



CORPORATE SOCIAL RESPONSIBILITY REPORT
2022

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	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, OLOMOUC, OSTRAVA, BRNO



ŽILINA, BRATISLAVA, KOŠICE, NITRA



MYŚLOWICE, WROCŁAW, KIELCE, POZNAŃ

STEEL SERVIS CENTRES



HRADEC KRÁLOVÉ, OLOMOUC, OSTRAVA



BRATISLAVA



BENÁTKY NAD JIZEROU

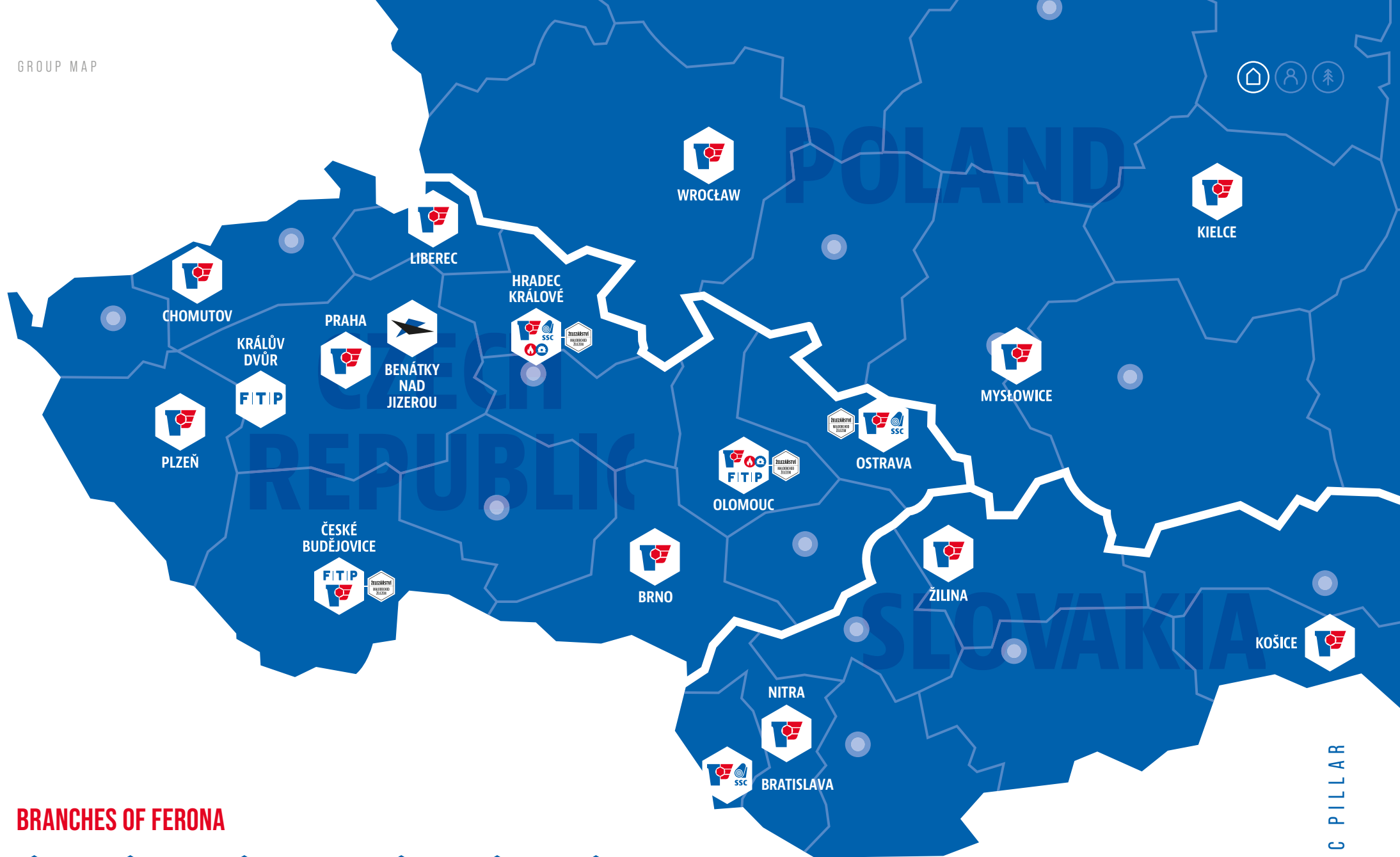
PLASTIC WHOLESALE



ČESKÉ BUDĚJOVICE, KRÁLŮV DVŮR, OLOMOUC



BRATISLAVA



BRANCHES OF FERONA



DEALERS



STEEL SERVIS
CENTRUM



SERVICES: HEAT-CUTTING
AND CUTTING



RETAIL
OUTLETS



PRAGMET



FERONA THERMO
PLASTIC

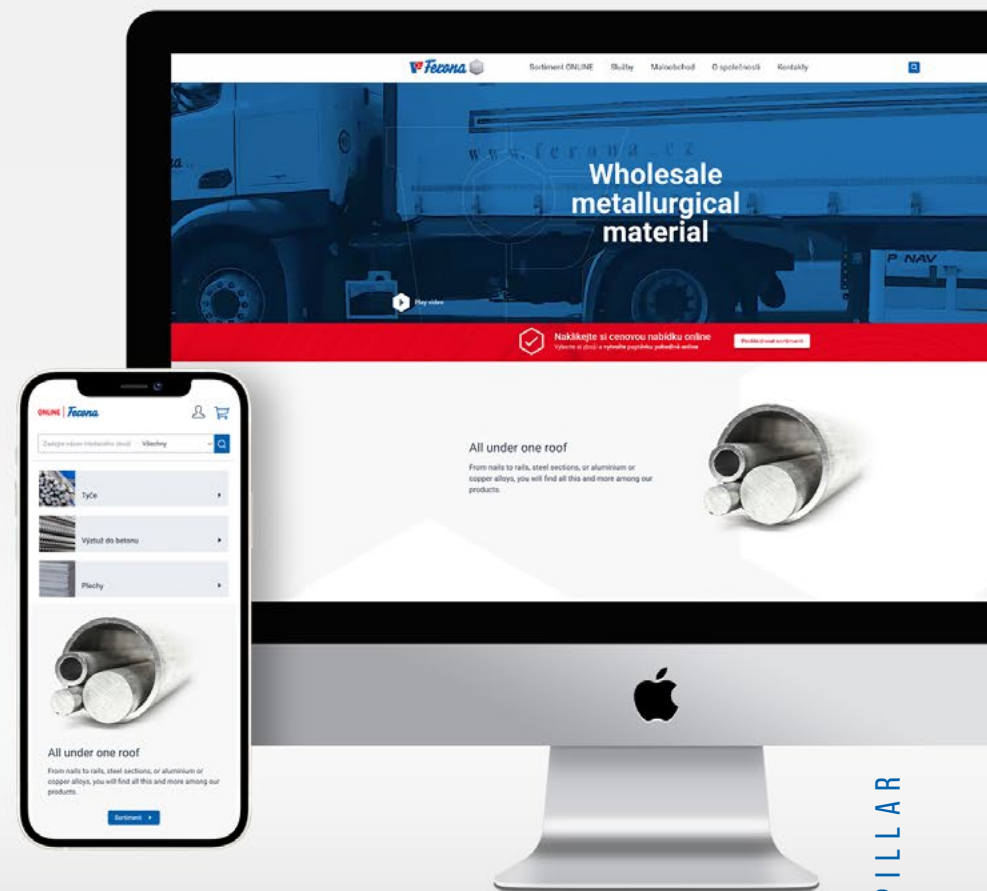
FERONA ONLINE

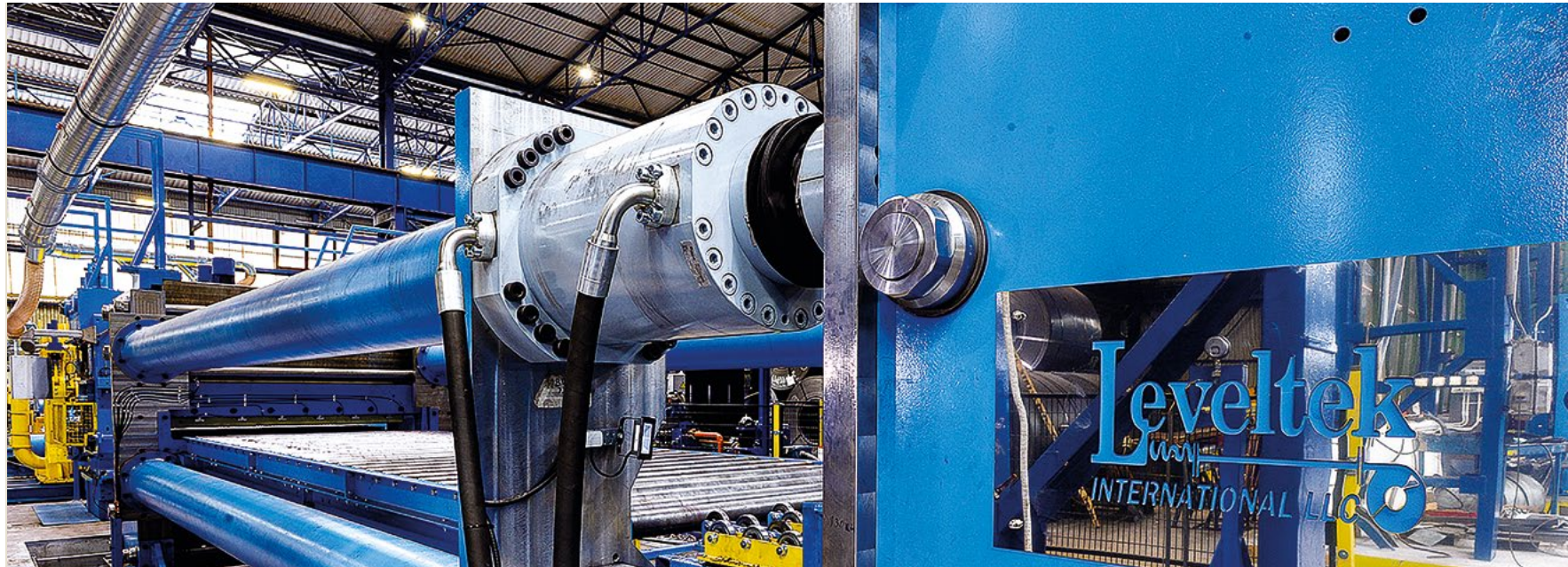
Relying on its solid foundations, Feronia also follows new trends and looks for new opportunities. Given that we are constantly working on business processes, communication and speed of delivery of goods, Feronia has decided to **redesign its website** after many years, launching the **Feronia ONLINE** 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

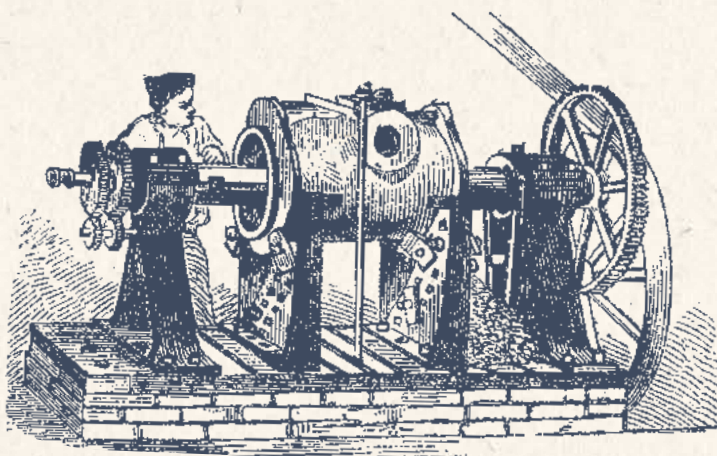
In 2021, the project to modernise the cross-cutting line at SSC Ostrava continued at a cost of CZK 150 million. The modernization itself consisted in the installation of a STRETCHER (tensile straightening technology) and brushing

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 **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.



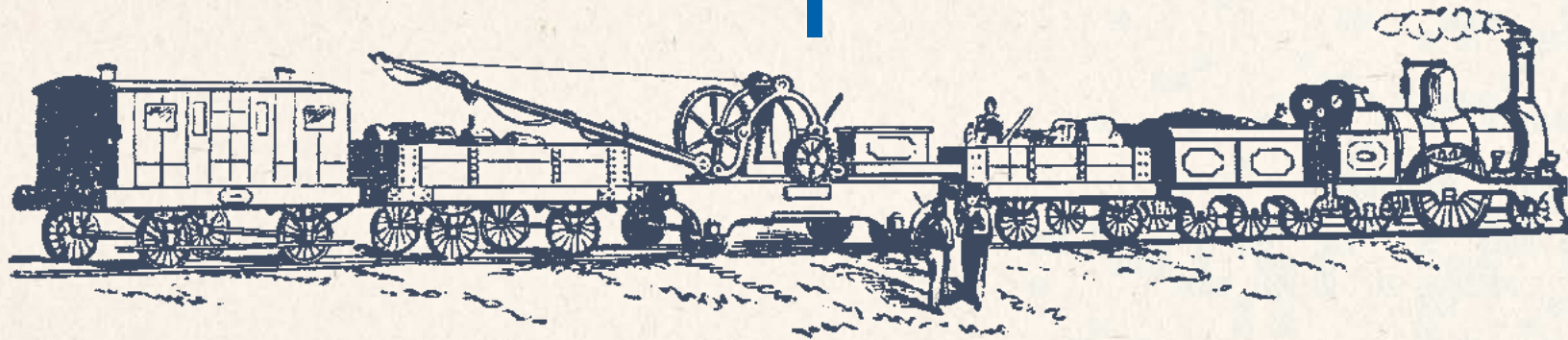
1800



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.

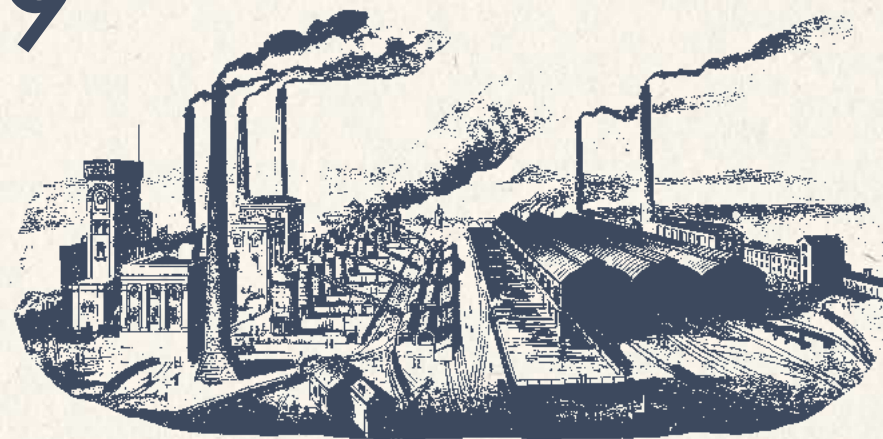
1918

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).

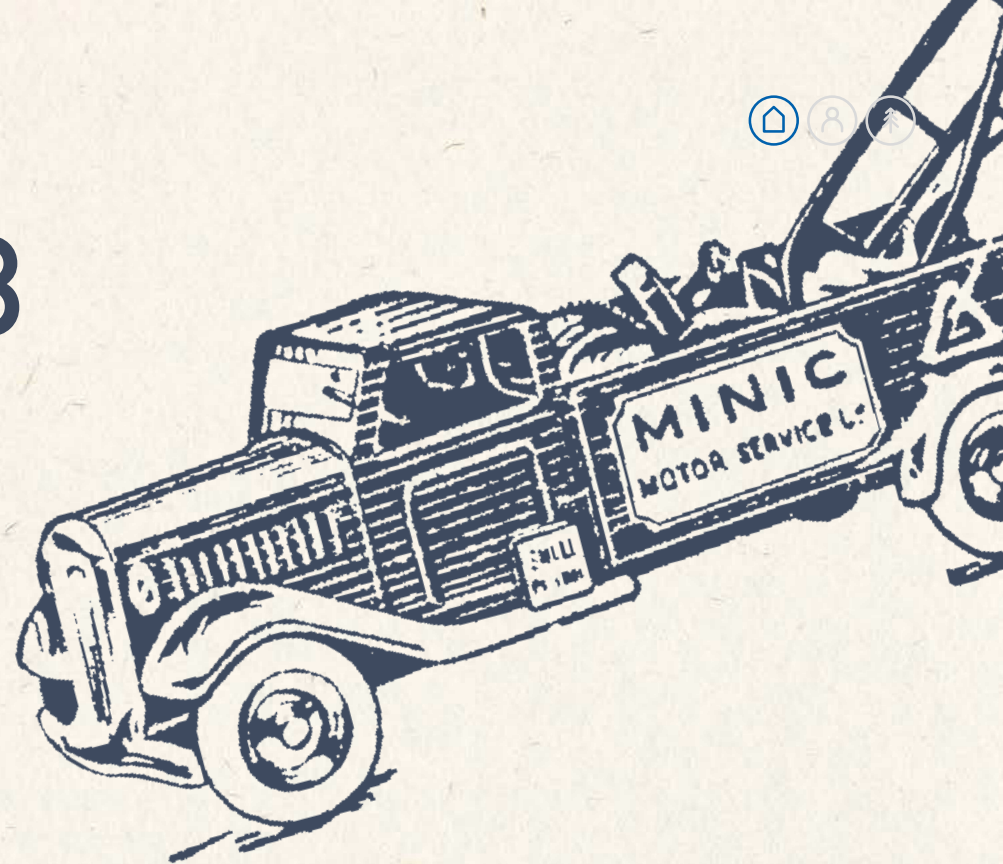
1945

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 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



1994



1997

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

MILLENNIUM

2004

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.



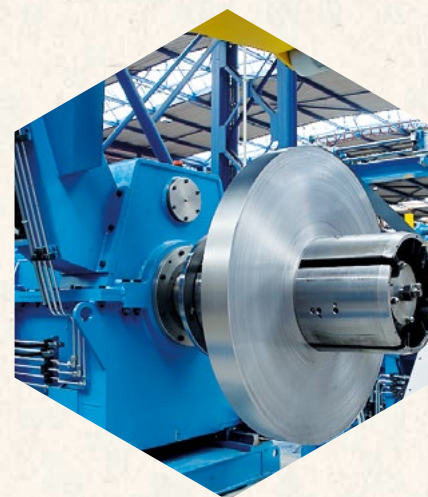


2007

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**, Feronia Group's network of cutting centres was gradually built, focusing on the transverse and longitudinal cutting of coil sheets. According to the needs of Feronia'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 Feronia 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.

20¹⁸

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





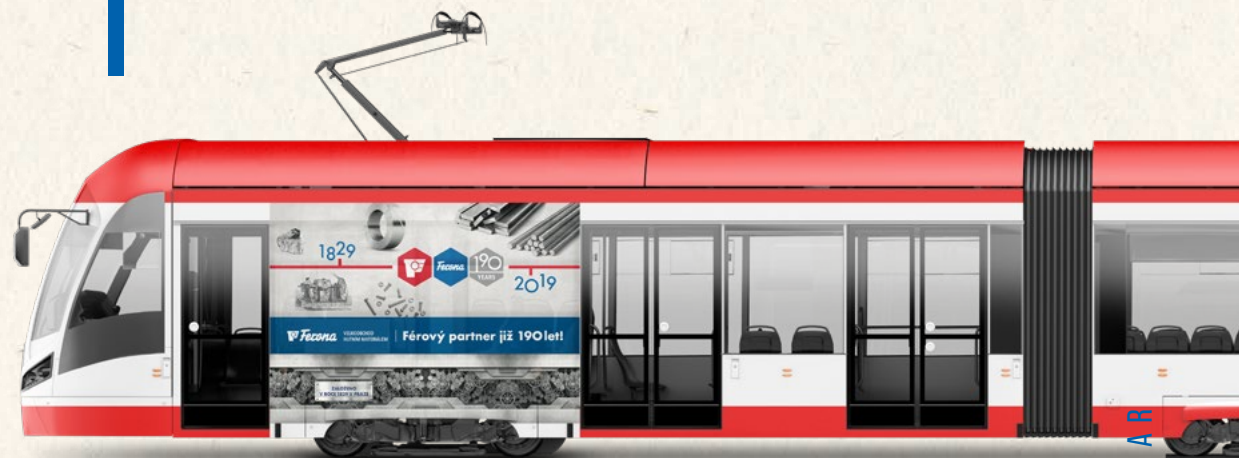
2019

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

190 YEARS

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.



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

The company also continued upgrading existing facilities and investing in new technologies.



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.





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.



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[®]
PODBREZOVÁ**



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:



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

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.



ENVIRONMENT

CSR REPORT



ENVIRONMENTAL PILLAR

Alley of joint achievements 2022

Ferona as an important partner of KB (transactions with Ferona were among the most significant this year) was invited to the event entitled „Alley of joint achievements 2022“. This was a joint event of KB Global Banking and ENVIROS with significant support from the Partnership Foundation, which took place on 20 October 2022 (Arbor Day) at Zelená hora in Žďár nad Sázavou. First, the representatives of the organizers planted a descendant of the famous St. Wenceslas oak tree, which according to legend was planted by Princess Ludmila in 903 and to which President Masaryk liked to ride his horse.

This was followed by help with the restoration of a dirt road that will become part of the new avenue and the joint planting of 38 mature trees by KB employees, ENVIROS and clients as a symbol of successful cooperation.



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
2021	CZK 1,502,693	506.85 t CO ₂	12,251.76 GJ

Company's share of the recycling system for 2021

Ferona reported 3 570 tonnes of packaging placed on the market or in circulation for 2021. Thanks to our contribution, 2,707 tonnes of packaging waste was recovered and recycled. This waste filled 1,116 collection trucks.

Ferona's contribution to the EKO-KOM system corresponds to the operation and servicing of 10 coloured containers for sorted waste (for paper, glass, plastics and beverage cartons). We have thus made waste sorting possible for 134 residents.

Our contribution to the overall reduction of greenhouse gases was 506.85 tonnes of CO₂ equivalent, and 12 251.76 GJ of energy were saved. This is equivalent to the CO₂ emissions produced by 238 medium-class passenger cars per year of their operation. Our energy savings represent 24 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 – 20.5 t per year, and a larger amount during

the production of steel in SSC Ostrava – 72 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.



Carbon footprint

FERONA MEASURED ITS CARBON FOOTPRINT FOR THE FIRST TIME IN 2021, BROKEN DOWN INTO DIRECT AND INDIRECT EMISSIONS IN SCOPE 1 TO 3.

Emissions, CO ₂ equivalent in t – Scope 1	500 t CO ₂ /year (direct emissions of the company) own and contract transport, cars, gas boilers, other (handling trucks, tractors, ...)
Emissions, CO ₂ equivalent in t – Scope 2	9 300 t CO ₂ /year (indirect emissions consumed by the company, generated by the energy supplier) electricity, district heat
Emissions, CO ₂ equivalent in t – Scope 3	18 000 t CO ₂ /year (other indirect emissions, not included in Scope 2, generated by suppliers and customers) delivery of goods to warehouses by the supplier's means of transport (wagons, trucks)



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.

Digitisation

One of the main priorities for the development of Ferona's internal structure is its digitisation. By digitising, we can aim for greater efficiency and thus reduce the consumption of natural resources to achieve Ferona business objectives. The first tangible change is the reduction in the amount of paper printed, which Ferona has already reduced by adopting a standard of double-sided printing wherever possible.

So far, in the field of digitalization, 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 cross-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 of deployment a reduction in labour intensity,

improved accessibility and facilitated information sharing, reduced errors and volume of printed documents, saved working time, accelerated transfer of information for transport planning and improved work with residues (reduction of waste).

An ERP system replacement project was started in 2021. This is an unprecedentedly large project, the aim of which is not only the replacement of existing information systems (BPCS, Helios, IBM Notes, ...), but above all the system support of all the processes performed, which will lead to the streamlining of commercial, production and warehouse transactions, inventory, creation and sending of accompanying documentation. With these system changes comes a change in the requirements for data networks in all areas and especially for employees, for whom extensive training in the use of mobile terminals and the system as such is planned. In addition to the changes in the internal structure, Ferona will also build up systemic digital connectivity to



its suppliers and customers, as well as to other entities – for example, the state administration.

In 2022, the first stage of the solution design was completed, followed by the start of implementation (product preparation and development, which will last until August 2023). The launch of live operation (Go-Live) is scheduled for April 1, 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.

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 Feronia'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 Feronia'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 Feronia, 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, Feronia used a total of 7,149 wagons to transport metallurgical material.

Due to the good accessibility of individual Feronia 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
2021	8.69
2022	8.76

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
2021	675.4
2022	663.0

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

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

