of participating interests			
		5.	Investments held as fixed assets			
		6.	Other loans			

	Note(s)	2024	2023
D. Current assets		**4,591,788.00**	**7,069,533.00**
I. Stocks			
1. Raw materials and consumables			
2. Work in progress			
3. Finished goods and goods for resale			
4. Payments on account			
II. Debtors	**5**	**4,566,283.00**	**7,054,308.00**
1. Trade debtors			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
2. Amounts owed by affiliated undertakings		**4,566,283.00**	**7,054,308.00**
a) becoming due and payable within one year	**5.1**	**4,185,685.00**	**5,454,512.00**
b) becoming due and payable after more than one year	**5.2**	**380,598.00**	**1,599,796.00**
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
4. Other debtors			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
III. Investments			
1. Shares in affiliated undertakings			
2. Own shares			
3. Other investments			
IV. Cash at bank and in hand		**25,505.00**	**15,225.00**
E. Prepayments	**6**	**5,415,009.00**	**3,310,533.00**
TOTAL (ASSETS)		**1,258,096,111.00**	**1,235,200,804.00**

(Expressed in euros) continued

				Note(s)	2024	2023
CAPITAL, RESERVES AND LIABILITIES						
A	Capital and reserves			7	598,083,750.00	600,321,282.00
	I.	Subscribed capital			111,047,595.00	111,047,595.00
	II.	Share premium account			532,868,268.00	532,868,268.00
	III.	Revaluation reserve				
	IV.	Reserves			57,197,732.00	35,050,242.00
		1.	Legal reserve		11,104,760.00	11,104,760.00
		2.	Reserve for own shares			
		3.	Reserves provided for by the articles of association			
		4.	Other reserves, including the fair value reserve		46,092,972.00	23,945,482.00
			a) other available reserves		46,092,972.00	23,945,482.00
			b) other non-available reserves			
	V.	Profit or loss brought forward			-129,992,312.00	-129,992,312.00
	VI.	Profit or loss for the financial year			26,962,467.00	51,347,489.00
	VII.	Interim dividends				
	VIII.	Capital investment subsidies				
B.	**Provisions**			8	102,511.00	52,511.00
	1.	Provisions for pensions and similar obligations				
	2.	Provisions for taxation				
	3.	Other provisions			102,511.00	52,511.00
C.	**Creditors**			9	654,494,841.00	631,631,749.00
	1.	Debenture loans				
		a)	Convertible loans			
			i) becoming due and payable within one year			
			ii) becoming due and payable after more than one year			
		b)	Non-convertible loans			
			i) becoming due and payable within one year			
			ii) becoming due and payable after more than one year			
	2.	Amounts owed to credit institutions			654,185,685.00	631,454,512.00
		a)	becoming due and payable within one year		4,185,685.00	5,454,512.00
		b)	becoming due and payable after more than one year		650,000,000.00	626,000,000.00
	3.	Payments received on account of orders insofar as they are shown separately as deductions from stocks				

	Note(s)	2024	2023
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
4. Trade creditors		**268,549.00**	**134,452.00**
a) becoming due and payable within one year		**268,549.00**	**134,452.00**
b) becoming due and payable after more than one year			
5. Bills of exchange payable			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
6. Amounts owed to affiliated undertakings			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
8. Other creditors		**40,607.00**	**42,785.00**
a) Tax authorities		**40,607.00**	**42,785.00**
b) Social security authorities			
c) Other creditors			
i) becoming due and payable within one year			
ii) becoming due and payable after more than one year			
D. Deferred income	**10**	**5,415,009.00**	**3,195,262.00**
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		**1,258,096,111.00**	**1,235,200,804.00**

Profit and loss account for the year ended 31 December 2024

(Expressed in euros)

			Note(s)	2024	2023
PROFIT AND LOSS ACCOUNT					
1.	**Net turnover**				
2.	**Variation in stocks of finished goods and in work in progress**				
3.	**Work performed by the undertaking for its own purposes and capitalised**				
4.	**Other operating income**		**11**	974,134.00	1,236,766.00
5.	**Raw materials and consumables and other external expenses**			-667,847.00	-892,597.00
	a)	Raw materials and consumables			
	b)	Other external expenses	12	-667,847.00	-892,597.00
6.	**Staff costs**		**13**	–	–
	a)	Wages and salaries			
	b)	Social security costs			
		i) relating to pensions			
		ii) other social security costs			
	c)	Other staff costs			
7.	**Value adjustments**		**14-3**	-731,424.00	-729,425.00
	a)	in respect of formation expenses and of tangible and intangible fixed assets		-731,424.00	-729,425.00
	b)	in respect of current assets			
8.	**Other operating expenses**		**15**	-732,908.00	-701,424.00
9.	**Income from participating interests**		**16**	28,000,000.00	52,474,998.00
	a)	derived from affiliated undertakings		28,000,000.00	52,474,998.00
	b)	other income from participating interests			
10.	**Income from other investments and loans forming part of the fixed assets**		**17**	38,894,376.00	32,814,572.00
	a)	derived from affiliated undertakings		38,894,376.00	32,814,572.00
	b)	other income not included under a)			

		Note(s)	2024	2023
11.	**Other interest receivable and similar income**	**18**	**12,616,138.00**	**10,808,836.00**
	a) derived from affiliated undertakings		**1,434,569.00**	**1,472,832.00**
	b) other interest and similar income		**11,181,569.00**	**9,336,004.00**
12.	**Share of profit or loss of undertakings accounted for under the equity method**			
13.	**Value adjustments in respect of financial assets and of investments held as current assets**			
14.	**Interest payable and similar expenses**	**19**	**-51,382,502.00**	**-43,659,422.00**
	a) concerning affiliated undertakings		**-11,181,405.00**	**-9,356,567.00**
	b) other interest and similar expenses		**-40,201,097.00**	**-34,302,855.00**
15.	**Tax on profit or loss**			
16.	**Profit or loss after taxation**		**26,969,967.00**	**51,352,304.00**
17.	**Other taxes not shown under items 1 to 16**	**20**	**-7,500.00**	**-4,815.00**
18.	**Profit or loss for the financial year**		**26,962,467.00**	**51,347,489.00**

Notes to the statutory financial statements for the year ended 31 December 2024

(Expressed in euros)

1. General information

Befesa S.A. (the "Company") (formerly Bilbao Midco S.à r.l) was incorporated in Luxembourg on 31 May 2013 as a "société à responsabilité limitée" subject to the Luxembourg law for an unlimited period of time. On 18 October 2017, the shareholders resolved to convert the Company from its current form of a "société à responsabilité limitée" into a "société anonyme" without creating a new legal entity or affecting the legal existence or personality of the Company in any manner, and to change the name of the Company into Befesa S.A. The registered office of the Company is established at 68-70 Boulevard de la Pétrusse, L-2320 Luxembourg.

The registered office of the Company is established in Luxembourg and the Company number with the Registre de Commerce is B177697. The financial year of the Company starts on 1 January and ends on 31 December.

The object of the Company is the acquisition, holding and disposal of interests in Luxembourg and/or in foreign companies and undertakings, as well as the administration, development and management of such interests. The Company may provide loans and financing in any other kind or form, or grant guarantees or security in any kind or form, for the benefit of the companies and undertakings forming part of the group of which the Company is a member. The Company may also invest in real estate, in intellectual property rights or any other movable or immovable assets in any kind or form. The Company may borrow in any kind or form and issue bonds, notes or any other debt instruments as well as warrants or other share subscription rights. In a general fashion, the Company may carry out any commercial, industrial or financial operation, which it may deem useful in the accomplishment and development of its object.

Following the Initial Public Offer ("IPO") held on 3 November 2017, the Company is listed on the Frankfurt Stock Exchange (ISIN number: LU1704650164).

The Company also prepares consolidated financial statements in accordance with IFRS Accounting standards as adopted by the European Union ("IFRS"). The consolidated financial statements and the management report are available at the registered office of the Company.

2. Summary of significant accounting policies and valuation methods

2.1 Basis of preparation

The annual accounts of the Company are prepared in accordance with Luxembourg legal and regulatory requirements.

Accounting policies and valuation rules follow the historical cost convention and are determined and applied by the Board of Directors, in accordance with the ones prescribed by the law of 19 December 2002, as amended.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Board of Directors makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company's annual accounts have been prepared on a going concern basis which assumes that the Company will be able to meet its liabilities as they fall due.

2.2 Formation expenses
Formation expenses are written off within a period of five years.

2.3 Financial assets
Shares in affiliated undertakings are valued at purchase price including the expenses incidental thereto.

Loans to affiliated undertakings are valued at nominal value including the expenses incidental thereto.

In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.4 Debtors
Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.5 Prepayments
This asset item includes expenditure incurred but relating to a subsequent financial year.

2.6 Provisions
Provisions are intended to cover losses or debts of which the nature is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created in order to cover charges which have their origin in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provision for taxation
Provisions for taxation corresponding to the difference between the tax liability estimated by the Company and the advance payments for the financial years for which the tax return has not yet been filed are recorded under the caption "Provisions".

2.7 Creditors
Creditors are recorded at their reimbursement value. When the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt.

2.8 Deferred income
This liability item includes income received but relating to a subsequent financial year.

2.9 Value adjustments
Value adjustments are deducted directly from the related asset.

2.10 Income from participating interests
Income from dividends is recognised when the shareholder's right to receive payment is established.

2.11 Interest income and charges
Interest income and interest charges are accrued on a timely basis, by reference to the principal outstanding and at the nominal interest rate applicable.

Notes to the statutory financial statements for the year ended 31 December 2024 (Expressed in euros) continued

3. Formation expenses

The increase in the capital and reserves of the 16 June 2021 had formation expenses of 3,649,126 EUR. As of 31 December 2024, 731,424 EUR (2023: 729,425 EUR) have been passed through profit and loss, leaving 1,063,163 EUR (2023: 1,794,587 EUR) in the balance sheet.

4. Financial assets

Financial assets held at cost less impairment – movements gross book value	Gross book value – opening balance	Additions	Disposals	Transfers	Gross book value – closing balance
Shares in affiliated undertakings	597,026,151	–	–	–	**597,026,151**
Loans to affiliated undertakings	626,000,000	24,000,000	–	–	**650,000,000**
Total	**1,223,026,151**	**24,000,000**	**–**	**–**	**1,247,026,151**

Financial assets held at cost less impairment – movements net book value	Net book value – opening balance	Additions	Disposals	Transfers	Net book value – closing balance
Shares in affiliated undertakings	597,026,151	–	–	–	**597,026,151**
Loans to affiliated undertakings	626,000,000	24,000,000	–	–	**650,000,000**
Total	**1,223,026,151**	**24,000,000**	**–**	**–**	**1,247,026,151**

In the opinion of the Board of Directors, no durable decrease in value has occurred on shares in affiliated undertakings as at 31 December 2024, neither as at 31 December 2023; accordingly, no value adjustment was recorded.

Undertaking in which the Company holds at least 20% in their share capital is as follows:

				As at 31/12/2024		
Name		Registered office	% holding	Net book value (EUR)	Net equity (EUR)	Net result (EUR)
Befesa Medio Ambiente, S.L.U.	Audited account	Spain	100%	**597,026,151**	**647,829,000**	**84,551,000**

Loans to affiliated undertakings

Counterparty	Currency	Amount	Interest rate	Maturity date
Loan to Befesa Medio Ambiente, S.L.U.	EUR	**650,000,000**	**2.75%+Euribor 3M**	**09.07.2029**

The facility agreement granted to the Company (Note 9) and the loan granted to Befesa Medio Ambiente, S.L.U. have the same principal economic terms.

In July 2024, the loan to Befesa Medio Ambiente, S.L.U. increased by EUR 24,000,000 in the same way as the Term Loan B (Note 9).

In the opinion of the Board of Directors, no durable decrease in value has occurred on loans to affiliated undertakings as at 31 December 2024, neither as at 31 December 2023; accordingly, no value adjustment was recorded.

5. Debtors

Debtors by category	Within one year	More than one year	As at 31/12/2024	As at 31/12/2023
Amounts owed by affiliated undertakings	4,185,685	380,598	**4,566,283**	7,054,308
Total	4,185,685	380,598	**4,566,283**	7,054,308

5.1 Debtors – becoming due and payable within one year

The detail of debtors is the following:

Becoming due and payable within one year	As at 31/12/2024	As at 31/12/2023
Accrued interest – loan and interest rate swap Befesa Medio Ambiente, S.L.U.	**4,185,685**	5,454,512
Total	**4,185,685**	5,454,512

5.2 Debtors – becoming due and payable in more than one year

Becoming due and payable in more than one year	As at 31/12/2024	As at 31/12/2023
Reciprocal Credit Agreement to Befesa Medio Ambiente, S.L.U.	**380,598**	1,599,796
Total	**380,598**	1,599,796

As at 1 December 2020, the Company signed a "Reciprocal Credit Agreement" with Befesa Medio Ambiente, S.L.U. The interest is Euribor plus a margin of 0.50% and the maturity is indefinite.

In the opinion of the Board of Directors, the recovery of debtors is not compromised as at 31 December 2024; accordingly, no value adjustment was recorded.

6. Prepayments

Prepayments	As at 31/12/2024	As at 31/12/2023
Transaction costs	**5,415,009**	3,195,262
Insurance costs	**–**	115,271
Total	**5,415,009**	3,310,533

Transaction costs represent the outstanding expenses yet to be recognised in the profit and loss, related to the facility agreement granted to the Company. In 2024, an amount of EUR 3,460,536 in transaction costs was paid due to the refinancing of this facility agreement (Note 9). These transaction costs have been capitalised and are amortised over the term of the facility.

Notes to the statutory financial statements for the year ended 31 December 2024 (Expressed in euros) continued

7. Capital and reserves

Movements in capital and reserves	Balance as at 31/12/2023	Allocation of preceding result	Dividend	Result of current year	Balance as at 31/12/2024
Subscribed capital	111,047,595	–	–	–	**111,047,595**
Share premium	532,868,268	–	–	–	**532,868,268**
Legal reserve	11,104,760	–	–	–	**11,104,760**
Other avalaible reserves	23,945,482	22,147,490	–	–	**46,092,972**
Profit or loss brought forward	-129,992,312	–	–	–	**-129,992,312**
Profit or loss for the financial year	51,347,489	-51,347,489	–	26,962,467	**26,962,467**
Dividend	–	29,199,999	-29,199,999	–	**–**
Total	600,321,282	–	-29,199,999	26,962,467	**598,083,750**

The number of shares as at 31 December 2024 and 2023 is 39,999,998 with a par value of 2.78 EUR each and fully paid up.

On 9 July 2024, Befesa distributed to its shareholders a dividend of 0.73 EUR per share, amounting to 29,199,999 EUR, as approved by the AGM held on 20 June 2024.

On 6 July 2023, Befesa distributed to its shareholders a dividend of 1.25 EUR per share, amounting to 49,999,998 EUR, as approved by the AGM held on 15 June 2023.

Legal reserve

In accordance with relevant Luxembourg law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. If the legal reserve later falls below the 10% threshold, at least 5% of net profits must again be allocated to the reserve. The legal reserve is not available for distribution to the shareholders. As at 31 December 2024, the legal reserve reaches 10% of the issued share capital.

8. Provisions

Provisions	As at 31/12/2024	As at 31/12/2023
Other provisions	102,511	52,511
Total	**102,511**	**52,511**

As at 31 December 2024 and 31 December 2023, the other provisions consist mainly of provision for other operating expenses not yet invoiced.

9. Creditors

Creditors by category	Within one year	Between 2 and 5 years	As at 31/12/2024	As at 31/12/2023
Amounts owed to credit institutions	4,185,685	650,000,000	**654,185,685**	631,454,512
Trade creditors	268,549	–	**268,549**	134,452
Total	4,454,234	650,000,000	**654,454,234**	631,588,964

Amounts owed to credit institutions

The debt with credit institutions arises from a facility agreement signed by the Company in 2017.

At 31 December 2023, the facilities agreement consisted of a EUR 626 million senior secured Term Loan B (TLB) which is a bullet with maturing in July 2026, a EUR 75 million revolving credit facility (RCF) maturing in July 2025, and a €35 million guarantee facility maturing in July 2025.

On 18 July 2024, the Company successfully completed the refinancing of its facilities agreement, which now consists of:

- TLB facility commitment in an amount of EUR 650 million, which is a bullet maturing in July 2029.
- RCF in an amount of EUR 100 million maturing in July 2028.
- A guarantee facility commitment in an amount of EUR 35 million maturing in July 2028.

Following the 2024 refinancing, the interest rate on the TLB was set at Euribor plus a 2.75% spread, whereas the RCF carried a spread of 2.25% (compared to the previous rates in 2023 of 2.00% and 2.25%, respectively, prior to the refinancing). These spreads could be adjusted downwards to 2.25% in the case of the TLB and to 1.75% in the case of the RCF, depending on the ratio of net financial debt/EBITDA.

In March 2020, Befesa arranged an interest rate swap to fix the interest for the extension period of the refinancing signed on 9 July 2019. The fixed interest rate was 0.236% and the notional on the amount totalled EUR 316,000,000. The positive fair value of this IRS was EUR 11,255,909 as at 31 December 2024 (2023: EUR 20,845,348).

As at 31 December 2024 and 2023, the amounts becoming due and payable within one year are composed of accrued interest on the facility, and of accrued interest on the IRS.

10. Deferred income

Deferred income	As at 31/12/2024	As at 31/12/2023
Deferred income – transaction costs	**5,415,009**	3,195,262
Total	**5,415,009**	3,195,262

The facility agreement granted to the Company (Note 9) and the loan granted to Befesa Medio Ambiente, S.L.U. (Note 4) have the same principal economic terms. The transaction costs on the facility (Note 6) have been accounted for equally on the loan granted to Befesa Medio Ambiente, S.L.U..

11. Other operating income

The other operating income consists of the management fee for the costs the Company recharged to its subsidiary Befesa Medio Ambiente, S.L.U. amounts to EUR 974,134 as at December 2024 (2023: EUR 1,236,766).

12. Other external expenses

Other external expenses	As at 31/12/2024	As at 31/12/2023
Accounting, auditing and domiciliation fees	**94,112**	118,451
Banking and similar services	**3,400**	3,248
Legal fees	**183,526**	232,947
Other commisions and professional fees	**378,933**	528,924
Miscellaneous	**7,876**	9,027
Total	**667,847**	892,597

Notes to the statutory financial statements for the year ended 31 December 2024 (Expressed in euros) continued

13. Staff costs

The average number of employees for the year 2024 was nil (2023: nil).

14. Value adjustments

	As at 31/12/2024	As at 31/12/2023
Formation expenses	**731,424**	729,425
Total	**731,424**	729,425

15. Other operating expenses

The other operating expenses consists mainly of Directors´ fees.

16. Income from participating interests

As of 31 December 2024, the income from participating interests derived from affiliated undertakings amounts to EUR 28,000,000 due to the dividend received from Befesa Medio Ambiente, S.L.U. (Note 4).

As of 31 December 2023, the income from participating interests derived from affiliated undertakings amounts to EUR 52,474,998 due to a net gain of EUR 2,475,000 resulting from the sale of Befesa Management Services, GmbH and the dividend received from Befesa Medio Ambiente, S.L.U. of EUR 49,999,998 (Note 4).

17. Income from other investments and loans forming part of the fixed assets

Details of income from other investments and loans forming part of the fixed assets for 2024 and 2023 are follows:

	As at 31/12/2024	As at 31/12/2023
Loans to affiliated undertakings (Loan to Befesa Medio Ambiente, S.L.U.)	**38,864,248**	32,814,572
Reciprocal Credit Agreement	**30,128**	–
Total	**38,894,376**	32,814,572

18. Other interest receivable and similar income

	As at 31/12/2024	As at 31/12/2023
Amortisation costs	**1,240,790**	1,266,317
Income of IRS from credit institutions	**11,181,405**	9,335,799
Invoices for management of financing activities recharged to affiliated undertakings	**193,779**	206,515
Others	**164**	205
Total	**12,616,138**	10,808,836

19. Interest payable and similar expenses

	As at 31/12/2024	As at 31/12/2023
Interest cost	**38,864,248**	32,814,572
Cost of IRS (*)	**11,181,405**	9,335,799
Reciprocal Credit Agreement	**–**	20,768
Amortisation cost	**1,240,790**	1,266,317
Other expenses	**96,059**	221,966
Total	**51,382,502**	43,659,422

(*) The cost was recharged by Befesa Medio Ambiente, S.L.U. (Note 18).

20. Taxation

The Company is subject to the general tax regulation applicable in Luxembourg.

In terms of Pillar Two legislation, Befesa, S.A. is the Ultimate Parent Entity of the Befesa Group. The Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation is effective for the Group's financial year beginning 1 January 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting, and financial statements for the constituent entities in the Group. Based on the assessment, the Group would meet at least one of the Transitional Safe Harbours tests for the following years (2024 – 2026) in all the jurisdictions except in France, where a capitalisation of tax loss carry-forwards coming from previous years has been carried out in 2024. Without this impact, the French jurisdiction would also meet at least one of the Transitional Safe Harbours tests. The Group does not expect a material exposure to Pillar Two income taxes in any jurisdiction.

Befesa, S.A. maintains tax credits coming from tax loss carry-forwards not reflected in balance in the amount of EUR 8,907,672 as at 31 December 2024 (2023: EUR 8,866,304).

21. Off-balance sheet commitments and transactions

On 19 October 2017, the Company entered into a facility agreement (Note 9). In this context, the Company pledged the shares of Befesa Medio Ambiente, S.L.U.

22. Related party transactions

There were no direct or indirect transactions with main shareholders and members of its administrative, management and supervisory bodies that would be material and not concluded under normal market conditions unless previously disclosed.

23. Advances and loans granted to the members of the managing and supervisory bodies

There are no advances, loans or commitments given on their behalf by way of guarantee of any kind granted to the members of the management and supervisory bodies during the financial year (2023: nil).

24. Subsequent events

On 19 March 2025, the Company repriced its TLB, reducing its interest rate by 50 bps to Euribor +225 bps, with a floor of 0%. The facility's long-term maturity date of July 2029 and all other contractual terms remain unchanged.

Responsibility statement

Statutory financial statements

We, Javier Molina Montes, Asier Zarraonandia Ayo and Rafael Pérez Gómez, respectively Executive Chair, Chief Executive Officer and Chief Financial Officer, confirm, to the best of our knowledge, that:

- the 2024 statutory annual accounts of Befesa S.A. presented in this Annual Report, which have been prepared in accordance with Luxembourg legal and regulatory requirements, give a true and fair view of the assets, liabilities, financial position and profit or loss of Befesa, S.A.; and
- the management report on the annual accounts included in this Annual Report, which has been combined with the management report on the consolidated financial statements included in this Annual Report, gives a fair review of the development and performance of the business and the position of Befesa, S.A., or Befesa, S.A. and its consolidated subsidiaries, taken as a whole, as applicable, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 29 April 2025

Javier Molina
Executive Chair

Asier Zarraonandia
Chief Executive Officer

Rafael Pérez
Chief Financial Officer

Independent auditor's report

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Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Befesa S.A. (the "Company"), which comprise the balance sheet as at 31 December 2024, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2024, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the Corporate Governance Statement but does not include the annual accounts and our report of the “réviseur d'entreprises agréé” thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

The Board of Directors is responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format (“ESEF Regulation”).

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Responsibilities of the “réviseur d’entreprises agréé” for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

Our responsibility is to assess whether the annual accounts have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
— Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the the Shareholders on 20 June 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 6 years.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

We have checked the compliance of the annual accounts of the Company as at 31 December 2024 with relevant statutory requirements set out in the ESEF Regulation that are applicable to annual accounts.

For the Company it relates to:

— annual accounts prepared in a valid xHTML format;

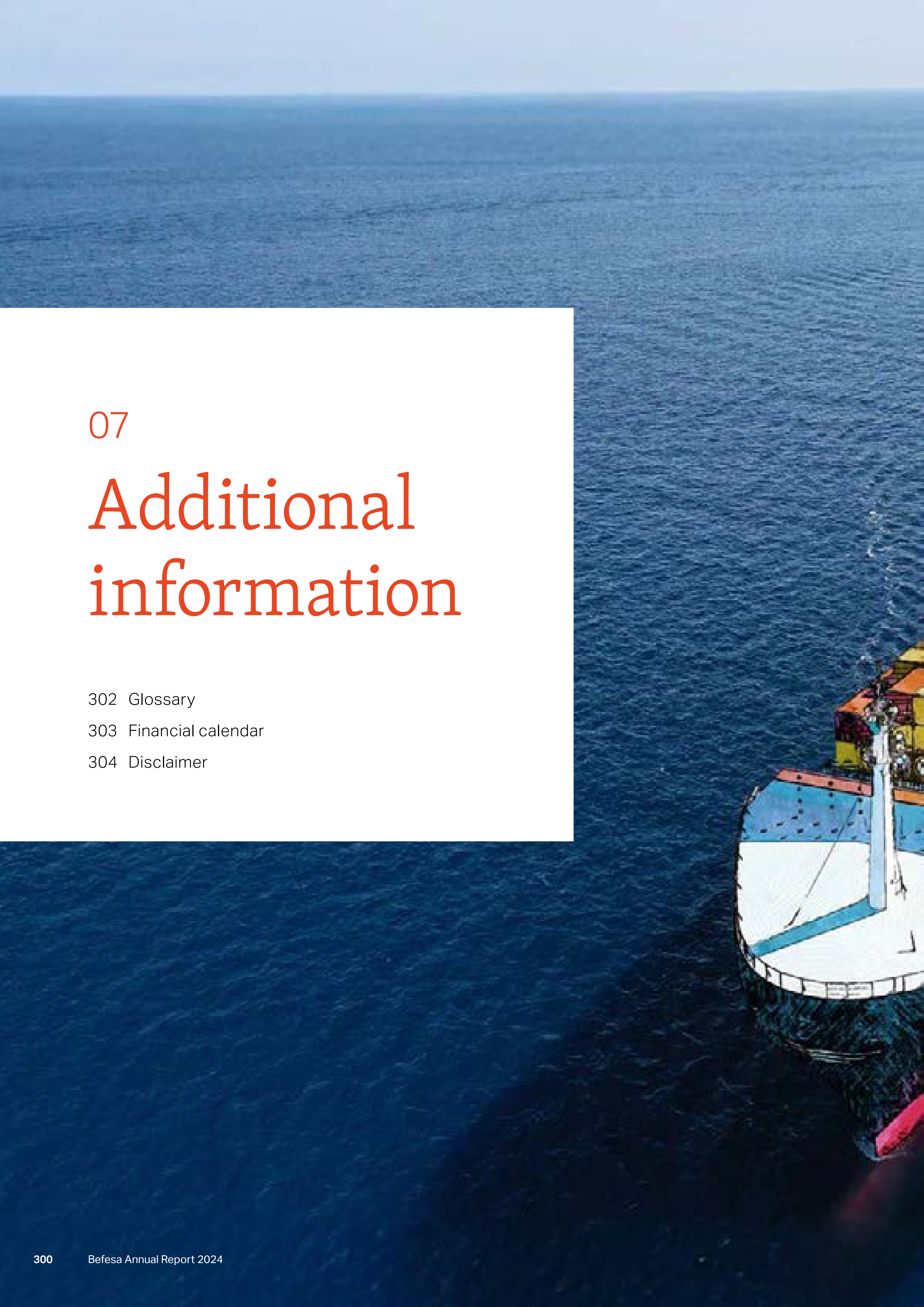
In our opinion, the annual accounts of Befesa S.A. as at 31 December 2024, identified as 222100VXGA8L6J4ZWG61-2024-12-31-0-en.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the annual accounts of Befesa S.A. as at 31 December 2024, identified as 222100VXGA8L6J4ZWG61-2024-12-31-0-en.zip, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version

Luxembourg, 29 April 2025

KPMG Audit S.à r.l.
Cabinet de révision agréé

Stephan Lego-Deiber



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Additional information

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Glossary

Name	Description
Aluminium alloy	A mixture of two or more elements in which aluminium is the predominant metal
Aluminium concentrate	Secondary aluminium residue generated during the recycling process of salt slags and SPL, which can be either landfilled or sold to various industries as an input material for further production cycles
Aluminium scrap	Material from various goods that have reached the completion of their useful lives, which mainly contain aluminium and can be recycled
Blast oxygen furnace (BOF)	A type of metallurgical furnace that uses iron ore as its base raw material to produce steel
Coke	An input material used in the processes to recycle steel residues
Electric arc furnace (EAF)	A furnace used by mini-mills to melt scrap steel, using electric arc technology
EAF steel dust	Hazardous waste resulting from the production of crude steel by mini-mills
Galvanised steel	Steel with a protective coating containing zinc, which protects against corrosion
Leaching	A hydrometallurgical process that increases the zinc content of Waelz oxide (WOX) by removing impurities like fluorides and chlorines
Lime	An input material used in the steel dust recycling process
Mini-mill	A steel production facility for the production of steel; this is done by melting recycled scrap steel in EAF, as opposed to directly from iron ore (which is the primary iron resource used in traditional BOF steel factories)
Rotary furnace	A tube-shaped furnace that rotates around a central axis as materials are being treated
Salt slags	A hazardous waste generated by the production of secondary aluminium
Scrap steel	Recycled steel that serves as an input material for steel manufacturers, using mini-mill facilities
Special high-grade (SHG) zinc	High-purity zinc ingots produced solely from recycled sources (WOX) using an electrowinning and solvent extraction
Spent pot linings (SPL)	Spent pot linings of aluminium electrolysis cells are hazardous waste materials generated in the production process of primary aluminium
Stainless steel residue	A hazardous residue resulting from the stainless steel produced from scrap stainless steel
Steel residue	EAF steel dust and stainless steel residue
Tolling fee	In the Steel Dust segment, this refers to the fee charged to stainless steel manufacturers to collect and treat stainless steel residue, returning to them metals (mainly nickel, chromium and molybdenum) recovered in the process. In the Secondary Aluminium subsegment of Aluminium Salt Slags Recycling Services, it refers to the service fee charged for collecting and treating aluminium residues and returning the recovered aluminium to customers
Valorisation	The recovery of valuable materials from waste
Waelz kiln	A kiln used for processing crude steel dust by mixing crude steel dust, coke and lime in a kiln containing a rotating furnace, which primarily vaporises the zinc and lead components contained in the crude steel dust, producing Waelz oxide (WOX)
Waelz oxide (WOX)	A product with a high concentration of zinc that is generated in the crude steel dust recycling process and which is used in the production of zinc
Zinc smelter	A type of industrial plant or establishment that engages in zinc smelting, i.e. the conversion of zinc ore concentrates and WOX into zinc metal

Financial calendar

Q1 2025 Statement & Conference Call
Wednesday, 30 April 2025

Annual General Meeting
Thursday, 19 June 2024

H1 2025 Interim Report & Conference Call
Wednesday, 30 July 2025

Q3 2025 Statement & Conference Call
Thursday, 30 October 2025

Note: Befesa cannot rule out changes to dates and recommends checking them in the Investor relations/Investor's agenda section of Befesa's website (www.befesa.com).

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Disclaimer

This report contains forward-looking statements and information relating to Befesa and its affiliates that are based on the beliefs of its management, including the assumptions, opinions and views of Befesa and its affiliates as well as information cited from third-party sources. Such statements reflect the current views of Befesa and its affiliates or of such third parties with respect to future events and are subject to risks, uncertainties and assumptions.

Many factors could cause the actual results, performance or achievements of Befesa and its affiliates to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic, political, governmental and business conditions globally and in the countries in which Befesa and its affiliates do business; changes in interest rates; changes in inflation rates; changes in prices; changes to national and international laws and policies that support industrial waste recycling; legal challenges to regulations, subsidies and incentives that support industrial waste recycling; extensive governmental regulation in a number of different jurisdictions, including stringent environmental regulation; management of exposure to credit, interest rate, exchange rate and commodity price risks; acquisitions or investments in joint ventures with third parties; the inability to obtain new sites and expand existing ones; the failure to maintain safe work environments; the effects of catastrophes, natural disasters, adverse weather conditions, unexpected geological or other physical conditions, or criminal or terrorist acts at one or more of Befesa's plants; insufficient insurance coverage and increases in insurance cost; the loss of senior management and key personnel; the unauthorised use of Befesa's intellectual property and claims of infringement by Befesa of others' intellectual property; Befesa's ability to generate cash to service its indebtedness changes in business strategy; and various other factors.

Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or targeted.

Befesa and its affiliates do not assume any guarantee that the assumptions underlying forward-looking statements are free of errors, nor do they accept any responsibility for the future accuracy of the opinions expressed herein or the actual occurrence of the forecasted developments. No representation (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein or otherwise resulting, directly or indirectly, from the use of this document. Befesa and its subsidiaries do not intend, and do not assume any obligations, to update these forward-looking statements.

Published: 30 April 2025

BEFESA

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