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Deutschland**Press Releases**Datum **01/12/2022**
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E-Mail: pr@kloeckner.comInternet: www.kloeckner.com**Klöckner & Co commits to ambitious climate targets and aims for net zero emissions by 2040**

- Near-term climate targets adopted by the Company validated as science-based by the Science Based Targets initiative (SBTi)
- As part of the Company's own long-term ambition, Klöckner & Co additionally aims to reduce directly controllable emissions to net zero by 2040 (Scope 1, Scope 2 and Scope 3 emissions under direct influence)
- Through the reduction of its own emissions (Scope 1 and Scope 2) alone, Klöckner & Co will save some 90,000 tons of carbon per year
- The Company is already carbon neutral today by compensating the currently unavoidable Scope 1 and 2 emissions
- The "Klöckner & Co 2025: Leveraging Strengths" strategy is to make the Group a pioneer of a sustainable steel industry

Duisburg, Germany, January 12, 2022 – As a pioneer in the industry and one of a select few players in the steel sector, Klöckner & Co already signed up in 2020 to the Science Based Targets initiative (SBTi) "Business Ambition for 1.5°", the world's most ambitious and high-profile framework for emission reduction. The SBTi has now validated the near-term carbon reduction targets adopted by Klöckner & Co as science-based targets.

With those targets, Klöckner & Co will achieve a 50% reduction in its scope 1 and 2 emissions – meaning emissions associated with the business itself, such as from Company-owned vehicles and purchased energy – by 2030. In Scope 3, the Company will likewise reduce directly controllable emissions (such as from business travel) by 50% by 2030. Non-directly-



controllable emissions (Scope 3 – for example, bought-in products and services) will be cut by 30% by 2030. These near-term targets are in line with the latest scientific findings and with the Paris Climate Agreement providing for global warming to be limited to a maximum of 1.5° C.

For the long term, Klöckner & Co additionally plans to reduce directly controllable emissions to net zero by 2040 (Scope 1, Scope 2 and Scope 3 emissions under direct influence). In Scope 1 and 2 alone, this will enable the Company to save some 90,000 tons of carbon in its own emissions per year. Emissions that it can only control indirectly – primarily from bought-in steel products – are to be cut to net zero by 2050.

Guido Kerkhoff, CEO of Klöckner & Co SE: “We take responsibility for our environment in order to safeguard the foundations of life for future generations. As a first step in this direction, we will significantly reduce directly controllable greenhouse gas emissions at Klöckner & Co by 2030. Because we apply a holistic approach across the entire supply chain, we also plan significant reductions in the emissions that we do not cause directly. It is our conviction that, through the sustainable strategic orientation of our business, we can actively drive the green transformation of the economy and society.”

Specific action package to reduce emissions

As part of a package of measures to this end – titled “Klöckner takes action 2040” – Klöckner & Co is focusing on specific action to reduce its ecological footprint in close collaboration with customers and suppliers. A focus of Klöckner & Co in Scope 1 and 2 is on emissions generated in its own business, such as from shipping products to customers using Company trucks or from consumption of purchased electricity. Activities to this end include further centralization of energy procurement and a progressive switch to renewable energy sources. In this way, the Company will accelerate the conversion of its multi-local business to renewables throughout the Group. In addition, Klöckner & Co has also already begun converting its car and truck fleet to innovative means of propulsion, including electric mobility and hydrogen. Comprehensive emission analyses and emission reductions in procurement and logistics will leverage further potential for savings.

With regard to emissions under direct influence from the upstream and downstream supply chain, known as Scope 3 emissions, Klöckner & Co will achieve reductions by means of innovative meeting and travel concepts. The Company has already implemented a mandatory switch this year from domestic flights to lower-emission travel options and introduced hybrid working arrangements with substantially increased opportunities for working from home. This minimizes commuting, which paves the way for further savings in emissions.

Klöckner & Co additionally assumes responsibility for the entire supply chain, including emissions that it can only influence indirectly – such as from bought-in goods and services,



capital goods and upstream transportation and distribution activities. It has already attained one significant milestone in the provision of sustainable products and services: Klöckner & Co has entered into partnership with the Swedish start-up H2 Green Steel (H2GS) in order to secure access to substantial quantities of virtually carbon-emission-free steel. Under the partnership, up to 250,000 t of green steel is initially to be supplied from 2025, with an option to increase the volume in future years. The steel is considered to be almost free of carbon emissions because production at H2GS reduces gross carbon emissions by more than 95% relative to conventional production. This cooperation has enabled Klöckner & Co to significantly expand its portfolio of sustainable products and services.

Klöckner & Co is thus set to cut emissions throughout the entire supply chain, with the main focus initially on actual emission reductions. However, not all emissions can be completely eliminated at present. In addition to the extensive reduction measures across all scopes, commencing this year, the Company will compensate the currently unavoidable Scope 1 and 2 emissions by investing in high-quality, certified compensation projects. As a result, Klöckner & Co is already carbon neutral today.

Sustainability as a strategic opportunity

As a pioneer on the way to a sustainable steel industry, Klöckner & Co assumes social responsibility while simultaneously exploiting the strategic opportunities presented by decarbonization. Under the “Klöckner & Co 2025: Leveraging Strengths” strategy, the Company has made sustainable solutions an integral part of its business model and is building a sustainable range of products and services that will play an important role in the circular economy of the future. In this way, Klöckner & Co aims to become the leading digital one-stop-shop platform for steel, other materials and processing services in Europe and the Americas as well as the pioneer for sustainability in the steel industry – for the benefit of customers, the steel industry and society.

Successful digitalization and the rollout of platforms are pivotal to the reduction of carbon emissions as they make it possible to better anticipate future steel demand and further shrink the emissions footprint in logistics. Data management and automation minimize intransparency and make for efficient resource management, thus benefiting the environment in the long term. With its climate ambition, the Company is driving the potential for innovation throughout the value chain, which is of equal benefit to all market players.



About Klöckner & Co:

Klöckner & Co is one of the largest producer-independent distributors of steel and metal products and one of the leading steel service companies worldwide. Based on its distribution and service network of around 140 locations in 13 countries, Klöckner & Co supplies more than 100,000 customers. Currently, the Group has around 7,100 employees. Klöckner & Co had sales of some €5.1 billion in fiscal year 2020. As a pioneer of the digital transformation in the steel industry, Klöckner & Co's target is to digitalize and largely automate its supply and service chain and to become the leading digital one-stop-shop platform for steel, other materials, equipment and processing services in Europe and the Americas as well as a pioneer of sustainability – for the benefit of customers, the steel industry and society.

The shares of Klöckner & Co SE are admitted to trading on the regulated market segment (Regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) with further post-admission obligations (Prime Standard). Klöckner & Co shares are listed in the SDAX® index of Deutsche Börse.

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