



2039
Climate Neutrality

**Today:
Finding Ways Together**

**Tomorrow:
Achieving Goals Together**

Sustainability Report 2020



**GREEN
STEEL**
GMH GRUPPE



Georgsmarienhütte
GMH GRUPPE

About this Report

Georgsmarienhütte GmbH is currently not obliged to issue a non-financial statement in accordance with the German Commercial Code (HGB). But we would like to provide information on how we minimise the impact that our business activities and the products we produce can have on the environment and society, and how our economic activities are permanently geared towards sustainability. We report in accordance with the German Commercial Code (HGB) and have defined our material topics based on the standards of the Global Reporting Initiative (GRI). This sustainability report comprises the non-financial report according to HGB and deals with:

- **environmental matters** in the chapter resources
- **employees' interest** in the chapter People
- **social matters** in the chapter People
- **respect for human rights** in the chapter Compliance
- **combating corruption and bribery** in the chapter Compliance

The assignment of topics and figures to the GRI standards is made in a separate appendix for reasons of better readability. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has audited the chapters Short Profile, Sustainability Management/Compliance, People, Product and Resources in this report with limited assurance in line with the requirements of the German Commercial Code [HGB] regarding non-financial reporting (see Report page 50/51).



Three questions to Dr. Alexander Becker, CEO of GMH Gruppe

Sustainability is on everyone's lips - what does the GMH Gruppe understand by this term?

The GMH Gruppe chose the path to sustainability as early as 1993. Our key milestone was the conversion of steel production at the site in Georgsmarienhütte: away from ores and coal mined on other continents and towards steel scrap from domestic sources. With our long-term commitment to sustainable production, we also send a strong signal to employees and local residents. We want to operate economically the resources available and use

as few primary resources as possible. We do not want to manufacture our products at the expense of future generations. We have created the prerequisites for this and will continue to develop them further.

How do the companies of the GMH Gruppe translate this into practice?

We consistently continue on our path. Four of our meltshops work with electric furnaces, the fifth is currently converted. All meltshops use steel scrap as iron carrier. Climate neutrality is of particular importance to us, which we would like to achieve as early as 2039 as a pioneer in decarbonisation. With the focus on electric steel, we have already determined the course. Now we will go ahead by using green power. Further actions will be the use of biogenic carbon carriers and hydrogen. Accompanied by innovative technologies, all this ensures environmentally friendly processes and products.

How can you retrace the progress made in sustainability?

We record our energy demand and CO₂ emissions and constantly refine this data collection. With this sustainability report, we have defined further key figures based on international standards, which are externally assured and rolled out to the entire GMH Gruppe. This enables us to further develop our processes and to initiate any necessary corrections in a timely manner. We are pleased that business partners, employees and the shareholder family support us in our transformation to completely green production.



Three questions to Marc-Oliver Arnold, Plant Director of Georgsmarienhütte GmbH

What does sustainability mean to Georgsmarienhütte GmbH?

Sustainability is an existential prerequisite – both for society and for our company. Georgsmarienhütte GmbH is already the most climate-friendly steel company in Germany. With our unique value chain, in which scrap is molten down in electric arc furnaces and recycled to new steel, we make an important contribution to the circular economy and are pioneers in the sustainable steel production. We, however, must not and do not want to rest on our laurels. We are constantly working on becoming even more sustainable. Climate-neutral production has now already become a criterion when awarding contracts.

What is particularly important to Georgsmarienhütte GmbH in this context?

As an energy-intensive company in heavy industry, the transparency of our sustainability strategy, of our processes and of our approach is particularly important to us. Even though we are not currently obliged to report on our current situation in a sustainability report, it is nevertheless a matter of great concern to us to communicate our actions in the field in a way comprehensible and open also for outsiders. Thus all stakeholders have the opportunity to gain a comprehensive insight into our sustainable commitment.



And how “watertight” is the information published?

All information in this report has been carefully compiled by our sustainability management team and cross-checked by the responsible colleagues. We report in accordance with the German Commercial Code (HGB) and have determined our material topics in accordance with the GRI standards. This was audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft with limited assurance. This means that we are also further ahead than many other companies in our industry.

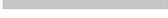


1994
Conversion of metallurgy to the direct current electric arc furnace



2002
Implementation of an environmental management system



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2010
Implementation of an energy management system and start of using the waste heat of the electric arc furnace



2014
Admission to the group of climate protection companies as the first German steelworks



2018
Implementation of sustainability management



Today: Pioneer Tomorrow: Companion

The GMH Gruppe



We use natural gas as a bridging technology for heating processes and make our plants ready for the use of green hydrogen (H₂ ready)







Leading in Europe Committed Locally

The GMH Gruppe

The GMH Group comes into existence in 1993: Dr. Jürgen Großmann takes over Georgsmarienhütte, a production site of Klöckner Werke AG, by means of a management buy-out and gradually acquires other companies in the field of steel production and steel processing.

The target is to cover the entire value chain from steel scrap as a raw material, through steel production and further processing, to ready-to-install steel and iron casting products.

Georgsmarienhütte GmbH

Georgsmarienhütte GmbH with its headquarter in the Lower Saxony town of the same name is a company of the GMH Gruppe. At the end of 2020, Georgsmarienhütte GmbH employed 1,228 employees as well as 88 trainees with a total of 16 nationalities. With this size of workforce, we are one of the larger employers in the administrative district of Osnabrück. Most colleagues are employed full-time. In the reporting period, 29 employees made use of our part-time offer. This corresponds to 2.41% of the total workforce. The bigger part of our employees comes from the local area and still lives there. We are therefore particularly

responsible for the quality of life in the region – economically, ecologically and socially.

We always keep this responsibility in mind in all our corporate activities. Our aim is to be a reliable employer and a good neighbour at our location in the midst of nature and residential areas. We therefore attach great importance to procuring goods and services as locally as possible. In this way, we support small and medium-sized enterprises and at the same time ensure further prosperity and jobs in the region.

Co-operations, networks, companies

Another example of our local commitment is our concept of a training alliance. In this way, we give other companies in the region the opportunity to qualify their trainees in special fields with us. An average of 160 companies takes advantage of this offer every year. We also maintain a constructive dialogue within the framework of regional cooperatives, networks and Round Tables as a basis for good neighbourliness.

Business activities and market presence

We are one of the leading suppliers of steel bars, crude steel and bright steel in Europe and produce significantly more sustainably than many other producers. Our electric arc furnace is at the heart of our crude steel production. For more than 25 years, we have been setting standards for sustainable production with this furnace, saving more than one million tonnes of CO₂ every year compared to the blast furnace route and are just as much a pioneer in the industry today as we were back in 1994. In addition, we only use processed, sorted scrap. In this way, our steel can be fully recycled again and again. So, it improves its environmental balance with every cycle.

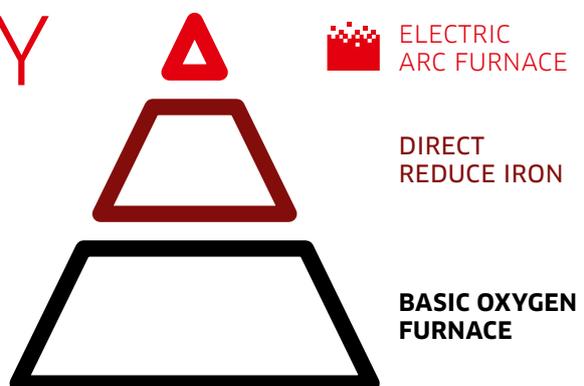
We produce a wide range of steel grades in numerous surface finishes and heat treatments - individually according to the customer specifications. More than 500 different steel grades are produced by our company. In this connection, particularly important to us is: maximum quality at each step. This we ensure by using a comprehensive quality management system - underpinned by highly committed and competent employees as well as technologies that are always state-of-the-art.

In 2020, Georgsmarienhütte GmbH owned six subsidiaries. It is the sole shareholder of GMH Bahn + Service GmbH, of GET Eisenbahn und Transport GmbH, of GMH France S.A.R.L. as well as of GMH Prüftechnik GmbH. Our company is a co-owner of GMH UK Ltd. with a 75% shareholding. Georgsmarienhütte GmbH owns 60% of the shares in GMH East Europe GmbH.

We implemented our QMS back in 1994. It is certified according to the international industry standard IATF 16949:2016, which is based on the ISO 9001:2015 standard. While preparing this report, the last re-certification took place in April 2021, the next one is due in 2024. In addition, external monitoring audits are conducted every year. Our QMS is an integral part of our Integrated Management System and is directly linked to the management as a staff unit, which conducts a management review once a year to check the efficiency of all management systems, including our management systems for energy (ISO 50001:2018) and the environment (ISO 14001:2015). Here, the re-certification took place in February 2021, also for another three years.

Our steel is the basis for numerous industries. We supply our materials in particular to the automotive industry and its suppliers. Our products are also used in mechanical and plant engineering, shipbuilding and rail transport as well as in the capital goods industry.

CO₂-INTENSITY OF DIFFERENT STEEL PRODUCTION ROUTES



Today: Self-Commitment **Tomorrow: Basis of Success**

Our Sustainability Management



*2020
Sustainability Strategy
of GMH Gruppe*







Steel Plant And Climate Protector

The GMH Group has been pursuing sustainable strategies since 1993 in order to be able to implement and further develop its business model in the long term. Our steel production is based on melting scrap, i.e. the reuse of the steel content of products that are no longer used and discarded. Our processes are focused on electric melting and therefore require hardly any carbon carriers. Therefore, our CO₂ emissions are significantly lower than in the conventional steel industry. As the future of the industry

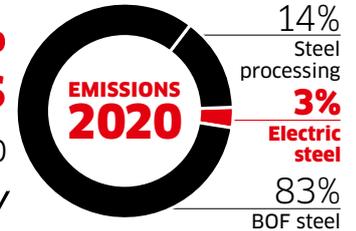
can only be shaped successfully with the strict implementation of sustainable strategies, we have set up the department Sustainability and Environment at Georgsmarienhütte Holding GmbH. This gives us the opportunity to place sustainable strategic goals within the Group and to support them in their operational implementation. Our department Sustainability and Environment reports directly to the CEO, ensuring short lines of communication for rapid decision-making.

Electric steel -
THE INDUSTRY CHAMPION:

30%
OF STEEL PRODUCTION
IN GERMANY,



BUT ONLY 3%
OF THE EMISSIONS
CAUSED BY THE IRON AND
STEEL INDUSTRY



Sustainability is a tradition with us

As a company with a history going back for more than 160 years and deeply rooted in the region, we have always thought in the long term and in terms of future generations. We have summarised the principles for this in a sustainability strategy (see Appendix), which applies to the entire GMH Gruppe. As an electric steel plant, Georgsmarienhütte GmbH is one of the most energy-intensive companies in Germany. We need large quantities of electricity and natural gas to produce our steel. We accepted this challenge years ago: Since then, our energy management system has been very effective in implementing our motto "reduce demands - increase efficiency". For this reason, Klimaschutz- und Energieeffizienzgruppe der Deutschen Wirtschaft e.V. (Climate Protection and Energy Efficiency Group) admitted us as the first German steelworks to the group of climate protection companies in 2014.

Furthermore, our production conserves resources, as instead of coke and iron ore, we melt scrap by means of electric energy. In this way we contribute to the climate protection: electric steel accounts for 30% of the crude steel production but only for 3% of the emissions of the iron and steel industry in Germany (data base 2020).

We take our responsibility seriously, because for us it is clear: We take our responsibility seriously, because for us it is clear: long-term action and growth in the market is only possible by balancing ecology, economy and social responsibility. Our internal processes are directed to this.



CO₂ EMISSIONS
-1t per tonne
OF CRUDE STEEL
(versus INDUSTRY AVERAGE)

Well Organized Also for the Future

Georgsmarienhütte Holding GmbH is managed by four managing directors and controlled by a supervisory board consisting of eleven members representing the employer and the employees. Under the umbrella of Georgsmarienhütte Holding GmbH, more than 20 companies in Germany, Austria, the USA and Australia

are active in the Business Units Mobility and Industrial as well as in the field of services; furthermore, there are numerous sales offices worldwide. This strong alliance works together with customers to find innovative and high-quality solutions for all aspects of the product steel. The GMH Group is owned by the Großmann family.

Solid structures due to co-determination

The highest control body of Georgsmarienhütte GmbH is the supervisory board. Its chairperson also chairs the management board of Georgsmarienhütte Holding GmbH. Georgsmarienhütte GmbH is managed by four managing directors, to whom specific business areas are assigned: Technology, Sales/Logistics, Accounting/Purchasing and Human Resources. As Georgsmarienhütte GmbH is a company subject to the coal and steel co-determination law, we have a Director of Labour Relations. He is appointed by the supervisory board with the consent of the employee representatives and traditionally also holds the position of managing director for human resources. Through this constellation, a culture of co-determination has grown up at our company, which plays a major role in our solid corporate structure.

The coal and steel co-determination provides a constructive exchange between representative bodies of employees and employers. This provides room for free collective bargaining, social security and democracy at the workplace and at company level. As a sustainable company, we ensure competitiveness at this point and face our social responsibility.

We attach great importance to the numerous sustainable issues. Therefore, we have assigned our management systems Environment, Energy and Quality as well as the sustainability management and the field of NoWASTE as staff units directly to the Managing Director Technology. The department of occupational safety is linked as a staff unit to our Managing Director Human Resources.

Our Compliance Management System

Our Compliance Management System (CMS) is based on four elements:

- The Code of Conduct is binding for all employees of the GMH Gruppe and addresses the following areas: the work environment, business relations, information and conflicts of interest. The code of conduct is public and can be found, for example, on our website.
- The Compliance Directive is at the heart of our compliance policy. It defines our fundamental understanding of the issues, and the structure of the compliance organisation. It is supplemented by two guidelines.
- The Anti-Corruption Guidelines provide detailed instructions regarding the giving and accepting of gifts or invitations to business meals and events.
- The guideline for cartel law raises the awareness of the right way to deal with competitors, suppliers and customers.

The GMH Gruppe attaches great importance to compliance in all its aspects. Consistent compliance with all legal



requirements is a matter of course for us. Ethical principles and the resulting high sense of responsibility shape our corporate governance. This is also reflected in our Code of Conduct, which applies to all employees of the GMH Gruppe. GMH Gruppe has established a CMS with a focus on antitrust law and anti-corruption for all subsidiaries. The Compliance Manager of Georgsmarienhütte Holding GmbH is a contact for all group companies and business units. In case of questions, all employees can contact the person in charge anonymously and confidentially.

Compliance is lived at our company

Regarding compliance Georgsmarienhütte GmbH is subject to the guidelines of GMH Gruppe. In our company, the Managing Director Technology is responsible for the topic of compliance.

Beyond all regulations, compliance must be lived and communicated on a daily basis. For this reason, the set of rules, which is accessible to all employees, is accompanied by

extensive staff training (web-based and face-to-face). The CMS aims to explain the system to the workforce and defines a binding operational framework. For example, in December 2020, an e-learning refresher was rolled out on the topic of "Protection against corruption", which covered, among other things, the aspect of "Gifts at Christmas time".

Active in various external initiatives

In order to drive the development of GMH Gruppe towards climate neutrality in line with the Paris climate targets, Georgsmarienhütte Holding GmbH also participates in several external initiatives. As the sustainable transformation can only succeed if companies, science and politics work together to find and further develop actions to implement the political targets. Therefore, Georgsmarienhütte Holding GmbH participates in "In4Climate", an initiative of the North Rhine-Westphalian Ministry of Economic Affairs, in "Pathways To Paris" by the World Wildlife Fund and "DekarBlnd", a project of the German Federal Environment Agency and the Fraunhofer Institute. In compliance



with the antitrust regulations, processes, technologies and potentials for the reduction of greenhouse gases are discussed and scientifically evaluated in order to show politicians and society what the industry needs in order to successfully shape the climate change in economic terms.

Strong network for economic activities

In compliance with competition and antitrust law, we are active in various industry and trade associations, initiatives and networks on a variety of topics. Together with the German Steel Federation [Wirtschaftsvereinigung Stahl], we are working to optimise the political frame conditions for a sustainable steel industry in Germany. As a climate protection company of Klimaschutz- und Energieeffizienzgruppe der Deutschen Wirtschaft e.V. (Climate Protection and Energy Efficiency Group) we are committed to climate protection and energy efficiency as pioneers under the motto "Think ahead, live it, pave the way!" The know-how that is growing here and a continuous exchange enable the development of best-practice models that can also be implemented by other companies and sectors. Another example is our participation in the initiative "NOCARBforging 2050". Another example is our

participation in the "NOCARBforging 2050" initiative. This is the term Industrieverband Massivumformung uses to bundle its activities with the goal of CO₂-emission-neutral massive forming.

These examples represent only a small part of our commitment. In the appendix to this report you will find a list of all the associations which we are members of and other initiatives that are important to us and which we support professionally or financially. We use the opportunity of mutual exchange with other companies to initiate changes in the market and in society towards sustainable economic activities. This commitment is an important element of our philosophy of sustainability.



Global Goals

Sustainable Implementation

The GMH Gruppe has been operating sustainably since it was founded. This can be seen from the fact that nearly 100% scrap is used at the steel plants and foundries as well as in social facts such as profit participation or the foundation Stahlwerk. In order to carry sustainability further into the company and to roll out implementation

and further development in a structured manner, Georgsmarienhütte Holding GmbH has put into force a sustainability strategy and a voluntary commitment for the group to take the Sustainable Development Goals of the United Nations into account when making key investment decisions.



The UN goals for a sustainable development

Principles of our sustainability strategy

Georgsmarienhütte GmbH lives sustainability by tradition. In doing so, we follow the sustainability strategy of the GMH Gruppe. The foundation of our corporate actions is formed by five basic principles: **dialogue, profitability, innovation, value orientation and compliance**. On this basis, we develop our activities in line with the UN Sustainable Development Goals. In doing so, we are guided by our guiding principle “Involving people to build trust in a shared future”.

We are continuously developing our sustainability process, which we launched in 2017. Our respective concept shows at first glance which aspects most strongly shape our business activities:

We have identified the three most important topics for us in accordance with the three-pillar model of sustainable development and translated them into three central fields of action.

- **Product** includes all topics related to customers, suppliers and our own value creation.
- **People** refer to the most important social topics such as occupational health and safety, diversity and equal opportunities as well as social responsibility – both, internal and external.
- **Resource** comprises the utilization of natural resources and their management in our production.

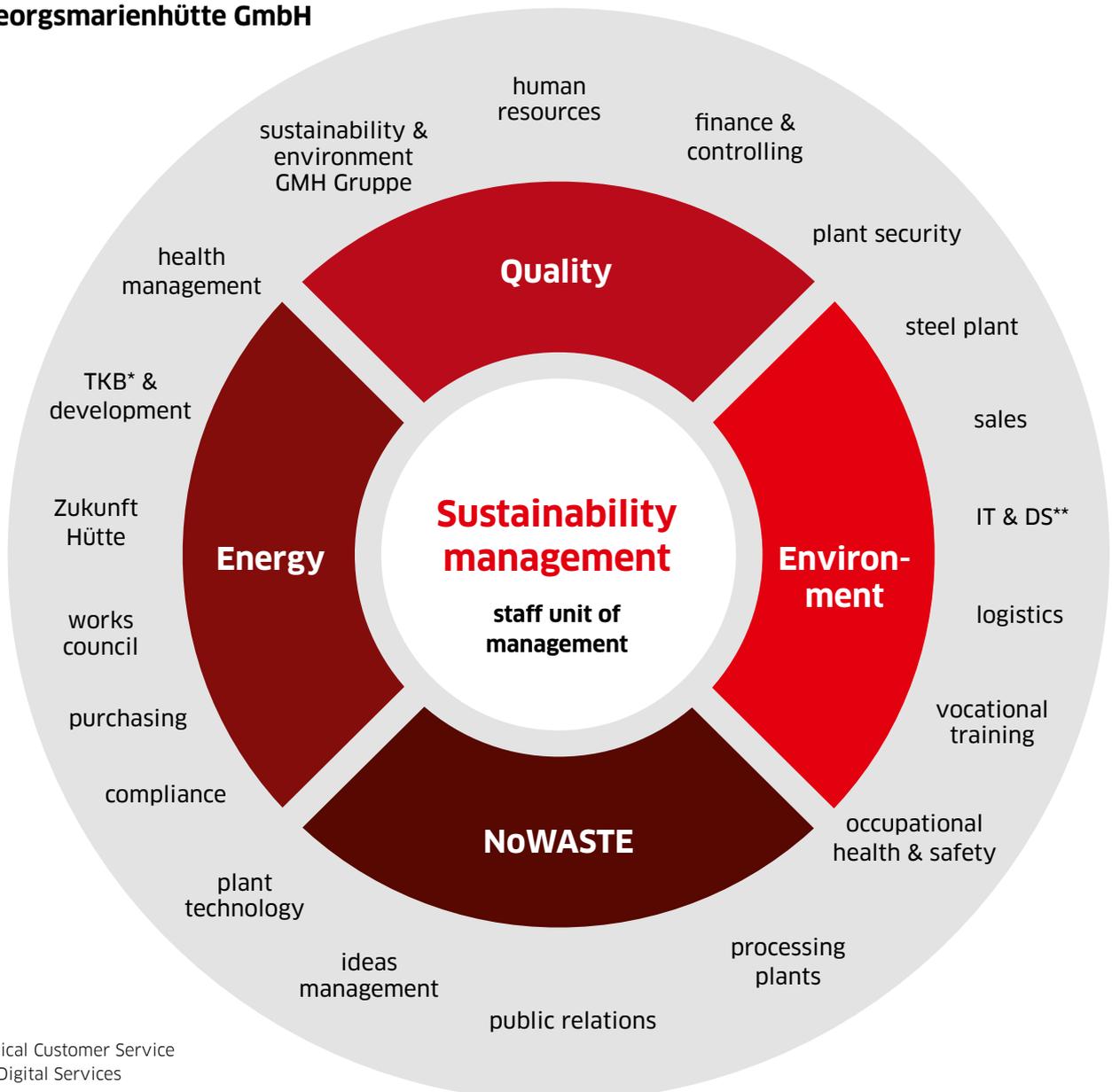
Sustainability management with responsibility

In order to consider the continuously increasing importance of sustainability, we established a staff unit sustainability management in 2018 that is linked to the Managing Director Technology. Its tasks comprise advising the management on current sustainability issues, supporting various stakeholder groups, sustainability reporting as well as project-related cooperation with the management systems and various other departments.

The management board has the overall responsibility for the sustainability management system. The Sustainability Manager reports to the Managing Director Technology on a quarterly basis on specific issues relating to sustainability. Project status and further activities are discussed,

new topics are taken up and concrete decisions are made. Our sustainability manager is supported by a core team and a steering committee, which provide her with advice and assist her regarding operational tasks. At the same time, she is part of the team of the department Sustainability and Environment of the GMH Gruppe, which reports directly to the CEO as a staff unit. In the future, this department will be responsible, among other things, for the uniform development of the sustainability strategy throughout the group; paramount issues are to be bundled and managed here. The development of suitable management approaches and the implementation of actions will be still carried out directly on site in the individual group companies, including Georgsmarienhütte GmbH.

The sustainability management of Georgsmarienhütte GmbH



* Technical Customer Service

** IT & Digital Services

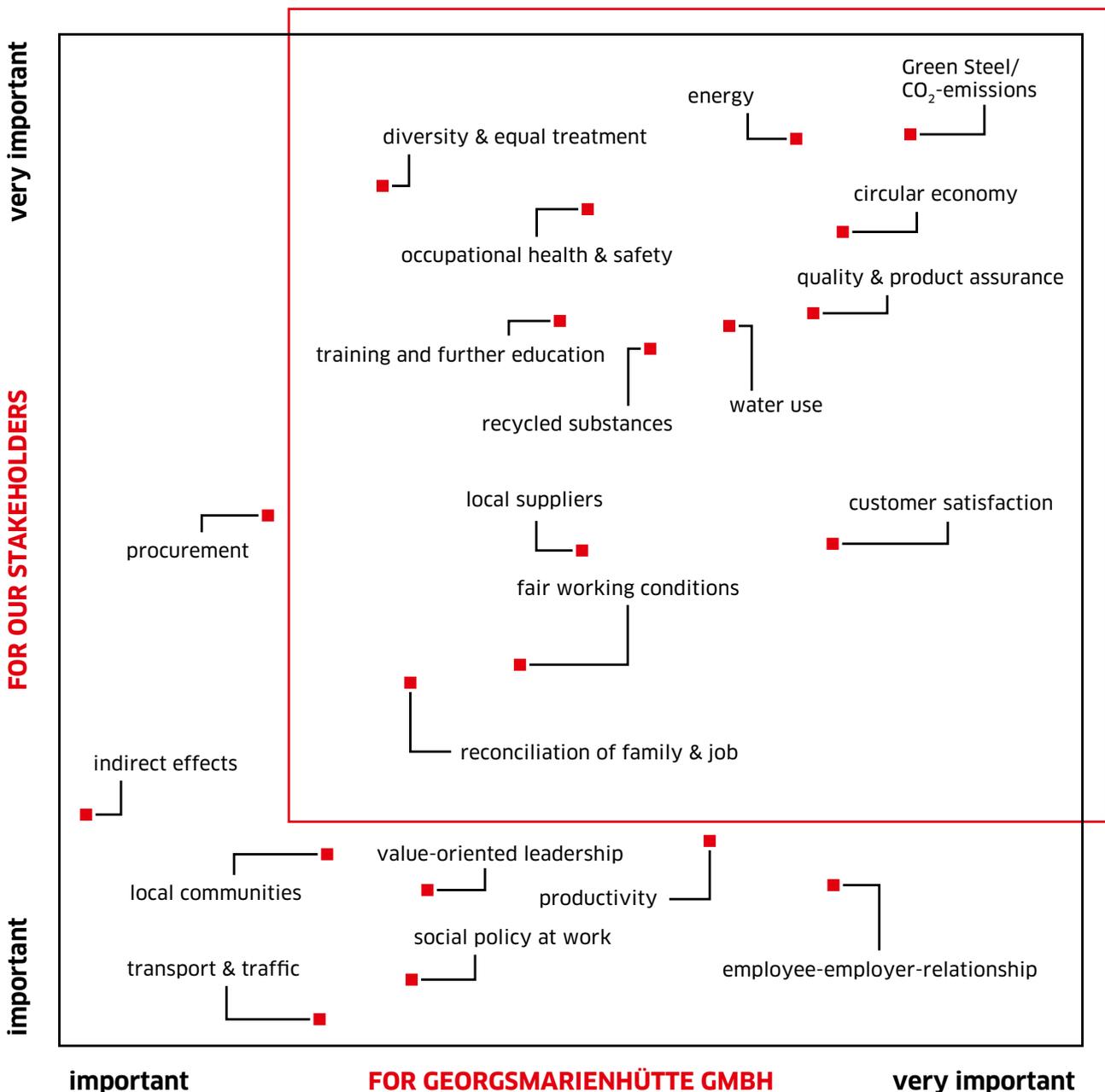
Nine Issues

One Motivation

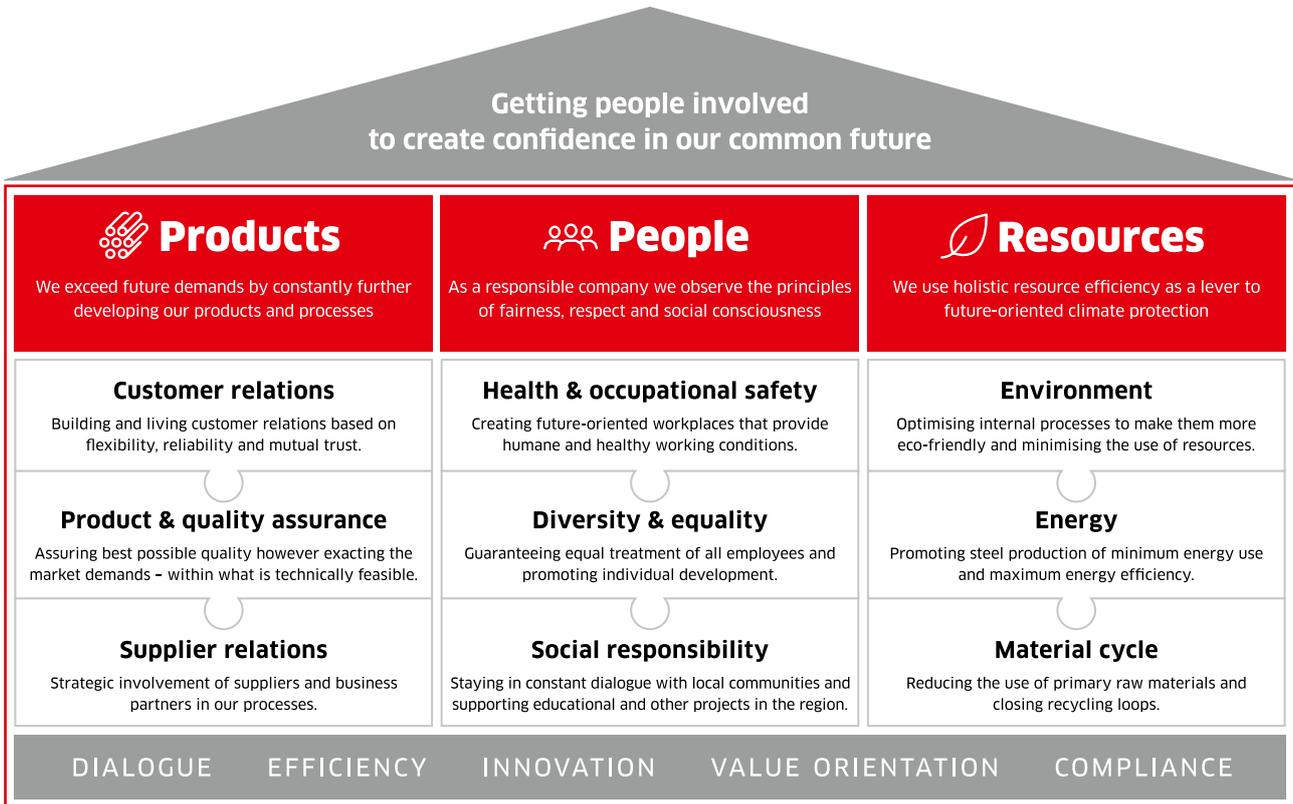
Monitoring sustainability performance can only be successful with structures and uniform processes. For this reason, the GMH Group has begun to establish suitable structures in all Group companies and to define overarching topics. In several joint workshops, we developed our 3x3 sustainability matrix on the basis of nine fields, in which the individual companies can include their key topics. This process is

currently being developed and will be implemented by Georgsmarienhütte GmbH as a pilot with the 2020 report. This is how we develop the GMH Gruppe jointly and in a coordinated way. Our stakeholders are also involved. If corrections or optimisations are necessary, they are directly integrated into our development process.

Results of our materiality analysis



3x3-Matrix of sustainability



Essential issues driving us

Our demand is to assume our responsibility towards the environment and society in the best possible way. In order to determine which sustainability topics are particularly relevant to Georgsmarienhütte GmbH, we conducted a comprehensive materiality analysis for the first time in 2018 with external support, which has been reviewed regularly since then. For the current 2020 reporting, we subjected the topics in this matrix to a reality check in the Steering Committee Sustainability. Here, the numerous customer inquiries in particular, which increasingly deal with potentially relevant sustainability topics, were an important basis. We have analysed them, identified trends and updated the materiality matrix accordingly. Therefore, we have, for instance, we have combined our focus topic “Green Steel” directly with the topic “CO₂-emissions”.

Furthermore, the topics “Recycled Materials” and “Local Suppliers” have moved further into focus. The updated chart shows the overall result of our review: These are currently the key issues that we are prioritizing and developing further in line with our social responsibility and also in order to leverage our internal potentials.

We have assigned these issues to the aspects mentioned in the German Commercial Code (HGB); the matters of environment, employees, social affairs, respect for human rights as well as corruption and bribery are covered by these topics. Furthermore, we have checked whether material risks arise from our business activities and supply chain that have an impact on the aspects mentioned in the German Commercial Code (HGB). We have not identified any reportable risks.

Staying in dialogue, moving forward together

Georgsmarienhütte Holding GmbH maintains a dialogue with politicians and administrations of the federal and state governments as well as non-governmental organizations in order to ensure a coordinated approach in the interest of all group companies. This is complemented by our cooperation with the trade associations Eurofer, Wirtschaftsvereinigung Stahl and Industrieverband Massivumformung e.V., in order to form coordinated opinions on important socio-political challenges such as climate change, pandemic prevention or safe energy

supplies and to introduce them in the political debate. Discussions with investors such as banks and insurance companies as well as with important suppliers are conducted by the management and employees of Georgsmarienhütte Holding, as this is the only way to represent and communicate the interests of the group companies in the best possible way. The GMH Group answers to the general and local public in the classical media as well as in social media.

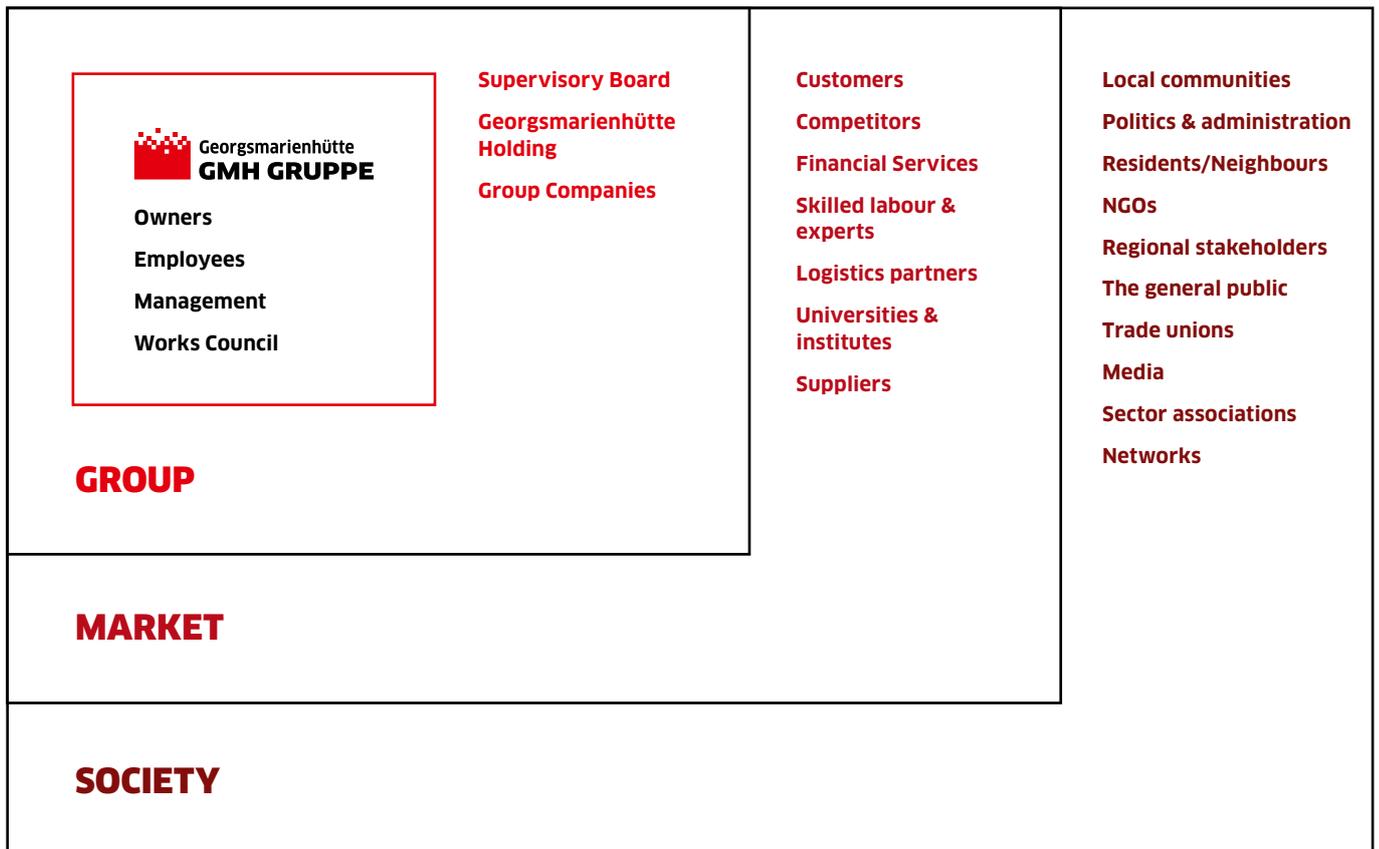
Doing good and reporting good news

It is important to us to act responsibly and to perceive what moves the players in our environment. In 2017, our core team “sustainability” identified the most important stakeholders with external support. These include our customers and suppliers, our workforce, local communities and residents (see chart). A review in the reporting year confirmed that this selection is still up-to-date. It is a central concern of ours to build long-term and trusting

relationships with the various stakeholder groups. Here we rely on an open and constructive dialogue, for which we use different formats and channels (see Appendix). A lively exchange is an essential cornerstone of our sustainability strategy. This is clearly reflected in our 3x3 sustainability matrix, in which dialogue is a basic element of our company.



Stakeholders of Georgsmarienhütte GmbH



Creating acceptance, also off the beaten path

Due to the Corona pandemic, we had to take alternative routes in some areas in recent months. For example, customer visits and trade fair appearances were not possible during the reporting period. In order to maintain good contact, we have provided our employees with the technical equipment to conduct professional video conferences from the office or when working from home within a very short period of time. This enabled our departments and those of our customers to stay in a continuous and constructive exchange of views on a variety of topics, including sustainability issues in particular. And of course we are working on expanding our digital channels even further. For example, we are currently developing a virtual showroom that can be visited by our customers and other interested parties digitally in the future.

These are just a few examples of how we conduct the dialogue with our stakeholders. They stand for many initiatives and actions with which we address internal and external parties in a target-oriented and/or topic-specific manner. A more detailed insight into our specific dialogue formats and their topics is given by the list "Georgsmarienhütte GmbH in Dialogue" which can be found in the appendix. Here, our paramount goal is to create a broad acceptance for our entrepreneurial activities in society and to provide information about the challenges, developments and technologies of a sustainable steel production. In doing so, we appreciate to take up the expectations, suggestions, criticism and new issues raised by our stakeholders. Open dialog enables us to identify opportunities and risks in good time and to align our corporate strategy accordingly.



THE PILLARS OF OUR SUSTAINABILITY



Resources



Product



People

Today: Stronger together Tomorrow: A Common Future

People





1,228 employees
88 trainees
16 nationalities
1 passion

Secure and Reliable Also as an Employer

A safe working environment, health protection and the well-being of our employees are very important to us. Only a satisfied and healthy team can realise its full potential and thus contribute to the success of the company. This is true for our employees as well as to the employees of our contractors who work on our premises. In view of this elementary importance, we pay special attention to the topics of occupational safety and health.

We take our employees and their health seriously. For this reason, the occupational safety department is assigned to the Director of Labour Relations as a staff unit. This ensures a direct dialogue and decisions can be made quickly and in a targeted manner. Our team of occupational safety experts supports the management board and executives in all matters relating to the topic of

occupational health and safety. Here, our works council is an important partner: It is involved in all activities related to the prevention and analysis of occupational accidents. Furthermore, we have more than 60 employees who volunteer as safety officers. In the plants and departments, they are contact persons regarding the topic of safety, support the investigation of accidents, raise awareness and assist in the preparation of risk assessments. They also act as mentors for new colleagues.

Furthermore, we have established three committees, which support occupational health and safety across all levels of the company: occupational safety committee, plant safety committee as well as the committee for occupational health and safety and environment (see Appendix).

Increase efforts to minimize risks

As early as 2004, we introduced a comprehensive management system for occupational health and safety, which we continuously update. It is structured according to ISO 45001, but has not been certified yet. We intend to carry out the pending certification in the coming years. Basically, our main concern is to prevent accidents: Our employees should go home healthy after their work is done. To achieve this, we are increasingly focusing on prevention and awareness-raising. A total of 20 procedures and a large number of operating instructions for the operation of machinery and equipment and for the handling of hazardous substances help us to achieve maximum safety in our day-to-day work. The regulations cover many issues such as requirements regarding the personal protective equipment as well as the participation of employees in safety committees, risk assessments and occupational safety instructions. When using external companies, we also instruct the responsible persons about

the occupational safety regulations generally applicable at the company.

Nevertheless, a residual risk is often unavoidable. Our declared annual target is to fall below the key figure of ten accidents per million working hours. With a value of 4.96 in relation to our own workforce, we met this target in 2020. We, however, do not rest on this success, but continue to strive to reduce and prevent accidents. To this end, we are always developing new approaches, often aimed at a more mindful behaviour on the part of the individual employees. The staff also regularly makes suggestions for improvements regarding accident prevention, which can be submitted via the ideas management system. Anyone who would like to submit an anonymous advice can send it to our Compliance Officer, who is in charge of our whistleblower system.



2019

11 accidents
per 1 million working hours



Occupational Health Management

Our occupational health management combines all actions to promote the health of our workforce. This includes occupational integration management and health-promoting approaches with which we encourage our employees and their families to maintain a healthy lifestyle, avoid risks and prevent chronic diseases. Our offers have various formats: hands-on activities and information events on topics such as spinal health, healthy nutrition, proper exercise and stress prevention. We also offer our employees the annual influenza vaccination.

Actions in the Corona Pandemic

When the Corona pandemic was coming closer, we reacted immediately and put together a project team. It met regularly at short intervals and planned measures to protect the smooth running of our production and the health of our employees. Thus, behavioural instructions were immediately issued to all employees, which to this day clearly define which hygiene measures must be observed and how work organisation should proceed under pandemic conditions. Topics include, for example, the type of ventilation, how to deal with business trips or how to set up workplaces in multi-person offices.

We distribute disinfectants all over the company and regularly hand out free self-tests to all employees. Within a very short time, we have greatly improved our technical office equipment and thus made 'mobile working' possible for all employees whose work processes allow it. During the crisis, we aligned all processes to protect the health of our teams and thus prevented a pandemic outbreak within our company - and thus a production stop.



2020

5 accidents

per 1 million working hours

Growing together

Also individually

Sustainable economic activities also mean assuming social responsibility. We appreciate to take on this challenge, because people are our focus. We want to be a fair and reliable employer for our employees. The specific qualification and development of our trainees and employees is a supporting pillar of our business success, which also stands for future and securing the future of the company location.

One of our key issues is the promotion of young talents and the recruitment of trainees. We are aware that working in a continuous shift system in heavy industry does not initially appear attractive to many people. Here we

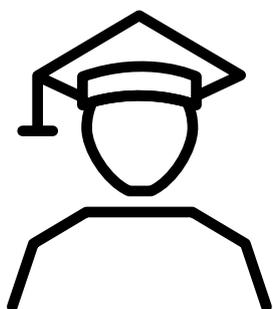
face a latent risk of not being able to recruit enough suitable trainees. We are countering this with numerous approaches. We are strongly committed to vocational orientation and have been cooperating for many years with schools of all types in the region, because we want to establish contact with potential trainees as early as possible. Project days, workshops and future days have also proved very helpful in this regard. Here we can provide a good insight into our various areas of operation and thus often arouse interest that results in a concrete application. On our homepage at www.gmh.de/ausbildung, our trainees themselves have their say and talk about various aspects of their training.

Excellent and award-winning vocational training

It is important to us to build up our own expertise and retain qualified employees. We offer our junior staff sound, demand-based training in industrial, technical and commercial professions with a guarantee of employment according to collective bargaining agreements. The training plans of our apprentices are based on the framework plan of the respective professions. We supplement these framework plans with in-house seminars on health-relevant and other topics. Here we provide insights into the particular fields of energy, quality, into environment and sustainability, company pension schemes, IT security and the possibilities of employee participation by

means of the ideas management system. Our health seminars deal, among other things, with the prevention of addiction, exercise and nutrition, as well as with the challenges of working rotating shifts. In 2015, we received the "TOP Training Company" award for the first time from the Chamber of Commerce and Industry for Osnabrück - Emsland - Grafschaft Bentheim for our particular commitment. In 2019, we were certified with this seal for four further years. With this award, we can make our excellent training performance visible in the region from which we recruit our trainees and show how attractive a vocational training is in our company.

In the reporting year 2020, 88 apprentices were employed in our company in 13 different occupational fields. In relation to the total number of our employees, this corresponds to a training rate of 7.2%.

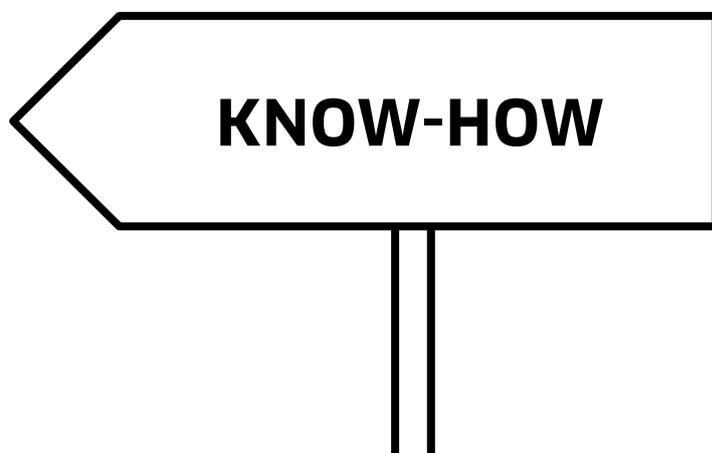


5,69 hours of training
PER EMPLOYEE IN 2020

Extensive opportunities for further training

In a constantly changing working environment with ever new challenges, our employees are also required to continuously develop themselves: Progressive digitization, combined with new technologies and extensive process changes, results in poses completely new and challenging demands. We support our employees with targeted professional and personal qualification, as we see it as our responsibility to accompany them on their way into the future. But we are also aware of this: Motivated and competent employees play a major role in the success of our company. That is why we attach great importance to the fact that our specialists and managers not only able to prepare themselves for upcoming change processes, but also help to shape them creatively.

Individual training needs and appropriate training are discussed in annual performance reviews held with the staff members. In addition to internal and external face-to-face seminars, our group-wide e-learning offers continuously gain in importance. These seminars we currently offer for the topics energy, environment, compliance, data protection and fire prevention. Further modules, among others from the field of sustainability will follow. Due to the pandemic, only a few face-to-face seminars were held in the period under review, and online training was increasingly used.



A Strong Togetherness Because Everyone Counts

Georgsmarienhütte GmbH stands for a culture of solidarity and respectful coexistence. We attach great importance to offering our staff a working environment that is appreciative and team-oriented and in which each and every employee can take on responsibility. In the period under review, our workforce comprised people from 16 different nations. Respect for the origin and culture of colleagues is a basic prerequisite for a good working atmosphere. Therefore, we joined the initiative “Respect! No place for racism” launched by IG Metall in 2016. This important project is creatively brought to life within our company by our works council.

The iron and steel industry is still a male-dominated working environment worldwide. In our view, this has historical causes that are rooted in job profiles that are now out-dated. The idea of physically challenging work in shift work may also contribute to the fact that the proportion of women remains low, especially in our production plants. For years we have been striving to increase the proportion of female employees in order to exploit valuable knowledge and committed cooperation for the company. Because for us it is about competence, not gender. It is important to us that our employees can combine family and career as smoothly as possible. This approach results in a number of actions.



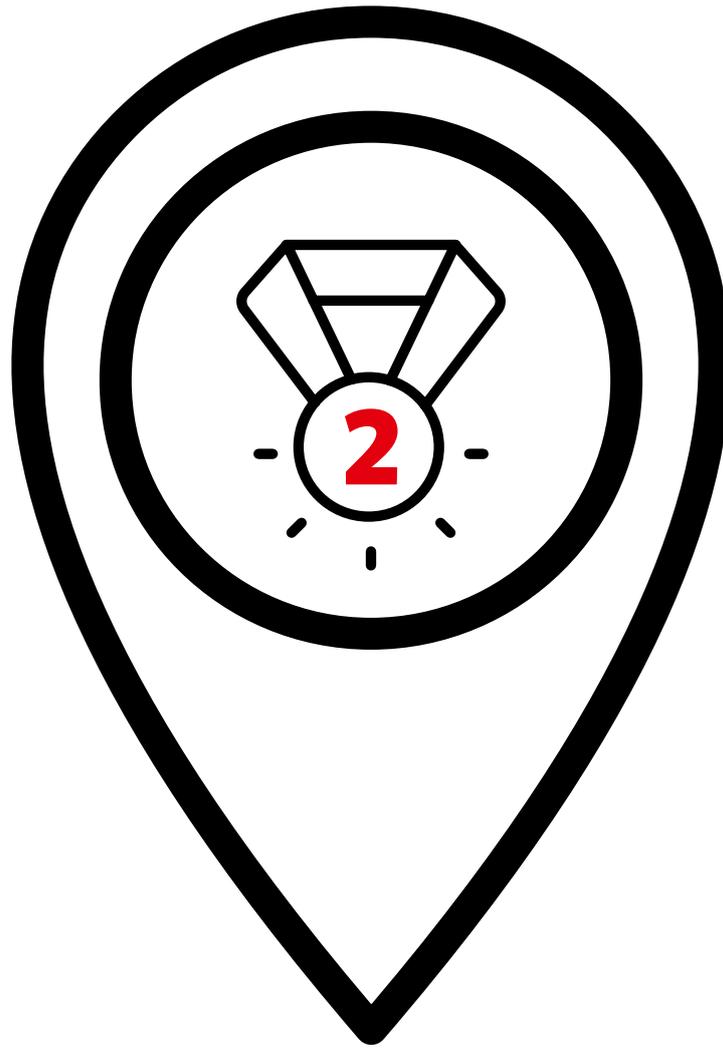
Family-friendly employer

For example, we support the utilization of parental leave for all employees. Here, we have developed flexible models that can also be implemented in the continuous shift system. So we offer a parental leave model for shift workers on a part-time basis for instance. We also provide financial support for childcare for our employees and their families as well as various services. In recognition of our activities we were awarded the quality seal ‘Family-Friendly Employer in the Osnabrück Region’ in 2017, which we have held ever since. Another important objective is to increase the proportion of women in specialist and management positions in our company. We pay attention to gender equality as early as during the management of applications for relevant positions. Our project “More women in specialist and management positions”, which we already reported on in the Sustainability Report 2019, also contributes to this.



Share of women still too low

Despite all efforts and incentives, the share of women in our company remained rather low in the reporting period: The total percentage of female employees was 7.1%, the share of women in management positions was 1.28%. We are not satisfied with this result. We are aware that further steps are necessary to achieve an increase in both categories. In view of the demographic changes in the labour market, this is also necessary in order to be able to fill vacancies in the future. To make matters even worse we are confronted with the fact that traditionally a smaller proportion of women are trained in the technical fields and made available to the labour market. We assume that the competition for qualified employees will increase significantly in the coming years. There is therefore a latent risk that we will not be able to employ the staff members we need to meet future challenges.



From trainee to energy scout

One of our approaches to sustainable practices is to reduce demand and increase efficiency. The key to success is to involve all employees in the process. This is where we start at an early stage with a regular offer for interested trainees: the further training to become an energy scout.

In cooperation with regional companies, the city of Georgsmarienhütte and the Chamber of Industry and Commerce for Osnabrück - Emsland - Grafschaft Bentheim, our junior staff are made fit for the topic of energy efficiency and can dare to take a look beyond their own horizons: How do other companies do it? What opportunities do I have as a trainee to contribute? Where are there potentials for improvement in my working environment?

Part of this further training is a team project: In 2020, our trainee team focused on “Education and Information”. The idea: a company-related energy information app. It is intended to sensitise employees by providing information on the company’s energy demands and current projects. Interesting energy-saving tips for the professional and private environment are also to be included here. With this innovative idea, our trainees took second place out of all the teams in 2020.

We are convinced of the value of this additional qualification: it sharpens the view for the important energy topics and can also open up new perspectives for our junior staff’s own careers.

Today: Best Quality **Tomorrow: Best Climate Footprint**

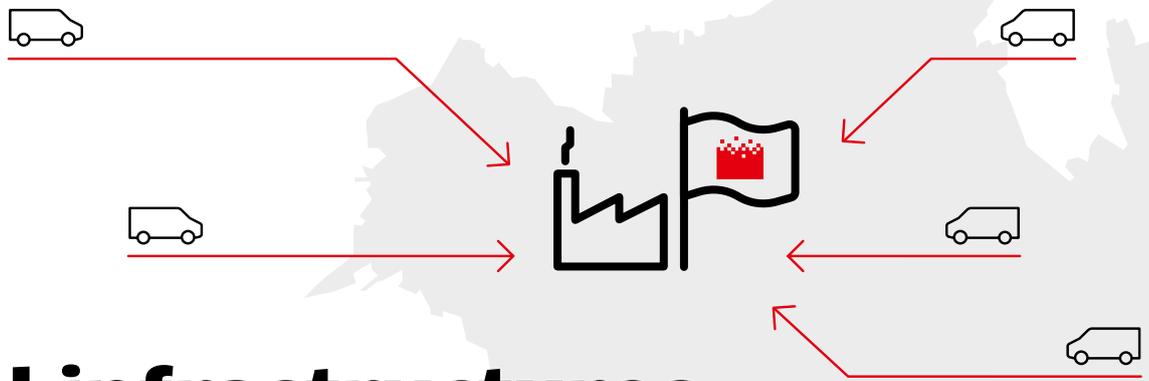
Product





**More than 500 different
steel grades, numerous
surface finishes, custom-
ized heat treatments**





Local infrastructures for global climate protection

Georgsmarienhütte GmbH is an important economic factor in the region. We provide jobs and orders for local suppliers and, as taxpayers, contribute to the financial strength of the municipalities.

One indicator of the fact how deeply rooted we are in the region is the share of local suppliers in our total order volume. We select them – like all our suppliers – by taking regulatory requirements such as environmental

and hazardous substances legislation as well as economic aspects into account. In 2020, the share of local suppliers in relation to turnover was 9.3%. This, however, comprises 38% of all the orders we placed for products and services. This discrepancy between turnover and the number of orders placed can be explained by the fact that scrap, alloys and energies dominate our purchasing volume, but cannot be sourced locally.

Climate-neutral production depends on suitable structures

As a company, we can only be successful if the local authorities in the region and the federal states of Lower Saxony and North Rhine-Westphalia ensure an efficient infrastructure and good training for the young people who start their careers with us. Among other things, we depend on the local infrastructure being adapted to the requirements of the transformation towards climate

neutrality so that our partners can continue to offer us an attractive portfolio of services. This is the only way we can continue to rely on our network of local suppliers, which makes us flexible, reduces costs, supports the region and also benefits the environment with its short distances.

Principles of procurement

Legality and economic efficiency are also among our guiding principles in procurement. Our General Terms and Conditions of Purchase (GTCP) apply to all suppliers of the GMH Group. They can be viewed at www.gmh-gruppe.de. In addition to the classic aspects of price, quality, warranty, etc., our suppliers must commit to our binding principles as follows:

- human rights
- labour standards
- environmental protection
- fight against corruption
- energy efficiency

They are also required to recognise the principles of conduct set out in the Code of Conduct of GMH Gruppe as binding on them. The Code of Conduct of GMH Gruppe can be found at www.gmh-gruppe.de.

In the event of concrete indications of a not insignificant breach of the obligations mentioned above, we reserve the right to demand written information. Serious or repeated violations may result in us terminating the supplier relationship and extraordinarily terminating any contracts still in force without notice.

There is no significant change in our supply chain for the period under review.

**38% of our contracts
are awarded to local
service providers.**

RECYCLING PRODUCTION

PROCESSING
at one
location

People

Product

Resources

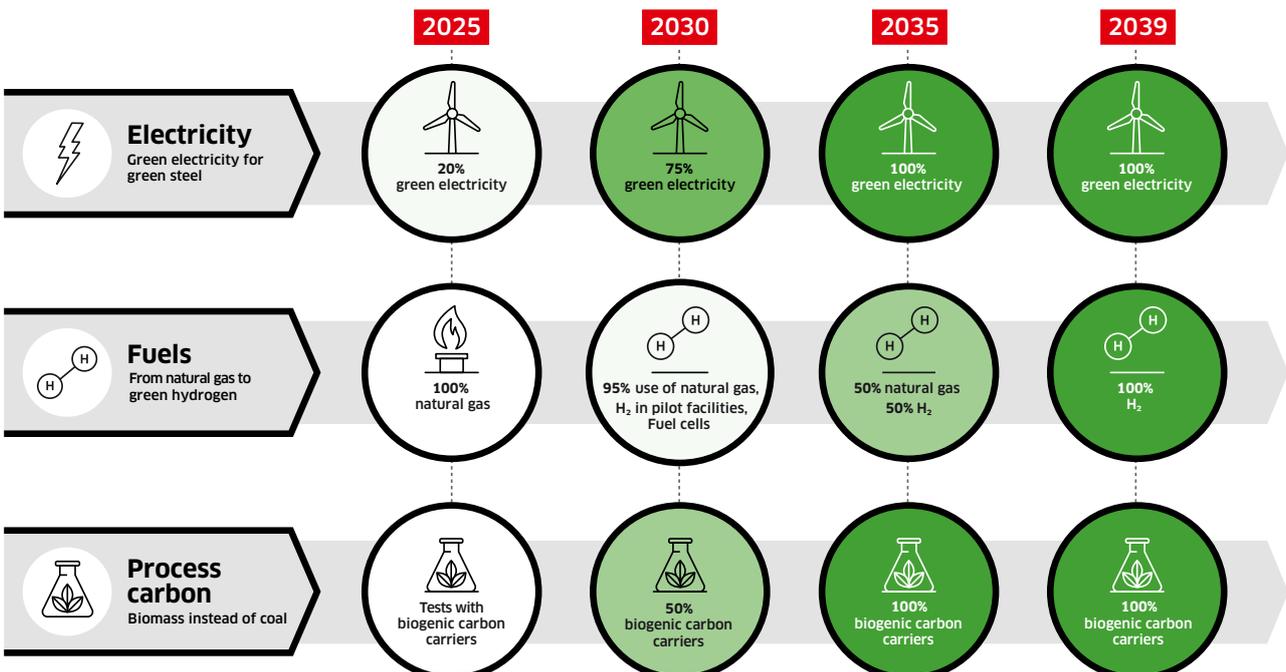


Pioneer since 1994 Climate-neutral by 2039

In the light of climate change, reducing our CO₂ emissions is of the utmost relevance for us as an energy-intensive company. Georgsmarienhütte GmbH has been a pioneer in the decarbonisation of the steel industry for more than 25 years: We already opted for the steel production by means of an electric arc furnace in 1994. It causes comparatively low CO₂ emissions, which are significantly below the industry average, due to the use of almost 100% scrap as a base value. Each kilo of crude steel produced by electric furnace emits 1.3 kilos less CO₂ than comparable steel from integrated iron and steel plants with a blast furnace and converter.

Most of our CO₂ emissions come indirectly from electricity generated in the upstream power plant. Other emissions are caused primarily by the graphite electrodes, natural gas and metallurgical coal technologically necessary. In 2020, the specific CO₂ emissions across all production and processing processes amounted to 0.7 t CO₂/tonne of product. This figure, however, reflects the very poor capacity utilisation of the plant in 2020 due to Corona, as the low production volume is must be seen in relation to an unchangeable energy base load.

Climate-neutrality strategy by 2039





A clear target, a clear path

We have a clear target: by 2039, we want to reduce these emissions to zero. In addition to the use of hydrogen as a substitute for natural gas, this is to be achieved primarily with electricity from renewable sources. In order to be able to check the progress of reduction, we determine the key figure for the direct and indirect specific CO₂ emissions in relation to the production volume supplied every year. This key figure clearly shows our progress in reducing emissions and provides transparency for customers and the public. The key figure has deteriorated compared to previous years due to external influences, as the electricity procured has a higher CO₂ content per MWh. Switching to green power to compensate for this adversity caused by regulatory aspects is currently impossible due to the legal and economic framework conditions. Our intention is to steadily increase the share of green electricity, given a fair legal situation.

Steel production of Georgsmarienhütte GmbH already meets the technical assessment criteria of the EU taxonomy. Investments in this process step are considered future-proof. As these legal sustainability criteria shall be adjusted to the progress of the transformation towards climate neutrality, it will be a challenge in the future to procure sufficient green electricity to realise a continuous CO₂ reduction. If green power is more expensive than energy from fossil sources, this leads to a cost risk in relation to international competition. Political instruments such as green lead markets and appropriate carbon leakage protection can prevent this risk.

Sustainable Material Steel

With every cycle more valuable

We produce our steel almost exclusively from steel scrap, which is processed and sorted in upstream recycling plants in order to be able to use the qualities required for our production. The special thing about steel as a material is that it is inherently sustainable: By metallurgical recycling, it can be infinitely fed back into material cycle of steel. Thus, Georgsmarienhütte GmbH is an important component of this material cycle. The melting and metallurgical treatment of steel products in our facilities which are no longer needed or suitable for use results in the production of new quality steel, which is then processed by our customers into finished products for industrial and private use.

In addition to scrap, steelmaking also requires primary materials such as alloying metals, slag formers and operating supplies. We intend to minimise their share further and further by closing internal material cycles.



SHARE OF RECYCLED SUBSTANCES IN STEEL PRODUCTION

87%

The 87% is followed by two icons: a white outline of a rectangular steel box and a green leaf with a brown stem.

High recycling rate with steel scrap

In 2020, the share of recycled materials in our steel production was 87%, which meets the technical assessment criteria of the EU taxonomy for High Alloy Steel produced by the electric arc furnace. One of the targets of Georgsmarienhütte GmbH is to maintain this high recycling rate for steel scrap. In addition, we want to increase the recycling share for alloying metals.

We expect that an increasing demand for scrap generated by the integrated steelworks for their converters as a result of the transformation to climate neutrality will lead to a shortage of scrap and thus to an increase in price. In order to identify these risks at an early stage and initiate appropriate counteractions, the GMH Gruppe operates its own recycling plants, where specialists take care of procurement and logistics.



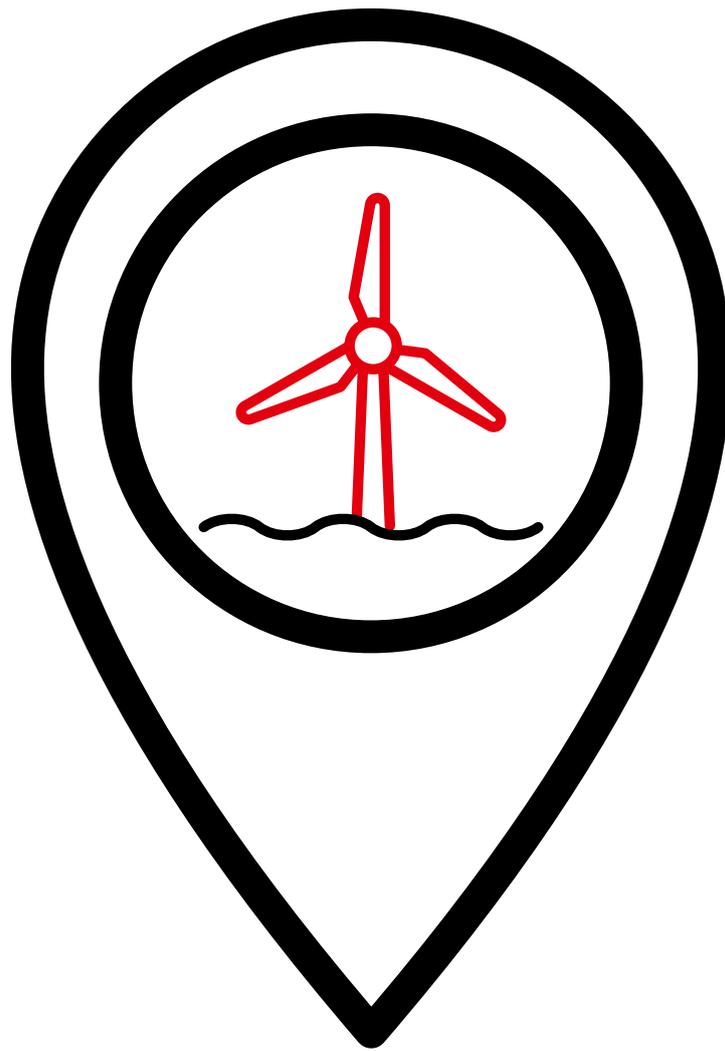


Electric steel for green energy

As an energy-intensive company, we are aware of our responsibility for climate protection. We are continuously working on innovative technologies, more efficient use of resources and an even more effective circular economy. But the products we manufacture also make a significant contribution to environmental protection. High-strength steels, for example, enable the production of cars with a lower weight thus reducing the fuel consumption. Our modern and highly stressable steels are also processed to components for wind turbines, for example. Our rolling bearing, case-hardening and heat-treatment steels are used to make key components for these onshore and offshore plants, including rotor blade adjusters, gear rings and flange shafts that are installed in the nacelles of the wind turbines.

Here, a high metallurgical cleanliness is an important quality criterion which ensures a long service life of the components. Powerful wind turbines also require highly stressable connections and bolted joints. This is where the quenched and tempered steel grades of Georgsmarienhütte GmbH are used. The blank steel bars or the bright steel we produce is used as a feed material for fastening elements.

Together with our customers, we work intensively and constantly to improve our products continuously. In this way, our steel helps to increase the performance of modern wind turbines and their contribution to reducing CO₂ emissions when generating energy – be it green power today or green hydrogen tomorrow. Our work makes a significant contribution to the expansion of renewable energies and the protection of our environment.



We supply modern and high-strength steels that are also processed to components for wind turbines. GMH-steel is used in the nacelles, hubs, rotor blades, tubular and lattice towers, but also in the fastening elements used to bolt turbines on the foundations.

GREEN STEEL at the Georgsmarienhütte site

Electric arc furnace

Each kilogram of crude steel from our electric arc furnace spares the climate 1.3 kilograms of CO₂ emissions, compared to the steel from the integrated steelmaking route.



100% scrap charge

We use 100% scrap for our steel production, more than twice the industry average.

100% recycling

Each recycling process improves our steel's carbon footprint.



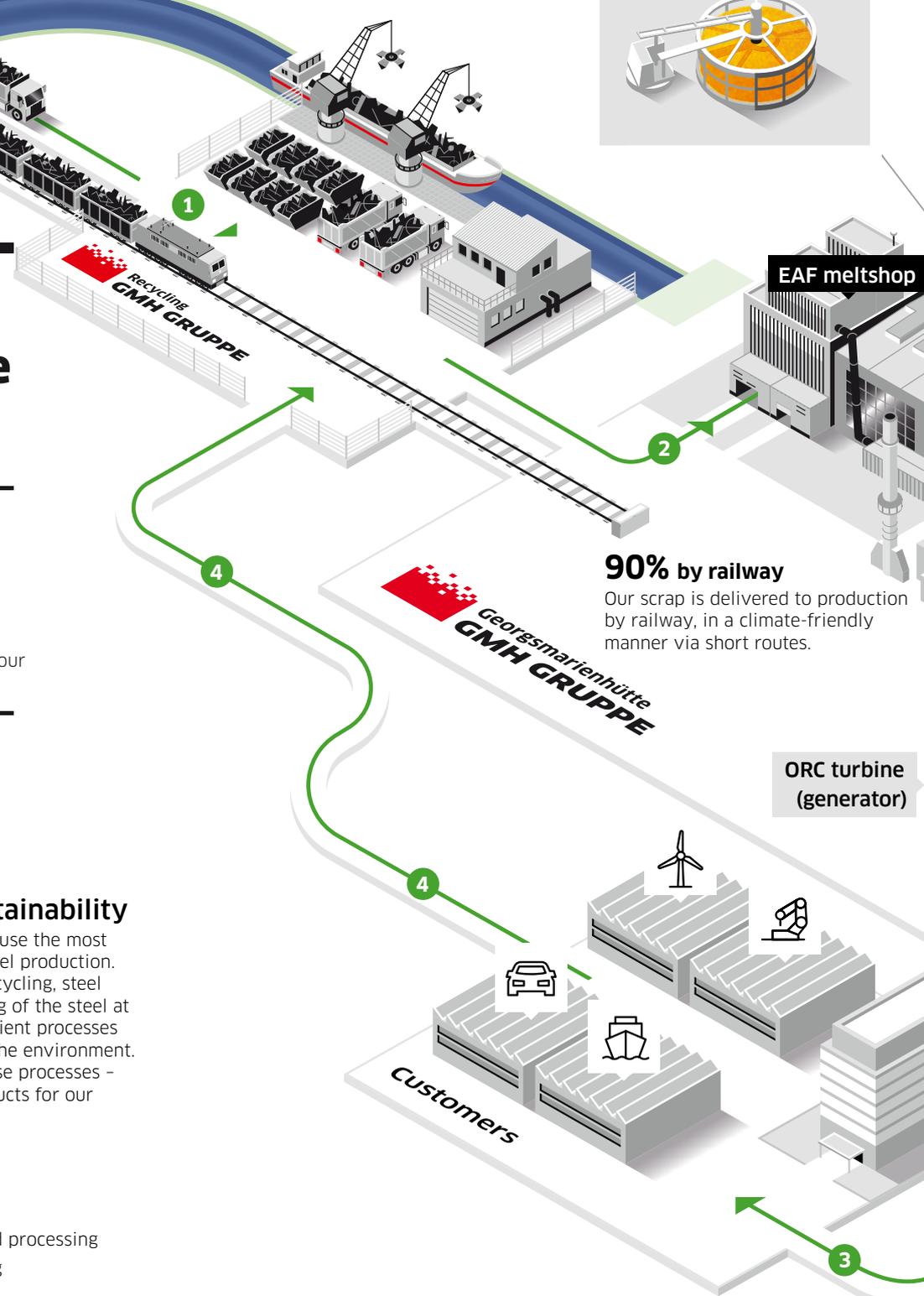
Optimum process sustainability

With our electric arc furnace, we use the most sustainable key technology in steel production. In addition, we combine scrap recycling, steel production and further processing of the steel at one location with extremely efficient processes that save resources and protect the environment. We are constantly improving these processes – for increasingly sustainable products for our customers.

Material cycle

- 1 Recycling
- 2 Steel production and processing
- 3 Industrial processing
- 4 Use phase

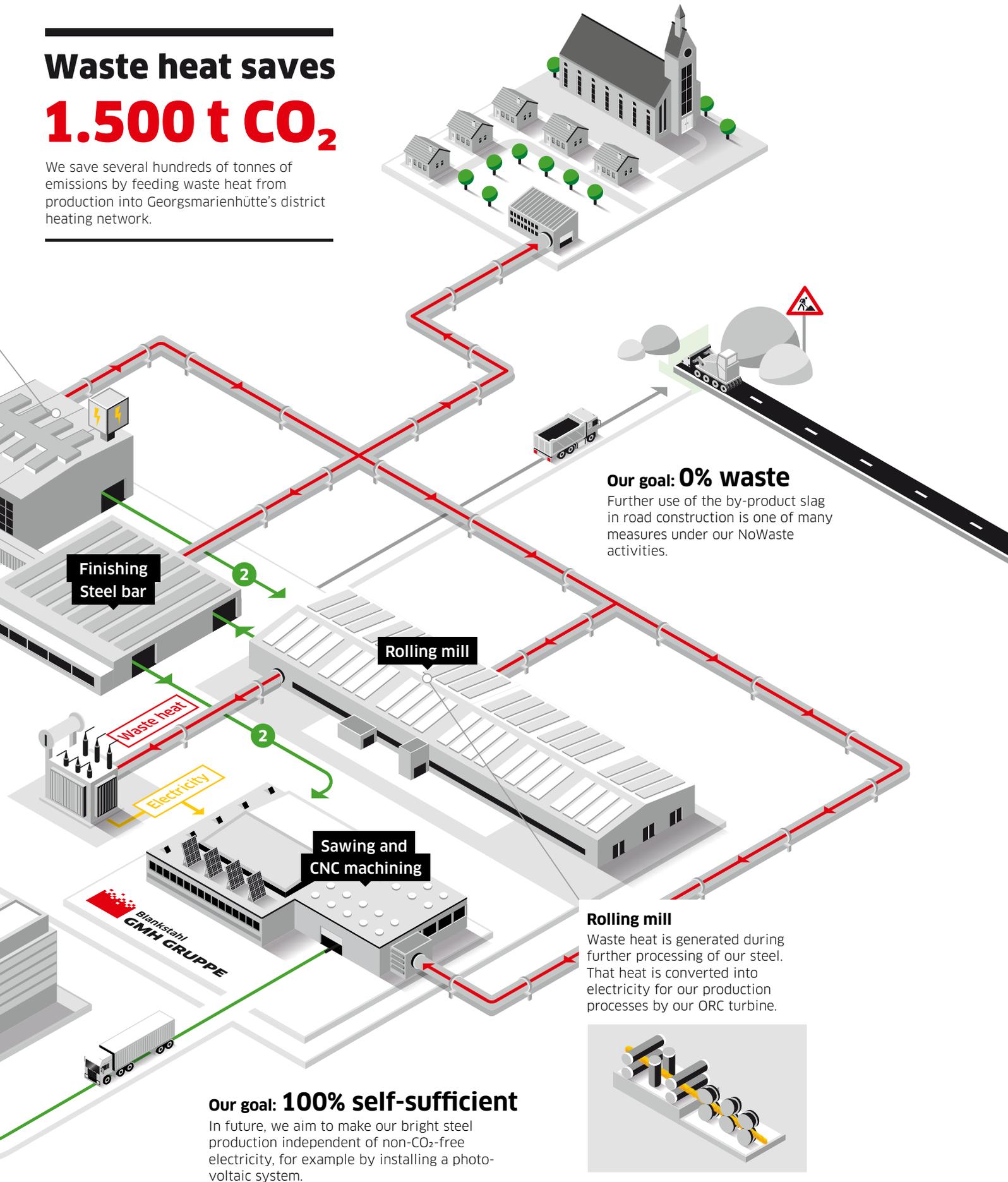
Energy flow



90% by railway
Our scrap is delivered to production by railway, in a climate-friendly manner via short routes.

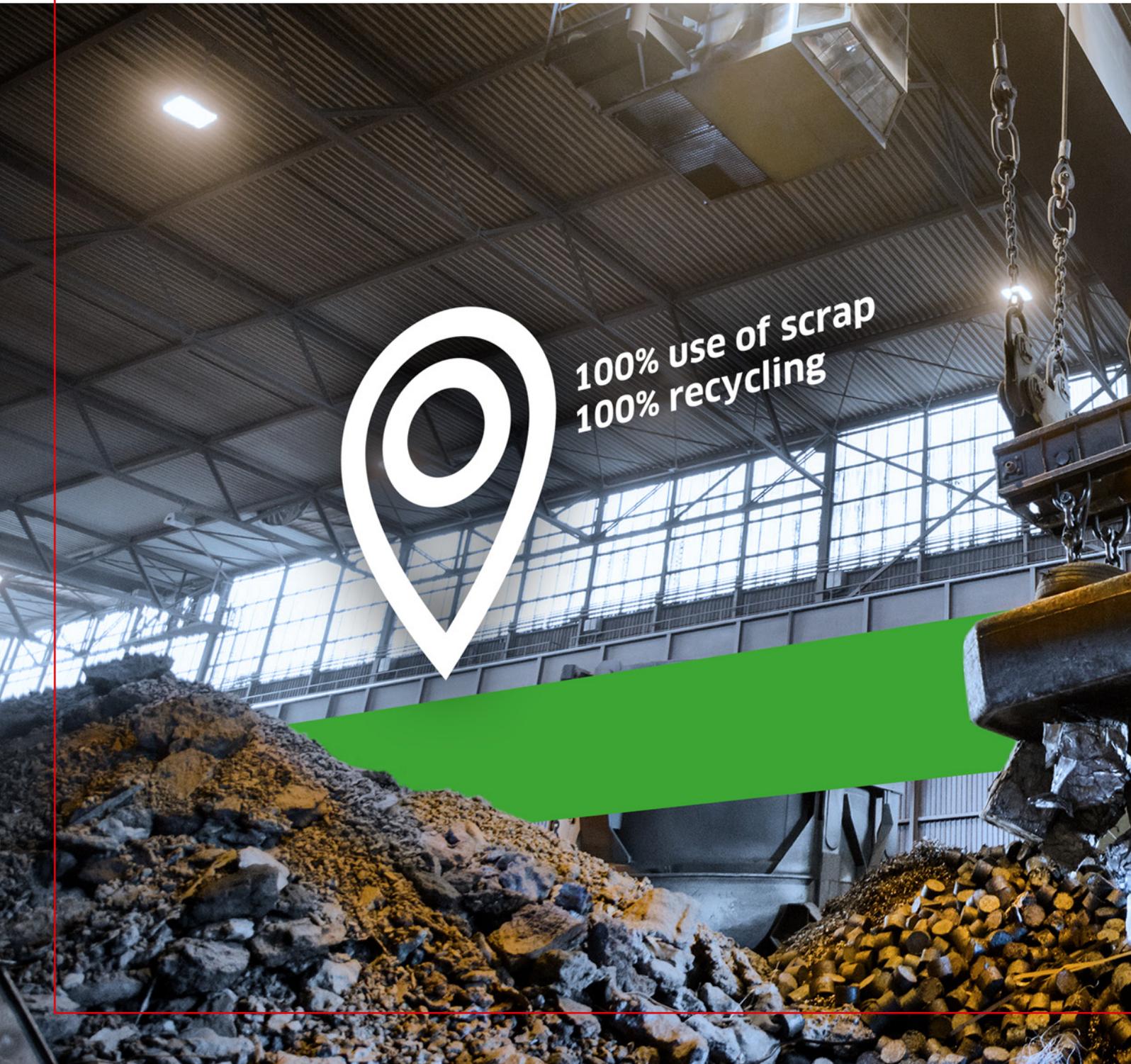
Waste heat saves **1.500 t CO₂**

We save several hundreds of tonnes of emissions by feeding waste heat from production into Georgsmarienhütte's district heating network.



Today: Consume less Tomorrow: Achieve more

Resources



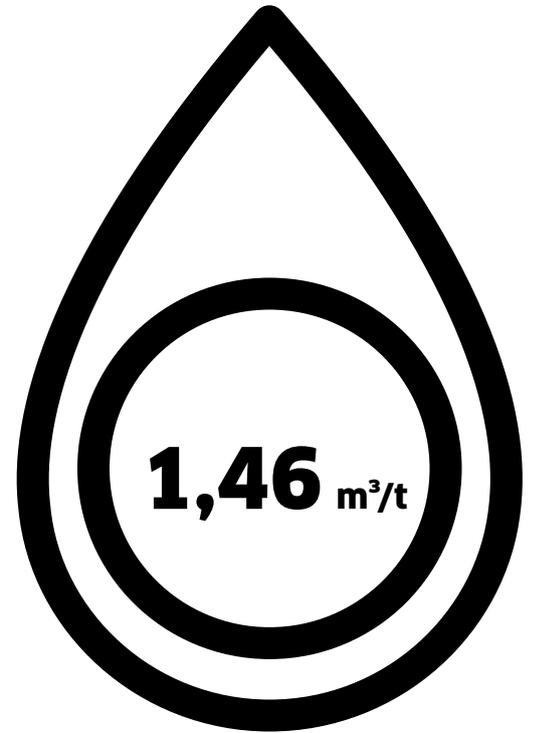


People

Product

Resources





Using Energies Conserving Resources

Withdrawal of water reduced to a minimum

A sufficient water supply is essential for Georgsmarienhütte GmbH. On the one hand, we use water to cool production facilities and products, and on the other hand, we generate steam for the vacuum treatment of liquid steel by using waste heat. With targeted investments and process optimisations, we have minimised our water consumption in recent years.

In order to save water, we rely on recirculation systems, among other things. We withdraw water from two of our own springs in Georgsmarienhütte and Hasbergen, treat it and feed it into these water cycles as make-up water. Furthermore, we prepare our own drinking water for sanitary purposes from this spring water, thus relieving the municipal drinking water supply. All water withdrawals

are recorded and monitored by calibrated measuring devices in order to identify leaks or atypical consumption. The water withdrawal in relation to the products is 1.46 m³/t. In recent years, we have constantly optimised consumption by investing in water treatment, measuring technology and recirculation so that the water withdrawal has been reduced to the technically possible minimum; even in years with low precipitation, there is no need to worry about a temporary failure of the water withdrawal.

So far – even in years with low precipitation – no negative consequences for the environment have been identified as a result of our water consumption, so that there are neither internal nor external risks in this regard.



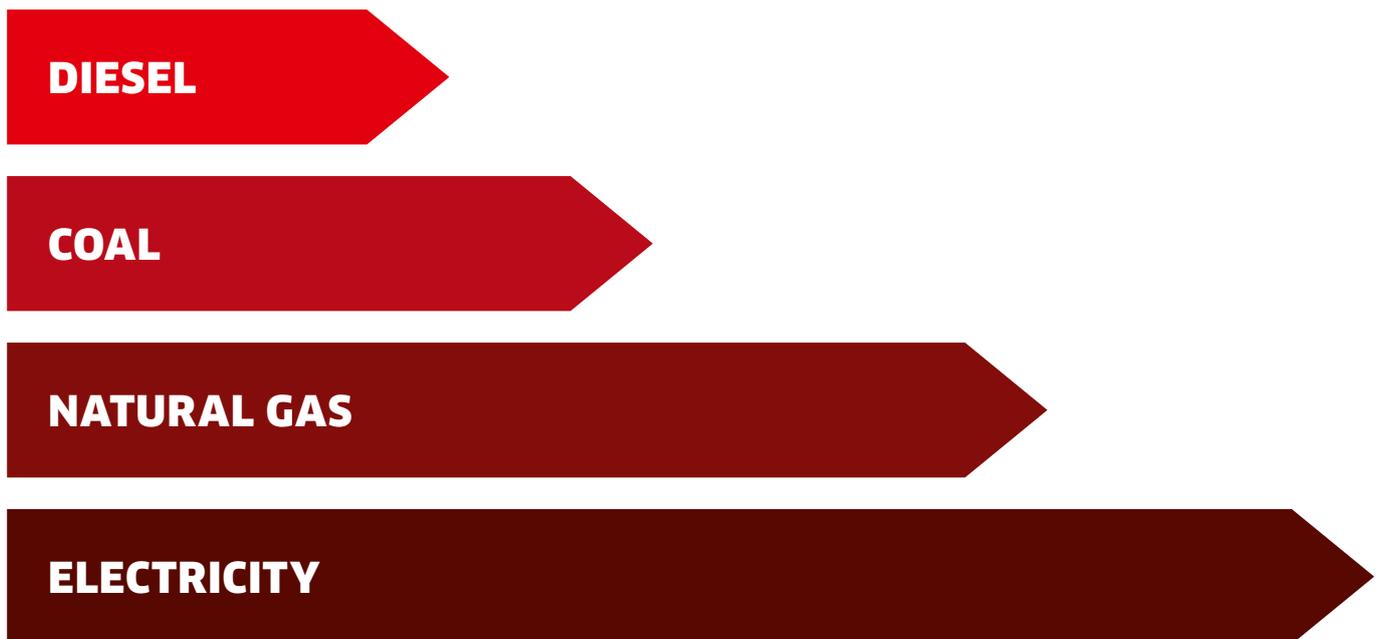
Using energy as efficiently as possible

Due to the laws of physics, the production and processing of steel is combined with high energy consumption, so that Georgsmarienhütte GmbH, like other companies in the basic industry, is part of the energy-intensive industry.

In order to use energy efficiently, Georgsmarienhütte GmbH implemented an energy management system back in 2010. It monitors the use of energy and projects and implements energy-saving actions together with the individual operating departments. Its effectiveness is checked and confirmed annually by external audits.

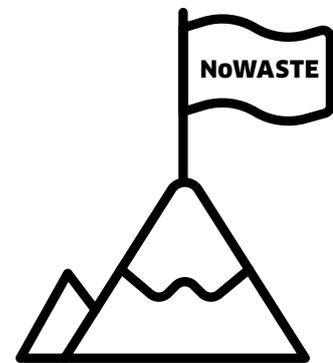
In 2020, we required a total of 3,838 TJ of the following energies: We basically use electricity for our melting processes and to drive our machines and aggregates. We use low-CO₂ natural gas for high-temperature generation in the rolling mill and the heat treatment departments. We use diesel as fuel for internal transport processes with locomotives and floor conveyor vehicles. We use coal as an indispensable material for metallurgical processes in the electric arc furnace and ladle furnace.

A reliable energy supply that is available at all times is essential for our company. This is currently guaranteed at the current location. However, as the share of renewable energies in power generation increases, the risk that the reliability of the power supply will decrease and that unplanned process disruptions may occur increases. In order to be prepared for this scenario and avoid these disruptions, we are already carrying out energy deployment planning supported by digital tools in coordination with the energy supply companies. This allows us to adjust the production to the power supply forecast.





Avoid more Recycle more



Closing cycles by the NoWASTE-strategy

Steel production on the basis of scrap and further processing in the rolling mill generates process-related waste. We have been working for a long time on reducing this waste and opening up new recycling options for it, in order to be able to offer alternatives to the use of primary raw materials at the market. We have further intensified these efforts by founding the operational department NoWASTE.

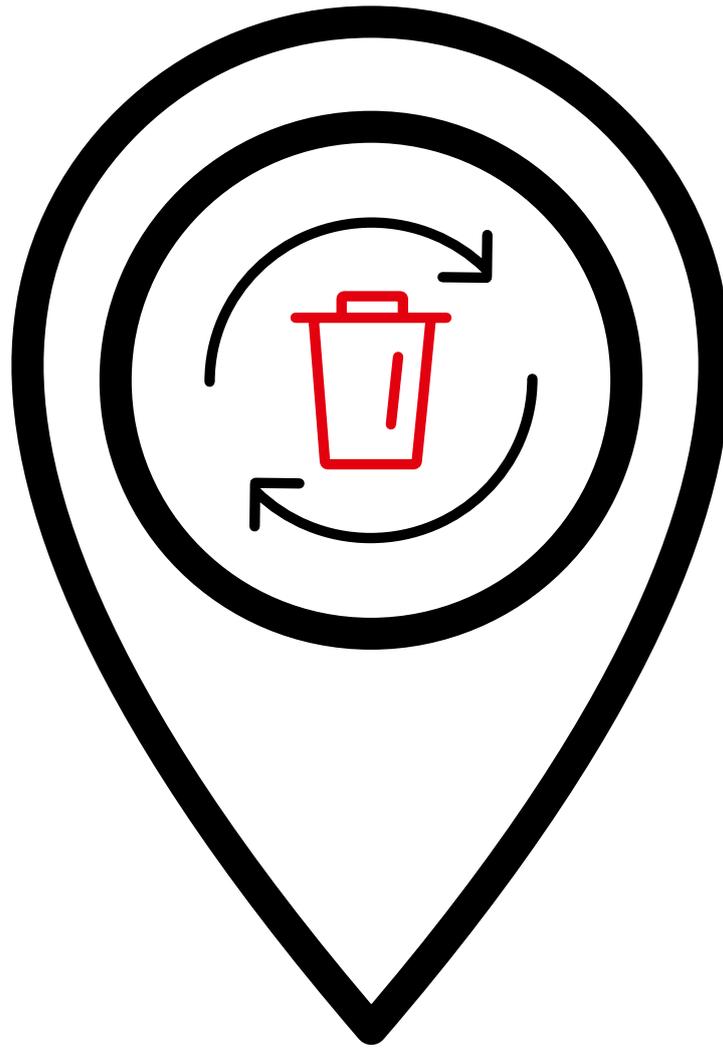
The objective of NoWASTE is to find new recycling options and close material cycles. This is also based on the strategic approach of identifying material flows at an early stage that arise in the context of the transformation to climate neutrality and to identify new approaches regarding a sustainable circular economy.

Our waste volume is primarily dominated by slags of the steel plant, for which there are already various recycling routes, for example in road construction. In the case of waste to be disposed of, on the other hand, rising prices must be expected due to decreasing landfill space. Here, with NoWASTE, we are looking for ways to be able to return this waste to material cycles as recycling waste. One example of this is our own processing. So we are able to partially replace primary raw materials (see next page).

Our ERP-systems (ERP: Enterprise Resource Planning) provide us with a precise and up-to-date overview of the waste volume. This enables us to take corrective actions in the case of recognisable deviations from target figures. Since the Substitute Building Materials Ordinance has now been passed by the regulators, binding material requirements are available, which provides planning reliability.

In 2020, per tonne of steel produced we recycled

- 0.170 t of non-hazardous waste and 0.013 t of hazardous waste and disposed of
- 0.044 t of non-hazardous waste and 0.0002 t of hazardous waste.



People

Product

Resources



Conserving resources in a sustainable way

In our steel plant, by-products are generated during the production process, some of which are initially legally classified as waste and must be recycled or disposed of in accordance with legal requirements. The disposal costs, however, are rising continuously, and at the same time landfill space is scarce, which poses a major challenge. We have dealt intensively with this issue and have created a processing facility on our plant premises for some of our by-products, in particular for slags and refractory material.

After reprocessing, these by-products can be used again as secondary raw materials in the process of steel production. This substitution of raw materials with our own by-products and residual substances enables us to minimise our use of raw materials in the long term. In this way, we also reduce the use of landfill space and save numerous transports to the disposal sites and the associated CO₂ emissions.



APPENDIX

Independent Practitioner's Report on a Limited Assurance Engagement on Non-Financial Reporting

To Georgsmarienhütte GmbH, Georgsmarienhütte

We have performed a limited assurance engagement on the separate non-financial report of Georgsmarienhütte GmbH, Georgsmarienhütte, (hereinafter called the "Company") for the period from January 1 to December 31, 2020 which collectively comprises the chapters "SHORT PROFILE", "SUSTAINABILITY MANAGEMENT/COMPLIANCE", "PEOPLE", "PRODUCT" and "RESOURCES" of the sustainability report of the Company for the business year 2020 (hereinafter called the "non-financial report").

Responsibility of legal representatives

The legal representatives of the company are responsible for the preparation of the non-financial report in accordance with §§ 289c to 289e HGB.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the non-financial report as well as the use of assumptions and estimates for individual non-financial disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for such internal control they deem necessary for the preparation of a non-financial report that is free of - intended or unintended - material misstatements.

Independence and Quality Assurance on the Part of the Auditing Firm

We complied with the German professional provisions regarding the independence as well as further professional codes of conduct.

Our auditing company applies the national legal requirements and professional standards - in particular the Professional Code for German Public Auditors and Chartered Auditors (BS WP/vBP) and the IDW quality assurance standard 1 "quality assurance requirements in audit practice" (IDW QS 1) published by the Institute of Public Auditors (IDW) - and accordingly maintains a comprehensive quality assurance system, which includes documented regulations and actions with regard to compliance with professional codes of conduct, professional standards as well as applicable legal and other regulatory requirements.

Practitioner's responsibility

It is our responsibility to express with limited assurance a conclusion of the disclosures in the non-financial report based on the assurance engagement we have performed.

Within the scope of our engagement, we did not perform an audit on external sources of documentation or expert opinions referred to in the non-financial report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", published by IAASB. Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain

limited assurance as to whether any matters have come to our attention that cause us to believe that the non-financial report of the company for the period from January 1 to December 31, 2020 has not been prepared, in all material aspects, in accordance with §§ 289c to 289e HGB.

In a limited assurance engagement the assurance gathering procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The choice of assurance procedures is subject to the practitioner's own judgement.

Within the scope of our limited assurance engagement, we performed, amongst others, the following assurance procedures and other procedures:

- Gaining an understanding of the structure of the sustainability organization and the involvement of stakeholders
- enquiries of the legal representatives and relevant employees involved in the preparation of the non-financial report about the preparation process, about the internal control system related to this process, and about disclosures in the non-financial report
- Identification of probable risks of material misstatement in the non-financial report
- analytical assessment of disclosures in the non-financial report
- alignment of disclosures with the respective data in the annual financial statements and the management report
- assessment of the overall presentation of the disclosures

Assurance Conclusion

Based on the procedures performed and the evidence obtained for the limited assurance, nothing has come to our attention that causes us to believe that the non-financial statement of the company for the period from January 1 to December 31 2020 has not been prepared, in all material respects, in accordance with §§ 289c to 289e HGB.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the company and the report is solely intended to inform the Company about the results of the limited assurance engagement.

The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility with regard to third parties.

Frankfurt/Main, 4 March 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke
Wirtschaftsprüferin
[German public auditor]

ppa. Juliane v. Clausbruch

GRI-Index

General Disclosures

number of disclosure	title of disclosure	chapter in the sustainability Report of GMH	Note/Comment
102-1	name of the organisation	corporate profile - Georgsmarienhütte GmbH	
102-2	activities, brands, products and services	corporate profile - business activities and market presence	
102-3	location of headquarters	corporate profile - Georgsmarienhütte GmbH	
102-4	location of operations	corporate profile - Georgsmarienhütte GmbH	Georgsmarienhütte GmbH produces exclusively at the site Georgsmarienhütte.
102-5	ownership and legal form	corporate profile - Georgsmarienhütte GmbH corporate profile - co-operations, networks, company	
102-6	markets served	corporate profile - business activities and market presence	
102-7	scale of the organisation	corporate governance - Georgsmarienhütte GmbH	
102-8	information on employees and other workers	corporate profile - Georgsmarienhütte GmbH	
102-9	supply chain	product - principles of procurement	
102-10	significant changes to the organisation and the supply chain	product - principles of procurement	
102-11	precautionary principle or approach	Appendix sustainability strategy	All decisions on the orientation of the companies of GMH Gruppe and the capital expenditures necessary for this are made in consideration of economic, social and ecological criteria.
102-12	external initiatives	corporate governance external initiatives	Appendix memberships in associations, initiatives and co-operations
102-13	membership of associations and stakeholders	corporate governance external initiatives	Appendix memberships in associations,
102-14	statement from senior decision maker	Preface I management GMH Gruppe	Preface II management Georgsmarienhütte GmbH
102-16	values, principles, standards, and norms of behaviour	corporate governance / compliance	Our code of conduct is publicly available on our homepage.

number of disclosure	title of disclosure	chapter in the sustainability Report of GMH	Note/Comment
102-18	governance structure	corporate governance governance structure and controlling bodies	
102-40	list of stakeholder groups	sustainability management stakeholder dialogue	
102-41	collective bargaining agreements	corporate governance Solid structures due to co-determination	
102-42	identifying and selecting stakeholders	sustainability management stakeholder dialogue	
102-43	approach to stakeholder engagement	stakeholder dialogue creating acceptance, also off the beaten path	
102-44	key topics and concerns raised	sustainability management materiality analysis	Appendix Georgsmarienhütte GmbH in dialogue
102-45	entities included in the consolidated financial statements	About this report	
102-46	defining report content and topic boundaries	materiality analysis essential issues driving us	
102-47	list of material topics	sustainability management materiality analysis	
102-48	restatement of information	About this report	
102-49	changes in reporting	This report has been prepared as a blueprint model for all companies of the GMH Gruppe that will be subject to a reporting obligation in the future.	At the time of reporting, Georgsmarienhütte GmbH is not subject to reporting obligations.
102-50	reporting period	business year 2020	
102-51	date of most recent report	December 2020	Sustainability Report 2019 – published in the download area of our homepage: www.gmh.de .
102-52	reporting cycle	A definite reporting cycle has not been defined yet.	At the time of reporting, Georgsmarienhütte GmbH is not subject to reporting obligations.
102-53	contact for questions regarding the report	imprint	
102-54	claims of reporting in accordance with the GRI-Standards	About this report	
102-56	external assurance	About this report	imprint

GRI-Index

Specific Disclosures

number of disclosure	title of disclosure	chapter in the sustainability Report of GMH	Note/Comment
GRI 200 – Economic Performance			
GRI 204 – Procurement Practices			
103-1,2,3	management approach	Product – local suppliers	
204-1	proportion of spending on local suppliers	Product – local suppliers	
GRI 300 – Environmental			
GRI 301 – Materials			
103-1,2,3	management approach	Resources – recycled substances	
301-2	recycled input materials used	Resources – recycled substances	
GRI 302 – Energy			
103-1,2,3	management approach	Resources using energies – conserving resources	Using energy as efficiently as possible
302-1	energy consumption within the organisation	Resources using energies – conserving resources	Using energy as efficiently as possible
302-4	reduction of energy consumption	Resources using energies – conserving resources	Using energy as efficiently as possible
GRI 303 – Water and Effluents			
103-1,2,3	management approach	Resources using energies – conserving resources	withdrawal of water reduced to a minimum
303-1,2	disclosure on management approach “Water and Effluents”	Resources using energies – conserving resources	withdrawal of water reduced to a minimum
303-3	water withdrawal	Resources using energies – conserving resources	withdrawal of water reduced to a minimum
303-4	water discharge	Resources using energies – conserving resources	withdrawal of water reduced to a minimum
303-5	water consumption	Resources using energies – conserving resources	withdrawal of water reduced to a minimum
GRI 305 – Emissions			
103-1,2,3	management approach	Product product-related CO ₂ -emissions	
305-1	direct GHG-emissions (scope 1)	Product product-related CO ₂ -emissions	
305-2	energy indirect GHG-emissions (scope 2)	Product product-related CO ₂ -emissions	

number of disclosure	title of disclosure	chapter in the sustainability Report of GMH	Note/Comment
GRI 300 - Environmental			
GRI 306 - Waste			
103-1,2,3	management approach	Resources avoid more - recycle more	
306-3	waste generated	Resources avoid more - recycle more	
306-4	waste diverted from disposal	Resources avoid more - recycle more	
306-5	waste directed to disposal	Resources avoid more - recycle more	
GRI 400 - Social			
GRI 401 - Employment			
103-1,2,3	management approach		
401-1	new employee hires and employee turnover		
401-3	parental leave		
GRI 403 - Occupational Health and Safety			
103-1,2,3	management approach	People secure and reliable - also as an employer	
403-1,2,3,4,5,6,7	disclosure on management approach "Occupational Health and Safety"	People secure and reliable - also as an employer	occupational health management
403-9	work-related injuries	People accident rate - occupational health and safety	increase efforts to minimize risks
GRI 404 - Training and Education			
103-1,2,3	management approach	People training and education	
404-1	average hours of training per year per employee	People training and education	
GRI 405 - Diversity and Equal Opportunity			
103-1,2,3	management approach	People diversity and equal opportunity	
405-1	diversity of governance bodies and employees	People diversity and equal opportunity	
GRI 417 - Marketing and Labeling			
103-1,2,3	management approach	corporate profile - business activities and market presence	
417-1	requirements for product and service information and labeling	corporate profile - business activities and market presence	

Plant committees for occupational health and safety and environment

committee	responsibilities and power of decision	frequency of meetings, participants and staff participation
occupational safety committee	<ul style="list-style-type: none"> ■ consultation of fundamental questions of occupational health and safety at work ■ reporting on accident statistics, potential for further improvement as well as requests of the works council 	<ul style="list-style-type: none"> ■ quarterly meetings ■ chair: managing director HR Personal ■ further participants: managing director of technology, heads of production plants, head of plant technology, head of dpt. product assurance and process technology (PSPT), head of human resources, works council, department occupational health and safety, works doctor, spokesperson of the safety officers ■ If necessary, further participants are invited for professional support ■ participation of employees: by members of the works council participating
plant safety committees	<ul style="list-style-type: none"> ■ discussion of accidents occurred ■ handling of safety-related deficiencies ■ discussing the status of risk assessments ■ occupational safety inspections 	<ul style="list-style-type: none"> ■ quarterly or biannual meetings: scheduled by department of occupational health and safety ■ chair: head of the plant ■ further participants: foremen, supervisors, occupational safety experts. Plants and departments with respective committees set up: steel plant, rolling mill, finishing shop, plant technology, service plants, PSPT, vocational and further training ■ participation of employees: by members of the local works council and the safety officers of the plants
committee for occupational health and safety and environment	<ul style="list-style-type: none"> ■ general issues of occupational health and safety 	<ul style="list-style-type: none"> ■ monthly meetings ■ chair: member of the works council ■ further participants: occupational safety experts, works doctor, representative body for disabled persons, environmental protection officer ■ participation of employees by the local works council or its substitute
committee for environmental and energy management	<ul style="list-style-type: none"> ■ environmentally and energy-relevant projects: e.g. immissions, emissions, emission trading, disposal and reprocessing of slag, directives and regulations, transfer of waste heat, dust formation, energy demand, construction projects 	<ul style="list-style-type: none"> ■ quarterly meetings ■ chair: managing director of technology; substitute: managing director accounting ■ further participants: managers or staff members of the department environmental management, energy management, purchase, steel plant, processing plants, plant technology, HR department, plant security, occupational health and safety, construction, PSPT, controlling ■ participation of employees by the chairman of the works council or its substitute

Stakeholder Formats

Georgsmarienhütte GmbH in dialogue

Stakeholders	Formats & Channels	Topics
Company		
Management board	<ul style="list-style-type: none"> ■ regular coordination with staff unit sustainability management ■ quarterly management meetings 	<ul style="list-style-type: none"> ■ project meetings ■ sustainability reporting ■ current trends in the various management systems ■ NoWASTE
Employees	<ul style="list-style-type: none"> ■ company meetings ■ information screens ■ performance reviews ■ staff survey ■ steering group sustainability 	<ul style="list-style-type: none"> ■ collective bargaining ■ social offers ■ company agreements ■ satisfaction ■ sustainability strategy & sustainability report
Market		
Customers	<ul style="list-style-type: none"> ■ bilateral discussions ■ fairs ■ customer satisfaction survey ■ internet presence ■ advertisements ■ brochures 	<ul style="list-style-type: none"> ■ current political market topics ■ product quality, delivery performance & performance ■ compliance ■ transparency in the supply chain ■ konflikt minerals & compliance with human rights
Suppliers	<ul style="list-style-type: none"> ■ bilateral discussions (face-to-face, by letter/e.mail, by phone) ■ supplier audits 	<ul style="list-style-type: none"> ■ quality, agreements on quantities and dates ■ use of recycled materials ■ transparency in the supply chain
Competitors	<ul style="list-style-type: none"> ■ fairs ■ membership in associations ■ value creation networks 	<ul style="list-style-type: none"> ■ attractive employer ■ lightweight forging initiative ■ energy & CO₂-emissions ■ political developments
Specialists & potential applicants	<ul style="list-style-type: none"> ■ co-operations with regional schools ■ project days for pupils ■ co-operations with universities ■ Youth Future Day ■ internships & taster days ■ scholarships of Stiftung Stahlwerk 	<ul style="list-style-type: none"> ■ reconciliation of family and job ■ opportunities for development ■ image ■ sustainability in the company ■ supervision of theses and dissertations
Society		
Residents & local communities	<ul style="list-style-type: none"> ■ Round Table ■ hotline ■ plant tours 	<ul style="list-style-type: none"> ■ environmental topics (e.g. noise, CO₂-emissions, water quality) ■ circular economy, closure of landfills ■ economic situation of the company ■ good neighbourliness
Associations, networks & initiatives	<ul style="list-style-type: none"> ■ events of networks ■ lectures 	<ul style="list-style-type: none"> ■ CO₂-reduction & energy ■ occupational health and safety & fire brigade ■ lightweight and further R&D-topics ■ political developments

Memberships in Associations

Arbeitgeberverband Stahl e.V.

AWT Arbeitsgemeinschaft Wärmebehandlung und Werkstofftechnik e. V.

Bundesverband Materialwirtschaft, Einkauf und Logistik

Deutsch-Japanische Gesellschaft

DFG Deutsche Forschungsgemeinschaft

DGZfP Deutsche Gesellschaft für Zerstörungsfreie Prüfung (ZfP)

DIHK Deutscher Industrie- und Handelskammertag e.V.

DSAG - Deutschsprachige SAP® Anwendergruppe e.V.

DIN e.V. Deutsches Institut für Normung

ENO Energie Netzwerk Osnabrück

enplify eG Energieberatung der deutschen Industrie

Eurofer

FEhS Institut für Baustoff Forschung

Feuerwehrverband Altkreis Osnabrück e.V.

FVA Forschungsvereinigung Antriebstechnik e. V.

Gedenkstätten Gestapokeller und Augustaschacht e.V.

Gütegemeinschaft Eisenhüttenschlacken e.V. Duisburg

IHK - Industrie- und Handelskammer Osnabrück - Emsland - Grafschaft Bentheim

Industrieller Arbeitgeberverband IAV Osnabrück

Industrieverband Massivumformung

Ingenieurkammer Niedersachsen

Institut der Norddeutschen Wirtschaft e.V. INW

Klimaschutz Unternehmen - Klimaschutz- und Energieeffizienzgruppe der Deutschen Wirtschaft e.V.

Landesverkehrswacht Niedersachsen

Niedersachsenmetall

Science to business GmbH / HS Osnabrück

Stahlinstitut VDEh

VDSI Verband für Sicherheit, Gesundheit und Umweltschutz bei der Arbeit

Verein von Freunden der TU Clausthal

VDA Verband der Automobilindustrie

VVO Verkehrsverein Osnabrück

Waldwegebautenossenschaft Oesede

Waldschutzgenossenschaft Osnabrück

Wirtschaftsvereinigung Stahl e.V.

Participation in Initiatives (selection)

acatech - Deutsche Akademie der Technikwissenschaften

Aktionsgemeinschaft Gütesiegel Weser-Ems

Allianz für Niedersachsen - Wir sind nachhaltig

Arbeitskreis gewerbliche Ausbildungsleiter

Arbeitskreis kaufmännische Ausbildungsleiter

Arbeitskreis Schule-Wirtschaft Osnabrück (AK des IAV)

Beirat Kunst- und Kulturstiftung Georgsmarienhütte

Berufsbildungsausschuss der IHK Osnabrück - Emsland - Grafschaft Bentheim

Bildungswerkstatt Georgsmarienhütte (Sitz im Aufsichtsrat)

Familienbündnis LK Osnabrück

Initiative Pro Ausbildung, Stadtwerke Osnabrück - KME - GMH

Industrieinitiative NOCARBforging 2050

Lokales Bündnis für Familie der Stadt Georgsmarienhütte

Netzwerk Schule-Wirtschaft, Landkreis Osnabrück - MaßArbeit kaÖR

Pfarrgemeinschaft Georgsmarienhütte-West

Prüfungsausschüsse der IHK Osnabrück - Emsland - Grafschaft Bentheim

Runder Tisch - Stakeholderbetreuung zu Umwelt- und Energiethemen

Stadtmarketing Georgsmarienhütte

terre des hommes

uvn Unternehmerverbände Niedersachsen

Wissenschaftlicher Beirat des FEhS Instituts für Baustoff-Forschung

Komitee Courage

Univ.-Gesellschaft Osnabrück

Fördergesellschaft Hochschule Osnabrück

Zoo Osnabrück - Sponsoringpartnerschaft und Mitglied im Förderkreis

Our Sustainability Strategy

The GMH Gruppe produces iron and steel and processes both into high-quality products for its customers in the sectors of mobility, energy and mechanical engineering.

We are committed to the principles of sustainability, the balance between ecology, economy and social responsibility, because we are convinced: long-term operation and growth in the market is only possible on such a basis. To ensure this, the relevant decisions of the GMH Gruppe follow the relevant principles of sustainable development as defined by the Sustainable Development Goals of the UN. Only if all core aspects of sustainability (ecology, economy and social responsibility) are taken into account in the required appropriately and coordinated with each other and provided with key figures to be achieved, can these goals be successfully achieved.

Our focus on electric melting processes has made us the spearhead in the decarbonization of the steel industry in Europe. The shortest route to CO₂ neutrality for steel is via the electric route, which is also the starting point for our products and components. In our electric furnaces, we exclusively use scrap as a basic raw material and thus are part of the core of an efficient circular economy.

With the energy demand necessary, our companies belong to the energy-intensive industry. They are therefore intensively addressing the socio-political goal of a climate-neutral society in order to be able to meet future energy demands from renewable sources at economically justifiable cost. We aim to achieve climate neutrality for our sites by 2039.

We live a corporate culture oriented at participation and co-determination in order to be able to shape the future innovatively and successfully with motivated employees. This includes consistent personnel development, basic and advanced vocational training across all areas of the company, as well as forward-looking occupational health and safety.

Core topics for the orientation of our companies and the investments required for this purpose:

- production of high-quality products for a modern industrial society,
- continuous reduction of the direct and indirect emissions of greenhouse gases of our processes and products in line with the Paris climate targets of 2015,
- continuous improvement of our energy and resource efficiency,
- prioritising secondary raw materials from certified material cycles,
- application of innovative technologies and digitalization of our processes,
- economic success to be able to make future investments,
- appreciation of our employees by means of respect, good pay as well as reconciliation of family and career,
- reliable employer and social partner for our society.

We regularly measure the success of our investments and activities using quantitative key figures in order to be able to evaluate the actual achievement of our objectives. On this basis, the management, works council and supervisory board decide on the further pursuit of objectives, necessary corrective measures or the termination of unsuccessful paths.

On behalf of the management:

On behalf of the group works council:



Dr. A. Becker T. Löhr F. Brüggestrat Dr. A. Großmann



M. Friebe

Georgsmarienhütte, September 2021

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