

## CLIMATE ACTION POLICY

The Board of Directors of Barna Steel S.A., on behalf of the entire Celsa Group, within the context of its general and non-delegable power to determine the general policies and strategies of Celsa Group, has approved this *Climate Action Policy* (from now on, the '**Policy**').

### **I. Purpose**

The purpose of this Policy is to define and establish the general principles governing Celsa Group's actions concerning climate change.

Celsa Group recognises that climate change is one of the greatest environmental challenges of our time, affecting both our societies and the global economy. Celsa Group also understands that the fight against climate change is a fundamental part of carrying out its sustainability work and recognises that its contribution is necessary to improve our environment, our society, and our future.

Given the seriousness of the threat posed by global warming, this Policy embodies Celsa Group's commitment to save energy and reduce atmospheric emissions by using alternative energy sources in carrying out our activity.

The main principles and lines of action contained in this Policy implement the Sustainability Framework Policy.

### **II. Scope**

This Policy applies to Celsa Group and all group companies, considering their specific characteristics. Celsa Group will work to ensure that the policies of its Group companies are in line with this Policy.

### **III. General principles**

To fulfil the commitment expressed, Celsa Group is guided by the following general principles:

- Comply with legislation on combating climate change, as well as national and international recommendations on the subject.
- Help to mitigate climate change and decarbonise the business model, reducing the intensity of greenhouse gas emissions in scopes 1 and 2 by 50% by 2030 and being climate neutral by 2050.
- Reduce climate vulnerability and promote the adaptation of activities to different climate scenarios.
- Adopt energy saving and efficiency measures in our activities.
- Encourage the use of renewable energy.
- Implement the use of alternative materials and fuels with biogenic carbon content.
- Promote and support projects aimed at mitigating and adapting to climate change.
- Encourage training and awareness-raising initiatives for our stakeholders, particularly among our professionals, in the fight against climate change.
- Integrate the climate change variable into internal decision-making processes, as well as into the analysis and management of long-term risks.
- Voluntarily join initiatives and covenants that enable us to make commitments, define and implement actions to combat climate change.
- Encourage employees and suppliers of materials and services to adopt policies consistent with this Policy.

#### **IV. Main lines of action**

Celsa Group considers the following lines of action as priorities in promoting and developing the basic principles of action set out in the previous section:

- Formalise and communicate a climate action plan specifying the commitments in terms of CO<sub>2</sub> emissions neutrality; greenhouse gas targets; the strategy and investment policy to meet this commitment; as well as the frameworks and methodologies used to evaluate and report on the implementation of the plan.

- Promote the substitution of energy generation systems based on the use of fossil fuels with higher carbon content, and favour the improvement of efficiency in the generation, transport. and final use of energy.
- Analyse the risks arising from climate change in the field of energy transition, as well as physical risks.
- Periodically supervise the Celsa Group's greenhouse gas emissions inventory and establish control and monitoring mechanisms, including verification of emissions by an independent third party.
- Enter into agreements and work together with multilateral bodies and organisations in society with special involvement in the fight against climate change and, in particular, with the United Nations Framework Convention on Climate Change, to consolidate the Group's international leadership in the process of combating climate change.
- Support public policies and strategies that address climate change issues in a coordinated and consistent manner.
- Lead the main international indices on combating climate change.
- Disseminate the results and actions of the Celsa Group on climate change; and
- Establish the necessary mechanisms to ensure the coordinated application of this Policy throughout the Celsa Group.

## **V. Climate Action Plan**

Given steel is one of the sectors responsible for greenhouse gas emissions and considering the priority actions that the Climate Change Conference (COP27) established in 2022 on the steel sector, Celsa Group aims to reduce its Scope 1 and 2 emissions by 50% by 2030, and to be climate neutral by 2050. The decarbonisation plan is structured along two main lines:

- Reduce direct emissions (scope 1) by:
  - a. Reducing the use of fossil fuels: working on projects to develop and incorporate new technologies to replace natural gas with biomethane, green hydrogen, electrification, etc., in addition to developing projects to replace coal with the use of less polluting alternative materials such as *biochar*, shredded used tyres and polymers from waste.

- b. Improving energy efficiency: implementing technologies and process improvements to reduce consumption and be more efficient in combustion processes such as oxygen doping and hot charging to increase process efficiency.
  
- Reduce indirect emissions from electricity (scope 2):
  - a. Improving energy efficiency to reduce electricity consumption in processes by installing electricity consumption optimisation devices such as variable frequency drives, and by better control of energy consumption through analysers, meters, and mathematical models.
  
  - b. Replacing conventional energy sources with renewable energy sources through long-term power purchase agreements with a renewable energy developer (Power Purchase Agreements) and/or contracting electricity covered by Guarantees of Origin.

This Climate Action Policy was updated by the Board of Barna Steel, S.A., representing the entire Celsa Group, on 2023, July 13<sup>th</sup>.