



CORPORATE SOCIAL RESPONSIBILITY REPORT 2021

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



PALÁC FERONA

COMPANY PROFILE

CSR REPORT



ECONOMIC PILLAR



| | |
|-----------------------|--|
| Business name | Feron, 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 | www.ferona.cz |
| 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 Rekulus, a.s., by a group of majority shareholders of the then Feron, 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 Feron, 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, OLOMOUČ, OSTRAVA, BRNO



ŽILINA, BRATISLAVA, KOŠICE, NITRA



MYŚLOWICE, WROCŁAW, KIELCE, POZNAŃ

STEEL SERVIS CENTRES



HRADEC KRÁLOVÉ, OLOMOUČ, OSTRAVA



BRATISLAVA



BENÁTKY NAD JIZEROU

PLASTIC WHOLESALE



KRÁLŮV DVŮR, OLOMOUČ



BRATISLAVA



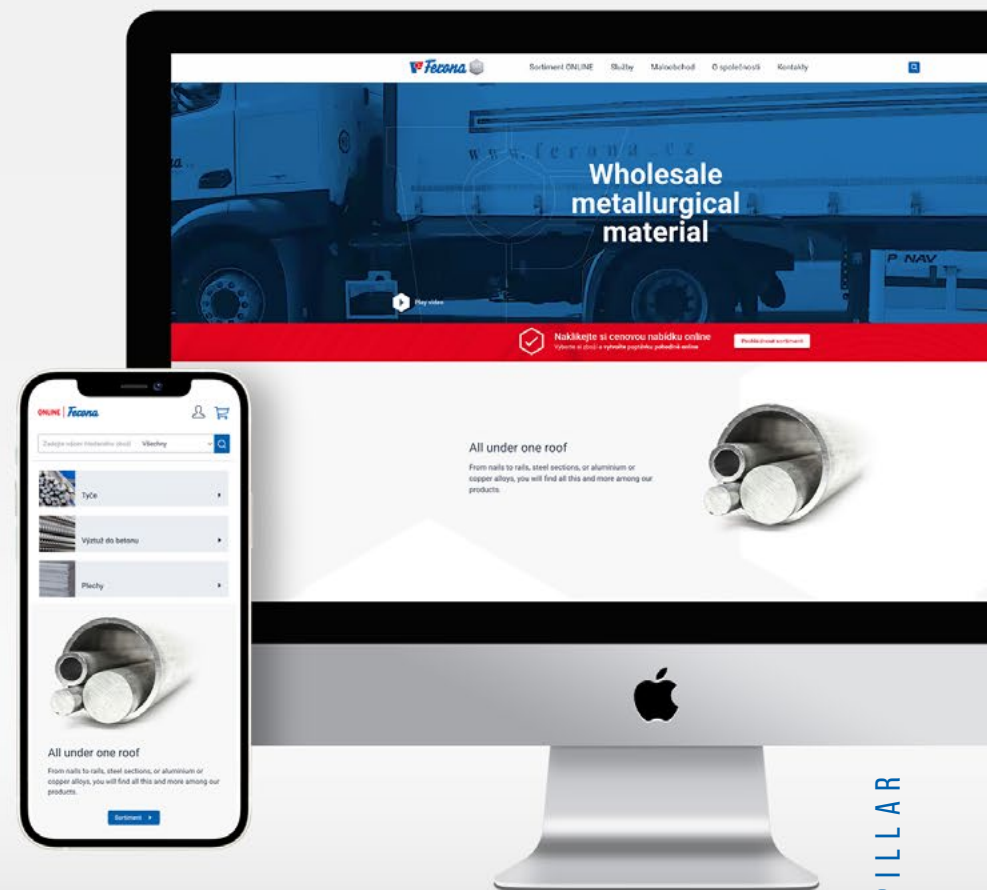
FERONA ONLINE

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.

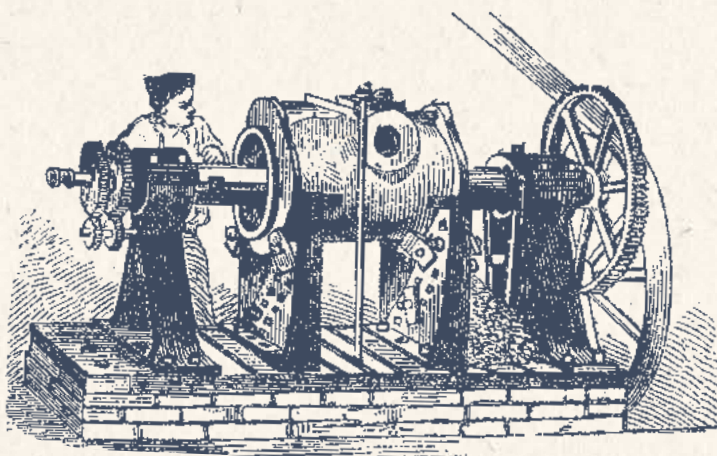
This system is based on solid pillars thanks to **the Iron Book**, which can be defined as **Feronia's Bible**. Professional information can be used by anyone, including designers and secondary school and university students. It can be said that for the young generation, the Iron Book, together with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



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 **19th 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 19TH 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.



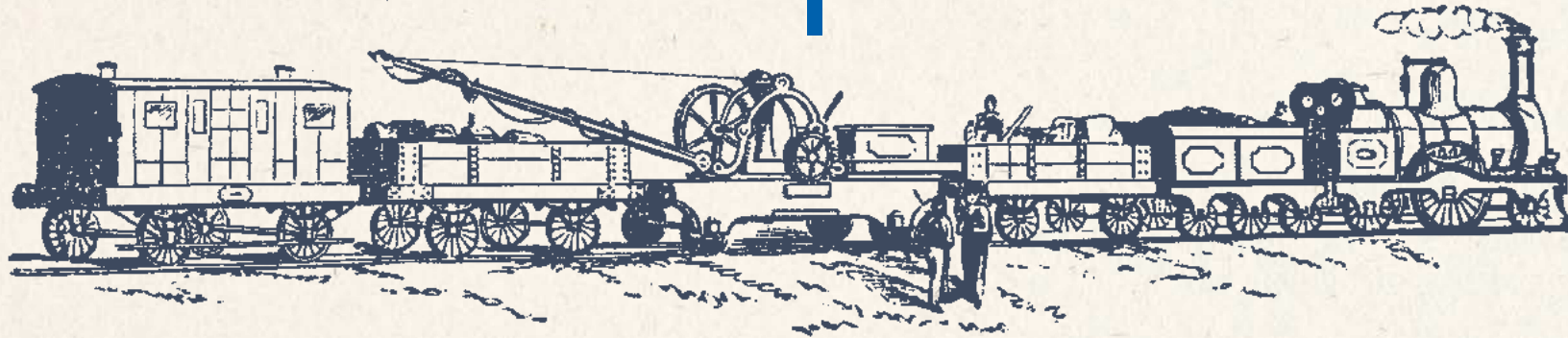
1800



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 **19th 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 **19th 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 19th century, when the Second Industrial Revolution took place even in the backward Austro-Hungarian monarchy, soon followed by the World War.

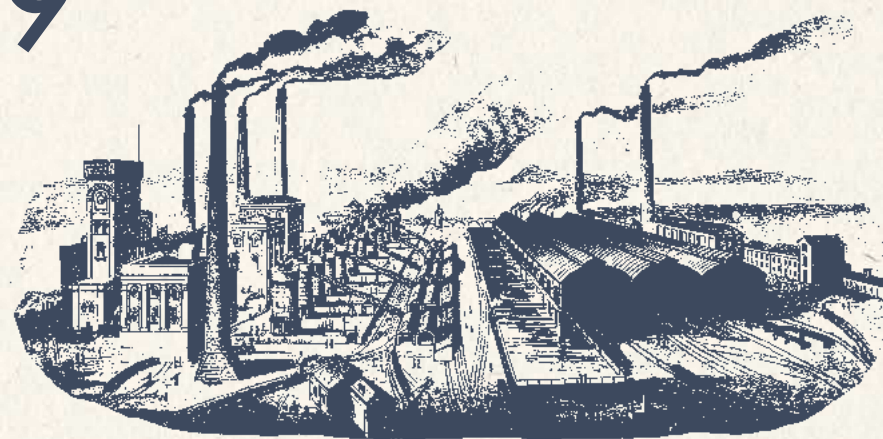
1918

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.

1919

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 – Ferra, a.s.



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).

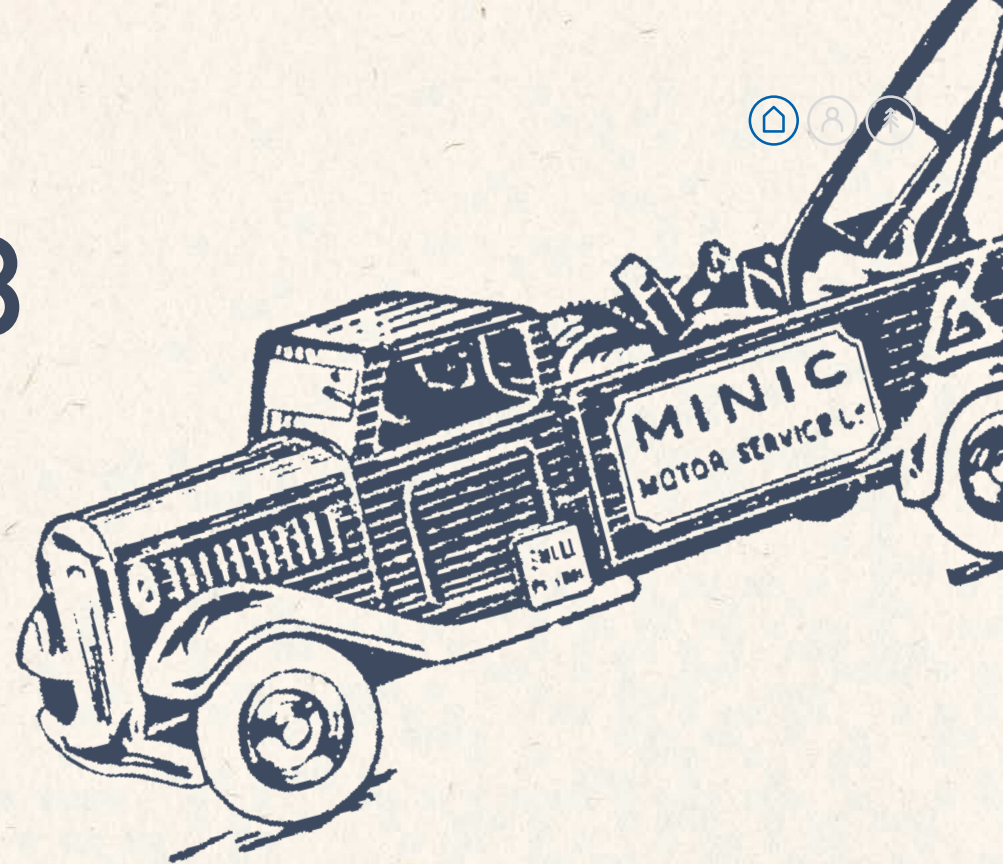
1945

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

1972

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.



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



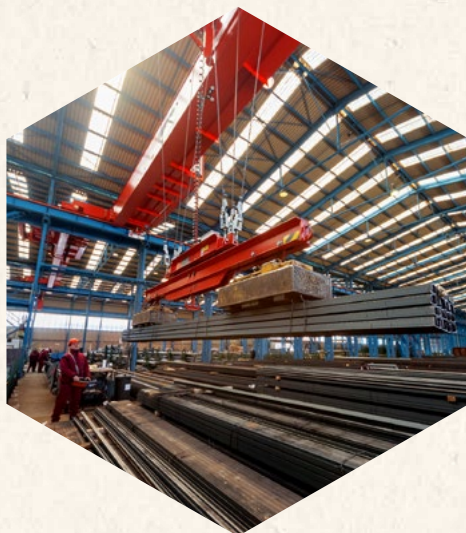
1989

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

19⁹4

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

19⁹7

MILLENIUM

Since **2004**, the current organisational structure of Feronia 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.

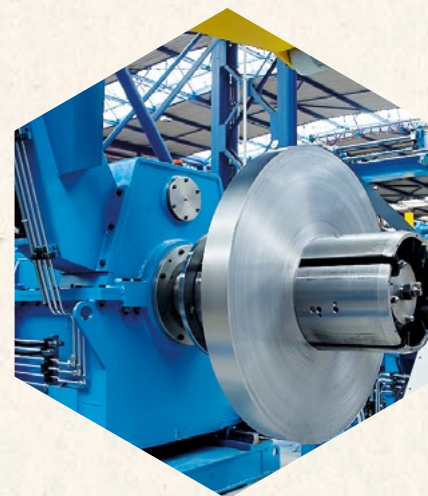
20⁰4



20⁰7

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

In the years **2002–2008**, Feron Group's network of cutting centres was gradually built, focusing on the transverse and longitudinal cutting of coil sheets. According to the needs of Feron'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.

20⁰820⁰9

The Feron 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.



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

20¹7

In **2018**, Feron 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
20²⁰

COVID-19



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, Feron views this period as an opportunity for further development and consolidation of its market position.



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.

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:



AN EXTRA WEEK
OF HOLIDAY



3 SICK DAYS



BEVERAGES AT THE
WORKPLACE



MEALS AT SUBSIDISED
PRICES



CONTRIBUTION TO
WELLNESS AND LEISURE
ACTIVITIES



PENSION INSURANCE
CONTRIBUTION



EXTRAORDINARY
EMPLOYEE REWARD
FOR LIFE ANNIVERSARIES
AND RETIREMENT



PROVIDING SOCIAL
ASSISTANCE AND SOCIAL
LOANS IN EXTREMELY
SERIOUS LIFE SITUATIONS



ORGANISING REGULAR
SPORTS AND CULTURAL
MEETINGS FOR
EMPLOYEES



ORGANISING REGULAR
MEETINGS OF RETIRED
EMPLOYEES



WORKING FROM HOME



In **2019**, Feronia 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 Ferona'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.



Ferona supports the Our Child Foundation

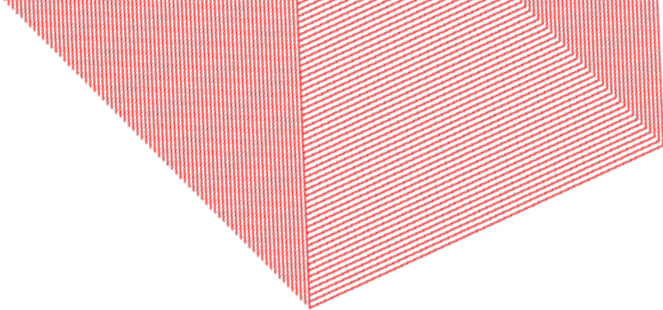
Every year, Ferona earmarks funds from its budget for charitable purposes and support for health, cultural and sports entities in the form of sponsorships, partnerships or donations.



Due to the pandemic situation, we could not prepare regular events, such as tennis or golf tournaments. It was a priority for Ferona to protect its employees as much as possible from infection. Due to government measures, the Rotary Dragon Boat Charity Challenge could not be organised. The aim of this event is to help raise funds for selected foundations, which,



through their invaluable work, provide assistance to those who need it. Ferona supports the Our Child Foundation, which offers much-needed help and support to many children in difficult life situations. Although we could achieve a fantastic result with our colleagues again, we again financially supported the Our Child Foundation.



During 2020, the whole world was hit by the Covid-19 pandemic. Feronia took measures to adapt to this situation and to ensure the safety of its employees. Personal meetings, workshops, audits and trainings were moved to the virtual world using remote communication tools. A ban on business trips and the entry of external persons into buildings was also introduced. We introduced working from home (where possible) and work teams were created that took turns to avoid meeting each other. That minimised the transmission of the disease between employees and reliably secured supplies to customers without affecting their needs. Due to government regulations, Feronia introduced comprehensive testing of all employees in the workplace,

and workers were provided with face masks, respirators, antibacterial gels and protective equipment. Employees received packages of vitamins to support immunity.

We would like to start a tree planting event together with our employees – we believe that we will be able to organise this event as soon as possible, depending on the pandemic.

Feronia repeatedly holds 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 relationships between and among the various stakeholders.

In negotiations with its suppliers and customers, Feronia relies on partnership. The company finds it important to meet customer requirements and act reliably in relations with all business partners. Based on its stable position in the market, it gains the trust of its customers, suppliers and employees. Feronia creates job opportunities, contributing to the purchasing power in local communities.

ENVIRONMENT

CSR REPORT



ENVIRONMENTAL PILLAR

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 CO₂ 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].

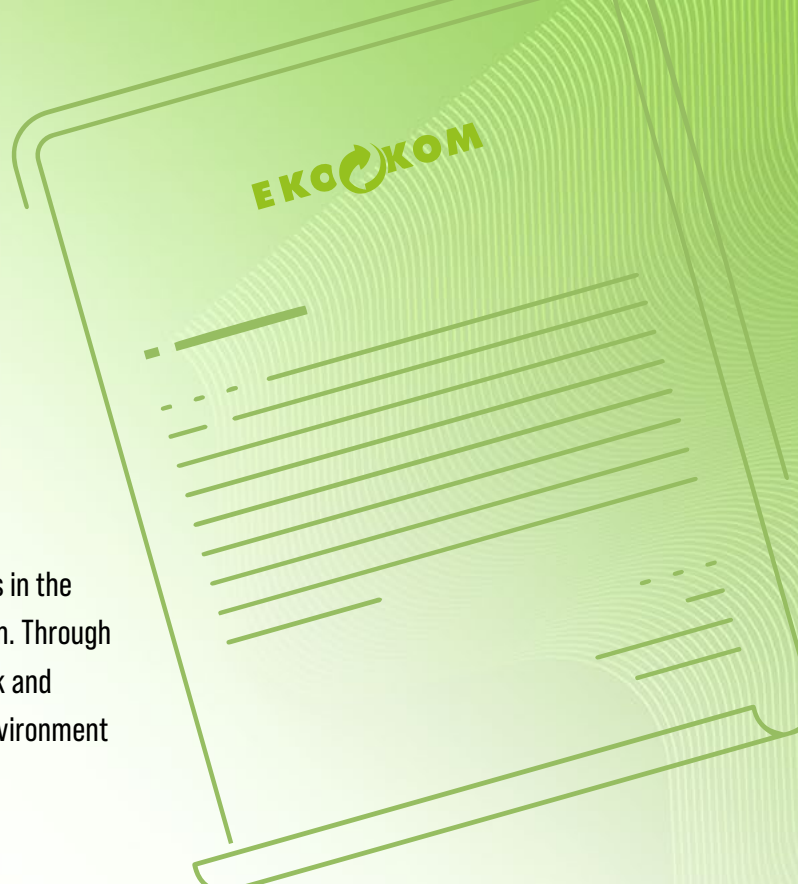
This is mainly information about the share of recycled materials divided into “pre-consumer” and “post-consumer”, production methods, use of regional materials (distance up to 800 km

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 ₂ | 17,246.35 GJ |
| 2016 | CZK 1,320,101 | 660.95 t CO ₂ | 14,931.78 GJ |
| 2017 | CZK 1,493,975 | 668.35 t CO ₂ | 15,635.09 GJ |
| 2018 | CZK 1,521,641 | 648.77 t CO ₂ | 15,207.55 GJ |
| 2019 | CZK 1,322,358 | 550.87 t CO ₂ | 12,882.08 GJ |
| 2020 | CZK 1,381,741 | 585.23 t CO ₂ | 13,883.88 GJ |



The company's share in the recycling system in 2020

Thanks to our contribution, the take-back and recycling of 2,926 tons of waste was ensured. This waste filled 1,256 collection cars.

Ferona's share in the EKO-KOM system corresponds to ensuring the operation and maintenance of 11 coloured containers for sorted

waste (for paper, glass, plastics and beverage cartons). In this way, we enabled waste sorting for 198 inhabitants.

Our share of the total reduction in greenhouse gas emissions is 585 tons of CO₂ (eq.), saving 13,884 GJ of energy. This corresponds to CO₂

emissions produced by 275 D-segment passenger cars per year of operation. The energy saved by us represents 27 days of electricity consumption for public lighting in the capital city of Prague.

As a waste producer, Ferona sorts it and passes it on only to the entities authorised to receive it.

Digitisation

Digitisation is one of Feroná's main priorities. In addition to the FERONA ONLINE ordering system mentioned above, it includes the „Optimisation of Administrative Activities in the Hradec Králové and Ostrava Cutting Centres” project, which took place in several stages starting in 2018. Its goal was to streamline processes in production and administration, reduce labour, improve information availability, and reduce errors and the volume of printed documents (reduction of paper consumption), which led to a reduction in the burden on the environment.

Paper savings have also been achieved throughout Feroná by double-sided printing wherever possible.

Another activity of Feroná in the field of digitisation was the “TMD – Euro-Girder Cutting Centre” project, which was implemented in 2018 and 2019 at the Steel Service Center of the Olomouc Central Services.

Its aim was to digitise the entire process of production of Euro-girders using the TMD module (Transport – Mechanisation – Delivery), save working time, speed up the transfer of information to transport and improve work with residues.

The digitisation process will continue in Feroná in the coming years, with the implementation

of a new ERP system. This is an unusually large project, the aim of which is not only to replace the existing information systems (BPCS, Helios, IBM Notes, etc.), but especially to provide system support for all processes, which will lead to streamlining business, production and warehouse transactions, inventory taking, and creation and sending of accompanying documentation.





Power consumption

Based on legislative obligations, Feronia has prepared an energy audit (using a certified energy auditor) for all its premises, including the company's registered office.

From the conclusions and recommendations of energy audits, we gradually select the ones with the highest priority and implement them depending on the technical and investment

demands within the routine maintenance of the premises or large planned investments.

At present, we have prepared project documentation for the insulation of an administrative building on the Velká Bystřice site; we have received a subsidy from the Ministry of Industry and Trade under the Enterprise and Innovation for Competitiveness Operational

Programme. This year, a procurement procedure will be held for a construction contractor, with implementation planned for 2022.

In 10 years, Feronia has reduced its annual energy consumption by about 15%, i.e. by 7,000 GJ, which corresponds to the annual consumption of one large warehouse complex.

Handling of goods

95% of the metallurgical material is handled by means of overhead cranes. Steel bundles, coils and individual blocks are handled. The volume of metallurgical material handled by 150 operated cranes corresponds to approximately 2.3 million tons, with about 1 million handling operations per year.

The weight of the crane load ranges from tens of kilograms to tens of tons. The consequences of a fall or incorrect handling of such load could be fatal both in terms of danger to health and life and damage to property. We pay special attention to the care of the technical condition of the crane technology and the training of the crane operator and other warehouse staff. We follow both the legislative requirements for occupational safety and the operation of lifting equipment, as well as special internal regulations that specify the behaviour in the specific conditions of our warehouses.

For our warehouses, we purchase technically advanced crane technology from a proven manufacturer which ensures that its technology complies with current European legislation for the safe operation of technical equipment.

This strategy has high costs, but it has a positive effect. We still see a declining trend in the number

of accidents at work. Over the last three years (2018–2020), the number of accidents at work fell by a third.

The importance of the safety and reliability of crane technology is underlined by the fact that the strategy of care and investment in this area is subject to approval by the company's top management.



Road transport

A part of the vehicle fleet is annually replaced with the most modern vehicles of the corresponding environmental class.

Drivers are provided with systematic training, which is the standard of Ferona's logistics, with the aim of increasing operational efficiency, i.e. economical driving (reduction of fuel consumption, reduction of vehicle wear and tear) using the Fleetboard SW solution. Data is evaluated monthly and drivers are assessed based on their achieved results.



The long-term results of Ferona's driver training in the style of economic driving can be shown in comparison with transport companies within the Fleetboard competitions, i.e. regional and national competitions. In the last regional competition, Winter 2020/21, the driver of Ferona, a.s. Jiří Görg won 1st place; in the Winter 2020/21 national competition, the same driver won 2nd place.

The structure of transport also contributes to the reduction of environmental impacts during transport, where 70% consists of rail transport and 30% of truck transport. In 2020, Ferona used a total of 6,217 wagons to transport metallurgical material.

Due to the good accessibility of individual Ferona branches by railway, train transport has been used much more for business trips than cars in recent years.

| Year | Average rating of economic driving |
|------|------------------------------------|
| 2017 | 8.52 |
| 2018 | 8.7 |
| 2019 | 8.67 |
| 2020 | 8.77 |

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 ₂ emissions [g/km] |
|------|--|
| 2017 | 669.6 |
| 2018 | 663.3 |
| 2019 | 669.1 |
| 2020 | 665.9 |

| Year | Mileage |
|------|-----------|
| 2017 | 3,143,096 |
| 2018 | 3,143,096 |
| 2019 | 3,373,297 |
| 2020 | 3,210,648 |

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 190 years of operation in the market.



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

