



CORPORATE SOCIAL RESPONSIBILITY REPORT

2024

**FERONA HAS ADOPTED CORPORATE SOCIAL RESPONSIBILITY (CSR) PRINCIPLES AS A VOLUNTARY COMMITMENT OF COMPANIES TO BEHAVE RESPONSIBLY WITHIN THEIR BUSINESS ACTIVITY TOWARDS BOTH THE ENVIRONMENT AND THE SOCIETY IN WHICH THEY DO BUSINESS. IN PRACTICE, THIS MEANS THAT COMPANIES THAT HAVE ADOPTED CSR PRINCIPLES VOLUNTARILY SET HIGH ETHICAL STANDARDS, TRY TO MINIMISE NEGATIVE IMPACTS ON THE ENVIRONMENT, CULTIVATE GOOD RELATIONS WITH THEIR EMPLOYEES AND SUPPORT THE REGION IN WHICH THEY OPERATE.**

**SUCH COMPANIES ARE BEARERS OF POSITIVE TRENDS AND HELP CHANGE THE BUSINESS ENVIRONMENT AS A WHOLE, DIFFERENTIATING THEMSELVES FROM THEIR COMPETITORS AND BECOMING SOUGHT-AFTER PARTNERS OF LIKE-MINDED COMPANIES AND ORGANISATIONS AND ATTRACTIVE EMPLOYERS. SOCIALLY RESPONSIBLE ACTIVITIES OF COMPANIES ARE PURELY VOLUNTARY AND THEY ARE CHARACTERISED BY THE FACT THAT THEY GO BEYOND THE OBLIGATIONS IMPOSED BY LAW. SOURCE: BUSINESS LEADERS FORUM. SOURCE: BUSINESS LEADERS FORUM**

**IT IS AN INTEGRAL PART OF SUSTAINABLE BUSINESS IN THE 21ST CENTURY.**

**LADIES AND GENTLEMEN,**

Ferona is aware of the importance of behaving responsibly in business management, social development and care for the environment. This CSR Report presents key activities of the company that we would like to introduce to you. CSR is an integral part of our corporate culture. As a responsible company, we respect the interests of our stakeholders – employees, customers, suppliers, shareholders, partners and the general public. Loyalty and increased productivity of all of us are prerequisites for the fulfilment of our strategy and Ferona's success, which are among the basic pillars for the future development of the company.

Through its activities, a socially responsible company not only makes it easier to retain existing customers, but also attracts new business partners, which brings increased stability and competitiveness in the market in the long run. Ferona's responsible approach to the aforementioned areas testifies to the history of the company, which has a tradition of more than 190 years. For many generations, Ferona has been a symbol of ironclad security. Metallurgical material is an essential part of the world in which we live. We believe that this report will be a source of useful data and interesting knowledge for you. We believe that in this publication we have covered everything that surrounds us every day and we make every effort to be a socially responsible company.

Ferona publishes annual reports (company reports) every year and, based on the current requirements and stakeholders, we will also publish reports on the company's social responsibility. In addition, we inform our customers and stakeholders about our plans, goals, activities and results through the company's website.

As we have mentioned, Ferona behaves responsibly in three areas:

 **ECONOMIC**,  **SOCIAL** and  **ENVIRONMENTAL**.

Let's take a closer look at what rules Ferona applies.



**Dr. JAN MORAVEC**

CEO AND CHAIRMAN OF THE BOARD OF DIRECTORS



ECONOMIC PILLAR

# COMPANY PROFILE



Business name	Feronia, a.s.
Identification number	26 44 01 81
Registered office	Havlíčková čp. 1043/11, 111 82 Praha 1
Date of incorporation	21st March 2001
Website	<a href="http://www.ferona.cz">www.ferona.cz</a>
Registered capital	CZK 3,000,000,000

The company is registered in the Commercial Register kept with the Municipal Court in Prague, Section B, File No. 7143. The company was originally established as Reklus, a.s., by a group of majority shareholders of the then Feronia, a.s. (ID No. 25 79 20 75) acting in accord.

As of the record date of 1 April 2001, the company was taken over by Feronia, a.s. (ID No. 25 79 20 75) as the main shareholder pursuant to Section 220p of the Commercial Code, based on a takeover agreement approved by the general meetings of both companies on 27 June 2001. The registration of the takeover in the Commercial Register came into force on 29 August 2001. Based on the merger agreement, the company, as the successor, took over the assets of the dissolved parent company STEEL INVESTMENTS GROUP, a.s., as of the record date of 1 January 2005.



Ferona, a.s. is a modern company focused on the purchase, storage, processing, logistics and sale of metallurgical products, by-products, hardware assortment and non-ferrous metals on a wholesale basis. It operates in the Czech Republic, Slovakia and Poland. Our group includes Pragmet, a.s., specialised in the automotive segment, as well as FTP, s.r.o., which focuses on plastic materials and composite-hybrid materials.

We are not just a narrowly focused metallurgical distributor: we want to become the centre of materials engineering for Central Europe.

Our branches and warehouses cover the entire territory of the Czech Republic, which allows direct contact with customers, both large and small.

We offer an unrivalled range of products, covering a comprehensive spectrum of services. Our fleet uses over 100 trucks, our heat-cutting centres process over 400,000 tons of material annually, we run retail shops, and we have our own testing laboratory for verifying and monitoring the quality of materials. Thanks to investments in ITC technologies, we are ready to become a partner for the requirements of Industry 4.0.

Ferona, a.s. aims to ensure that its product range and services satisfy anyone who decides to accept our company's offer.





## WHOLESALE OF METALLURGICAL MATERIAL



PRAGUE, LIBEREC, HRADEC KRÁLOVÉ, CHOMUTOV, PLZEŇ,  
ČESKÉ BUDĚJOVICE, OLOMOUC, OSTRAVA, BRNO



ŽILINA, BRATISLAVA, KOŠICE, NITRA



MYSLOWICE, WROCLAW, KIELCE, POZNAŃ

## STEEL SERVIS CENTRES



HRADEC KRÁLOVÉ, OLOMOUC, OSTRAVA



BRATISLAVA



PRAGMET

BENÁTKY NAD JIZEROU

## PLASTIC WHOLESALE



FERONA THERMO PLASTICS

ČESKÉ BUDĚJOVICE, KRÁLŮV DVŮR, OLOMOUC



FERONA THERMO PLASTICS

BRATISLAVA





### BRANCHES OF FERONA

- DEALERS
- STEEL SERVIS CENTRUM
- SERVICES: HEAT-CUTTING AND CUTTING
- RETAIL OUTLETS
- PRAGMET
- FERONA THERMO PLASTIC



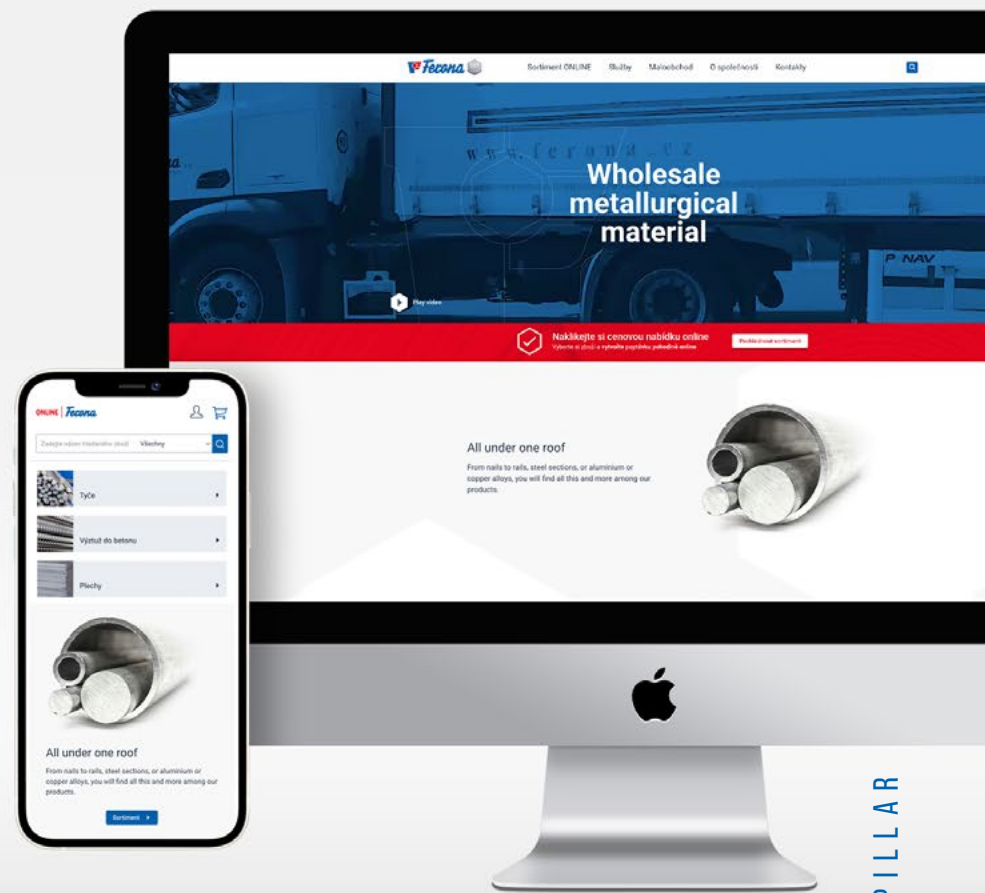
## FERONA ONLINE

Relying on its solid foundations, Feronia also follows new trends and looks for new opportunities. Given that we are constantly working on business processes, communication and speed of delivery of goods, Feronia has decided to **redesign its website** after many years, launching the **Feronia ONLINE** ordering system. Through gradual steps and acceptance by employees and customers, we have created a fully functional ordering system.

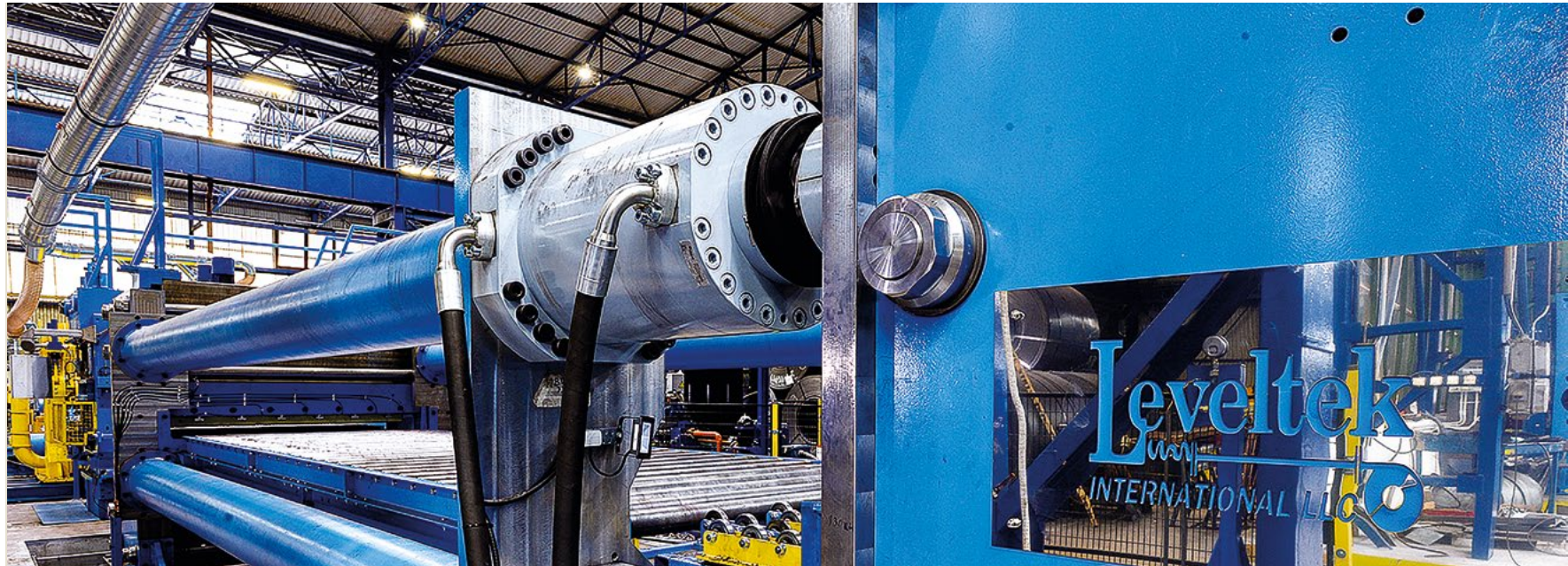
This site allows customers to find out the range, availability and prices of our products at any time and from anywhere. It is an ordering system where customers have their login details, so they can see their price settings and order history.

This system is based on solid pillars thanks to **the Iron Book**, which can be defined as **Feronia's Bible**. Professional information can be used by anyone, including designers and secondary school and university students. It can be said that for the young generation, the Iron Book, together with the Engineering Tables, is an input source of information for technical education.

Due to the situation that has affected the whole world, we are grateful that this system received positive feedback from our customers, who were able to continue to work with our support, and that Feronia could also protect its employees from Covid-19.







## Modernisation of the line in SSC Ostrava

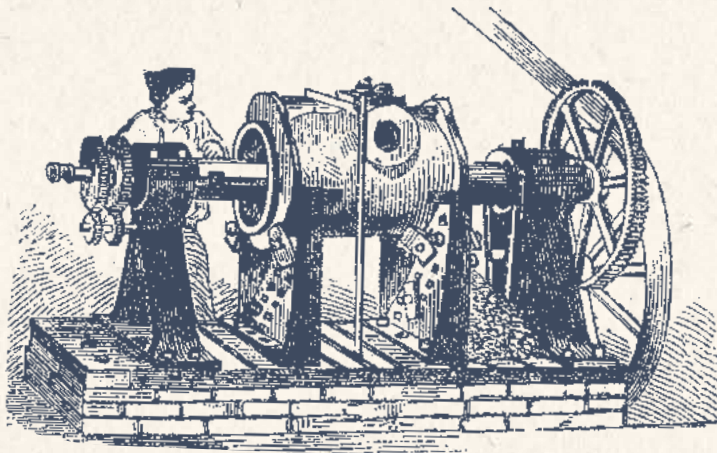
In 2021, the project to modernise the cross-cutting line at SSC Ostrava continued at a cost of CZK 150 million. The modernization itself consisted in the installation of a STRETCHER (tensile straightening technology) and brushing

equipment in the line of line elements, stacker and storage at the line outlet. The purpose of tensile straightening is to eliminate internal stresses in the material being processed, which is then suitable for laser processing. In Q4, trial

operation and production tests were started. In 2022, live operation was started and the line was supplemented with packaging and strapping technologies.

# COMPANY HISTORY

There are many post-November companies operating in the Czech market, relying on today's or yesterday's experience and living and breathing the future. A handful of companies continued the First Republic tradition, dusting off the Masaryk ideal. Then there is a really small group of companies that have long celebrated a hundred years of operation in this market, so the word "tradition" in their vocabulary is not just an empty phrase. Feronia is one of them.



## 1782

## HISTORY

If we are to look into history to trace the founding of Feronia, we must go back more than two centuries, to **1782**, when Joseph II, as a representative of the Enlightenment, issued a patent allowing the establishment of metallurgical warehouses in large towns. It was demanded by the situation, because Europe was already beginning to feel the first tremor of the Industrial Revolution, and foundries were beginning to flourish. At the beginning of the **19<sup>th</sup> century** there was already a lot of talk about railway, which, as is well known, is very closely connected with the production of high-quality iron.

## THE INDUSTRIAL REVOLUTION OF THE 19<sup>TH</sup> CENTURY

In these pioneering times, iron was sold directly at the foundry. In the **1920s** however, demand, and subsequently iron production, increased so much that foundries had to leave the sale of iron to dealers. Rising iron production and intense competition led to a sharp drop in prices in **1829**. This was a chance for smaller dealers who previously could not afford to deal in iron. The situation was also taken advantage of by Bondy, a private dealer from Prague from whom we can follow the “development line” to today’s Feron.



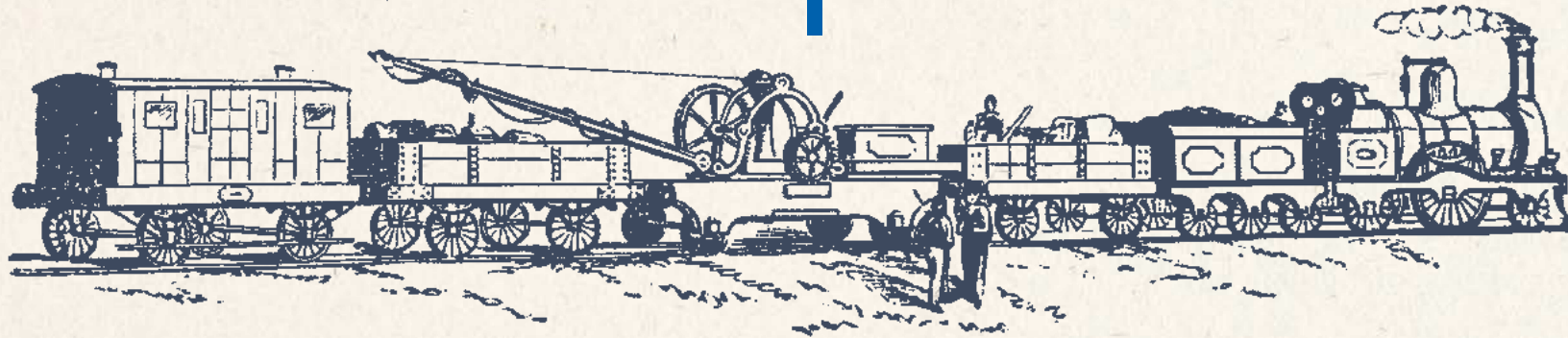
# 1800



# 1829

## FOUNDATION OF THE COMPANY

In **1829**, Bondy founded a company dealing in iron products. The company did not initially have a permanent seat. The owner did not specialise in one iron foundry, but worked with all the Prague warehouses, looking for the best offer on the market. He mainly sold ordinary iron, tyres and barrel hoops, hoop iron and the most expensive bar iron, and also dealt in bars, white and black sheets, wire iron, cast iron plates and cast iron utensils.



## (OVERCOMING) THE ECONOMIC CRISES

Increased competition and stagnation of investment after the revolutionary year of **1848** necessitated the establishment of the first joint-stock companies. Hard coal mines, iron mining entities and other enterprises suddenly turned into large companies, often with the participation of a large bank. The large companies created in this way were able to control the Austro-Hungarian, and thus also the Czech, market throughout the **19<sup>th</sup> century**. Living in the shadow of giants, small dealers had to submit to their prices, which led to the liquidation of some small companies.

1850

In the middle of the **19<sup>th</sup> century**, when a large railway network was built, up to **90%** of all metallurgical production was used for the construction of railways. That resulted in a **47%** increase in metallurgical production. Iron prices rose by about **20%** at that time. Bondy's company was able to take advantage of the favourable situation and, thanks to a very advantageous pricing policy, became one of the best-positioned metallurgical wholesalers in Prague.

1869





1900

The economic situation somewhat improved at the end of the 19<sup>th</sup> century, when the Second Industrial Revolution took place even in the backward Austro-Hungarian monarchy, soon followed by the World War.

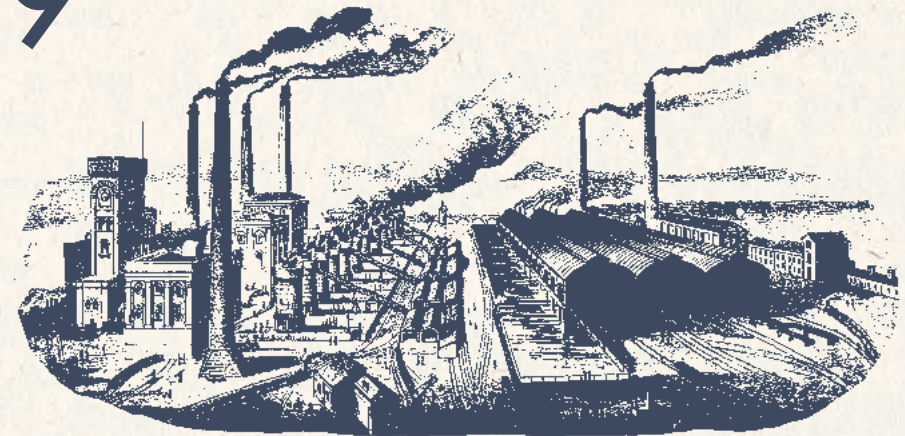
1918

The First World War brought a huge rise in heavy industry and iron products in particular. The four-year war frenzy ended in **1918** with the establishment of the Czechoslovak state and the beginning of the Masaryk era of prosperity.

**THE EMERGENCE OF A LARGE AND STRONG COMPANY**

The post-war period was characterised by a high degree of monopolisation of the metallurgical materials market. Bondy merged with several other Prague dealers in metallurgical materials to establish a joint-stock company in **1919**, with a name that is very close to today's designation - Ferrá, a.s.

1919



In order to stack up to the unequal competition, Ferra was forced to either join forces with its competitors in a similar situation or find the right partner and significantly expand its scope. During the **1920s**, Ferra gradually merged with several small companies.

A significant milestone in the history of both Ferra and Feronia is the year **1927**, when the company merged with Popp Ostrava. A year later, Živnoferrum Praha also entered the joint venture.

1927



## SECOND WORLD WAR

Black Friday in the stock market and the escalating economic crisis seemed a disaster, but as it turned out later, Hitler's rise to power in Germany was much more tragic. The Czech state was curtailed and exposed to the reality of the Second World War. The pre-war economic structure was distorted and the entire industry disrupted.

Hundreds of thousands of workers were transferred to the war industry or forced labour to Hitler's Third Reich. Material damage reached hundreds of billions in the pre-war currency, industry could only use its production capacity to a limited extent, stock of raw materials and fuels was depleted, transport was disrupted and the currency was devalued by inflation.

The basic problem of all heavy engineering entities in the first post-war years was to find a new direction and markets to operate in.

1939

Until **1939**, there were about **40 companies** dealing in iron in Czechoslovakia, with Ferra being one of the most important of them.

## THE END OF THE WAR

By the decree of the President of the Republic of **24 October 1945** on the nationalisation of mines and some industrial enterprises, the metallurgical industry was also nationalised. The national enterprises created at that time can be divided into two groups: Československé hutě n.p., as the central supreme body, and national production enterprises. The national company Československé hutě is at the centre of our interest. The then leaders knew exactly what they were doing and what the goal was – strong state structures for which stabilisation of heavy industry was a key element of governance. The first organisational measure of the new company Československé hutě was the division of the headquarters into four departments (technical, commercial, administrative and personnel).

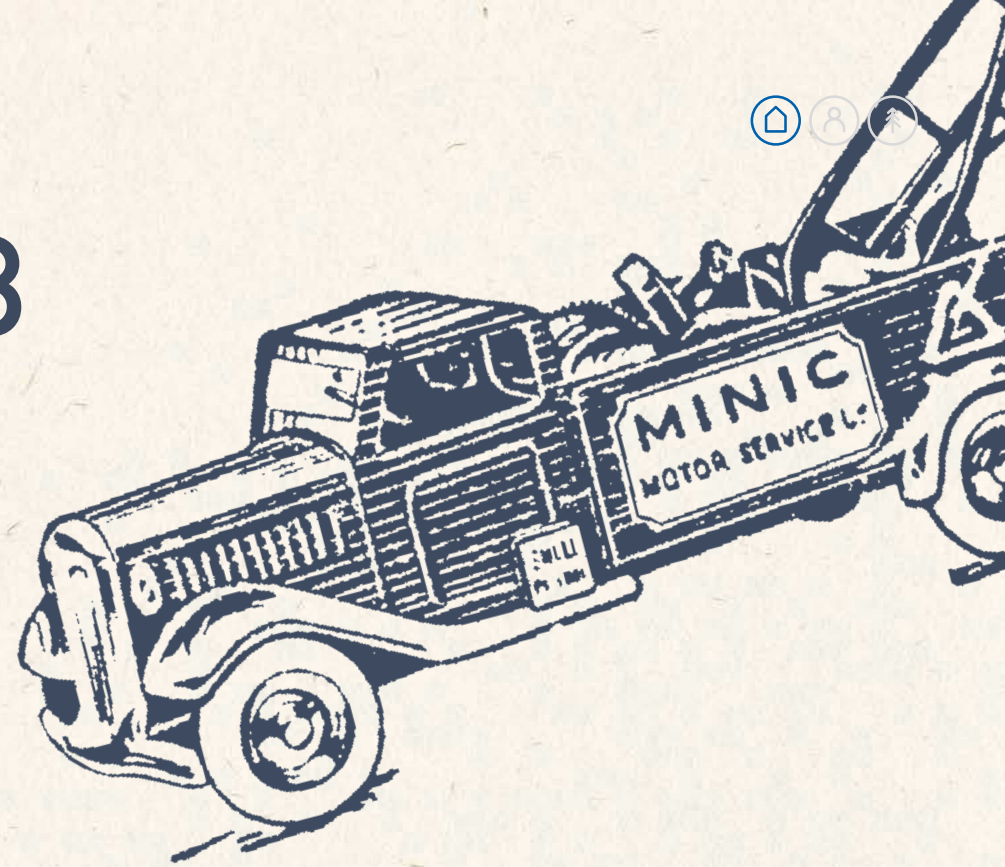
1945

## POST-FEBRUARY NATIONALISATION AND THE 1950s

February **1948** caused great changes in all areas of social activity. Centralist tendencies began to be applied rapidly in all segments of the economy. The system of management of the national economy built in the years **1945–1948** changed so much after nationalisation that its individual parts lost their meaning. The basic feature of the post-February economy was the strengthening of the role of the plan and central bodies in management (Ministries and Directorates General) and the associated weakening of economic instruments. Another reorganisation of the metallurgical industry took place on **1 January 1951** when Československé hutě, as a national enterprise, was dissolved. It was replaced by the Directorate General, which was directly accountable to the Minister.



# 1948



# 1960

In the **mid-1950s**, criticism of excessive centralisation and cumbersomeness in deliveries and contract performance intensified. At the beginning of **1959**, a new system of management, planning, and financing of industry and construction began to operate. The central management was transferred to the Main Sales Administration of the Ministry of Metallurgy (including Poldi). According to experience from the USSR, a new method of allocating metallurgical products through the “line delivery” was introduced and the accumulation of orders began.

## 1960s AND 1970s

In the first half of the **1960s**, the situation proved unsustainable and efforts were made to at least partially decentralise and strengthen the autonomy of production economic units. Two associations of companies were formed from the spin-off plants of Hutní odbyt and Kovošrot and, on **1 January 1972**, transformed into special-purpose organisations. Hutní odbyt was transformed into a company called Feron, n.p.



# 1972



At its establishment, Feron had **11 spin-off plants** – in Prague, Pilsen, Chomutov, Liberec, Hradec Králové, Brno, Olomouc, Ostrava, Bratislava, Žilina and Košice. These plants had more than **40 warehouses**. However, Feron's warehouses did not specialise only in metallurgical products. They also distributed metallurgical by-products. Due to the demand for them, turnover increased significantly. They mainly sold drawn and strip steel, wire products, fasteners, as well as non-ferrous products. The volume of warehouse sales increased from **2,073,000 tons** in **1965** to **2,928,000 tons** in **1980**, i.e. by **41%**.

1980s

In **1980**, stock sales accounted for **19%** of the annual production of rolled material and **26%** of the production of steel tubes. At the end of that year, Feronia had almost **600,000 tons** of metallurgical products in stock. Up to two million items were processed annually. Another activity of Feronia was the operative exchange of metallurgical products between the CMEA countries, which took place through Intermetall, the international organisation of metallurgical industry of the socialist countries.



1980



1989

In the middle of **1989**, the national enterprise Feronia became a state enterprise. All rights, obligations and authorisations from the state economic organisation Feronia, národní podnik, Praha, were transferred to it.

1992

## ORGANISATIONAL CHANGES

In May **1992**, the joint-stock company Feronia was established the core business of which was wholesale focused on the purchase, storage, processing and sale of metallurgical products, metallurgical by-products, non-ferrous metals and related hardware assortment.

In the process of privatisation during the years **1992-1994**, the ownership of the joint-stock company Ferona fully passed from the state to private hands



1994



1997

In **1997**, Ferona Slovakia, a.s. was established, integrating the companies of the group in Slovakia that were independent until then.

**MILLENIUM**

2004

Since **2004**, the current organisational structure of Ferona has gradually crystallised, which now consists of nine regionally defined branches, which operate a total of **10 warehouses**.

These warehouses supply the entire range of metallurgical products, non-ferrous metals and by-products to a wide range of customers from all segments of the economy.



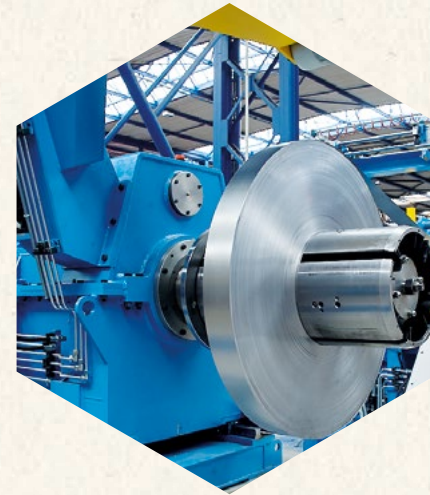


2007

Ferona Group entered the Polish market in **2007** with the establishment of a subsidiary, Ferona Polska S.A., with its registered office and warehouse in Myslowice near Katowice.

In the years **2002–2008**, Ferona Group's network of cutting centres was gradually built, focusing on the transverse and longitudinal cutting of coil sheets. According to the needs of Ferona's customers, these Steel Service Centers in Hradec Králové, Ostrava and Bratislava process more than **300,000 tons** per year of both cold-rolled and hot-rolled material.

2008



2009

The Ferona service centres' portfolio was supplemented in **2009** by the acquisition of a majority stake in Pragmet, a.s. This company is a supplier of cold-rolled material processing for car production.





2017

In 2017, Ferona, a.s. became **100%** owner of FTP, s.r.o., one of the leading distributors of plastics in the Czech Republic and Slovakia.

In **2018**, Ferona Group's companies sold a total of almost **1 million tons** of metallurgical products in the markets of the Czech Republic, Slovakia and Poland, and the Group's service centres processed more than **400,000 tons** of rolled material

2018







# 2019

In 2019, Ferona celebrated a significant event - 190 years from its founding.



## TRAMS, BUSES AND STATIONS

The information campaign that accompanied us throughout 2019 was perceived as very successful. A nationwide advertising campaign for trams, buses and stations was created. Thanks to this visible promotion, our employees perceived a sense of belonging, working in a company with such a history.

## COMPETITION FOR EMPLOYEES

On the occasion of the significant anniversary of 190 years from its founding, a competition for employees was created, among other things. Each employee received a paper booklet which described Feron's history in a very readable way, including the graphic design of the company's key milestones. Based on these facts, questions were created that each employee could answer to participate in the competition.



## FAIR LAGER

A special beer was also created for this occasion, including the label.



# 190

LET

<p><b>1782</b></p> <p><b>HISTORIE</b></p> <p>Mimořádli založením pivovaru v prostorném zámečném objektu Feron, součástí patřil i pivovarský stroj. V roce 1829 byla zřízena první výrobní linie pro výrobu piva. První pivovarský podnik založil v roce 1829 Jan Feron, který se stal zakladatelem společnosti Feron. První pivovarský podnik založil v roce 1829 Jan Feron, který se stal zakladatelem společnosti Feron.</p>	<p><b>1829</b></p> <p><b>ZALOŽENÍ SPOLEČNOSTI</b></p> <p>V roce 1829 byla založena společnost Feron, která se stala zakladatelem společnosti Feron. První pivovarský podnik založil v roce 1829 Jan Feron, který se stal zakladatelem společnosti Feron.</p>	<p><b>1850</b></p> <p><b>PRŮMYŠLOVÁ REVOLUCE V 19. STOLETÍ</b></p> <p>V průmyslové revoluci v roce 1850 byla zřízena první výrobní linie pro výrobu piva. První pivovarský podnik založil v roce 1829 Jan Feron, který se stal zakladatelem společnosti Feron.</p>	<p><b>1869</b></p> <p><b>1900</b></p> <p><b>1918</b></p> <p><b>1927</b></p> <p><b>1939</b></p> <p><b>1945</b></p>	<p><b>1919</b></p> <p><b>VZNIK VELKÉ A SILNÉ SPOLEČNOSTI</b></p> <p>První pivovarský podnik založil v roce 1829 Jan Feron, který se stal zakladatelem společnosti Feron. První pivovarský podnik založil v roce 1829 Jan Feron, který se stal zakladatelem společnosti Feron.</p>	<p><b>DRUHÁ SVĚTOVÁ VÁLKA</b></p> <p>První pivovarský podnik založil v roce 1829 Jan Feron, který se stal zakladatelem společnosti Feron. První pivovarský podnik založil v roce 1829 Jan Feron, který se stal zakladatelem společnosti Feron.</p>
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# 2019



# 2020

## COVID

In **2020**, the whole world was exposed to the Covid-19 pandemic, which affected all areas of both public and private life. It presented the whole society with new challenges, forcing it to change a number of standard and established practices. It significantly affected the operation of the economy. In the Czech Republic, GDP decreased by **5.6%**. The automotive industry, one of the pillars of the Czech economy, recorded the sharpest decline in recent history (**19.2%** compared to **2019**) in the most important production segment – passenger cars and light commercial vehicles, and the volume of production returned to the level of **2014**. Despite all the difficulties associated with the current situation, Feronia views this period as an opportunity for further development and consolidation of its market position.

Feronia measured its carbon footprint for the first time in 2021, broken down into direct and indirect emissions.



# 2021

# 2022



One of the main priorities for the development of Feronia's internal structure in the coming years is to continue the process of its digitalization.

# STRETCH & LASER CUT

We completed the comprehensive modernisation of our Steel Service Centre in Ostrava, featuring the new stretcher levelling technology. Offered by only a handful of companies in Europe, this cutting-edge technology significantly improves the quality of sheet products.



# 2023



We implemented a pilot project for the development of a photovoltaic power station on the premises of our Olomouc branch.

# 2024



With respect to digitalization, our priority is to implement the new Microsoft Dynamics 365 Finance and Operations ERP system, which should get Feronia ready to meet the needs of Industry 4.0 and the subsequent automatization and robotisation of warehouses and logistics. The system should help us to deliver our services faster and with greater reliability and quality. Feronia Group aims to become the market leader in Central Europe not only in the field of metallurgical distribution and material engineering, but also digitalization.



SOCIAL PILLAR

# SOCIAL AFFAIRS AND BUSINESS ETHICS

## Ferona's influence on society, its employees and its surroundings

Ferona respects and esteems everyone who comes into contact with the company, be they employees, customers or neighbours. Ferona wants to be seen as a reliable and stable employer and as a fair player wherever it operates. Ferona is aware that the success of a business depends on many qualities of employees – knowledge, skills, talent, innovative creativity and much more.

The basic needs of employees can be met simply by fulfilling legislative obligations, but we do not agree with this and we try to provide them with space for internal motivation and conditions for their professional development and achieving overall job satisfaction. The High-Potential programme aims to involve young or new colleagues in important activities and topics. They have the opportunity to gain valuable information, deepen their knowledge and pass on their previous professional experience to each other. This programme offers topics that employees can further process. This is how Ferona wants to prove that it respects and counts on its employees.

For Ferona, respect for human rights, the prohibition of any illegal work, the prohibition of discrimination on the grounds of sex and nationality, and respectful and professional behaviour are a matter of course. The main principles of behaviour of the company and its employees are enshrined in the **FERONA CODE OF ETHICS**. It states: “Ferona is committed to providing a work environment free from any form of sexual or other harassment, whether it is harassment of an employee by another employee, harassment of a customer or supplier by an employee, and vice versa. Ferona is committed to treating each of us honestly and with dignity; therefore, no discrimination based on race, colour, sex, age, religion, ethnic or national origin, disability or other illegal reasons will be tolerated. Ferona will provide us with equal opportunities to be promoted without discrimination.” (Ferona, a.s., Code of Ethics, 2014).

As stated above, the conduct of the company and its employees is governed by the company's Code

of Ethics. Employees are expected to behave in accordance with the company's good reputation: “The companies of the group operated by Ferona, a.s. (hereinafter referred to as “Ferona”) have a good reputation for honest and fair practices in their management and in all their business dealings. It is extremely important for Ferona and for each of us, our employees and managers, that we maintain this reputation and the relationship of trust with the people and companies we come into contact with. Ferona and its employees must act in accordance with all local, national, international or foreign legal regulations or regulations that apply to Ferona's activities.” (Ferona, a.s., Code of Ethics, 2014).

The Code of Ethics also enshrines the obligation to protect the personal data of employees and other persons whose data have been provided to Ferona. All technical and economic staff who, in the performance of their duties, come into contact with personal data or other confidential information are obliged to maintain confidentiality.

For the prevention, detection and response to possible criminal or unethical conduct and as part of the corporate culture, Feronia has implemented the **COMPLIANCE MANAGEMENT SYSTEM (CMS)**. In an effort to eliminate any unlawful (criminal) or unethical conduct, Feronia, a.s. has adopted this Code to make all reasonable efforts Feronia can be reasonably required to make in order to prevent the commission of criminal offences and to avert the consequences of the criminal offences committed. The CMS Code is the basic internal regulation for the CMS and defines its basics, in particular laying down the individual measures and procedures adopted and containing an expression of the values, goals, principles and rules of the CMS, which are primarily the public interest in crime prevention and detection, maintenance of Feronia's good reputation and corporate culture, adherence to honest business practices in business activities, and performance of these activities in full compliance with all legal regulations and internal ethical requirements.

This Code is binding on all directors, managers and every employee or person in a similar position in the performance of work tasks and other persons defined in the provisions of Section 8 (1) of Act No. 183/2016 Coll., the Act on Criminal Liability of Legal Entities and Proceedings against Them (hereinafter referred to as "Persons Bound by the CMS Code").

The CMS is based on the following internal regulations:

- 1 **CMS Code**
- 2 **Code of Ethics**
- 3 **Working Rules**

Feronia wants its employees to understand that they are really important to the company. Feronia respects trade unions and their activities and prides itself on compliance with all provisions of the Collective Agreement. In addition, it provides its employees with benefits in many other areas.

All technical and economic staff are evaluated on a regular annual basis. Based on the evaluation, personal long-term tasks and goals are set.

Of course, each worker profession is provided with above-standard clothing for working in a warehouse. Each employee has the opportunity to use the facilities provided, such as kitchens, toilets and showers. In the winter months, some operations are equipped with space heaters. Feronia's management pays great attention to maintaining, renewing and developing the existing infrastructure and improving the working environment for employees. This area includes regular inspections of ReMo cranes, repairs of crane tracks, repairs of roofs, floors, roads and parking areas and, last but not least, repairs of hall lighting and reconstruction and modernisation of sanitary facilities.

EMPLOYEES



CONTACT

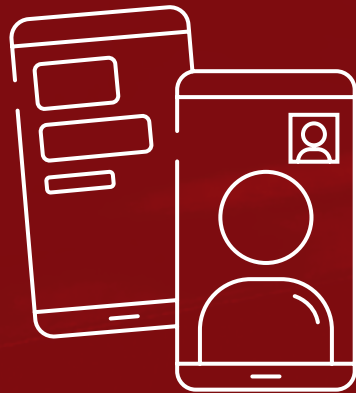
PARTNERS



COMMUNICATION



CONNECTION



SERVICE





## IT training and excursions for employees

Ferona is aware that its employees are an integral part of the company's success and invests in further training for its employees. Thanks to our business partners, we are provided with excursions to production plants, smelters and cutting centres. These excursions are directly intended for the sales team that interacts with customers. Internal MS Office training is currently underway, the white-collar employees have the opportunity to deepen their knowledge here. The training is designed for beginners as well as advanced.



**MORAVIA STEEL**



**ŽELEZIARNE<sup>®</sup>  
PODBREZOVA**



**U. S. Steel**



**LIBERTY  
STEEL**

Ferona provides high-quality training programmes for its employees in order to deepen their knowledge to practise their professions and develop their competencies. Ferona's cooperation with schools and scientific institutions takes place mainly thanks to cooperation with the Engineering Academy of the Czech Republic and the Scientific Council of the Czech Technical University.

In addition to training, Ferona offers a number of benefits:



**MY DAY  
EVERY MONTH  
AN EXTRA DAY OFF**



**AN EXTRA WEEK  
OF HOLIDAY**



**3 SICK DAYS**



**WORKING FROM HOME**



**BEVERAGES AT THE  
WORKPLACE**



**MEALS AT SUBSIDISED  
PRICES**



**PENSION INSURANCE  
CONTRIBUTION**



**EXTRAORDINARY  
EMPLOYEE REWARD  
FOR LIFE ANNIVERSARIES  
AND RETIREMENT**



**PROVIDING SOCIAL  
ASSISTANCE AND SOCIAL  
LOANS IN EXTREMELY  
SERIOUS LIFE SITUATIONS**



**CONTRIBUTION TO  
WELLNESS AND LEISURE  
ACTIVITIES**



**ORGANISING REGULAR  
SPORTS AND CULTURAL  
MEETINGS FOR  
EMPLOYEES**



**ORGANISING REGULAR  
MEETINGS OF RETIRED  
EMPLOYEES**

# Ferona supports the Our Child Foundation



Every year, Ferona earmarks funds from its budget for charitable purposes and support for health, cultural and sports entities in the form of sponsorships, partnerships or donations.

We are very pleased that we were able to come together again for the Rotary Dragon Boat Charity Challenge. This event is designed to help raise funds for selected foundations whose invaluable work provides assistance to those in need. Ferona supports the Our Child Foundation which offers much needed help and support to many children in difficult life situations. We are very pleased



that we and our colleagues have once again won a fantastic place and once again financially supported the Our Child Foundation.



# Partnership

Ferona repeatedly organizes meetings of company representatives, steel coil suppliers and representatives of companies operating in the steel industry. These activities deepen trust in the company and improve relations between the various stakeholders.

Ferona builds partnerships with its suppliers and customers. It is important for Ferona to meet customer requirements and to act reliably in its relations with all business partners. Ferona's stable market position earns the trust of its customers, suppliers and employees. Ferona creates employment opportunities and contributes to local purchasing power.





ENVIRONMENTAL PILLAR

# ENVIRONMENT

## ENVIRONMENT AND LEED

**IN ITS BUSINESS, FERONA BEHAVES RESPONSIBLY TOWARDS THE ENVIRONMENT AND CONSIDERS IT IMPORTANT TO BUY PRIMARILY FROM SUPPLIERS WHO SUCCESSFULLY REDUCE THE NEGATIVE EFFECTS ON THE ENVIRONMENT.**

Another goal is to reduce the consumption of natural resources and waste production. Environmental protection activities concern, for example, the reduction of emissions connected with the transport of goods to customers. Feronia revitalised its fleet. By purchasing modern cars, it not only succeeded in reducing emissions, but also in improving the working environment for drivers. The creation of a central control room led to more efficient transport and further reduction of emissions. As part of the path to carbon neutrality in 2050, the EU decided to reduce CO<sub>2</sub> emissions by 4 billion tonnes, in the Czech Republic by more than 120 million tonnes.

A number of our customers – large construction companies – participate in the construction of

“green buildings” under various levels of LEED certification, assessing buildings in terms of their overall impact on the environment. The construction of “green buildings” is a worldwide trend.

These customers turn to Feronia with a request for current documents to prove and obtain mandatory credits for this certification system of economical and long-term sustainable projects [as some of them cannot be fulfilled without the cooperation of suppliers].

This is mainly information about the share of recycled materials divided into “pre-consumer” and “post-consumer”, production methods, use of regional materials (distance up to 800 km

from the place of extraction/acquisition of raw materials for production; for scrap, it is the distance from the place of the last use), and whether the manufacturers have an independently verified Environmental Product Declaration (EPD), which provides information about the impact of the product on the environment during its life cycle.



# EKO-KOM

Ferona is also actively involved in one of the largest environmental projects in the Czech Republic, the EKO-KOM packaging waste sorting and recycling system. Through its participation in the system of joint fulfilment of obligations of take-back and utilisation of packaging waste, it contributes to the improvement of the environment and the reduction of the “carbon footprint” – see the table.



Period	Packaging production fee	Share in the overall reduction of greenhouse gas production	Energy saving
2015	CZK 1,319,674	767.02 t CO <sub>2</sub>	17,246.35 GJ
2016	CZK 1,320,101	660.95 t CO <sub>2</sub>	14,931.78 GJ
2017	CZK 1,493,975	668.35 t CO <sub>2</sub>	15,635.09 GJ
2018	CZK 1,521,641	648.77 t CO <sub>2</sub>	15,207.55 GJ
2019	CZK 1,322,358	550.87 t CO <sub>2</sub>	12,882.08 GJ
2020	CZK 1,381,741	585.23 t CO <sub>2</sub>	13,883.88 GJ
2021	CZK 1,502,693	506.85 t CO <sub>2</sub>	12,251.76 GJ
2022	CZK 1,933,537	486.82 t CO <sub>2</sub>	13,192.64 GJ



ENVIRONMENT

RECYCLING



NATURE



SUSTAINABILITY

GREEN STEEL



CERTIFICATION



## Company's share of the recycling system for 2022

Ferona reported 3,446 tonnes of packaging placed on the market or in circulation for 2021. Thanks to our contribution, 2,713 tonnes of packaging waste was recovered and recycled. This waste filled 1,062 collection trucks.

Our contribution to the overall reduction of greenhouse gases was 486.82 tonnes of CO<sub>2</sub> equivalent, and 13,192.64 GJ of energy were saved. This is equivalent to the CO<sub>2</sub> emissions produced by 229 medium-class passenger cars per year of their operation. Our energy savings represent 26 days of electricity consumption for public lighting in the capital city of Prague.

Ferona, as a waste generator, sorts the waste and hands it over only to persons authorised to receive it.



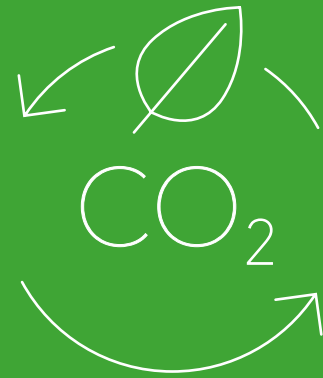
The company produces a negligible amount of hazardous waste at its branches and retail stores – 37 t per year, and a larger amount during the production of steel in SSC Ostrava – 70 t per year. These include synthetic motor, gear and

lubricating oils, accumulator batteries, sludge and oily water from oil separators, packaging containing residues of hazardous substances and protective clothing contaminated with hazardous substances.

## Waste produced in 2022

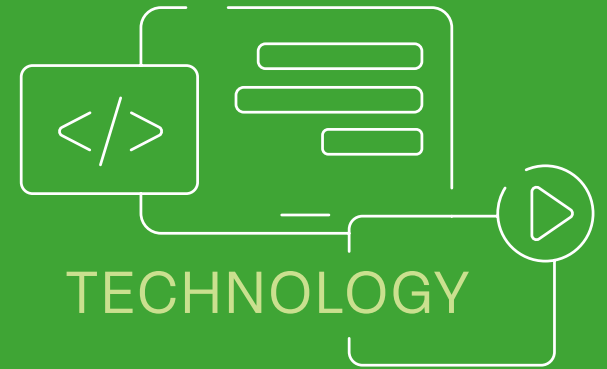
Cat. code	Waste group name	Waste category	Waste amount (t)
100210	mill scales	N	113.23
120101	ferrous metal filings and turnings	N	25.64
120118	metal sludge (grinding, honing and lapping sludge) containing oil	H	38.39
130205	mineral-based non-chlorinated engine, gear and lubricating oils	H	0.486
130208	other engine, gear and lubricating oils	H	4.603
130503	interceptor sludges	H	24.5
130507	oily water from oil/water separators	H	4.0
130802	other emulsions	H	29.379
150101	paper and cardboard packaging	N	13.589808
150102	plastic packaging	N	21.008555
150110	packaging containing residues of or contaminated by hazardous substances	H	2.311
150202	absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, protective clothing contaminated by hazardous substances	H	3.42
160103	end-of-life tyres	N	0.025
160107	oil filters	H	0.04
160120	Glass	N	0.08
160305	organic wastes containing hazardous substances	H	0.04

Cat. code	Waste group name	Waste category	Waste amount (t)
170102	Bricks	N	3.140000
170402	Aluminium	N	0.205
170405	iron and steel	N	3 487.99
170604	insulation materials other than those mentioned in 17 06 01 and 17 06 03	N	0.240000
190809	grease and oil mixture from oil/water separation containing only edible oil and fats	N	7.0
200101	paper and cardboard	N	9.499627
200102	Glass	N	1.924287
200121	fluorescent tubes and other mercury-containing waste	H	0.005
200133	batteries and accumulators included in 16 06 01, 16 06 02 or 16 06 03 and unsorted batteries and accumulators containing these batteries	H	0.02
200136	discarded electrical and electronic equipment other than those mentioned in 20 01 21, 20 01 23 and 20 01 35	N	2.46
200139	Plastics	N	6.766343
200201	biodegradable waste	N	7.3788
200301	mixed municipal waste	N	153.036061
200307	bulky waste	N	18.17
			In total: 3 978.577481 t / of which H waste: 107.194 t

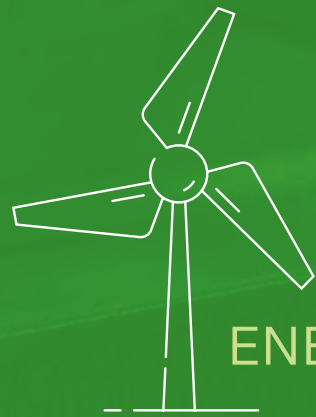


NEUTRALITY

ELECTRICITY



TECHNOLOGY



ENERGY

DEVELOPMENT



ECOLOGY





# Carbon footprint

**FERONA GROUP in t CO<sub>2</sub> / year 2022**

	Ferona CZ	Ferona SK	Ferona PL	Ferona TP	Pragmet
<b>SCOPE 1</b>	4 900	800	900	400	440
<b>SCOPE 2</b>	9 000	370	100	90	1 010
<b>SCOPE 3</b>	8 500	2 200	700	50	2 000
<b>TOTAL</b>	<b>22 400</b>	<b>3 370</b>	<b>1 700</b>	<b>540</b>	<b>3 450</b>
	<b>31 460</b>				

**SCOPE 1** – delivery of goods to customers, warehousing and road transport activities (forklift, relocation, ...), cars, burnt gas (or other fuel) in boiler rooms for heating

**SCOPE 2** – electricity purchased and consumed; heat purchased

**SCOPE 3** – transport of goods to warehouses from suppliers

## Energy consumption

Completion of the insulation of the office building with the adjacent service building on the premises of the Olomouc branch in Velká Bystřice. The assumption is a saving of 1,250.30 GJ / year. The project received a subsidy from the Ministry of Industry and Trade under the Entrepreneurship and Innovation for Competitiveness programme (European Regional Development Fund).

Start of construction of a photovoltaic power plant on the premises of the Olomouc branch in Velká Bystřice. Completion and start-up are planned for the first quarter of 2024. This source is intended primarily to cover own consumption. In the planned range of technologies, it will be able to satisfy up to 1/3 of the consumption of the premises per year.

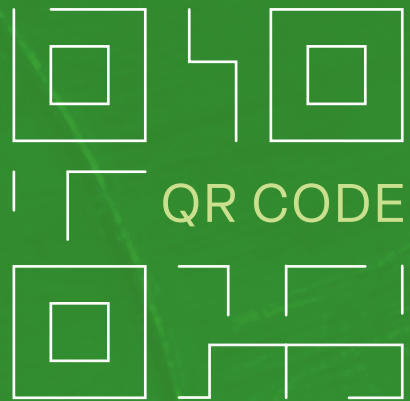


Plans for 2024 and beyond include the construction of additional photovoltaic power plants on other premises – if technical conditions permit. Again, with the aim of helping to cover part of its own consumption.

In addition to the new construction and technology projects with the aim of saving energy, the

warehouse complexes are gradually replacing lighting, electrical wiring and transformers.

By 2024, these projects should save around 10% of the annual energy consumption of the entire company.



# Digitization

Digitization – meaning here the digital integration of existing processes and its extension (and integration) to other processes – is one of the main priorities for the development of Feroná’s internal structure. The aim is to increase efficiency and thus reduce the consumption of natural resources to achieve business goals in Feroná’s case.

The first tangible change is the reduction in the amount of paper printed, which was previously reduced at Feroná by adopting a standard of double-sided printing wherever possible.

So far, in the field of digitization, among other things, the implementation of the transport planning system (2015-2016), the FERONA ONLINE ordering system, the optimization of administrative activities in the Hradec Králové and Ostrava cutting centres (2018-2021), and the digital management of the production of sections from euro carriers (2018-2019) in the Steel Service Centre of Central Services Olomouc have been carried out.

In general, these projects have brought in their sub-areas better possibilities of process management, reduction of laboriousness, improvement of information sharing, reduction of errors, reduction of the volume of printed documents and increase of efficiency of work with material – less residues – waste.

In 2021, a project to replace the ERP system was launched. This is an unprecedentedly large project, the aim of which is not only to replace the existing information systems (BPCS, Helios, IBM Notes, ...), but above all to provide system support – and thus control – of all the processes performed.

In addition to the changes in the internal structure, Feroná will also build system of digital connectivity to its suppliers and customers, as well as to other entities, such as the state administration. The launch of the new ERP system is planned for 2024. The system will be further developed and refined to a higher level of efficiency. It will be in operation for at least another ten years.

During 2023, a sub-project was completed to physically prepare the warehouses by installing HW for future communication with the ERP system. That means Wi-Fi signal coverage in all warehouse areas, acquisition of terminals for warehouse staff, label printers and signage. The project was successfully included in the subsidy program of the Ministry of Industry and Trade – Digital Transformation of Enterprises National Recovery Plan (Funded by the European Union).

Until the start-up and transition to the new ERP system, it remains to complete the process setup and then to spread the skills to operate it to all users in the form of a hierarchical structure of users (i.e. from the “key user” through the regionally designated and focused “trainers”) by training all users. All this while running tests in parallel.

## Handling

Handling of goods in warehouses ranges from the purely manual level, through handling trolleys (forklift trucks with forks and spikes, pallet trucks) to crane technology (freestanding column cranes, overhead cranes) with various technical equipment for suspension of loads (hooks, forks, magnets, grabs).

95% of the handled metallurgical material is realized by means of overhead cranes. Steel bundles,



coils and single blocks are handled. The volume of manipulated metallurgical material handled by the 150 cranes in operation corresponds to about 2.3 million tonnes with about 1 million manipulations per year. The weight of the load suspended on the crane ranges from tens of kilograms to tens of tonnes.

The consequences of a fall or mishandling of this load could be fatal, both in terms of risk to health and life and damage to property. We pay special attention to the issue of lifting equipment.

Since 2021, Feronia has been implementing an updated crane maintenance strategy approved by the company's management. The aim is to ensure safe and trouble-free operation.

The basis is the acquisition of technically appropriate lifting equipment for the zones they serve – warehouse / service / production. The majority of

the representation is process handling equipment for warehouse and production from a single, specially selected (time-tested) supplier. The company itself adapts the design to the current European legislation for the safe operation of technical equipment.

The strategy is based on a unified approach to maintenance and an in-house stock of spare parts, and on a single umbrella maintenance supplier that is certified by the manufacturer – of the lifting equipment we use – and with sufficient capacity to cover the requirements of around 150 cranes.

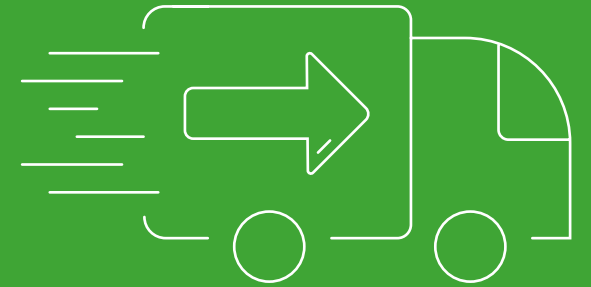
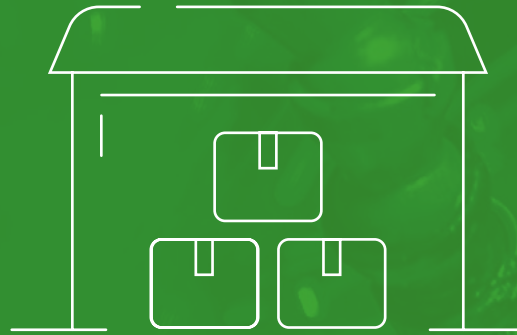
Furthermore, the crane operators themselves (and other warehouse staff) undergo regular training. In doing so, we are guided both by the legislative requirements for occupational safety and the operation of lifting equipment and by specific internal regulations that specify behaviour in the specific conditions of our warehouses.





LOGISTICS

WAREHOUSE

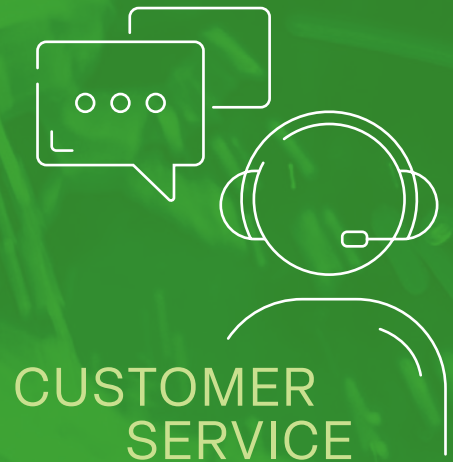
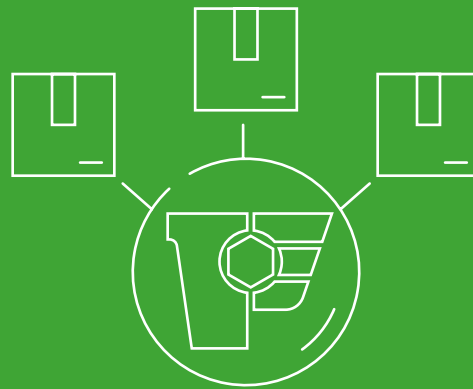


TRANSPORT



TRAIN TRANSPORT

SUPPLIERS



CUSTOMER SERVICE

## Road Transport

Annual systematic renewal of part of the fleet with the latest vehicles of the appropriate ecological class.

Systematic driver training, which is a standard in Ferona logistics, with the aim of increasing operational efficiency, i.e. economical driving (reducing fuel consumption, reducing vehicle wear and tear) using the Fleetboard software solution. Data is evaluated monthly and drivers are rated based on their performance.

The structure of transport, with 70% rail and 30% truck transport, also contributes to reducing the environmental impact of transport. In 2021 Ferona used a total of 7,149 wagons for transporting metallurgical materials, in 2022 the number was 5,108 wagons and in 2023 a total of 4,057 wagons.



**In November 2023, Ferona tested a purely electric Mercedes e-Actros 300 truck in real operation at the Hradec Králové branch as part of the mapping of the possibilities for environmentally friendly transport of metallurgical materials. This vehicle was involved in the daily distribution of metallurgical materials in the period of 9th to 20th November 2023.**



Year	Average rating of economic driving
2017	8.52
2018	8.7
2019	8.67
2020	8.77
2021	8.69
2022	8.76
2023	8.74

The performance analysis rates our drivers with a rating from 1 to 10 (10 being the best), regardless of the difficulty of use or the brand of our vehicles. We evaluate data on fuel consumption, speed, stops with the engine running, regular stops, etc.

Year	Average CO <sub>2</sub> emissions (g/km)
2017	669.6
2018	663.3
2019	669.1
2020	665.9
2021	675.4
2022	663.0
2023	671.0

Year	Mileage
2017	3,143,096
2018	3,143,096
2019	3,373,297
2020	3,210,648
2021	2,850,108
2022	2,522,361
2023	2,051,394

**DEAR READERS,**

in the above lines we have shown you what is important for Feronia  
and what principles it follows in its dealings with all stakeholders.

For us, CSR means responsibility, sustainability and long-term commitment  
in all areas of business activities. This CSR Report brings a summary of activities  
that confirm the emphasis on socially responsible behaviour,  
which is certainly influenced by our 195 years of operation in the market.



**DR. JAN MORAVEC**  
CEO AND CHAIRMAN OF THE BOARD OF DIRECTORS

The logo for Feronia, featuring a stylized 'F' icon with a gear-like element on the left, followed by the word 'Feronia' in a white, italicized serif font.

**Feronia**