ANNUAL REPORT 2018 | HALF YEAR RESULTS 2019
CONTENTS
MESSAGE FROM THE CHAIRMAN

The economic results, very positive in the year 2018, were further improved by showing that the Group was capable not only of mastering the four business areas distinctly, but also enhancing the synergies and connections between them.
This important result, approximately USD 61 million in net profit after taxes, certainly came about in a growth phase in the world economy, which positively influenced our activities that were most exposed to the cycle throughout the year, in particular in the industrial and the shipping divisions.

The results are also related of two main factors internal to the Group:

These two elements, core competences and international corporate culture, are the result of the Duferco Group’s history. Over its 40 years of life, starting from the core business of steel trading, the Group has consolidated its global operations and developed other businesses by strictly following a concentric and correlated investment approach, i.e. a strategy fundamentally based on people and their skills.

The Group’s survival approach, and continuous adaptation, to changing environmental and market conditions over time has caused it to develop a significant ability for “resilience”, thereby continuing to generate profits and create value even after the sale of the majority stake in its traditional steel trading business, which took place in June 2015.
Maintaining this “resilience”, i.e. the ability to continue to earn profits and create value under controlled risk conditions, is the real challenge that the new generations who, as part of a methodical and progressive take-over process, are now beginning to hold management positions within the Group will have to face.

This challenge will take place in a global context in which innovation and change will be happening at increasing speed and will affect all of the Group’s activities, forcing shareholders and managers to continuously reconceptualize and redesign business models and constantly adapt and strengthen organizational structures.

In particular, the impact of digitization and the progressive advent of the AI will involve all Group activities, from energy trading, which will be more and more algorithmic and conditioned by energy transition towards an ever greater decarbonization, to industrial activities with production systems increasingly guided by the analysis of increasing masses of data generated by the processes themselves and captured by IOT applications.

After the creation of Duferco Dev a few years ago, the Group has begun to carry out operations on this frontier by giving some initial organizational responses to the need for change. The concentration of efforts from DXT and Duferco Energia on increasingly powerful and sophisticated digital trading platforms goes in this direction.

Over the next few years, the Group will be increasing its investments in R&D, trying to continuously fertilize its activities that will be producing innovation offshoots from within and without. By continuously engaging and cooperating with the business divisions, innovation scouting and promotion activities will for the corporate headquarters become a super-strategic activity that will complement their traditional legal, finance, administration, control and human resource management activities.

The ability to manage joint-venture alliances at the international level will continue to be an essential feature of the Duferco Group and will allow it both to maintain a high level of internationalization and globalization of our activities, and to share business and/or investment risks that we would not have the strength or size to face by ourselves.

Bruno Bolfo
The impact of digitization and the progressive advent of the AI will involve all Group activities, from energy trading, which will be more and more algorithmic and conditioned by energy transition towards an ever greater decarbonization, to industrial activities with production systems increasingly guided by the analysis of increasing masses of data generated by the processes themselves and captured by IoT applications.
CORPORATE
VISION

Become a conglomerate Group with four divisions: energy, industry and distribution, shipping and investment, where residual risks are increasingly managed from a strategic standpoint.

MISSION

Maintain balanced assets, with cyclical operations and other non-cyclical operations, pursuing steady increases in revenues and profit for the year.
THE GROUP’S VISION AND MISSION

In greater detail, the Duferco Group’s medium to long-term vision (5-10 years) pursues the objective of becoming a conglomerate Group with an ever-greater synergy between the four macro-business areas currently managed by the Group, namely: energy, industry and distribution, shipping and investment.

At the same time, such synergy is oriented towards a gradual reduction of operational, compliance, financial and strategic risks, and - consequently - towards a better management of any related and resulting impacts.

The Group’s mission is to maintain balanced assets, with cyclical operations and other non-cyclical operations, thus pursuing steady increases in revenues and profit for the year. Moreover, the mission is divided in individual strategic objectives in consideration of the respective business sectors, i.e. the Group’s four operating clusters. In the energy division, the goal is to build a diversified portfolio of retail operations, accompanied by investments in renewable energy, electricity and gas financial and physical trading and biomass physical trading, to allow shareholders to benefit from a return on investment above the industry average, against balanced and sustainable risks.

In particular, in the energy trading sector, there is a continuous effort to identify business areas, mainly in the short term, where the Group may position itself favourably with respect to its competitors, exploiting a competitive advantage in terms of information deriving from its ability to analyse market fundamentals and its technological leadership.

At the same time, the Group’s geographical and product investment offers to the shareholders a further opportunity to distribute risks in different areas. For example, the recent expansion in North America, Brazil and China has opened new markets with respect to the European target market; while the trading on alternative commodities, such as LNG, petroleum products, coal, iron ore, freight, agricultural products, currencies and equity, has offered new opportunities, in addition to the traditional ones relating to power and gas, in regard of which the trading division continues to consolidate its core business.

In the sector of energy retail, renewable production & origination, the Group’s primary objective is to become an all-round provider of innovative energy services capable of improving people’s lifestyles and future, including through greater energy efficiency and sustainable mobility. A medium-term objective
also consists in planning to obtain Free Cash Flow of €10 million / year from hydroelectric and photovoltaic power plants. This cash flow will make it possible to invest heavily in innovation and development in this sector.

In the industrial division, where in the past Duferdofin Nucor produced more “commodities” (around 90%) and fewer “specialties” (about 10%), to date in terms of risk management, the production of “commodities” and “specialties” tends to be evenly balanced. One of the Group’s objectives is to maintain this balance over time, with around 50% of each production line.

The Group is aware of the importance of the steel industry and of business downstream. The Group’s vision, in fact, takes into great consideration the steel processing installations and plants at the strategic level and in connection with the downstream impact of the business on local communities. In this regard, Duferco makes constant efforts in this direction, in order to constantly preserve and innovate the production plants and, consequently, foster growth in downstream business dependent on the steel sector, despite competition and a drop in demand. Moreover, jobs have been maintained and continuous product and process innovation has continued, including along increasingly eco-sustainable, flexible, efficient and “clean” lines, thus representing excellence at a global level.

In the shipping division, the Group’s mission is to become a global player in the provision of shipping services, aiming for maximum efficiency in terms of service scheduling and localization. At the same time, the mission of the maritime division is to increasingly diversify its fleet using alternative propulsion to foster preservation of the marine ecosystem. In order to stabilize cash flows, the Group’s mission also includes fleet trading for the purpose of satisfying every customer’s request at a single port of call (one-stop shop) seeking the most suited vessel to market demands.
BUSINESS REVIEW
The Duferco Group operates worldwide in four macro-business divisions:
ENERGY

Duferco invested in the Energy division as an essential driver of the group business investment. Started with the aim to meet global energy hedging needs of the Group, today the Energy Division is grown into making Duferco a leading player in wholesale, retail and renewable production.

Energy Trading

Set up in 2005 with the name DufEnergy and with the aim to meet the global energy hedging needs of the Group, this division has been growing at a fast pace within Europe. In February 2018, the division went through a re-branding process. The new name is DXT Commodities, abbreviated to DXT, chosen to reinforce its identity on the energy trading market while at the same time highlighting a strategic view towards expanding its trading business to other commodities.

The experience brought by a team of trading professionals combined with the Group’s financial strength, places DXT in a leading position in today’s commodity trading sector. DXT relies on a strong network of relationships (approximately 500 active counterparties) with top energy trading houses, utilities, municipalities and major industrial corporations.

DXT activity includes physical trading in power, gas, LNG and environmental certificates. It has licenses to operate in Europe as a shipper and gas storage operator in most European countries. The purchase of short and medium-term rights on cross-border pipelines, high voltage inter-connection lines, gas storage capacities and LNG slots, has granted exceptional opportunities for the company to optimize its gas and power flows across the continent over time.

To date, DXT’s gas and power operations span 20 European markets (as represented in the picture below). The division’s goal is to further expand its activities geographically. In power, DXT has been developing an important off-take portfolio of renewable and conventional energy. A highly qualified team of analysts and meteorologists supports the company in offering competitive Power Purchase Agreements (PPA) and minimizing imbalance risks for its energy producing customers.

In natural gas, DXT has successfully developed operations in Central Eastern European (CEE) markets, setting up an office in Prague, Czech Republic, and, from 2017, an office in Kiev, Ukraine, where it is one of the few independent players trading natural gas with its UA partners.

As of September 30th, 2018, the company had 1.5 Billion m³ of gas storage rights in six different European countries in order to optimize its trading positions. To strengthen its positioning in the gas market, DXT has been further developing its wide network of relationships with top LNG players worldwide. It has successfully entered into 44 LNG Master Sales and Purchase Agreements (MSPA), out of which 18 in Europe and 26 in other continents. Moreover,
DXT has all necessary licenses to operate in the main European regasification terminals and perform in-tank storage swap transactions. In fiscal year 2018, DXT successfully delivered several LNG cargos to various European hubs via re-gasification terminals and to Central America. Since 2015, DXT’s mother company, DXT International SA, has started to diversify its activities into physical oil business by acquiring 50% of Neo Operations group of companies, a physical Crude Oil and Distillates trading player with an extensive oil industry knowledge and network.

The experience accrued during this period has given DXT the opportunity to increase its know-how in the oil sector and provided the ability to assist its customers in hedging their oil products positions, by proposing the most appropriate structured solutions.

At a consolidated group level, the year 2018 witnessed 62 TWh in Power trading volumes, roughly unchanged over the previous year, and Natural Gas trading volumes increasing from 656 TWh to 676 TWh. Consolidated revenues from trading activities also increased from €6.7 to €7.2 billion.

To further exploit the know-how and trading infrastructure, DXT International has replicated its European business model and in 2015 started to actively trade gas and power in the US market. Today, from its offices in New York, DXT Commodities North America identifies local opportunities through proprietary strategies that incorporate fundamental and technical views of the markets. In fiscal year 2018, DXT Commodities North America traded an overall notional of USD 2.2 billion corresponding to 15 TWh in financial power instruments at PJM and other US power hubs and 190 TWh in financial gas instruments at Henry Hub and other US gas hubs.

As part of the portfolio investment, in 2016 DXT International set up an iron ore trading desk acquiring a majority stake in Grafton Commodity Trading, a UK based company created by a team of experienced traders. In 2017, Grafton started to trade iron ore actively on the Far East financial exchanges supported by a team located in its new office in Shanghai, China. During fiscal year 2018, trading activities were expanded to other commodities like coal, FFAs (forward freight agreements) and equity of quoted global commodity firms.

Through Matrix Energia, since 2015 DXT has positioned itself in Brazil’s growing power market as the first independent trading company by volume negotiated in that market. Today, Matrix Energia trades around 7 TWh and acts as a local market maker. The company trades a wide range of products from short-term instruments to long-term PPAs (power purchase agreements) with energy from renewable sources as underlying. In fiscal year ending December 31st 2018, Matrix reached an approximate turnover of BR$ 1.8 billion with over 500 active counterparties. Both Grafton and Matrix contributed positive results to the Group’s fiscal year 2018.

It is worth to mention that, effective October 1, 2018, DXT International acquired an additional 20% of the shares in Matrix, thus reaching a 70% interest and the control of the company which will be fully consolidated in our 2019 financial statements. DXT International’s view is that Brazil, especially after the recent elections, will move rapidly towards liberalization of both the power and the gas markets. This could present interesting opportunities for Matrix which will also benefit from its parent company’s financial support together with the integration between offshore and onshore banking relationships.
Over the years, also Duferco Energia historically focused on energy retail, distribution and renewable energy production (see below), has developed a solid experience in the field of energy trading, seizing all the opportunities and managing the risks of a market characterized by strong volatility. The trading hub of Duferco Energia operates in both power and gas with access to the most liquid trading platforms (EEX, PEGAS, ICE) via brokers and through bilateral deals with several counterparties.

Duferco Energia operates in the wholesale power and gas markets and on the stock exchanges of the main European markets. Duferco Energia can be considered an integrated operator that offers a complete range of products and services, thus ensuring optimal management of the energy supply portfolio. Duferco Energia operates in Power (in Italy, France, Germany and Spain) and Gas (in Italy, Netherlands, Germany and UK) trading.
During the past 4 years, DXT has invested over 3mEUR for the development of various pieces of innovative software. Among these, a significant effort has been made to create a fully integrated in-house ETRM (Enterprise Trading Risk Management) solution covering the whole process from pre-trade market and portfolio monitoring to post-execution of financial and physical trades. On the desk side, a team of highly qualified developers and data scientists has implemented forecasting models aimed to support trading decisions as well as multi-commodities algo-trading platforms by using innovative AI and machine-learning techniques. This effort is aimed to setting the base for a future technologically-driven investment of DXT group trading operations.
In the Italian energy retail market, the Duferco Group is represented by Duferco Energia, a company established in 2011 with the aim of managing investments in renewable energy production developed by the Group. Over the years, Duferco Energia has grown by diversifying its risk profile. Today, it is considered one of the leading Italian players, among the top ten in energy sales to end customers and the second in terms of volumes sold to industrial enterprises.

In an increasingly evolved market, where operations cannot be limited to the supply of power and gas alone, Duferco Energia’s intention is to stand as an innovative energy service provider, an all-round operator in the energy supply chain, from renewable production to physical and financial trading, to supplies to end users.

Activities performed by Duferco Energia, includes:
- Power and gas sales
- Trading
- Renewable production
- Energy requalification
- Electric mobility.

Duferco Energia’s business model is aimed at creating long-term value in all the segments where the company is committed through the achievement of profitability and growth objectives. Efficiency, operating excellence and prevention of business risks, together with protection of the environment and protection of the health and safety of the people who work for and with Duferco Energia, are the principles on which the company’s daily operations are based.
Financial year 2017/18 ended with revenues of €1 billion and 400 thousand, despite a particularly delicate phase of the energy market, in which the liberalization process did not as yet come to full fruition and competition in the sector was increasingly aggressive. In terms of energy volumes marketed, Duferco Energia sold 6.6 TWh of electricity to the market and 400 million cubic meters for a total of over 150,000 supply points.

The goal is to look to the future with the conviction that increasingly customized innovation and services should become the distinctive elements of the company's business.

Customers are the focus of the company’s business model offering solutions that can satisfy the needs of every type of customer, from large industrial enterprises to domestic users.

Duferco Energia wishes to consolidate its position with large enterprises and industrial groups. Operations developed with energy-intensive customers also include the optimization of the physical management of consumption and inputs of self-produced energy into the grid, sales of green certificates, white certificates and ETS quotas, management of virtual imports (Interconnector) and natural gas capacity allocations. Even in the retail segment, the company wishes to position
itself as a provider of energy services that can improve our lifestyles and future. Duferco Energia maintained a leadership that has been consolidated for years in the sector dedicated to condominiums, being one of the top operators in terms of energy and gas volumes at national level. The company’s intention is to continue the growth process also in the SME, micro-business and domestic sectors where the sales network continues to be developed and where important marketing and communication investments are being planned with the aim of fostering brand awareness and business development.

Even Origination activities have grown considerably over the years. Since 2012, more than 9.5 TWh of energy from renewable sources have been distributed, maximizing the economic benefits for manufacturing customers.

With regard to production, Duferco Energia manages companies in which it generally holds a majority stake in the sector of energy production from renewable sources (solar and hydroelectric power) and in the biomass sector.

Today, Duferco Energia and its subsidiaries operate several photovoltaic plants installed in Italy at the Duferdofin-Nucor steel plants. Production is around 15 GWh, for a total of 12,350 kWp installed. Still in the area of renewable production, the company manages 5 hydroelectric power plants in Calabria, Tuscany and Emilia Romagna. Total production is 11 GWh per year. Moreover, the Group is constantly monitoring opportunities in the sector of energy production from renewable sources.

Biomass
Duferco Biomasse and Energy Biomass Sourcing are subsidiaries of Duferco Energia that operate in lumber logistics, processing and supply in Italy and Europe. Lumber production, harvesting, processing and marketing for supplies to thermal power plants that produce energy from renewable sources are these enterprises’ core business. In financial year 2017/18, these companies marketed around 500,000 tons of woody biomass.

The development of an economic policy based on sustainable growth is one of the objectives on which the business model of Duferco Energia is based. The serious energy-efficiency policy that Duferco Energia has been offering to the market for years is a testimony to the company’s commitment to the environment. The company has developed various solutions for improving its customers’ energy efficiency level through projects that include energy diagnostics, lighting system requalification, heat recovery and construction of thermal cladding.

Finally, Duferco Energia can be considered in all respects one of the leading Italian players in the field of electric mobility. In an ever-expanding market, charging services for electric cars are provided with over 1,000 charging stations, more than 100 of which directly operated.

FY 2017/18 companies marketed around 500,000 tons of woody biomass
ELECTRIC MOBILITY

The development of an economic policy based on sustainable growth is one of the objectives on which the business model of Duferco Energia is based. In this area, the company has conducted energy redevelopment projects on all market segments and is particularly active in the electric mobility market. To all intents and purposes, Duferco Energia can be considered the first Italian private operator that provides charging services for electric vehicles, covering more than 100 Italian cities with more than 1,000 charging stations. The company’s charging solutions cater to individuals, companies, accommodation facilities providing services designed for the specific needs of each individual customer.

Numerous projects are being developed in this area:

Unit-E, co-financed with European funds, which includes the installation of 38 interoperable charging stations across the United Kingdom, Belgium, France and Italy, of which Duferco Energia is the service provider for the Italian part.

E-Via, which has allowed the company to install over 30 charging stations in the Valle d’Aosta region in just over 6 months.

Elviten, a European project that involves Duferco Energia as a partner of the Municipality of Genoa and the company T-Bridge. The project aims to promote the use of electric mobility within city areas using light vehicles such as scooters and quadricycles, and includes the installation of 60 type-3A charging stations in Genoa.

Park Marina Porto Antico Genoa, the first European EV-ready parking lot that has a fully-equipped level for the charging of electric vehicles, with 33 7-kW wall boxes accessible from any parking stall for an increasingly integrated and widespread service.

Duferco Energia’s commitment in the field of e-mobility is continuous; by searching for synergies and carrying out educational activities with, and addressed to, other industry players, but mainly trying to convey to current and future green movers the guarantee of a service that today is already safe and functional.
Duferdofin-Nucor is the result of a strategic alliance between two of the most important iron and steel global players, Duferco Group and Nucor Corporation. Today, Duferdofin-Nucor is an outstanding benchmark for production of beams and long products in Italy, Europe and North Africa. A smart combination of know-how, technologies and human resources has promoted a solid well-integrated system of companies, which are able to achieve the best synergies for rolled products, with competitive cost and low environmental impact. The Company, headquartered in San Zeno Naviglio, Brescia province, numbers 4 production sites in Italy: San Zeno Naviglio, Giammoro, Pallanzano and San Giovanni Valdarno. Duferdofin-Nucor checks over complete production chain: from liquid steel through finished products. The presence and relevant coverage of whole territory, together with direct access to sea and distribution network, can assure Duferdofin-Nucor’s customers a fast and valuable service on domestic and international market.

Duferdofin-Nucor, is the leader in Italy for the production of beams with a capacity of 950,000 tons per year of hot rolled long products. Brescia, the headquarters of Duferdofin-Nucor, is the hub of the Italian steel business. The production of special steel has constantly grown over the last few years.

This important result was achieved with great efforts, investments in technology (a second innovative twin ladle furnace is under construction), safety, environmental protection systems and in the culture of steelmaking process of the company’s human resources. A good example of this strategy is the uninterrupted growth in sales of track shoes and track shoe profiles for the market of earth-moving machines (all-time record sales volume in FY 2018), and the continuous widening of the range of special quality bars intended for the automotive and oil and gas markets.

The structure of Duferco’s operations downstream is completely in line with the strategy that the Group intends to pursue in steel production, with the two JVs, Caleotto, a producer of wire rod, and Ferriere Bellicini, producer of merchant bars.

The joint venture between Duferco and Feralpi produced excellent results for the Caleotto wire rod product both in terms of production and market penetration thanks to the qualitative investment of products (automotive, structural sector, high resistance strand, welding industry). At the end of 2018, a considerable investment (about €11 million) was completed achieving wide range and excellent metallurgic quality.
Duferdofin-Nucor
leader in Italy for the production
of beams with a capacity of

950,000 TONS PER YEAR
HOT ROLLED LONG PRODUCTS
Duferco Morel distribution in France and Acofer distribution in Italy continue to improve their performances. The Duferco Group is, through its operations, maintaining a close contact with the market of beam end users, which is fully strategical for Duferdofin-Nucor as beams are the company’s core business.

The Danish steel plant of Duferco, a merchant bar rolling mill situated in northern Denmark, provides Duferco with integration for products having a smaller distribution range, such as beams. This integration is further strengthened by the successful JV with Ferriere Bellicini, an Italian producer of smaller sizes of merchant bar products.

Duferco also has operations in the sector of flat products through Acciai Rivestiti Valdarno (ARV), which operates in a niche market as a service provider of flat steel products used for coating in industry and civil constructions. The company manufacturing flexibility and ability to promptly satisfy customer needs, in addition to its constant dedication to renewing equipment and technological solutions applied to the process, are key aspects of the company’s success and allow it to maintain its position in the market and increase its market share every year.
DUFERDOFIN-NUCOR: NEW BEAM ROLLING MILL IN NORTHERN ITALY

Investment of over 150 million euros and 150 full-time jobs. It is expected to be fully operational by mid-2022. The annual production of rolled products will reach over 1 million tons.

The Board of Directors of Duferofin-Nucor, a 50:50 joint venture between the international group Duferco and Nucor Corporation (the largest steel producer in America), approved an investment for the construction of a new rolling mill in Italy to be located at the San Zeno Naviglio (in the province of Brescia, in northern Italy) facility. This investment of over 150 million euros will integrate the operations of Duferofin-Nucor and allow steel produced by the melt shop in San Zeno Naviglio (BS) to supply the new rolling mill.

The new mill, strategically located in northern Italy, will be designed to produce beams and other rolled products and will be a low-cost producer in Europe. The plant will benefit from the most modern technologies, will have limited environmental impact with significant energy savings, and will consume energy from renewable sources through a long-term Power Purchase Agreement.

The electricity, amounting to approximately 200 million kWh, will be generated by a new wind farm currently under construction in northern Italy and will be purchased through a 7-year fixed price PPA by DXT Commodities, who will also sell it to the steel mills of Duferofin Nucor over the same period. Thanks to this structure, the wind farm will be able to sustain itself without receiving State incentives. Duferofin Nucor will cover itself from the risk of possible hikes in the prices of power, achieving at the same time the goal of cutting emissions of approximately 15,000 tons of CO₂ coming from metals production each year.

With the new plant, the entire Duferofin-Nucor production system will produce over 1 million tons of rolled products. The new mill, for which the authorization process has already begun, is expected to be fully operational by mid-2022 and will create approximately 150 full-time jobs in San Zeno Naviglio (BS).

This is the most significant investment of an Italian-American joint venture in recent years, confirming that Italy can be attractive for foreign investments in industrial projects.
The year 2018 proved to be a year of significant increase in terms of market values, which resulted in a tangible growth of freight and volumes for the shipping division. Compared to 2017, the market trends showed upturns.

Novamarine Group

The shipping division’s net profit was over USD 13.4 million, almost 2.5 times the profit posted in financial year 2017. While the return on equity stabilized at a reasonable level, shipping still remains a challenging business compared to other sectors.

COMMERCIAL AND TRADING OPERATIONS

Nova Marine Carriers S.A., Switzerland (“NMC”) fully integrated the workforce taken on board from Carisbrooke. By doing so, the team became international, diversified and even closer than before. The expansion of our presence in North and South America, the Caribbean and the US gulf coast was mainly achieved through growth of the so-called mini grabber pool (“MGP”), which witnessed the addition of an important partner, Peter Dohle Shiffahrts AG, who contributed three units to the pool fleet, for a total of 13 vessels. Furthermore, the expansion of NMC in the above-mentioned areas was also boosted by the creation of Nova Levantina SARL with offices in Monte Carlo and manned by two outstanding freight traders specialized in the US gulf coast handy size and Supramax trades with a strong focus on solid fuels.

Further developments which deserve to be mentioned were in our short-sea segments. The JV with Carisbrooke is reaching an end due to different strategic views between the two partners. Nova Marine Holding SA (“Nova”), traditionally a firm believer in the short-sea segment, having studied supply and demand in depth and having assessed that no relevant number of new buildings is on order and that the existing fleet is quickly ageing, decided to commit to a substantial new building plan at the Xinle Ningbo shipyard consisting of up to 18 ships (12 units of 6,800 and 6 units of 8,000 dwt). This order will, on the one side, replace the 10 units that will be leaving the Nova fleet due to the split with Carisbrooke and on the other end will offer Nova an opportunity to expand even further in other areas, such as: the US, Caribbean and South America rather than being focused on northern/southern Europe. The new technology and the eco-friendly design of the vessels will give Nova the possibility to further increase the quality of service offered to customers while potentially enhancing profitability.

With reference to the JVs with Algoma Central Corporation, the excellent relationship between shareholders and their common values and strategic views are allowing the two
business units NovaAlgoma Cement Carriers (‘NACC’) and NovaAlgoma Short Sea Carriers (‘NASC’) to experience a steady growth and a good consolidation world-wide. NACC reached 16 units, becoming one of the largest cement carrier fleet in the world. A new office was opened in Seoul and one of our ships was deployed to service a long-term contract with one of the most prominent cement producers in South Korea.

Going back to the shipping division activities, it should be noted that 2018 marked a milestone in our entire history. For the first time ever, we moved more than 20 million tons with our ships (meaning 2,000 voyages per year), which represents a remarkable increase over the 16 million tons moved in 2017.

The division is steadily increasing the number of third-party vessels chartered in and the amount of cargo collected from the market as a pure operator. Both NMC and NASC are headquartered in Lugano. NMC has satellite offices in Sofia, London, Dubai and Singapore while NASC has satellite offices in Madrid, Rotterdam, St. Catharines and Miami.
TECHNICAL OPERATIONS
Nova Ship Tech S.A. Switzerland ("NST"), the in-house technical management company, has been contributing to the shipping division growth progressively becoming an important asset. During financial year 2018, it further strengthened its team with the addition of 3 valuable resources and placed a strong team in China in order to supervise the construction of our new buildings.
NST successfully oversaw all fleet developments including the multiple projects in which the division was involved in the sector of cement carriers.
The well-established dialogue with all the other departments led to considerably lowering the standby time of each vessel whilst maintaining the vessels up to speed with the latest criteria and regulations.

FULLY OWNED AND JOINT VENTURE FLEET
Further additions to and disposals of the division’s fleet were made during financial year 2018 in order to keep lowering the age profile and, at the same time, increase the number of ships: M/V Sider Faioch (built in 2015), M/V Sider Miami (built in 2011), Sider Boston (built in 2011), Sider Mykonos (built in 2013), Sider Tis (built in 2006) joined the fleet. Sider Dream, Sider Venus and Sider Sirios were disposed of with a gain during financial year 2018.
Duferco is constantly looking at new initiatives across different technologies and business areas: a strict selection and control on the companies risk/remuneration profile assures to find the perfect fit with the group portfolio and strategy.

Steel Trading

For Fiscal Year 2018, the Duferco Group’s interest in DITH remained unchanged and the Group is pleased with the performance of this investment given the sheer number and complexity of the challenges the DITH faced together in FY 2018. Against this backdrop of uncertainty and constant flux, DITH managed to deliver a set of stable operating results against all macro expectations.

In fact, DITH is facing an extremely complex and unprecedented set of challenges, not least of which is trade protectionism. The opening salvo was arguably the imposition of Section 232 duties on steel imports to the United States in March, which triggered a ripple effect of additional protectionist measures. The 25% duty was above market expectations and drove a rapid increase in US domestic steel prices and an immediate shift in trade flows.

Initially, steel supplies from the EU, Canada and Mexico were excluded, but then later added. Section 232 duties also became a tool of foreign policy when, later in the year Turkish rates were doubled to 50% (without warning) in response to worsening US-Turkish political relations. Consequential damages included a step-up in the intensity and breadth of trade restraints across the globe. Firstly, Canada and Mexico imposed 25% tariffs on US steel imports, which disrupted large and well-established supply chains. In July, the EU imposed a safeguard duty on all steel products, whereby a quota for 200 days was put in place and material that came in above the quota would be subject to a 25% tariff. In all likelihood, the system will be extended for another year as it expired in February 2019.

Once again, while the free-trade quota was an average of the previous three-year import volumes, the regulation created uncertainty amongst buyers and sellers alike and made it more difficult to conduct inter-regional business.

The escalation in trade restraints continued with a number of emerging markets then placing various barriers in the way of steel trade flows; Turkey, India, Egypt, South Africa, Mexico to name a few. Given the continued emphasis on trade as a foreign policy tool by the current US administration, we do not expect to see any reduction in trade actions in the near term and in fact consider it a strong possibility that additional tariffs or further tightening of existing regulations could take place. DITH continues to monitor this situation closely.

The net result has been an increase in the regionalization of trade and the need for DITH to secure multiple / regional suppliers for nearly every market in which it operates. Yet, despite the restrictions in trade flows, underlying demand for steel through 2018 remained robust thanks to a global economy that was still growing. The IMF trimmed
expectations for the full year economic global growth to 3.7% in 2018 – in line with the 2017 performance – and the first half of the year was undoubtedly stronger than the second half but this is still the strongest economic performance since the 2009 “Great Recession”.

The USA was the strongest mature market, with growth fuelled by tax cuts and GDP output expected to be 2.9% higher year-on-year.

After a strong 2017, Europe slowed down, with German GDP output falling quarter-on-quarter in the third quarter of 2018 while Italian GDP was unchanged in the same period. GDP growth is expected to be closer to 2.0% as opposed to 2.4% in 2017.

Emerging markets struggled, particularly as the credit cycle is turning amid rising US dollar interest rates. This tends to expose highly indebted markets and Turkey and Argentina experienced currency crises, with Brazil and South Africa also exposed.

Global debt at the end of 2017 according to the Bank of International Settlements was 20% higher than at the end of 2007 at a total of 217% of global GDP while emerging market debt was 50% higher.

There was a weak macro-economic performance in Latin America where growth is expected to be an anaemic 1.2% in 2018 after growing just 1.3% in 2017: Brazil was struggling to exit from recession, Venezuela continued to disintegrate while Argentina struggled to overcome chronic economic instability. Weaker industrial commodity prices were also a negative factor.

Nowhere was debt a greater concern than in China, where the authorities were seeking to curb excessive credit without slowing the economy too much. They had some success throughout 2018 before the economy began to decelerate in the final quarter. But even with that deceleration, economic growth remained robust at around 6.5%.

A relatively strong global economic performance drove up demand for steel and global output was 4.7% higher year-on-year in the first ten months of 2018. China led the way with growth of 6.4% while production in the rest of the world was just 2.4% higher.

This followed the 4.6% growth in output seen in 2017. Strong economic growth, rising steel output and market protection combined to push regional steel prices higher for the third consecutive year and to their highest level since 2008.
Engineering and Special Projects

The year 2018 witnessed Duferco Engineering undertaking to consolidate its commitment to serving Group companies: (i) engineering studies and O&M activities for photovoltaic and hydroelectric plants, (ii) procurement services on behalf of Duferco Energia S.p.A., (iii) management of real estate maintenance and Duferco Sertubi areas and lease of premises to third parties, (iv) energy-efficiency engineering of some Group facilities, (v) safety management and supervision of the health of the workers of the Duferco companies in Genoa, (vi) support to Duferco Belgium for the sale of second-hand components of the La Louviere and Carsid plants, represent recurring activities that mainly involved Duferco Engineering during the year. Duferco Engineering is also supporting Duferco Energia in finalizing the acquisition of hydroelectric power plants and concessions in Albania.

Duferco Engineering maintained in operation the engineering and project management services catering to the Venis Cruise Project supported by the Promoters Duferco Italia Holding and DP Consulting.

In the industrial sector, technical assistance to Duferco Sviluppo continued for the purpose of carrying out the business plan at the Nave (BS) and Ferriere Bellicini (BS) plants. In 2018, a bar-to-bar drawing line was built and commissioned at the Danish Steel plant of Duferco. Finally, as part of the initiative promoted by TERNA in the capacity market, a Valutazione di Impatto Ambientale (VIA, environmental impact assessment) and a Valutazione Ambientale Strategica (VAS, strategic environmental assessment) of a “Peaker” plant for the regulation of the TERNA network, consisting of two “low-cycle” gas turbines with very low emissions, were prepared and filed with the Italian Ministry of the Environment.

Duferco Engineering carried out research and development activities in 2018 in the following fields:

1. Tank testing to define the optimal shape of the hull of an electric-propulsion vessel;
2. Diesel-electric propulsion and electric-only propulsion using the vessel’s batteries;
3. Research on the exploitation and assessment of pomegranate processing waste;
4. Multi-temporal remote sensing of photovoltaic systems through the use of drones;
5. Study of the performance of a photovoltaic “prototype” system over time.

In 2018, work continued to restore and improve the Ferrania Ecologia plant for the production of electricity from biogas generated from OFMSW (organic fraction of municipal solid waste); in parallel, basic studies and engineering were developed for the purpose of designing an advanced biomethane production plant extension and transformation, obtaining Autorizzazione Unica (single authorization) and Autorizzazione Integrata Ambientale (integrated environmental authorization) in May 2018.
VENICE CRUISE PROJECT

The main aim of the project is to free St. Mark’s Basin and Giudecca canal from the very large cruise ships without depriving tourists of the opportunity to see Venice at close range, by means of the use of smaller eco-friendly battery boats and respecting the uniqueness and the environment of Venice and its Lagoon.

The New Terminal will be situated in Venice at the “Bocca di Lido”, on the outer side of the “Mo.S.E.” floodgates, on the “Treporti” side, and 250 m far from the northern breakwater of “Cavallino”. This location allows to manage the cruise schedule without the Mo.S.E. interference, whose closures will be more and more frequent. The nautical accessibility is very good and the Venice Harbour Master Office, that is the Marine Safety Authority, expressed a favourable opinion.

The passenger transfer from existing Maritime Station to New Terminal and vice versa is guaranteed by six eco-friendly innovative battery motor vessels with a capacity of 1,200 PAX sailing through the St. Marco basin on batteries with very low environmental impact: catamaran hull, cycloidal propulsors, diesel or electric sailing, photovoltaic panels are the main motor vessel characteristic to reduce the environmental impact and to create the best conditions for passengers. (main dimensions: 60 m length - 15 m breadth - 3.4 m draught).

The cruise ship restock will maintain the current organization and the good will be supplied by land and by ferry boat through warehouse on the New Terminal.

Duferco Engineering has the competences to design and manage this kind of project and has developed a continuous research for the optimization of the hull, with the aim to reduce the draft of the catamaran and the resistance to motion. The tests on the model of the hull in 1:7.5 scale executed in the Vienna Model Basin were organized to verify the design of the hull.

The project is fully compatible with the unique beauty of Venice and the cruise industry and has a very low environmental impact in the Venice Lagoon.

As protagonist of the Venice Cruise Project, Duferco gets a high image return.
Software and Innovations

DUFERCO DEV
Established in 2017, Duferco Dev is bringing Full Digital Evolution to its customers. It is an international player in consulting, both on marketing (strategic, performance and digital marketing) and technology innovation. Over 20 web-marketing specialists and developers are working in a unique ecosystem to support companies in their path to digitization: strategic web-marketing, enterprise application development, websites, mobile apps, software and complex customization.

Wide capabilities offered to customers: SEM and SEO Specialists, Email Marketing Specialists, CRM Consultants, Digital Project Managers, Web&Graphic designers, Front End, Full Stack and Back End developers.

Duferco Dev is a certified Google Partner.

Duferco Dev is supporting Group companies in defining and implementing digital transformation. A few examples:
Duferco Energia: digital marketing activities and campaigns; e-mobility technical solution definition and implementation; customization and creation of business application.
At Duferdofin-Nucor, we created a digital platform to serve all business areas. Today, we are enhancing its functionalities, which includes DN digital transformation. Interesting activities in Arlenico, where a production simulator was conceived and created to optimize production and customer satisfaction. Excellent collaboration in Mainsim, where the online marketing strategy is showing interesting results, in terms of lead collection and sales.

MAINSIM
Mainsim is a software company based in Genoa, Italy. It produces the web application mainsim "what maintenance can be", a computerized maintenance management system (CMMS) and computer aided facility management (CAFM).
The application provides a method and web platform for all daily maintenance activities and work requests. The application’s functionality includes asset management, work order management, time based and condition-based maintenance, collaboration, mobile and reporting. Mainsim operates with several companies from different sectors including facility management and service provider, manufacturing, shipping, healthcare, hospitality, retail and oil&gas.

Software and Innovations
Duferco Wallonie, located in Belgium, focuses on three domains: brownfield, environment and logistics. With its subsidiary Deep Green, offering services in soil cleaning, it employs 30 people. The Brownfield branch of Duferco Wallonie is active in the reconversion of idled industrial sites. In total, Duferco owns about 320 hectares in Wallonia (Belgium).

The most advanced project is the reconversion of a former steel plant of 80 hectares located in Tubize, 20km south from Brussels. The remediation works are almost completed and the land is now close to being fully available for development. Economic activities will be conducted on about 20 ha in partnership with the inBW (Intercommunale du Brabant Wallon), an intermunicipal company specialized, inter alia, in developing economic parks.

In June 2016, the Walloon Government selected Duferco’s project as one of the “Quartiers Nouveaux” of Wallonia. More than just a recognition of the quality and modernity of the project, this selection was accompanied by the authorities’ support for the development of the site.

Another development is now under process on an area of about 12.6 hectares located on the edges of the canal. It aims at the development of an urban multi-functional area with housing, shops (mainly an Outlet Mall), community facilities (crèche, flat services, health centre), urban agriculture and large public spaces, as well as the construction of a new urban boulevard at the entrance of the city of Tubize. After a long period of consultation with the authorities, the permit application was filed in October 2018. This major project creates a fully convivial urban link between the different districts of Tubize, historically separated by an industrial zone, and allows the old economic heart of the region to beat again for a brand-new life.

Duferco also owns an idled industrial site of 8.5 hectares in Flémalle, which is the heart of a Master Plan called “Flémalle-la-Neuve”, designed by the municipality. The project aims to convert the existing industrial area into a new area for housing and economic activities.

In the environmental business, Deep Green offers a complete brownfield management service, from the first audit and business case study to the implementation of the project. It has significantly extended its experience in soil cleaning by way of physicochemical and biological treatment. It also continues to develop and commercialize a patented soil remediation technology under the name Thermopile®, either on its own account or under a license agreement. The expertise and knowledge of Deep Green is known across the EU with a recent engineering project in the Russian oil fields.

Duferco Logistics, a Business Unit of Duferco Wallonie, is continuing its growth as an intermodal service provider on the route Antwerp-Brussels-Charleroi. The company
2018

About 43,000 TEU were transported by inland waterways through this container shuttle, which represents a growth in volume of more than 40% compared to 2017.

Duferco operates two inland rail / barge terminals in Brussels and in La Louvière. These two terminals are connected to the ports of Antwerp and Rotterdam by Duferco’s container barge shuttle.

Duferco has already become the main intermodal operator on this route. In 2018, about 43,000 TEU were transported by inland waterways through this container shuttle, which represents a growth in volume of more than 40% compared to 2017. This volume represents the best performance ever at the two terminals. The service includes four departures per week from Brussels to Antwerp and three from La Louvière. In 2019, a second barge will be contracted to meet the increasing demand of the region in order to guarantee an even better service to our customers.

Garocentre Terminal is also an official depot for two major maritime companies (MSC & CMA/CGM). Since July 2018, a daily train connection between the main hub in the Port of Antwerp and Garocentre Terminal has been in operation. Complementary services to the barge transport of maritime containers are further proposed: container freight services, storage, warehousing, custom services and certified weighing.
Acquired by the Duferco Group at the end of 2008, Vanchem Vanadium Products (Pty) Ltd (“Vanchem”) was one of the world’s top five vanadium producers and its assets include various vanadium oxide, ferro-vanadium and vanadium chemical production facilities. On April 17, 2015, Mapochs Mine (Pty) Ltd, Vanchem’s largest raw material supplier, entered into a voluntary business rescue plan. This resulted in the cessation of raw material supplies to Vanchem, and ultimately in the decision to stop production at Vanchem, which, on November 16, 2015, entered into a voluntary business rescue plan.

At the beginning of 2018, while the voluntary business rescue plan is following its process, we decided to progressively restart operations at Vanchem. The plant has been operational again since July 2018, although with a limited production capacity averaging approximately 25% of the total capacity under normal conditions.

The restart of production at Vanchem coincided with a very particular situation in the world market of vanadium. During the year 2018, demand for vanadium grew rapidly. The shortage of supply in the world market caused a significant increase in market prices.
ORGANISATION
DUFERCO GROUP

DUFERCO PARTICIPATIONS HOLDING SA, LUXEMBOURG

CHAIRMAN
Bruno Bolfo

BOARD OF DIRECTORS
Antonio Gozzi
Benedict J. Sciortino
Paolo Foti
Bruno Beernaerts
Georges Deitz
Julien Guillaume

GROUP CEO:
Antonio Gozzi
Paolo Foti
CORPORATE RESPONSIBILITIES

LUXEMBOURG

Director
Bruno Beernaerts

Corporate & Accounting Manager
Julien Guillaume

LUGANO
Switzerland

Head of Diversified Activities
Maurizio Bergonzi

Head of Tax, Corporate and Legal Matters
Alessandra Simeta

General Counsel, Energy
Federico Piccaluga

Corporate Finance
Stefano Bacigalupo

Group Consolidation
Maria Montagna

BRESCIA
Italy

CEO
Domenico Campanella

Human Resources
Alessandro Roggerini

Corporate Matters & Legal Affairs
Elena Ragnoli

CHARLEROI
Belgium

CEO
Olivier Waleffe
ENERGY RESPONSIBILITIES

DXT

CEO
Benedict J. Sciortino

Directors
Piersandro Lombardi
Maurizio Cencioni

Legal Counsel
Carlotta Zerega

Head of European Power Division
Nicola Stricchiola

Head of European Gas and LNG Division
Rocco Zotta

Head of US Power & Gas Trading
Willis Philip

Head of Iron Ore Trading Division
Thomas Baldwin

Head of Brazilian Power Trading Operations (Matrix)
Rubens Misorelli

DUFERCO ENERGIA

CEO
Massimo Croci

Administration, Finance and Control
Simone Rabaoli

Communication
Matteo Parodi

Information Systems
Luca Seravalli

Sales
Luca Masini

Energy Management and Trading
Agostino Calcagno

Corporate Governance & Compliance - DPO
Davide Modula

Business Development
Sergio Torre
HEAD OF INDUSTRIAL & DISTRIBUTION DIVISION
Domenico Campanella

**DUFERCO TREBOS**
CEO
Bram Hansen

**DUFERCO DANISH STEEL**
CEO
Bram Hansen

**ACCIAI RIVESTITI VALDARNO**
CEO
Franco Vanni

**CALEOTTO**
CEO
Lorenzo Angelini

**FERRIERE BELLICINI**
CEO
Kikka Bellicini

**DUFERDOFIN NUCOR**
CEO
Franco Monteferrario

**Quality System**
Stefano Ghiggeri

**Corporate Matters**
Elena Ragnoli

**San Zeno Naviglio**
Plant Director
Giordano Streghi

**Giammoro**
Plant Director
Giuliano Bo

**Pallanzeno Plant Director**
Massimo Lama

**San Giovanni Valdarno**
Plant Director
Sandro Cella
SHIPPING RESPONSIBILITIES

NOVA MARINE HOLDING SA

LUXEMBOURG

Chairman
Giovanni Romeo

SWITZERLAND

CEO
Vincenzo Romeo

COO
Salvatore Pugliese

CFO
Marc Saulnier

Commercial Director Atlantic
Francesco Durazzo

Commercial Director Pacific
Giuseppe Massa

HR Director
Giovanni Mazzella

Risk Manager
Bas Van Steijnen

Legal Counsel
Gabriella Reccia

NOVA MARINE CARRIERS SA
### DUFERCO PARTICIPATIONS HOLDING SA FY 2018

**GLOBAL NUMBER OF EMPLOYEES**

OVER 5,700 throughout the world (average)

<table>
<thead>
<tr>
<th>DUFERCO PARTICIPATIONS HOLDING</th>
<th>DXT</th>
<th>DUFERCO ITALIA HOLDING</th>
<th>DUFERCO ENERGIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>DufEnergy Commodity Trading USA, LLC -</td>
<td>Acciai Rivestiti Valdarno SpA 28</td>
<td>Dufco Biomasse Srl 31</td>
</tr>
<tr>
<td></td>
<td>DufEnergy Trading CEE sro 2</td>
<td>Dufco Dev Srl 9</td>
<td>Dufco Energia SpA 199</td>
</tr>
<tr>
<td></td>
<td>DufEnergy Ukraine LLC 2</td>
<td>Dufco Engineering SpA 13</td>
<td>Energia &amp; Territorio Srl 1</td>
</tr>
<tr>
<td></td>
<td>DXT Commodities North America LLC 4</td>
<td>Dufco Italia Holding SpA 33</td>
<td>Energy Biomass Sourcing Sas 7</td>
</tr>
<tr>
<td></td>
<td>DXT Commodities SA 100</td>
<td>Dufco S Recycling doo 7</td>
<td>Veracard Srl 1</td>
</tr>
<tr>
<td></td>
<td>DXT International SA 2</td>
<td>Sertubi SpA -</td>
<td>239</td>
</tr>
<tr>
<td></td>
<td>Grafton Commodity Trading Limited 1</td>
<td>Virtus Entella Srl 82</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grafton Trading (Shanghai) Co, Ltd 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>115</strong></td>
<td><strong>172</strong></td>
<td><strong>239</strong></td>
</tr>
<tr>
<td>MOREL</td>
<td>TOTAL 154</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-----------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duferco France Snc</td>
<td>19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duferco Morel Quincaillerie Sas</td>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duferco Morel SA</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duferco Thionville Sas</td>
<td>51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morel Distribution Profils Sas</td>
<td>59</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VANCHEM</th>
<th>TOTAL 84</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanchem Vanadium Products (PTY) Ltd</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DUFERDOFIN-NUCOR</th>
<th>TOTAL 783</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acofer Prodotti Siderurgici S.r.l.</td>
<td>28</td>
</tr>
<tr>
<td>Duferdofin - Nucor S.r.l.</td>
<td>318</td>
</tr>
<tr>
<td>Travi e Profilati Pallanzeno S.r.l.</td>
<td>437</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other in Italy</th>
<th>TOTAL 283</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caleotto</td>
<td>100</td>
</tr>
<tr>
<td>Bellicini</td>
<td>44</td>
</tr>
<tr>
<td>Media Steel</td>
<td>10</td>
</tr>
<tr>
<td>Serduna</td>
<td>10</td>
</tr>
<tr>
<td>Mainsim</td>
<td>23</td>
</tr>
<tr>
<td>Duferco Sviluppo</td>
<td>84</td>
</tr>
<tr>
<td>Emmebi</td>
<td>12</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other JVs and DPH associates</th>
<th>TOTAL 3,212</th>
</tr>
</thead>
<tbody>
<tr>
<td>DITH and subsidiaries</td>
<td>3,106</td>
</tr>
<tr>
<td>NMH and subsidiaries</td>
<td>627</td>
</tr>
<tr>
<td>Matrix and subsidiaries</td>
<td>35</td>
</tr>
</tbody>
</table>

**TOTAL 5,703**
The Duferco Group has approved and disseminated governance tools consisting of: a corporate code of ethics; anti-corruption guidelines; certified management systems (as described in detail below in relation to the individual Group divisions); organizational and management models, with specific anti-risk procedures and protocols; guidelines to prevent conflicts of interest and for the protection of human rights.

Code of Ethics and Organizational and Management Models
The Duferco Group has approved and disseminated a Code of Ethics containing special rules that are typical of the industrial (steel production and trading), energy and maritime sectors. Likewise, its operating companies have approved and disseminated their own codes of ethics and organizational models that incorporate the holding company’s guidelines and corporate values and describe them in relation to their businesses with specific procedures and protocols.

The various codes of ethics and organizational models have been approved by the respective Boards and disseminated among internal stakeholders (also through training) and external stakeholders requesting suppliers to view them and, where possible, accept them (for example by approving a specific clause in the contract which binds them to the company).

In the steel sector, supply chain risks are very closely connected to the behaviour of suppliers (with regard to the procurement of raw materials and sales of finished products), as well as in the shipping sector (especially in relation to personnel and vessels necessary to complete the fleet already available).

Likewise, staff in the field of energy trading and sales has to adopt the loyalty, transparency and anti-corruption principles that the Group has always pursued.

Anti-corruption Guidelines
One of the key factors for the Group’s reputation is its ability to conduct business with loyalty, fairness, honesty, integrity and transparency, and in compliance with national and international laws, standards and guidelines.

According to the Global Competition Report of the World Economic Forum, corruption is the main obstacle in conducting business and a significant threat to sustainable growth, stability and free competition in the markets. Fight against corruption should therefore be considered as one of the Duferco Group’s main strategic objectives.

As evidence of its adherence to the values set out above, the Duferco
Group has decided to adopt anti-corruption guidelines that take inspiration from the principles of conduct set forth in the Code of Ethics and aim to disseminate the basic rules and fundamental principles in combating all types of corruption jointly with all the people who work for or on behalf of the Group, in accordance with the provisions of the Code of Ethics and applicable anti-corruption legislation.

The Guidelines approved by the Duferco Group are implemented by the subsidiaries under a resolution of their respective Boards of Directors (or corresponding body and department if the subsidiary does not have such a body).

One of the key factors for the Group’s reputation is its ability to conduct business with loyalty, fairness, honesty, integrity and transparency, and in compliance with national and international laws, standards and guidelines.
Implemented Certified Management Systems

With regard to the quality, environment and safety policy, the Dufersco Group’s operating companies are certified according to internationally recognized management systems, each for its business of reference. The following are the main certified management systems held and other international standards applied:

- ISO 9001, concerning correct quality management.
- BS OHSAS 18001, concerning correct management of occupational health and safety.
- ISO 50001, relating to energy management systems and energy efficiency.
- ISO 14001, concerning correct environmental and waste management.
- EPD, Environmental Product Declaration, relating to the assessment of the lifecycle of products (LCA, Life Cycle Assessment) and tracing of consumptions along the whole supply chain of beams and steel profiles.
- ISM (International Safety Management), safety management system in the shipping industry.
- SBP, Sustainability Biomass Project (relating to the wood supply chain, currently being obtained).
- ISO 26000 divided in UNI/PdR 18: 2016, relating to corporate social responsibility.
- Program for Endorsement of Forest Certification schemes (PEFC).
- Forest Stewardship Council (FSC) UN CEI 11352.
- UNI EN 15900.
Prevention of Conflicts of Interest

The Duferco Group’s controlled companies have approved the adoption of a specific paragraph in their respective codes of ethics relating to the prevention of conflicts of interest. It essentially provides that all of the Company’s employees and collaborators are required to avoid situations in which conflicts of interest may arise; therefore, for example, it is forbidden to take personal advantage of business opportunities of which they may have become aware when performing their duties.

Furthermore, by way of example, without limitation, the following situations may cause a conflict of interest:

- an employee’s obvious or undisclosed, total or partial, ties or identification with suppliers, customers or competitors;
- the exploitation of one’s corporate position for the achievement of interests in conflict with the Company’s;
- an employee’s use of information, acquired in conducting business, for his/her benefit or that of third parties and/or in any case in contrast to the Company’s interests;
- holding a senior management office (managing director, director, head of department) while having business interests with suppliers, customers, or competitors (ownership of shares, professional assignments, etc.).

Any situation of potential conflict of interest in the conduct of the Group companies’ business must be investigated prior to entering into contractual relationships, approved by the Board of Directors or by the shareholders of the relevant company and monitored by a third party representative throughout the duration of the contractual relationship.

In the event that the appearance of an undeclared conflict of interest arises, the employee / collaborator will be required to notify his / her supervisor, who will, in the prescribed manner, notify the Chief Executive Officer or the Board of Directors of the relevant company, which will assess the actual situation on a case-by-case basis.
THE GROUP’S STAKEHOLDERS

- SHAREHOLDERS
- BOARDS OF DIRECTORS
- EMPLOYEES
- SUBSIDIARIES
- CUSTOMERS
- SUPPLY CHAIN
- PUBLIC AND GOVERNMENTAL AUTHORITIES
- LOCAL COMMUNITY
- INSTITUTIONS, LOCAL ASSOCIATIONS, SCHOOLS AND UNIVERSITIES
- NEXT GENERATIONS AND THE ENVIRONMENT

of Duferco Participations Holding S.A. and its subsidiaries.

of Duferco Participations Holding S.A. and its subsidiaries.
Stakeholder Engagement

Objectives and Plan

The Group has begun to meet its stakeholders periodically in order to better align its strategy with the needs of users and of all those who contribute to the realization of the Group’s vision and mission.

Among others, in compliance with the international standards ISO 26000 and AA1000SES, the operating companies in the retail energy market always maintain an open channel with customers, who are reached not only with customer satisfaction surveys but also at trade fairs or events that Duf erco Energia organizes or sponsors in the territory of the local communities in which it operates, i.e. throughout the Italian national territory.

In the field of industrial production, regular meetings are held with customers, the sales network and trade and industry associations (such as the Federacciai, Fondazione Promozione Acciaio, Associazione Industriale Bresciana AIB and Confindustria).

At the Duf erco Group, there are frequent opportunities for engagement with the younger generations at universities and/or in schools; for example, through meetings related to the use of energy or to innovation in the use of renewable energy sources; “open days” for university students graduating in chemistry, management and subjects related to steel processing; extra-curricular internships, for the inclusion of young people in the world of work; “career days” and other guided tours to steel processing plants.

The Group companies also hold structured meetings with suppliers, as strictly accredited by the procedures contained in the four divisions’ quality manuals and in their organizational and management models. During these meetings, the supplier’s comments are considered and a joint path of qualitative growth and examination of the needs of both counterparties begins.

Employees are regularly involved in educational or training sessions and after-work activities. In particular, initiatives relating to employee engagement and investigation of their needs are being implemented, initiatives regarding special arrangements to be activated or training needs through the periodic involvement of heads of department and area managers. Internal operational flexibility makes it possible to carry out bottom-up initiatives and promote innovative product and process ideas coming from employed personnel.

A part of the Group companies holds annual consultative interviews for the purpose of comparing results with the set targets. Employees may send their feedback or opinions regarding their path of growth, aspirations and objectives.

The steel division has embarked on a managerial development path addressed to managers with the aim of making them grow professionally and preparing them to be tomorrow’s senior managers.

Through an assessment of their soft skills, a group training course has been set out. This becomes an individual course later on, focusing on topics such as leadership, problem solving, employee management and other basic concepts for holding managerial roles in a corporate organization.

The shipping division has signed framework agreements with Universities, has developed teaching courses with nautical high schools and a teaching course is being developed with a nautical school in the Philippines.

On each of these occasions, management, in an increasingly structured way, responds to the stakeholders’ requests, adapting the Group’s business strategy - where possible - in order to pursue the creation of “shared value” in line with the most innovative management practices.
GLOBAL LOCATIONS
GLOBAL LOCATIONS

BELGIUM
Duferco Wallonie SA
MARCINELLE
Deep Green SA
MARCINELLE
Duferco Trebos NV
TILDONK

BRAZIL
Matrix Comercializadora de Energia SA
SAO PAULO

BULGARIA
Nova Log LTD
SOFIA

CANADA
Nova Marine Carriers SA
ST. CATHARINE

COLOMBIA
Nova Marine Carriers SA
BOGOTÁ

CZECH REPUBLIC
DXT Commodities CEE SRO
PRAGUE

DENMARK
Duferco Danish Steel A/S
FREDE RI KSVÆR K

FRANCE
Duferco Morel SA
AUBERVILLIERS
Duferco France SNC
AUBERVILLIERS
Duferco France SNC
RESSONS
Duferco Morel Quincaillerie SAS
BELLEVILLE
Morel Distribution Profils SAS
BELLEVILLE
Duferco Thionville SAS
YUTZ
Duferco Thionville SAS
L’HORME
Energy Biomass Sourcing SAS
PARIS

ITALY
Duferco Biomasse SRL
CUNEO
Energia & Territorio SRL
GENOVA
Duferco Solar SRL
GENOVA
Duferco Solar Puglia SRL
GENOVA
Duferco Energia SPA
GENOVA
Duferco Engineering SPA
GENOVA
Elca SRL
GENOVA
Idrokelettrica Sud SRL
GENOVA
Liguria Ecologia SRL
GENOVA
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Location</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>LDL SRL</td>
<td>Genova</td>
<td></td>
</tr>
<tr>
<td>Veracard SRL</td>
<td>Genova</td>
<td></td>
</tr>
<tr>
<td>Neoestense SRL</td>
<td>Genova</td>
<td></td>
</tr>
<tr>
<td>Dufim Uno SRL</td>
<td>Genova</td>
<td></td>
</tr>
<tr>
<td>Immobiliare le Clarisse SRL</td>
<td>Genova</td>
<td></td>
</tr>
<tr>
<td>Sider Navi</td>
<td>Genova</td>
<td></td>
</tr>
<tr>
<td>Duferdofin - Nucor SRL</td>
<td>Giammoro (Messina)</td>
<td></td>
</tr>
<tr>
<td>Acofer (warehouse)</td>
<td>Giammoro (Messina)</td>
<td></td>
</tr>
<tr>
<td>Duferco Solar Giammoro SRL</td>
<td>Giammoro (Messina)</td>
<td></td>
</tr>
<tr>
<td>Travi e Profilati di Pallanzeno SRL</td>
<td>Pallanzano (Verbania)</td>
<td></td>
</tr>
<tr>
<td>ARV SPA</td>
<td>S Giovanni Valdarno (Arezzo)</td>
<td></td>
</tr>
<tr>
<td>Mechanical Division</td>
<td>S Giovanni Valdarno (Arezzo)</td>
<td></td>
</tr>
<tr>
<td>Acofer (warehouse)</td>
<td>S Giovanni Valdarno (Arezzo)</td>
<td></td>
</tr>
<tr>
<td>Duferco Italia Holding SPA</td>
<td>S Zeno Naviglio (Brescia)</td>
<td></td>
</tr>
<tr>
<td>Duferdofin - Nucor SRL</td>
<td>S Zeno Naviglio (Brescia)</td>
<td></td>
</tr>
<tr>
<td>Acofer Prodotti Siderurgici SRL</td>
<td>S Zeno Naviglio (Brescia)</td>
<td></td>
</tr>
<tr>
<td>Duferco Italia Holding SPA</td>
<td>Torino</td>
<td></td>
</tr>
<tr>
<td>Duferco Solar Trieste SRL</td>
<td>Trieste</td>
<td></td>
</tr>
<tr>
<td>Ferriere Bellicini SRL</td>
<td>Berzo Inferiore (Brescia)</td>
<td></td>
</tr>
<tr>
<td>Caleotto SPA</td>
<td>S Zeno Naviglio (Brescia)</td>
<td></td>
</tr>
<tr>
<td>Media Steel SRL</td>
<td>S Zeno Naviglio (Brescia)</td>
<td></td>
</tr>
<tr>
<td>Duferco Dev SRL</td>
<td>Genova</td>
<td></td>
</tr>
<tr>
<td>Duferco Sviluppo SPA</td>
<td>Nave (Brescia)</td>
<td></td>
</tr>
<tr>
<td>Mainsim SRL</td>
<td>Genova</td>
<td></td>
</tr>
<tr>
<td>Virtual SRL</td>
<td>Chiavari (Genova)</td>
<td></td>
</tr>
</tbody>
</table>

**Categories:**
- **CORPORATE CENTRE**
- **ENERGY PRODUCTION SITE**
- **ENERGY DISTRIBUTION CENTRE**
- **GAS DISTRIBUTION CENTRE**
- **STEEL PRODUCTION, PROCESSING SITE**
- **STEEL TRADING, DISTRIBUTION AND SERVICE CENTRE**
- **SERVICE COMPANY**
- **SHIPPING**
- **INVESTMENT**
- **VANADIUM**
- **GAS, POWER, LNG TRADING**
- **BIOMASS**
- **CRUDE OIL AND REFINED PRODUCTS TRADING**
- **BASE METAL TRADING**
<table>
<thead>
<tr>
<th>Country</th>
<th>Company Name</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>LUXEMBOURG</td>
<td>Duféco Participations Holding SA</td>
<td>LUXEMBOURG</td>
</tr>
<tr>
<td></td>
<td>DXT International SA</td>
<td>LUXEMBOURG</td>
</tr>
<tr>
<td></td>
<td>Nova Marine Holding SA</td>
<td>LUXEMBOURG</td>
</tr>
<tr>
<td></td>
<td>Duféco Vanadium Investment Holding SA</td>
<td>LUXEMBOURG</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PEOPLE’S REPUBLIC OF CHINA</td>
<td>Grafton Trading (Shanghai) Co. LTD</td>
<td>SHANGHAI</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRINCIPALITY OF MONACO</td>
<td>Nova Levantina SARL</td>
<td>PRINCIPALITY OF MONACO</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REPUBLIC OF SOUTH AFRICA</td>
<td>Vanchem Vanadium Products (Pty) LTD</td>
<td>WITBANK</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SINGAPORE</td>
<td>Nova Singapore</td>
<td>SINGAPORE</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SPAIN</td>
<td>Nova Marine Carriers SA</td>
<td>MADRID</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SWITZERLAND</td>
<td>DXT Commodities SA</td>
<td>LUGANO</td>
</tr>
<tr>
<td></td>
<td>Nova Marine Carriers SA</td>
<td>LUGANO</td>
</tr>
<tr>
<td></td>
<td>Nova Ship Tech SA</td>
<td>LUGANO</td>
</tr>
<tr>
<td></td>
<td>Virtual SAGL</td>
<td>LUGANO</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>THE NETHERLANDS</td>
<td>Nova Marine NL BV</td>
<td>ROTTERDAM</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UAE</td>
<td>Nova Marine Carriers Middle East DMCC</td>
<td>DUBAI</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REPUBLIC OF SOUTH AFRICA</td>
<td>Vanchem Vanadium Products (Pty) LTD</td>
<td>WITBANK</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UKRAINE</td>
<td>DufEnergy Ukraine LLC</td>
<td>KYIV</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNITED KINGDOM</td>
<td>Neo Operations Ltd</td>
<td>LONDON</td>
</tr>
<tr>
<td></td>
<td>Grafton Commodity Trading LTD</td>
<td>LONDON</td>
</tr>
<tr>
<td></td>
<td>Nova Marine Carriers UK LTD</td>
<td>LONDON</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>DXT Commodities North America LLC</td>
<td>STAMFORD, CT</td>
</tr>
<tr>
<td></td>
<td>DCT North America LLC</td>
<td>HOUSTON, TX</td>
</tr>
<tr>
<td></td>
<td>Nova Algoma</td>
<td>FORT LAUDERDALE, FL</td>
</tr>
</tbody>
</table>
Another good year is behind us and we are pleased that the process of implementing our business model is ongoing with considerable and consistent progress. As of September 30, 2018, the Group’s net profit was more than USD 61 million, with an increase of almost 40% compared to the profit of financial year 2017 (USD 44 million). Group’s revenues (including revenues from energy trading activities) totalled USD 10.4 billion, increased by almost 20% with respect to the level of financial year 2017 (USD 8.7 billion).

Consolidated net working capital is above USD 334 million with a current ratio of 1.26.

In line with the significant increase in market volumes and prices, the Group’s net financial indebtedness is higher with respect to the previous year (USD 498 million versus USD 356 million) while liquidity remains healthy with a level of cash reserves of almost USD 190 million.

The Group’s total equity is around USD 910 million, almost 1.8 times the net financial indebtedness.

As of September 30, 2018, the Group had almost USD 2.0 billion (USD 1.8 billion as of September 30, 2017) in committed credit facilities and uncommitted working capital facilities, while the average utilization of the Group’s credit facilities was approximately 52% (45% as of September 30, 2017).
The more significant **operating results** across the various business units are reported below.

**Energy**

Energy operations reported a net profit after taxes of approximately USD 35 million (USD 31 million during financial year 2017) with a good performance in both the trading operations and retail operations.

Within the trading operations, the activity in natural gas, power, European oil and LNG continued to grow significantly during financial year 2018. We reached a significant level of activity in energy markets, with Natural Gas traded volumes increasing from 656.2 TWh to 676.0 TWh, and Power traded volumes of 61.5 TWh, substantially unchanged versus the previous financial year (67.5 TWh). In line with these figures, revenues increased by €0.5 billion with respect to the previous financial year to reach €7.2 billion.

**Grafton UK and Matrix Energy Trading in Brazil** (“Matrix”) had both positive results during financial year 2018. It is worth to mention that, effective October 1, 2018, we acquired an additional 20% of the shares in Matrix, thus reaching a 70% interest and the control of the company which will be fully consolidated in our 2019 financial statements.

We decided to take operational and legal control of Matrix because we believe that Brazil, especially after the recent elections, will move rapidly towards liberalization of both the power and gas markets. This could present interesting opportunities for Matrix which will also benefit from the financial support of the parent company together with the integration between offshore and onshore banking relationships.

The Italian energy distributions and production operations have also continued to expand. Revenue grew almost 38% year on year reaching a level of more than €1.5 billion during financial year 2018. As of September 30, 2018, there were about 92,646 active points of delivery (“POD”) in the power market (78,727 as of September 30, 2017) and about 57,796 POD (49,167 as of September 30, 2017) in the natural gas market.

Finally, **Duferco Biomasse**, Italy, a fully owned subsidiary of Duferco Energia, Italy, was fully operational and profitable during the year and in the process of further developing the woodchips business acquired from a third party during financial year 2016.
Shipping

Our 50% share of the net profit of the joint venture group (Nova Marine Holding S.A., Luxembourg - “NMH”- and its subsidiaries) contributed for an amount of approximately USD 6.6 million to the Group’s consolidated result (USD 2.8 million for financial year 2017).

The year 2018 proved to be a year of rally in terms of market values, which resulted in a tangible growth of freight and volumes for the Group. Compared to 2017, the market trends showed upturns.

NMH results were also positively affected by the performance of the two joint venture partnerships in the business of cement carriers (“NACC”) and in the short-sea business (“NASC” - vessels within the 4,000/15,000 DWT range) with Algoma Central Corporation of Canada. NACC is now fully operative with a fleet of 16 units, becoming one of the largest cement carrier fleets in the world. A new office was opened in Seoul and one of our ships was deployed to service a long-term contract with one of the most prominent cement producer in South Korea.

Further developments which need to be mentioned are in our short-sea segments. The J/V with Carisbrooke is reaching an end due to different strategic views between the two partners. On the other hand, the expansion of our operations in North and South Americas, the Caribbean and the US gulf coast was mostly achieved through the growth of the so-called mini grabber pool (“MGP”), which witnessed the addition of an important partner, Peter Dohle Schifffahrts-KG, contributing three units to the pool fleet, to a total of 13 vessels.

With the strong strategic alliances and the committed team, NMH reached 20 million tons (compared to 16.2 million tons last year) transported and over 2,000 voyages completed.

Finally, further additions and disposals to the Group’s fleet were made during financial year 2018 in order to keep lowering the age profile and, at the same time, to increase the number of ships.
Steel production and distribution

Despite the restrictions in trade flows, underlying worldwide demand for steel remained robust through 2018 thanks to a global economy that was still growing. After a strong 2017, Europe suffered a slowdown, with German GDP output falling quarter-on-quarter in the third quarter of 2018 while Italian GDP was unchanged in the same period. However, Italian GDP further declined during the last quarter of 2018. Yearly growth is expected to be well below 2.0% as opposed to 2.4% in 2017.

Steel production and distribution activities contributed a profit of USD 5.0 million to the Group’s 2018 consolidated result (2017: profit of USD 4.7 million). More in detail:

- **Duferdoin-Nucor** contributed a profit of USD 1.8 million to the Group’s consolidated result (2017: profit of USD 1.1 million). We are continuously focused on implementing measures to reduce operating costs and increase the efficiency of operations, as well as the implementing investment strategies to improve the company’s product range into new and more value-adding business segments.

- The **Morel Group**, which is mainly active in the French steel distribution market, experienced a very similar situation. On a yearly basis, Morel contributed a profit of USD 1.8 million to the Group’s consolidated result (2017: profit of USD 0.6 million).

- **Finally, Duferco Danish Steel**, contributed a profit of USD 0.6 million to the Group’s consolidated result (2017: loss of USD 1.5 million).
Duferco International Trading Holding S.A., Luxembourg ("DITH") had a challenging year in many respects. The year 2018 was a year in which barriers to steel trade were perhaps the defining topic in the global trade wars.

The opening was the imposition of Section 232 duties on steel imports to the United States in March. Later in the year, Turkish rates were doubled to 50% in response to worsening US-Turkish political relations. Consequential damages included a step-up in the intensity of trade restraints across the globe. Firstly, Canada and Mexico imposed 25% tariffs on US steel imports. Then in July, the EU imposed a safeguard duty on all steel products whereby a quota for 200 days was put in place and material that came in above the quota would be subject to a 25% tariff.

The net result was an increase in the regionalization of trade and the need for DITH to secure multiple/regional suppliers for every market in which it operates. Considering the environment and the challenges described above, DITH managed to deliver a set of stable operating results against all expectations in its trading and distribution core activities.
Vanchem

As of March 31, 2018, the Group decided to suspend the sale of Vanchem. The Group’s management is currently developing a plan for a progressive restart of operations at Vanchem. The Group is resolved to place Vanchem on the market at a later stage, i.e. once the development plan has become operational.

While the voluntary business rescue (as adopted on November 16, 2015) is following its process, we decided to progressively restart operations at Vanchem. Starting from the month of July 2018, the plant has become operational again, although with a limited production capacity averaging approximately 25% of the total capacity under normal conditions.

VANCHEM NET PROFIT 2018
USD 14.8 mln

Restart of production at Vanchem coincided with a very particular situation on the world vanadium market. During the year 2018, demand for vanadium grew rapidly. The shortage of supply on the world market caused a significant increase in market prices, which reached their peak at the end of November 2018. Vanchem fully benefited from this situation. During financial year 2018, Vanchem contributed a profit of USD 14.8 million compared to a loss of USD 2.0 million for financial year 2017.

During the month of December, prices slowed down sharply and today they seem to have stabilized at levels that are still at an all-time high, although almost 40% lower than the peak reached in November 2018. We are confident that these price levels will be maintained throughout financial year 2019 and that Vanchem will give a significant contribution to the Group’s result for the current year.
## CONSOLIDATED INCOME STATEMENT

For the periods ended  
(In Thousand USD)

<table>
<thead>
<tr>
<th></th>
<th>2019 March 31</th>
<th>2019 September 30</th>
<th>2018 September 30</th>
<th>2017 September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Trading Revenues</td>
<td>7,058,484</td>
<td>8,485,479</td>
<td>7,313,018</td>
<td></td>
</tr>
<tr>
<td>Other revenues</td>
<td>1,047,542</td>
<td>1,949,071</td>
<td>1,409,885</td>
<td></td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>8,106,026</strong></td>
<td><strong>10,434,550</strong></td>
<td><strong>8,722,903</strong></td>
<td></td>
</tr>
<tr>
<td>Depreciation, amortization and impairment losses</td>
<td>-10,148</td>
<td>-20,105</td>
<td>-15,609</td>
<td></td>
</tr>
<tr>
<td>Share of results of associates and joint ventures</td>
<td>6,623</td>
<td>30,213</td>
<td>26,361</td>
<td></td>
</tr>
<tr>
<td><strong>Profit from operations</strong></td>
<td><strong>68,043</strong></td>
<td><strong>78,660</strong></td>
<td><strong>56,767</strong></td>
<td></td>
</tr>
<tr>
<td>Finance expenses, net</td>
<td>-7,152</td>
<td>-10,966</td>
<td>490</td>
<td></td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td><strong>60,891</strong></td>
<td><strong>67,694</strong></td>
<td><strong>57,257</strong></td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-14,328</td>
<td>-6,504</td>
<td>-13,335</td>
<td></td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td><strong>46,563</strong></td>
<td><strong>61,190</strong></td>
<td><strong>43,922</strong></td>
<td></td>
</tr>
</tbody>
</table>

DUFERCO PARTICIPATIONS HOLDING S.A., LUXEMBOURG, AND SUBSIDIARIES
## CONSOLIDATED BALANCE SHEET

For the periods ended  
(In Thousand USD)

<table>
<thead>
<tr>
<th></th>
<th>2019 March 31</th>
<th>2018 September 30</th>
<th>2017 September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td>1,711,158</td>
<td>1,636,808</td>
<td>1,268,196</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>844,122</td>
<td>861,623</td>
<td>746,757</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,555,280</td>
<td>2,498,431</td>
<td>2,014,953</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>1,353,586</td>
<td>1,303,110</td>
<td>947,157</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td>292,057</td>
<td>284,665</td>
<td>186,660</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>909,637</td>
<td>910,656</td>
<td>881,136</td>
</tr>
<tr>
<td><strong>Total liabilities and Equity</strong></td>
<td>2,555,280</td>
<td>2,498,431</td>
<td>2,014,953</td>
</tr>
</tbody>
</table>

## KEY FINANCIAL INDICATORS

For the periods ended  
(In Thousand USD)

<table>
<thead>
<tr>
<th></th>
<th>2019 March 31</th>
<th>2018 September 30</th>
<th>2017 September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td>1,711,158</td>
<td>1,636,808</td>
<td>1,268,196</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>1,353,586</td>
<td>1,303,110</td>
<td>947,157</td>
</tr>
<tr>
<td><strong>Net working capital</strong></td>
<td>357,572</td>
<td>333,698</td>
<td>321,039</td>
</tr>
<tr>
<td><strong>Current ratio</strong></td>
<td>1.26</td>
<td>1.26</td>
<td>1.34</td>
</tr>
<tr>
<td><strong>Financial indebtedness</strong></td>
<td>488,181</td>
<td>686,485</td>
<td>540,116</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>195,471</td>
<td>188,629</td>
<td>184,263</td>
</tr>
<tr>
<td><strong>Net financial indebtedness</strong></td>
<td>292,710</td>
<td>497,856</td>
<td>355,853</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>909,637</td>
<td>910,656</td>
<td>881,136</td>
</tr>
<tr>
<td><strong>Debt to equity ratio</strong></td>
<td>0.322</td>
<td>0.547</td>
<td>0.404</td>
</tr>
</tbody>
</table>
HIGHLIGHTS
(In Thousand USD)

TOTAL EQUITY
910,656

PROFIT FOR THE PERIOD
61,190

REVENUES
10,434,550

NET VALUE ADDED
169,751

CAPITAL EXPENDITURES
13,997

CONSOLIDATED NET Working CAPITAL
333,698

DEBT EQUITY RATIO
0.547

CREDIT FACILITIES
2 billion
## DIRECT ECONOMIC VALUE GENERATED
(In Thousand USD)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>Change in work in progress and finished products</td>
<td>39,331</td>
</tr>
<tr>
<td></td>
<td>Work performed by Group and capitalized</td>
<td>472</td>
</tr>
<tr>
<td></td>
<td>Other revenues and income</td>
<td>60,363</td>
</tr>
<tr>
<td></td>
<td><strong>A) VALUE OF PRODUCTION</strong></td>
<td><strong>10,534,715</strong></td>
</tr>
<tr>
<td></td>
<td>Utilities</td>
<td>-5,119</td>
</tr>
<tr>
<td></td>
<td>Material expenses</td>
<td>-9,823,069</td>
</tr>
<tr>
<td></td>
<td>Professional services</td>
<td>-20,056</td>
</tr>
<tr>
<td></td>
<td>Other general and administrative expenses</td>
<td>-22,906</td>
</tr>
<tr>
<td></td>
<td>Provisions and write-downs</td>
<td>-8,497</td>
</tr>
<tr>
<td></td>
<td>Other operating expenses</td>
<td>-470,397</td>
</tr>
<tr>
<td></td>
<td><strong>B) COST OF PRODUCTION</strong></td>
<td><strong>-10,350,044</strong></td>
</tr>
<tr>
<td></td>
<td><strong>GROSS VALUE ADDED FROM OPERATIONS</strong></td>
<td><strong>184,672</strong></td>
</tr>
<tr>
<td></td>
<td>Other finance income</td>
<td>4,545</td>
</tr>
<tr>
<td></td>
<td><strong>GROSS VALUE ADDED</strong></td>
<td><strong>189,217</strong></td>
</tr>
<tr>
<td></td>
<td>Depreciation and amortization</td>
<td>-19,466</td>
</tr>
<tr>
<td></td>
<td><strong>NET VALUE ADDED</strong></td>
<td><strong>169,751</strong></td>
</tr>
</tbody>
</table>

## DIRECT ECONOMIC VALUE DISTRIBUTED
(In Thousand USD)

<table>
<thead>
<tr>
<th>Year</th>
<th>Expense</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>Wages and salaries</td>
<td>69,231</td>
</tr>
<tr>
<td></td>
<td>Pension costs and expenses for severance and defined benefit plans</td>
<td>4,246</td>
</tr>
<tr>
<td></td>
<td>Other personnel costs</td>
<td>2,783</td>
</tr>
<tr>
<td></td>
<td><strong>A) EMPLOYEES</strong></td>
<td><strong>76,259</strong></td>
</tr>
<tr>
<td></td>
<td>Income tax expenses</td>
<td>6,504</td>
</tr>
<tr>
<td></td>
<td>Social security costs</td>
<td>10,287</td>
</tr>
<tr>
<td></td>
<td><strong>B) GOVERNMENT INSTITUTIONS</strong></td>
<td><strong>16,791</strong></td>
</tr>
<tr>
<td></td>
<td>Non-distributed result of the year</td>
<td>40,656</td>
</tr>
<tr>
<td></td>
<td><strong>C) GROUP</strong></td>
<td><strong>40,656</strong></td>
</tr>
<tr>
<td></td>
<td>Distributions to shareholders</td>
<td>20,534</td>
</tr>
<tr>
<td></td>
<td>Other finance expenses</td>
<td>15,511</td>
</tr>
<tr>
<td></td>
<td><strong>D) SHAREHOLDERS AND LENDERS</strong></td>
<td><strong>36,045</strong></td>
</tr>
<tr>
<td></td>
<td><strong>NET VALUE ADDED</strong></td>
<td><strong>169,751</strong></td>
</tr>
</tbody>
</table>
INTEGRATED REPORTING

&SUSTAINABILITY

SUSTAINABILITY
The Duferco Group implements the principles of sustainable development and integrates its business activities, carried on ethically and transparently, with the protection of the environment, the safeguard of occupational health and safety, showing respect for people and building relationships of trust with the various internal and external stakeholders.

Moreover, CSR constitutes a dashboard of guidelines for management. The indicators that have led to the preparation of this annual report were used as strategic governance tools in the assessment of impacts (effects and outcomes of the Group’s business) on a final and forward-looking basis. Therefore, the annual report should be considered not only as a document aimed at mere communication, but as a strategic tool in all respects.

Its main drivers are:
- **sustainability** as the “engine” of a process of continuous improvement, which guarantees results over time and the strengthening of the enterprise’s business performance, reputation, occupational health and safety, but also ensures the achievement of its environmental and social objectives;
- the creation of “shared value” for stakeholders, which represents one of the main elements of the Group’s sustainable strategy;
- adherence to standards above and beyond legal obligations, in order to guarantee sustainability in the way the enterprise does business. Reference is being made to the principles enshrined in the code of ethics and other corporate policies on occupational health and safety and environmental protection / disposal of hazardous waste, as well as to the sustainability policy (CSR) of some operating companies.

The Group undertakes to contribute, with a responsible business conduct, to the achievement of the goals set out by the United Nations as Sustainable Development Goals and Global Compact, as well as those adopted in Europe, such as the EU Strategy for Corporate Social Responsibility.
Enterprises should make corporate decisions that pursue three objectives simultaneously: social equity, environmental quality, economic prosperity.

Innovation, research and development in processes and products/services are oriented towards the so-called **triple bottom line of socio-economic and environmental sustainability**, i.e. the Group acts according to the principle based on which enterprises should make corporate decisions that pursue three objectives simultaneously: social equity, environmental quality, economic prosperity.

 Göverdance, with regard to organizational, financial and compliance issues, in light of shareholder expectations;

 ➣ People, with regard to working conditions and human rights of internal and external stakeholders (customers and suppliers);

 ➣ The planet, with regard to the external consequences of our activity with respect to the environment, the local community, future generations and other interested parties.
As part of the Duferco Group’s eco-sustainable strategy, special attention is paid, among other things, to:

1. **CIRCULAR ECONOMY**
   relating to scrap steel and its recycling: the electric furnace steel industry, in which our Group operates, is the largest circular economy machine in Europe: out of 150 million ton in the EU, over 50% comes from an electric oven and therefore around 70/80 million tons are “recycled”.

4. **BIO-DIGESTION**
in relation to the transformation of wet waste into compost and gas (a further example of circular economy).

2. **ZERO-WASTE STEEL INDUSTRY**
relating to the trend towards a 100% re-use of water. The Duferco Group has set for itself the goal of recycling 100% of the water it uses by 2025. Currently, around 70% of the total amount of water used in the production process is being recycled.

5. **CO₂ REDUCTION BY ENERGY-EFFICIENCY ACTIONS**
both for ships and for the energy sector (electric power recharging, lighting of factories and offices, energy-efficiency actions in buildings) and steel sector (furnaces and other production processes and supply chain installations).

3. **BLACK SLAG**
relating to the possibility of recycling slag in the future as “tout venant” (crushed material). Steel processing waste materials, subject to certain environmental and durability processing requirements, can be used for the construction of roads or bituminous conglomerates. Indeed, sustainable development also depends on new ways to build the road infrastructure.

6. **BALLAST WATER MANAGEMENT**
through the introduction of water control and filtering systems during water discharge and loading (ballast water treatment) on all fleet vessels, above and beyond legal requirements.

7. **SUSTAINABLE MOBILITY**

8. **ENERGY PRODUCTION FROM RENEWABLE HYDROELECTRIC AND PHOTOVOLTAIC SOURCES AND SELF-CONSUMPTION**

9. **SEPARATE WASTE COLLECTION**
CORPORATE PROCESSES IN THE SUSTAINABLE VALUE CHAIN

With regard to the Duferco Group’s sustainable strategy, the value chain, i.e. the Group’s business and relevant operating processes that contribute to generating value, is illustrated below.

At Duferco one may therefore represent a single value chain for the Group, where all the activities carried out by the subsidiaries converge. In this regard, the innovative and socially responsible actions undertaken by the Group’s four divisions are illustrated below.

Among direct value activities, the Duferco Group includes:

- **Innovation, research and development.** Duferco is engaged in research projects on renewable sources and improving energy efficiency by means of electric recharging stations for cars and other structural changes to buildings, in addition to process digitization;

- Likewise, in the maritime area, innovation consists in the introduction of the ballast water treatment system (control of ballast water discharge and loading by filtering), as already implemented on all ships prior to expiry of the statutory deadline. Furthermore, in the Group’s maritime sector, the introduction of some “LNG” (Liquid Natural Gas) propulsion vessels will bring the Group among the global players with a strong focus on the natural environment and future generations;

- **Production and supply chain.** Duferco is engaged on several fronts, starting from the attention to the choice of its suppliers. In particular, the Group considers its suppliers a primary source of competitive success; therefore, it intends to base its relationships with them on principles of sustainability, integrity and confidentiality and to manage transactions with suppliers, whether actual or potential, according to the principles of legality, transparency, fairness and loyalty. Duferco therefore seeks suppliers who share its values. Information on the rules of conduct adopted is disseminated on the Internet portal, including the Code of Ethics, the organizational models and the certification systems adopted. Companies that cooperate with the Group are asked to acknowledge the content of Duferco’s procedures in connection with the supply chain issue a signed statement (also in the form of a specific contractual clause) acknowledging the content of Duferco’s anti-risk procedures undertaking to observe the rules and system of penalties;

- **Marketing.** Through advertising campaigns in the B2C and retail sectors, Duferco aims to raise customer awareness in relation to the eco-efficient use of energy. Likewise, in the context of B2B and energy and commodity trading, the Group carries out marketing activities and supports customers with dedicated meetings and other initiatives aimed at maintaining relations according to the highest quality standards.
Sustainable value chain processes
Among indirect value activities, Duferco includes:

➔ People management (human resources). In this area, Duferco has developed various socially responsible actions, especially in the area of occupational safety, adopting stricter procedures than as required by legislation. The Group intends to spread a culture of occupational safety by focusing on improving behaviour and applying procedures, with training programs, audits, including random audits (either at plants or on ships); work-life balance; job flexibility;

➔ Management of information resources, thanks to which the Duferco Group is very attentive to reputation and dissemination of corporate values. For example, by preparing sustainability reports, disseminated with different consultation methods. Also, training sessions are organized for newly-hired employees on the subject of administrative liability of corporations, soft skills development, anti-corruption, privacy.

The following are, for example, among infrastructural value activities:

➔ Organization and external relations. The code of ethics, approved by the relevant Boards of Directors, summarizes the ethical principles that can be derived from a wealth of individual and corporate values, consolidated over time, to which the Group refers when carrying out its business activities;

➔ Strategic planning and control. Duferco has decided to allocate more and more resources to the energy sector from renewable sources, both in Italy and abroad, also in order to ensure definite cash flows and resources for innovation;

➔ The Group companies’ governance has two objectives: solidity and flexibility. The former is ensured by setting out clear rules and procedures, by a balanced distribution of powers and proxies, as well as by the implementation of process monitoring and control systems. Compliance with the flexibility criterion is what allows the Duferco Group to evolve, responding to market changes promptly and effectively. Nearly all Duferco Group companies have adopted an organizational and management model, a term that includes any management manual, procedure or operating and anti-risk protocol.
REPORTING SCOPE OF THE INTEGRATED REPORT

The reference period of this integrated report coincides with that of the financial statements and consolidated financial statements, which end at 30 September each year. The integrated report includes all activities as at 30 September 2018. Moreover, the risks and impacts of the most significant JVs for the purposes of this report were included. For the purpose of the reporting scope, it must be underlined that the Group operates through subsidiaries and associated companies and joint ventures in the following areas:

- ENERGY
- STEEL INDUSTRY AND DISTRIBUTION
- SHIPPING
- INVESTMENT
MATERIALITY

The examination of the most significant issues (referred to as materiality analysis) is an essential step to understand the priority stakeholders’ issues and needs in connection with the Group’s business strategy. A topic or a group of stakeholders will be all the more material if, in relationships with them, they are capable of influencing the company in the context of present and future operational transactions. The overall result is illustrated in the following matrix, which shows the materiality level of each topic for the Group (horizontal axis, range 1-10) and for individual stakeholders (vertical axis, range 1-10).
From a methodological point of view, the variables considered for the purpose of estimating the degree of materiality consist in the significance of each topic for the Duferco Group (horizontal axis, range 1-10) and for individual stakeholders (vertical axis, range 1-10), to which a Likert scale value was attributed by management and by the reference stakeholders, based on the following indicators: relevant expenses or investments or other recognized costs; recognized revenues, income; reputational impact; social impact; environmental impact; necessary hours per person to be devoted to the task; business generated in the market downstream; greater or lesser legal regulation, relevant compliance; presence of potential penalties; priority given in the business plan or priority for the Board or for Senior Management (or priority in one’s life, if the question is addressed to external stakeholders, such as individuals); degree of “residual risk.”

As can be seen in the chart, among the many aspects, the following take on a particular importance:

- Definition of the Group's vision and mission;
- Group management, appointment of Boards and, in general, corporate governance;
- Management of equity investments;
- Coordination of subsidiaries;
- Drafting of corporate guidelines;
- Anti-corruption and compliance;
- Generation of work and business downstream for the benefit all stakeholders;
- Industrial relations, innovation, risk management, occupational health and safety and employee well-being, compliance, environmental protection and internationalization;
- Occupational health and safety;
- Environmental protection and proper waste management.

The materiality matrix shows a substantial alignment between the assessment provided by the enterprise (through its own governance) and the stakeholders’ opinions, confirming that the Company is working to build careful and suitable internal and external communication so as to be perceived by everyone in a transparent and appropriate manner, in accordance with its values.

In detail, for stakeholder engagement purposes, it should be specified that - since this is the first annual report that includes the principal integrated reporting issues -, an increasingly structured practice of involvement of various stakeholders has only recently begun.

In the first phase of the work, reported here, on the stakeholder side, privileged witnesses were heard in semi-structured interviews, that is to say representatives of outstanding categories of stakeholders, persons vouching for the demands of their respective clusters. It is the holding company’s intention to involve stakeholders using increasingly more appropriate methodologies, such as focus groups, more in-depth semi-structured interviews and questionnaires, both one-on-one and via the Internet, customer satisfaction platforms and another platform already made available by a university spin-off of professionals and lecturers who have for some time been engaged in the audit of financial statements and in the structured assessment of social risks and impacts (Social-ROI).
In this report, the Group declares that it has considered European Directive No. 95 of 2014 on non-financial reporting and the GRI reporting standard, Global Reporting Initiative, as the guidelines for the preparation of this report. Its indicators are specified in detail in the Group companies’ individual sustainability reports included in the Group’s social reporting scope, such as Duferdofin Nucor, Duferco Energia and - in other respects - the sub-holding Duferco Italia Holding.

The following topics are included in this report, to the extent necessary to ensure an understanding of the activity carried on, performance, results and impact produced:
The relevance of individual topics was defined by taking into account the company’s activities carried out and characteristics, based on the materiality matrix adopted. A detailed report in regard of the aforementioned topics is contained in this report. The scope of non-financial reporting and disclosure is consistent with the scope set out in the chapter entitled “Reporting Scope”.

Non-financial reporting indicators were defined in accordance with the 2016 “GRI Global Reporting Initiative, Sustainability Reporting Standards (GRI Standards)” guidelines and with the Luxembourg law A 156 of 23 July 2016 on the Publication of Non-financial Information and Information on Diversity, about Corporate management and organization model; company policies, results and indicators; main risks; energy resources, water resources, emissions; impact on the environment and occupational health and safety; personnel management and gender equality; respect for human rights; fight against corruption; reporting standards adopted; diversity on company Boards.
The 2030 Agenda recognizes a close link between human well-being and health of natural systems and the common challenges that all countries are called to face. In doing so, it touches on various interconnected fields that are key to ensuring the well-being of humanity and of the planet: from the fight against hunger to the elimination of inequalities, from the protection of natural resources to the assertion of sustainable production and consumption models.

The 17 Sustainable Development Goals (SDGs) and the 169 sub-goals associated with them constitute the vital core of the UN’s 2030 Agenda. They take into account the three dimensions of sustainable development, namely economic, social and ecological sustainable development, in a balanced way. For the first time, a single policy document brings together sustainable development and the fight against poverty.

These Sustainable Development Goals must be achieved by all UN member countries globally by 2030. This means that every country on the planet is called to provide its contribution to address these great challenges together. Moreover, incentives will have to be found to encourage non-governmental stakeholders to participate in sustainable development more actively.

The Duferco Group has incorporated the principles of economic, social and environmental sustainability into its competitive strategy, believing that a business enterprise should not limit itself to pursuing efficiency, but should also operate as a conscious social and cultural player with an approach open to all stakeholders.
The Duferco Group has chosen to create shared value for its stakeholders by moving in eleven directions:

- **GOAL 3**: Good Health and Well-being
- **GOAL 4**: Quality Education
- **GOAL 5**: Gender Equality
- **GOAL 6**: Clean Water and Sanitation
- **GOAL 7**: Affordable and Clean Energy
- **GOAL 8**: Decent Work and Economic Growth
- **GOAL 9**: Industry, Innovation and Infrastructure
- **GOAL 10**: Sustainable Cities and Communities
- **GOAL 11**: Responsible Consumption and Production
- **GOAL 12**: Climate Action
- **GOAL 13**: Life on Land
GOAL 3
ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

Activities aimed at improving the health and safety conditions of workers for the purpose of minimizing injuries and occupational diseases, as well as avoiding the so-called ‘near misses’.

The goal is to minimize accidents through an organization chart and an appropriately designed and applied system of powers, specific internal and external audits, adoption of a disciplinary system of penalties, including by tracking verbal reprimands, but above all by carrying out widespread participatory training activities.

Particular attention, in terms of health and safety, will be given to the production facilities in the steel department and in the maritime sector. The company’s objective is to improve occupational safety and working conditions through continuous investments in training, education and technology.

GOAL 4
ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

Investing in quality education / training is the basis for improving people’s lives, and therefore for contributing to sustainable development. Only if the entire population has access to education can economic and sustainable growth be guaranteed. In the coming years, the focus must be on the right to education of people belonging to vulnerable categories, on the eradication of illiteracy and on the promotion of education for sustainable development.

This goal is pursued by the Group with continuous investments in non-profit foundations that deal with education in countries where schooling access is still difficult and in local communities under agreements with universities and schools for the inclusion of future generations in the labour market.

Through the Association Stella Onlus, the Group has been developing solidarity activities in Togo, such as the construction of the Ketognkopé elementary school and the Yeguè orphanage. Partnerships with universities are endorsed to include interns and give university students the opportunity to visit the company’s industrial plants.

GOAL 5
ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

Gender equality is not only a fundamental human right, but it is also the necessary basis for a peaceful, prosperous and sustainable world. Women are still deprived of equal representation in the political, economic and public life, and are still the subject of discrimination and violence. Moreover, in the workplace, they receive lower salaries and are subjected to greater legal and cultural barriers in their careers. SDG 5 intends to guarantee equal access to education and medical care for women in the workplace and within political and business decision-making bodies.

The Group, while ensuring the inclusion of the female gender on its management and among employees, has set for itself the objective to provide substantial equal treatment to all personnel, regardless of gender. Over time, the company intends to include more women on the Group Companies’ Boards of Directors and among managers.
GOAL 6

CLEAN WATER AND SANITATION. ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

Ensure access to drinking water to everyone, together with access to safe wastewater treatment and waste disposal systems. Systems for reusing water, reducing and preventing its contamination due, for example, to the spillage of chemical products, must be encouraged.

This goal plays a key role for the Group, which is extremely mindful and sensitive to this issue. Countless investments have been made in the maritime sector, especially as a result of interactions with the marine ecosystem and water bodies such as superficial, underground and fluvial water, continually linked to the energy and industry sector. The Group has been supporting the Association Mangwana for years, which works in parallel in Italy and Madagascar with projects on the crucial issue of water resources.

In the shipping area, ballast water treatment systems were implemented on ships even before the legal requirements came into force.

The steel sector has recorded a continuous decrease in the use of water resources thanks to ongoing investments to optimize water recycling and supply, with the aim of achieving a total recycling of the water used at the plants.

GOAL 7

AFFORDABLE AND CLEAN ENERGY. ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

Develop better infrastructures and technologies to create modern, affordable and reliable energy systems and reduce energy waste.

The Group has been pursuing this goal for several years now, as it is a main issue in all its divisions. The Group is very active in the field of energy efficiency and in the production of clean energy through renewable sources. Green energy is produced from renewable sources (photovoltaic) at the steel production sites. Moreover, there are several mini-hydroelectric plants in other areas. Lastly, the Group is one of the main operators in the installation of electric mobility charging stations, also powered by green energy.

GOAL 8

DECENT WORK AND ECONOMIC GROWTH. PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

According to current data, over 200 million people worldwide are unemployed, especially young people. Employment and economic growth play a significant role in fighting poverty. Fostering sustainable growth and creating enough decent jobs, respectful of human rights, are of key importance not only for developing countries but also for emerging and industrialized economies.

The Group has witnessed a steady growth worldwide, both in economic terms and in issues related to sustainability. The Group constantly faces the new challenges that growth brings with it by creating new jobs, respecting the workers’ rights including, where possible, by entering into second-level collective bargaining, above and beyond statutory requirements.
Develop infrastructure and industrial productions that are in harmony with the environment and use resources sustainably.

The Group operates closely with environment and its resources, which are essential for the procurement of raw materials. Thus, the Group has developed the awareness of having to constantly invest in human and technological capital in order to continuously improve the innovation applicable to its industry.

The Group energy retail division was awarded the Innovation Award at SMAU 2018, for developing innovative projects related to new digital technologies in the field of electric mobility. The steel sector, in order to constantly improve the finished product and the process, applies innovative technologies, often studied specifically for the company’s operating processes. For various strategic products, it has performed a Life Cycle Assessment (LCA) and obtained the EPD product certification, which is essential when taking part in public tenders in the building and infrastructure construction industries, regulated by minimum environmental criteria for public works laid down by the government (CAM, Criteri Ambientali Minimi).

With regard to dematerialization and digital innovation, process digitization is now in progress at all operating companies using open innovation systems.

In the shipping sector, propulsion systems are currently being studied and modified, which tend to be gas-powered or hybrid.

In the field of energy trading, software has been developed using AI for certain trading operations, also thanks to an agreement with universities and polytechnic schools.
GOAL 11

SUSTAINABLE CITIES AND COMMUNITIES. MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

This aims to protect and enhance the cultural and landscape heritage and improve quality of life in cities, with a special attention to waste management and air quality control.

The Group’s close ties with the local communities are long-standing. Local communities are among the Group’s main stakeholders, due to its production sites, the business created downstream and the continuous interactions. Duferco aims to create agreeable and sustainable environments with settlements that are respectful of the communities, employees and, therefore, customers. Growth for all these parties is mutual and common. In this context the installation of electric charging stations for motor vehicles and the energy-efficiency business are expanding.

GOAL 12

RESPONSIBLE CONSUMPTION AND PRODUCTION. ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

Individuals and businesses need to halve the amount of global food waste per person. The key words are the “three Rs”: Reduce, Reuse, Recycle.

The concepts of the “three Rs”: Reduce, Reuse and Recycle underpin the Group’s objectives. Especially in the steel sector, by its very nature, these rules apply as a cornerstone of the Group’s corporate policies.

Renewable energy sources managed by the Group are the answer to the problem of the availability of sustainable energy with the lowest polluting impact.

The Group has also explored the sector of energy production and biogas from OFMSW and through bio-digesters, in a sector at the forefront of production.

GOAL 13

CLIMATE ACTION. TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACT

Protect the environment with lasting actions to prevent climate change.

Most of the Group’s investments are aimed at reducing consumption, impacts and therefore the costs associated with them, especially in the steel sector and the electric alternative to traditional fossil fuel mobility. The aim is to combat global climate change by reducing harmful emissions and the greenhouse effect.

GOAL 15

LIFE ON LAND. PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS, SUSTAINABLY MANAGE FORESTS, COMBAT DESERTIFICATION, HALT AND REVERSE LAND DEGRADATION AND HALT BIODIVERSITY LOSS

Protect and use terrestrial ecosystems sustainably, fighting desertification and loss of biodiversity.

The Group has been constantly promoting the sustainability of ecosystems by combating environmental degradation and the loss of biodiversity. For example, the filtration process of ballast water from vessels in the maritime sector, now in use for several years, aims to prevent possible interactions of non-endemic species. Moreover, one of the objectives of Duferco’s business in the biomass area is to protect forest ecosystems (including by creating certified management systems).
The table summarizes the Group’s sustainability guidelines, showing the intersection between the selected “relevant issues” of the UN’s 2030 Agenda and the relevant corporate issues within the Group (referred to as “material issues”) identified by the Board and by the stakeholders according to the GRI framework (“materiality matrix”). The GRI framework is essential for identifying material sustainability issues, which will also determine the company’s ability to create value in the short, medium and long term.
The relevant topics are represented according to the “Triple Bottom Line” framework where:

- **S / red** = topics with a Social impact
- **E / green** = topics with an Environmental impact
- **B / blue** = topics with a Business impact
ASSOCIATIONS PROMOTED AND RELATIONS WITH THE LOCAL COMMUNITY

Relations with the local community consist in grants and donations from the Group to local associations for the benefit of:

**Emergency**
since February 2017, the Group has been sponsoring the building of a top-quality paediatric surgery Centre in Entebbe, on the shores of Lake Victoria. The hospital of the association *Emergency* will be providing free treatment and will be a point of contact for Ugandan patients and children with surgical needs from all over Africa. The hospital will have 3 operating theatres and 72 beds and will also be a training centre for young doctors and nurses from Uganda and surrounding countries. It will be built using the *pisé de terre* technique, i.e. rammed earth, a traditional construction method that uses raw earth to ensure thermal inertia that will keep the building temperature and humidity constant. Furthermore, the project pays particular attention to environmental aspects: the centre will have a plant of about 2,600 photovoltaic solar panels on the roof that will satisfy all of the hospital’s energy demands. The Group cooperated in this project by donating the beams necessary for the construction of the hospital’s supporting structure currently being assembled.

**Public Park in San Zeno Naviglio**
The Group submitted a proposal to the Municipality of San Zeno Naviglio regarding the completion of an urbanization project in a small public park and annexed multipurpose platform. The City Council fully approved the project, created with the aim of contributing to the promotion of environmental and social culture, values in which the Group recognizes itself by investing its resources in innovation and research. The project submitted to the Municipality, which includes works for the construction of a small public park with a multipurpose platform annexed to it and preliminary works for a small kiosk, was born within a context that has witnessed the Company engaged for years in projects supporting the social activities of the San Zeno Municipality.
This project was carried out entirely by the Group. The company has as its primary objective that of its own growth fully respecting the society and the environment in which it operates, primarily focusing on young people and the territory, as a testament to the possibility for an industrial enterprise to stand as an example of responsible social and environmental development.

**Christmas Markets**
eye year the Group sponsors the event promoted by the association *I Mercanti del Naviglio* relating to Christmas street markets in the Municipality of San Zeno Naviglio (Brescia, Italy).

**Agreement with the Regina Margherita Nursery School**
under this agreement, the Group wishes to sponsor and foster educational and childcare services carried out by the local nursery school, recognizing it as having a fundamental function in the interest of society and the public at large. The aim of this project is to allow all its employees working at the local offices in Brescia-San Zeno Naviglio to have access to a special discount to be applied to the current monthly fee (in Brescia, Italy) for the 2018/2019 school year.
VIRTUS ENTELLA

Duferco Energia is the main sponsor of Virtus Entella, the Chiavari football club competing in the Italian Serie B Championship (national second division). Following the establishment of the new Club Management led by Mr. Gozzi, Entella has climbed various categories in just a few years, rising from the Eccellenza championship (amateur regional league) to the Italian Serie B championship. Today, Virtus Entella is a solid club that has more than 350 athletes and represents a reference point for the Ligurian community not only in sports, but also in economic and social terms.

The bond that links Duferco Energia with the Chiavari team has enabled the company to make its contribution, together with the Entella nel Cuore Foundation, to a number of social, cultural and solidarity activities for the Ligurian community and to important facilities, such as the Giannina Gaslini Pediatric Hospital in Genoa.
Foundation “Entella nel Cuore”
A check for €38,600 was handed over to the Giannina Gaslini Paediatric Hospital in Genoa. The amount includes a donation from Group employees, the sum raised on the occasion of the show ‘Musica per il Gaslini’ (music for the Gaslini) organized by the soccer team Virtus Entella Calcio, the proceeds from the sales of the blue-and-white jersey team’s year book, the funds raised during the Christmas initiatives of the youth sector of Virtus Entella Calcio and the offers collected by Naima Dance Academy of Chiavari for the show ‘The Four Seasons’.

Virtus Entella Calcio a special jersey for Genoa
Virtus Entella soccer jerseys were auctioned off and the entire proceeds, together with a voluntary donation, were given to support families evacuated after the collapse of the Morandi motorway bridge in Genoa, Italy.

Duferco with ERG and Fondazione CARIGE for the paediatric hospital G. Gaslini
Work has begun on the construction of facilities that will be hosting the families of children hospitalized at the Giannina Gaslini Paediatric Hospital in Genoa. This is a project of the association Cilla Liguria, with the support of Duferco, ERG and Fondazione Carige. The new home of the association Cilla Liguria for families of children who are being treated at the Gaslini was born with the name of a flower, “Alecrim Dourado”. The concept is to share premises in a “condominium of hope”, where even simple daily activities such as doing the laundry, ironing and cooking can mitigate and, if possible, help overcome suffering. Feeling at home, creating special environments is Cilla’s mission for families that often come from far away and, by living together, can face their children’s treatment path more aptly. The project is useful because 42% of the little patients come from outside the region of Liguria and, in a city that offers limited accommodation, it is necessary to set up facilities that are ready to provide valid logistic support in every situation.

Liceo Piaggia in Viareggio: sports field built with the support of the Duferco Group.
In May 2018, the new sports field built inside the Carlo Piaggia Secondary Education School was inaugurated in Viareggio. This is a new five-a-side football pitch in synthetic grass that will be hosting the high-school students’ games and training sessions, making it possible to create a school team managed directly by the same students, in order to give them the chance not only to experience a significant business path for the purpose of Alternanza-Scuola-Lavoro (government funded work-related learning experience), but also to have a highly formative experience that may be preparatory to possible future life choices.
Misericordia in Viareggio

The collaboration with the charity association Misericordia in Viareggio has led to the purchase of a new rescue vehicle for civil protection and a fire engine purchased thanks to Duferco grants. The new vehicles were immediately made available to the Italian Civil Protection service and used in rescue operations on the occasion of earthquakes. The project that links Duferco to Misericordia in Viareggio falls within the social and economic sustainability policy that represents one of the added values on which the Group’s entire activity is based.

Africa

Over the years, Duferco has developed a number of solidarity projects that have enabled the achievement of important goals in Africa. For example, the association Mangwana has been sponsored for years. It works in parallel in Italy and in Madagascar with projects on the critical issue of water resources, increase in local production potential and growth in the people’s education starting from school age.

With the association Stella Onlus, Duferco has been developing solidarity activities in Togo, such as the construction of an elementary school in Ketognkopé, an orphanage in Yeguè and a dispensary in Amadhomè.

Recently, the Group contributed to the creation of the “Tree of Life”, the symbol of EXPO Milan 2015 where, together with the consortium “Orgoglio Brescia”, 250 specialized workers carried out a joint effort to bring together different cultures and build the symbol of EXPO Milano 2015. Some of them designed the tree, others manufactured it. The consortium workers required 150 days of non-stop work, using 210 tons of steel, 90 tons of larch wood, 50 tons of bolts and small parts and 25 kilometres of cables.

Finally, the Group, through various Group companies, has also made donations to help people who suffered damages in the collapse of a major highway bridge (Bridge Morandi, Genoa, Italy); other donations were made to Bahir Dar Kids, Children with Cancer and other worthy initiatives.
Innovation, both in products and in services and processes, is becoming a subject of fundamental importance in order to adequately meet customer needs and differentiate from competition.

To maintain a competitive edge the Group should, through its subsidiaries’ coordination, constantly and continuously see to the innovation of its product range. Comprehending the customers’ true needs is indeed the key to success in satisfying them. And not surprisingly, the customers’ centrality is the first principle of Lean Thinking, a managerial and cultural approach that aims at the continuous improvement of a company’s organization and processes.

The following are some innovative projects that the Group is pursuing through its subsidiaries:

People innovation
“Local account” school project through Academy Duferco Energia. In detail, through the Group’s subsidiary, Duferco Energia, it was considered strategic to create a direct sales network aimed at the SME channel, given the highly competitive market scenario in terms of prices and number of competitors. During the year 2017/18, the first course “Duferco Academy” was concluded. It led to hiring six new employees as Local Account Managers under permanent contracts. The results obtained after the first few months of commercial activity have confirmed that a consultative approach, with an in-depth knowledge of the market, accompanied by the account managers’ market actions, constitute a winning mix to effectively develop the SME market. Moreover, to date, the third edition of the Academy has ended (with the recruitment of 26 people) and the fourth and fifth editions are currently being prepared. The selection of candidates residing in the provincial districts of interest, based on customer market potential related to a significant prior commercial experience, has allowed the Group to obtain a more widespread advisory workforce on the operating territories.

Duferco Dev
A Duferco Group company, Duferco Dev is an international player for strategic-operational consulting in the performance marketing and development field. More than 20 specialists in the web marketing sector (SEM and SEO Specialist, Email Marketing Specialist, CRM Consultant, Digital Project Manager, Digital Officer) and development (Web & Graphic Designer, Developer, Front end and Back End, Full Stack), Duferco Dev is the only Italian Digital Evolution Company able to support every phase of digital transformation of a company, from strategic web marketing to the development of business applications, websites and mobile apps to complex programs and customizations (CRM, ERP and management systems).
Innovation of industrial systems and constant innovation of physical assets

Investments in innovative systems in the reporting period amounted to approximately €27.1 million, against €25.0 million in the previous fiscal year. They are mainly attributable to the following activities:

» at the Giammoro (ME) rolling mill, investments were made for approximately €5.2 million (€4.4 million in 2017), mainly relating to improvements in the rolling mill line and in some equipment to ensure higher quality of sheets;

» at the steel plant in San Zeno Naviglio (BS), investments were made for approximately €12.3 million (€12.2 million in 2017) largely aimed at improving product quality and expanding production capacity through the installation of a second refining furnace with an innovative solution that should make it possible to optimize the various phases of the production process, and at improving the continuous casting machines;

» investments made at the Pallanzeno rolling mill (VB) amounted to approximately €6.8 million (€6.3 million in 2017) mainly consisting in the renovation of the rolling mill shed roof (removal of asbestos), work on the finishing mill, as well as purchase of equipment for the expansion of the production range. The total amount of investments made includes significant work carried out at all the Group’s facilities aimed at reducing their environmental impact and improving safety conditions in the workplace for an amount of approximately €6.2 million. The work mainly concerned the smoke detection system of the steel plant in San Zeno Naviglio (BS), the water treatment plant, the fire prevention system and the replacement of the old rolling mill roof in Pallanzeno (VB).

The investments made and those currently being completed, together with the actions undertaken in prior fiscal years, should make it possible to further improve both the Group’s volumes and profitability in line with the pre-established target of reducing industrial production costs and to increase the quantities of products with a greater value added.

Despite the difficult period in the steel industry, the backbone of the manufacturing industry, of which Italy remains the second largest European producer and the top producer using electric furnaces, the Group has continued to invest, with greater and greater efforts, in the modernization of plants, in technology and in the search for new and more receptive markets. This created undoubted benefits, it is worth repeating, for employment.

DufErcO EnErgIa chaRging staTIons for caRs

DufErcO EnErgIa has set itself the goal of becoming the top Italian private energy provider for cars, through:

✓ Charging service available in more than 100 cities with over 900 stations
✓ Rechargeable cards using PayPal
✓ Charging stations
✓ New charging stations with public access.

Development and use of software tools in meteorology.
Several times a day, DXT uses machine-learning algorithms to update the wind and solar production forecasts of the farms it manages, using data processed with complex systems, as up-to-date as possible.

Environmental innovation in the maritime and shipping sectors

Similarly, in the maritime area, innovation consisted in introducing the ballast water treatment system (checks when discharging and loading ballast water by means of filtering) already implemented on all ships before the deadline imposed by law. Furthermore, in the Group’s maritime sector, the introduction of some “LNG” propulsion vessels (Liquid Natural Gas) has brought the Group among the global players with a strong focus on the natural environment and future generations.
MAIN RISKS AND IMPACTS.
AN OVERVIEW

The Group works in a competitive scenario characterized by sector-specific risks and other global risks deriving from macro-economic policies and globalization.

To date, the Group, even more often than in the past, pursues the monitoring of typical risks in its industrial activities, which, in certain respects, cannot be eliminated and can therefore only be managed and minimized. The specific risks to which the DufErco Group divisions are exposed are examined in more detail below.

Risk management includes four macro-categories of risks, namely:
1. operational risk;
2. compliance risk;
3. financial risk;
4. strategic risk.

The political/economic context, therefore, is also monitored as it could affect the Group’s ability to generate profits.
RISKS IN THE STEEL SECTOR

Given that the corporate risk assessment dashboard includes a large number of hazards, it should be noted that one of the risks that may in fact come about in the form of damage regards the performance of sales and exports following regulatory changes and changes in international duties and others possible decreases in sales due to a contraction in the building construction market.

In this regard, it should be noted that the Group’s steel producers do not make exports to the United States. Despite the fact that the steel sector has experienced slight difficulties, in these years there has been an increase in volumes of activities in parallel with the growing added value of products and greater investment thereof. The result of the mechanical division of the San Giovanni Valdarno (Italy) plant was particularly positive. It managed to make the most of the excellent period in the earthmoving machinery market, reaching unprecedented production and shipment volumes with growing business margins. Thus Duferco, by diversifying its steel industry products, has also managed to mitigate the severe crisis in the building construction sector, which continues to suffer from low consumption and is closely linked to this business being the main outlet for rolled steel products.

One of the company’s most important strategies is to create assets for the development of production synergies with other Group steel companies. Duferco Italia Holding, for example, has succeeded in launching an important investment program aimed at improving product quality standards in order to rapidly meet specific customer requests.

The adoption of an organizational, management and control model and of an effective certification system have contributed to mapping other operational risks and strengthening the company’s Corporate Governance, creating greater awareness among its resources with regard to active prevention of possible offenses, especially in the two main areas of occupational safety and the environment.

The creation of an ever safer work environment, a cornerstone of corporate culture, has made it possible to recognize and support the development of the company’s safety culture and of issues related to any industrial risk intrinsically linked to the concept of the environment, seeking the best solutions for different problems.

The assessment of the importance of the environmental impact and safety (to be understood as workers’ health and that of the population) both during the ordinary plant operations and in the event of an accident, was carried out by the Group bearing in mind the following environmental and safety aspects:

- vastness of the impact;
- severity of the impact (seriousness of damage to the environment and to people’s health and protection of assets);
- likelihood of the occurrence of an impact;
- persistence of the impact (duration of the impact and time required to bring the situation back to standard safety conditions).

As regards economic aspects, taking into account:

- exposure to legal and regulatory risk (administrative penalties);
- difficulty to change the impact (study of preventative and mitigating actions);
- cost of changing the impact (taking preventative and mitigating actions);
- effect of the change on other activities and processes;
- fallout on the organization’s public reputation.
RISKS IN THE ENERGY AND GAS SECTOR

The main operational, financial, compliance and strategic risks in the energy sector are as follows:

→ **Credit risk** is the risk of financial losses for the relevant Group company if counterparties fail to meet their contractual obligations. The company manages credit risk by carrying out an in-depth counterparty accreditation process and by constantly monitoring counterparty exposure on a daily basis. The credit committee meets on a regular basis in order to approve trading with the new counterparties, based on the financial evaluation of the same, as well as to discuss the existing trading limits.

→ **Commodity price risk** is the risk that the value of inventories and derivative asset and liabilities of the company will fluctuate as a result of changes in commodity market prices. The relevant Group company manages commodity price risk by performing a mark-to-market valuation, on a daily basis, of all open positions as well as by calculating the Value-at-Risk (“VAR”) for both the gas and the power division and for the overall portfolio taking into consideration correlations. Such valuations are communicated daily by risk management to top management.

→ Other minor risks are liquidity risk, currency risk and interest rate risk.

**Liquidity risk** is the risk that the relevant company will encounter difficulties to meet obligations associated with its financial liabilities. Company liquidity is managed by investing excess cash in fixed term and call deposits and/or in remunerative current accounts with primary banks. In addition, the relevant companies maintain uncommitted working capital facilities with several banks.

**Currency risk** is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The companies operates in the European market, mainly in EUR currency, therefore it presents a limited exposure to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency.

**Interest rate risk** is the risk that the value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The relevant companies are not exposed to significant interest rate risk since they do not have either significant financial assets or financial liabilities with long-term interest rates exposures.

With regard to the first risk, which may also entail criminal prosecution, an anti-corruption policy has been set out and disseminated by the companies, with differentiated training based on the position held by employees within the company and on the risk to which they are exposed, in accordance with the guidelines laid down by the judiciary authorities, which, in some countries, have in fact regulated the correct procedures, by means of order and rulings, for the preparation of organizational and management models and safeguards designed to avoid the occurrence of certain risks and offenses or maladministration.

With regard to market abuse, a risk assessment has been carried out, training provided for certain traders and audits carried out in order to avoid any type of offense.

In this area, **occupational health and safety risk** and environmental risk are in some respects minor risks due to the sole fact that personnel exposed to such risks are few in number. However, since these are offenses that may cause a high social alarm and damage to the stakeholders involved, the company pays particular attention to the development and maintenance of adequate safeguards and to carry out audits in this area, including for the purpose of governing any reputational risk that may result therefrom.
ELECTRIC MOBILITY
The development of an economic policy based on sustainable growth is one of the objectives on which the business model of Duferco Energia is based. In this area, the company has conducted energy redevelopment projects on all market segments and is particularly active in the electric mobility market. To all intents and purposes, Duferco Energia can be considered the first Italian private operator that provides charging services for electric vehicles, covering more than 100 Italian cities with more than 1,000 charging stations. The company’s charging solutions cater to individuals, companies, accommodation facilities providing services designed for the specific needs of each individual customer.

Numerous projects are being developed in this area:

**Unit-E** co-financed with European funds, which includes the installation of 38 interoperable charging stations across the United Kingdom, Belgium, France and Italy, of which Duferco Energia is the service provider for the Italian part.

**E-Via** which has allowed the company to install over 30 charging stations in the Valle d’Aosta region in just over 6 months.

**Elviten**, a European project that involves Duferco Energia as a partner of the Municipality of Genoa and the company T-Bridge. The project aims to promote the use of electric mobility within city areas using light vehicles such as scooters and quadricycles, and includes the installation of 60 type-3A charging stations in Genoa.

**Park Marina Porto Antico Genoa**, the first European EV-ready parking lot that has a fully-equipped level for the charging of electric vehicles, with 33 7-kW wall boxes accessible from any parking stall for an increasingly integrated and widespread service.

Duferco Energia’s commitment in the field of e-mobility is continuous; by searching for synergies and carrying out educational activities with, and addressed to, other industry players, but mainly trying to convey to current and future green movers the guarantee of a service that today is already safe and functional.
RISKS AND IMPACTS IN THE MARITIME AND SHIPPING DIVISION

In the shipping division, the ever-widening expansion of routes entails the need to diversify risks in the various markets and routes. In this division, the most significant risks are the following:

- Change in demand and supply for the shipping of goods and raw materials resulting in a cost increase;
- Evaluation and accreditation of counterparties;
- Expansion of routes and necessary risk investment on different markets;
- Cyclical market / cargo fluctuations;
- Occupational health and safety, accidents, fires and cargo handling;
- Human errors in manoeuvring and navigation;
- Staff turnover;
- Natural environment and spillage;
- Subcontractor activities;
- Behaviour of crew members provided by third parties (temporary employment agencies);
- Reputational risk, as a further consequence of the risks mentioned above.

Given that one of the main risks still consists in the cyclical fluctuations of the market economy (demand and supply of goods), it should be noted that in consideration of such risks the Group has implemented various risk management procedures and protocols, aiming to:

- manage and mitigate market risk through countercyclical trading activities, maintaining business assets steady over time;
- implement corporate welfare policies and substantial equality policies, so that employees are adequately remunerated and feel part of the same family, where the concept of passports of individual nations and individual nationalities is superseded;
- add physical security devices, beyond and above the statutory requirements, in relation to anti-collision devices, fire prevention techniques to avoid damage from chain reactions, stringent supplier qualification techniques, qualified management systems (quality and environment and ISO 9001 ISO 14001 and ISM) but also protocols that prohibit the consumption of alcohol on board, surprise drills, audits by the internal audit team (which may propose substantial penalties consisting in immediate dismissal in the event of failure to comply with the procedures); reward mechanisms; other crosschecks preceding the departure of each ship;
- qualify suppliers and traders through strict procedures.

Likewise, the shipping division has been investing heavily in innovation, especially with regard to risk management and containment of environmental impacts. For example, in the area of propulsion, LNG propulsion ships (liquid natural gas) have been launched and electrical / hybrid systems are being studied.

Furthermore, the shipping division has adopted ballast water control systems. These filters ballast water during ballast water discharging and loading on all fleet vessels, although this is not a mandatory requirement to date.
ABUSE OF DOMINANT POSITION AND ANTI-TRUST POLICIES

The Group operates in the steel industry which is represented by a limited number of large transnational manufacturers. The market structure therefore makes the issue of safeguarding competition and consumers sensitive. During the year 2018, risk assessment also began aimed at preventing any so-called “anti-trust” behaviour, which has to be developed as part of a broader anti-trust compliance program.

The Group deems it necessary to invest in commitments aimed at raising awareness and training of staff with regard to compliance with the law protecting competition.

Through its subsidiaries, the Group carries out sales and production activities according to high quality and efficiency standards pursuing the continuous improvement of the organization, human and material resources, design, construction and plant maintenance. The relevant company continuously monitors the factors indicating the service quality levels in order to ensure a standard level and the improvement thereof also according to international standards in relation to which it has obtained certified management systems.

COMPLIANCE RISK

The Group is subject to significant risks relating to regulations, which are continually updated without notice and, sometimes, are one part of a complex subject-matter. In particular, we refer to the following areas:

- Occupational safety
- Environment, water treatment and waste management
- Administrative liability of corporations
- Anti-corruption
- Taxation and anti-money laundering
- Public procurement
- Market abuse (MAR)
- Anti-trust
- REMIT / EMIR
- MIFID and other regulations relating to derivative financial instruments
- Business ethics and Non-Financial Disclosure.

The Group monitors regulatory compliance risk through:

- Regular internal updates by the company’s legal and risk management units.
- Regular external updates, from trade associations, with continuous professional training, meetings with third-party counsels and experts in the subjects mentioned above.
- Consultation of databases through special subscriptions.
SUPPLY CHAIN RISKS

The supply chain is monitored through specific procedures and audits. In the industrial / steel division, for example, there are procedures and organizational and management models designed to prevent offenses, accidents, environmental spills, corruption and claims. Similarly, in the energy division there are procedures and organizational models, with the respective audits, aimed at accrediting both operational suppliers and service providers, such as consultants.

With regard to third-party consultants, the Group started a collaboration with the firm “4cLegal”, who act as consultants for the legal departments in the area of the so-called “legal procurement”, i.e. the purchase of legal services in compliance with the best governance principles: transparency, traceability, competition, market opening, search for quality at market conditions. These principles are concretely implemented using a platform which allows to carry out competitive online procedures completely free of charge called “digital beauty contests”.

RISK MANAGEMENT THROUGH INTERNATIONAL CERTIFIED MANAGEMENT SYSTEMS

For the control of any risks, audits and certificates relating to the following are renewed:

➜ ISO 9001, concerning correct quality management;
➜ BS OHSAS 18001, concerning correct occupational health and safety management;
➜ ISO 50001, concerning energy management systems and energy efficiency;
➜ ISO 14001, concerning correct environmental and waste management;
➜ EPD, Environmental Product Declaration relating to the product life cycle assessment (LCA) and to the tracing of consumptions along the entire supply chain of beams and steel profiles.
➜ SBP, Sustainability Biomass Project (relating to the wood supply chain, currently being obtained).
## Analysis and Management of Risks and Opportunities (by division)

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>STAKEHOLDERS</th>
<th>VISION</th>
<th>RISKS</th>
<th>INITIATIVES</th>
<th>IMPACT &amp; MITIGATION OF NEG. OUTCOMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel Division</td>
<td>Shareholders ➔ Shareholders Customers ➔ Customers Employees ➔ Employees Suppliers ➔ Suppliers Local Community ➔ Local Community</td>
<td>The strategy of Duferco Group is focused on process flexibility, product investment and quality</td>
<td>Inconsistent sales performance due to the market and changes in international regulations and duties</td>
<td>Adoption of an integrated organization, management and control model and an effective system of certifications</td>
<td>Creation of assets for the development of production synergies with other companies</td>
</tr>
<tr>
<td>Energy and Gas Division</td>
<td>Shareholders ➔ Shareholders Customers ➔ Customers Employees ➔ Employees Suppliers ➔ Suppliers Local Community ➔ Local Community</td>
<td>The goal is to look to the future in the belief that innovation and services will be increasingly designed for the specific needs of customers and of the market.</td>
<td>Commodity price risk is the risk that the value of the company’s inventories and derivative assets and liabilities will fluctuate as a result of changes in commodity market prices</td>
<td>The company manages commodity price risk by performing a mark-to-market valuation, on a daily basis, of all open positions, as well as by calculating the Value-at-Risk</td>
<td>Continuous market monitoring and focus on innovations, including AI tools.</td>
</tr>
<tr>
<td>Maritime / Shipping Division</td>
<td>Shareholders ➔ Shareholders Customers ➔ Customers Employees ➔ Employees Suppliers ➔ Suppliers</td>
<td>Invest in innovation, especially with regard to risk management and the containment of environmental impacts.</td>
<td>One of the main risks still concerns cyclical fluctuations of the market economy (demand and supply of goods)</td>
<td>Implement corporate welfare policies and substantial equality policies. Qualification of suppliers, qualified management systems (quality and environment and safety ISO 9001 ISO 14001 and ISM) protocols that prohibit consumption of alcohol on board, surprise drills, audits by the internal audit team.</td>
<td>Manage and mitigate market risk through anti-cyclical trading activities, maintaining business assets steady over time.</td>
</tr>
</tbody>
</table>
### ANALYSIS AND MANAGEMENT OF RISKS AND OPPORTUNITIES (BY ITEMS)

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>STAKEHOLDERS</th>
<th>VISION</th>
<th>RISKS</th>
<th>INITIATIVES</th>
<th>IMPACT &amp; MITIGATION OF NEG. OUTCOMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic growth</td>
<td>➔ Shareholders</td>
<td>We pursue value maximization for our shareholders through increased profitbility indices and expansion into new global markets</td>
<td>➔ Financial and reporting risks</td>
<td>➔ EBITDA and market share increasing</td>
<td>Cyclical activities carried out together with a-cyclical and anti-cyclical activities</td>
</tr>
<tr>
<td></td>
<td>➔ Customers</td>
<td></td>
<td>➔ Strategic risks related to the economic and political situation</td>
<td>➔ New customer development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>➔ Employees</td>
<td></td>
<td>➔ Cost efficiency</td>
<td>➔ Managerial proactivity and improved business process</td>
<td></td>
</tr>
<tr>
<td></td>
<td>➔ Suppliers</td>
<td></td>
<td>➔ Investments in staff training</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>➔ Community</td>
<td></td>
<td>➔ Internal rules and procedures</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>➔ Certified management systems.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>➔ Internal audit team and adoption of a penalty system</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>➔ Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>➔ Training</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>➔ Health surveillance;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>➔ Accident register</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>➔ Organization and management model</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>➔ Audit certifications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupational health and safety</td>
<td>➔ Shareholders</td>
<td>We consider the health and safety of our employees and temporary workers a top priority. Continuous improvement in behaviour and growth of the corporate culture in matters of health and safety</td>
<td>➔ Compliance risk</td>
<td>➔ Investments in staff training</td>
<td></td>
</tr>
<tr>
<td></td>
<td>➔ Employees and temporary workers</td>
<td></td>
<td>➔ Strategic risk</td>
<td>➔ Product certification in the process of being obtained and ISO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>➔ Customers</td>
<td></td>
<td></td>
<td>➔ ISO 50001 by 2019</td>
<td></td>
</tr>
<tr>
<td></td>
<td>➔ Suppliers</td>
<td></td>
<td></td>
<td>➔ Carbon footprint</td>
<td></td>
</tr>
<tr>
<td></td>
<td>➔ Community</td>
<td></td>
<td></td>
<td>➔ ICT</td>
<td></td>
</tr>
<tr>
<td>Environment, water management, emissions and waste</td>
<td>➔ Local Communities</td>
<td>➔ Reduction of emissions, discharges (100% recycling) and waste;</td>
<td>➔ Compliance risk</td>
<td>➔ Investments in staff training</td>
<td></td>
</tr>
<tr>
<td></td>
<td>➔ Future generations</td>
<td>➔ Circular economy</td>
<td>➔ Strategic risk</td>
<td>➔ Product certification in the process of being obtained and ISO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>➔ Marine ecosystem, land fauna and flora</td>
<td></td>
<td></td>
<td>➔ ISO 50001 by 2019</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>➔ Carbon footprint</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>➔ ICT</td>
<td></td>
</tr>
<tr>
<td>STRATEGY</td>
<td>STAKEHOLDERS</td>
<td>VISION</td>
<td>RISKS</td>
<td>INITIATIVES</td>
<td>IMPACT &amp; MITIGATION OF NEG. OUTCOMES</td>
</tr>
<tr>
<td>----------</td>
<td>--------------</td>
<td>--------</td>
<td>-------</td>
<td>-------------</td>
<td>-------------------------------------</td>
</tr>
<tr>
<td>Trade relations</td>
<td>➜ Shareholders ➜ customers and supply chain suppliers</td>
<td>Expand the markets served</td>
<td>Unfair competition, regulatory compliance</td>
<td>Investment</td>
<td>Fleet trading, proactive compliance management</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>➜ B2C and B2B customers</td>
<td>Customer satisfaction questionnaires to understand customer expectations and whether they are satisfied with the supply of products and services in line with their expectations</td>
<td>➜ Business continuity; ➜ business partner management;</td>
<td>➜ Innovative solutions designed for business needs (including large industries) following market trends; ➜ digitization of services</td>
<td>Customer satisfaction analysis</td>
</tr>
<tr>
<td>Marketing</td>
<td>➜ B2C and B2B customers and supply chain suppliers</td>
<td>Planning of major investments in marketing and communication for the purpose of promoting brand awareness and business development</td>
<td>Competitive risk towards competition and the market</td>
<td>Through advertising campaigns in the B2C and retail area, Duferco aims to raise the customers’ awareness as to the use of eco-efficient energy. Likewise, in the context of B2B and energy and commodities trading, including through PPA (‘power purchase agreement’ from renewable sources)</td>
<td>The Group deals with marketing and the customers with dedicated meetings and other initiatives aimed at maintaining relations according to the highest quality standards</td>
</tr>
<tr>
<td>Business created downstream and the society</td>
<td>➜ Commercial activities, Community</td>
<td>Attention to the population and to business activities created downstream</td>
<td>Limited view of the situation outside the company</td>
<td>Mapping of the economic, social and environmental impact being generated through the Social ROI methodology (SROI)</td>
<td>Initiatives aimed at strengthening the ties between the Group and the businesses downstream / the local community</td>
</tr>
</tbody>
</table>
DUFERCO WALLONIE S.A.
Rue de Marchienne, 42
6001 Marcinelle - BELGIUM
+ 32 71 60 54 18
info@duferco.be
www.duferco.be
Mr. Olivier Walleffe - CEO

DEEP GREEN S.A.
Rue de Marchienne, 42
6001 Marcinelle - BELGIUM
+ 32 71 60 54 17
contact@deep-green.com
www.deep-green.com
Mr. Olivier Walleffe - CEO

DUFERCO TREBOS N.V.
Klein Terbankstraat, 65
3150 Tildonk - BELGIUM
+ 32 16 61 81 81
+ 32 16 60 62 41
commercial@trebos.be
www.trebos.be
Mr. Bram Hansen - CEO

DUFERCO DANISH STEEL A/S
Havnevej 47
3300 Frederiksværk - DENMARK
+ 45 47 76 76 00
+ 45 47 76 76 30
contact@duferco.dk
Mr. Bram Hansen - Managing Director
Ms. Tina Holstener Schmidt - Financial Director
Mr. Mauro Bucciolini - General Supervisor

DUFERCO FRANCE S.N.C.
173/179, boulevard Félix Faure 93300
Aubervilliers - FRANCE
+ 33 1 53 56 92 00
+ 33 1 53 56 16 17
contact@duferco-morel.fr
Mr. Stéphan Caute - President
Mr. Philippe Jégou - General Manager

NOVA MARINE CARRIERS S.A.
c/o Algoma - 63 Curch Street
Suite 600, St. Catharines ON L2R 3C4
+1 9056505648

NOVA MARINE CARRIERS S.A.
Av. Calle 116 No 7-15 Piso 17
Torre Cusezar - Bogotà
+571 657 5868

DXT COMMODITIES CEE S.R.O.
Na Příkopě 392/9 – Staré Město
11000 Praha 1 – CZECH REPUBLIC
+420 736 418 070
tomas.bernat@dxtcommodities.com
www.dxtcommodities.com
Mr. Tomas Bernat - Senior Gas Originator Central Eastern Europe

Mr. Stéphan Caute - President
Mr. Christian Personat - CFO

Mr. Stéphan Caute - President
Mr. Thierry Semard - General Manager

SPECIAL STEEL DIVISION
5, avenue Berthelot
BP 20041
42152 L’Horme - FRANCE
+ 33 4 77 29 08 26
duferco-aciers@orange.fr
Mr. Stéphan Caute - President
Mr. Thierry Semard - General Manager

Mr. Rubens Misorelli - CEO
Mr. Federico Marsano - CFO

Mr. Toma Kolev - Area Manager

Mr. Duby Krauze - Area Manager

Mr. Duby Krauze - Area Manager

Mr. Duby Krauze - Area Manager
MEDIA STEEL S.R.L.
Via Acqualonga, 18
54038 Montignoso - MS - ITALY
+39 0585 821 213
+39 0585 822 541
info@mediasteel.it
Mr. Domenico Campanella - President
Mr. Cesare Pasini - CEO
Mr. Marco Corbelli - Managing Director

ARV ACCIAI RIVESTITI VALDARNO S.P.A.
Via Peruzzi, 58
52027 San Giovanni Valdarno - AR - ITALY
+39 055 91 24 824/825
+39 055 94 48 60
arv@a-r-v.com
www.a-r-v.com
Mr. Franco Vanni - CEO
Mr. Francesco Vanni - Managing Director

DUFERCO SVILUPPO
Via Armando Diaz, 248
25010 San Zeno Naviglio - BS – ITALY
+39 030 27 57 0
+39 030 27 57 0220
info@dufercosviluppo.com
Stabilimento:
Via Bologna 19
25075 Nave - BS – ITALY
Mr. Domenico Campanella - President
Mr. Massimo Rolandi - CEO

ACOFER PRODOTTI SIDERURGICI S.R.L.
Via Armando Diaz, 248
25010 San Zeno Naviglio - BS - ITALY
+39 030 21 69 1
+39 030 21 69 217
sede@duferdofin.it
Mr. Antonio Gozzi - President
Mr. Franco Monteferrario - CEO
Mrs Tania Romanelli - Sales
Mr. Claudio Serra - Operational
WAREHOUSE
Zona Industriale
98040 Giammoro - ME - ITALY
+39 090 9386282, +39 090 9386217
f.rizzo@duferdofin.it

WAREHOUSE
Via Peruzzi, 58
52027 San Giovanni Valdarno - AR - ITALY
+39 055 912481, +39 055 9124822
+39 055 944 860
t.romanelli@duferdofin.it

WAREHOUSE
Via Bologna 19
25075 Nave - BS - ITALY
+39 030 253 95 10
c.serra@duferdofin.it

WAREHOUSE
Via Paolo Imperiale, 4/14 16126
Genova - GE - ITALY
+39 010 89 30 843
+39 010 89 30 847
info@dufercoeng.com
www.eng.duferco.com
Mr. Ezio Palmisani - President and CEO
Mr. Emilio Castelli - Commercial and Licensing
Mr. Antonio Muzzini - Special Projects
Mr. Paolo Peri - Biogas plants
Mr. Andrea Costa - Hydro Power plants
Mr. Francesco Marsano - Power plants
Mr. Gianluca Palmisani - Industrial plants
Mr. Marco Spanu - Procurement
Mr. Enzo Squillace - Photovoltaic plants
Mr. Marco Nassi - General Services

DUFERCO ENERGIA S.P.A.
Via Paolo Imperiale, 4/14 16126
Genova - GE - ITALY
+39 010 275 60 01
+39 010 275 60 100
adm@dufercoenergia.com
www.dufercoenergia.com
Mr. Marco Castagna - President
Mr. Massimo Croci - CEO
Mr. Luca Masini - Commercial Director
Mr. Agostino Calcagno - Energy Management and Trading Division Director
Mr. Simone Rabaioli - CFO
Mr. Massimiliano Cocurullo - Sales Manager
Mr. Luca Raso - Sales Manager
Mr. Francesco Lepre - Sales Manager
Mr. Sergio Torre - Business Development
Mr. Luca Seravalli - IT
Mr. Matteo Parodi - Communication

DUFERCO BIOMASSE S.R.L.
Via Roma, 99
12030 Cavallermaggiore - CN - ITALY
+39 010 275 60 01
+39 010 275 60 100
adm@dufercoenergia.com
www.dufercoenergia.it
Mr. Alberto Allasia - President
Mr. Paolo Pagge - Production Director
Mr. Daniele Braida - Commercial Director

DUFERCO SOLAR GIAMMORO S.R.L.
Zona Ind.le Giammoro
Diramazione Viaria B
98042 Pace del Mela - ME - ITALY
+39 010 275 60 01
+39 010 275 60 100
adm@dufercoenergia.com
www.dufercoenergia.it
Mr. Antonio Gozzi - President
Mr. Massimo Croci - Managing Director
Mr. Simone Rabaioli - Administration Manager

DUFERCO SOLAR TRIESTE S.R.L.
Via K.L. Von Bruck, 32
34144 Trieste - ITALY
+39 010 275 60 01
+39 010 275 60 100
adm@dufercoenergia.com
www.dufercoenergia.it
Mr. Antonio Gozzi - President
Mr. Massimo Croci - Managing Director
Mr. Simone Rabaioli - Administration Manager

DUFERCO SOLAR PUGLIA S.R.L.
Via Paolo Imperiale, 4/14 16126
Genova - GE - ITALY
+39 010 275 60 01
+39 010 275 60 100
adm@dufercoenergia.com
www.dufercoenergia.it
Mr. Antonio Gozzi - President
Mr. Massimo Croci - Managing Director
Mr. Simone Rabaioli - Administration Manager

DUFERCO SOLAR S.R.L.
Via Paolo Imperiale, 4/14 16126
Genova - GE - ITALY
+39 010 275 60 01
+39 010 275 60 100
adm@dufercoenergia.com
www.dufercoenergia.it
Mr. Antonio Gozzi - President
Mr. Massimo Croci - Managing Director
Mr. Simone Rabaioli - Administration Manager

LDL S.R.L.
Via Paolo Imperiale, 4/14 16126
Genova - GE ITALY
+39 010 275 60 01
+39 010 27 560 100
adm@dufercoenergia.com
www.dufercoenergia.it
Mr. Simone Rabaioli - Sole Director
NEOESTENSE S.R.L.
Via Paolo Imperiale, 4/14
16126 Genova - GE ITALY
+39 010 275 60 01
+39 010 27 560 100
adm@dufercoenergia.com
www.dufercoenergia.it
Mr. Simone Rabaioli - Sole Director

ENERGIA & TERRITORIO S.R.L.
Via Paolo Imperiale, 4/14
16126 Genova - GE - ITALY
+39 010 275 60 01
+39 010 27 560 100
adm@dufercoenergia.com
www.dufercoenergia.it
Mr. Domenico Vercellotti - President
Mr. Massimo Croci - Managing Director
Mr. Simone Rabaioli - Administration Manager

ELCA S.R.L.
Via Paolo Imperiale, 4/14
16126 Genova - GE - ITALY
+39 010 275 60 01
+39 010 27 560 100
adm@dufercoenergia.com
www.dufercoenergia.it
Mr. Domenico Vercellotti - President
Mr. Massimo Croci - Managing Director
Mr. Simone Rabaioli - Administration Manager

IDROELETTRICA SUD S.R.L.
Via Paolo Imperiale, 4/14
16126 Genova - GE - ITALY
+39 010 275 60 01
+39 010 27 560 100
adm@dufercoenergia.com
www.dufercoenergia.it
Mr. Domenico Vercellotti - President
Mr. Massimo Croci - Managing Director
Mr. Simone Rabaioli - Administration Manager

VERACARD S.R.L.
Via Paolo Imperiale, 4/14
16126 Genova - GE - ITALY
+39 010 275 60 01
+39 010 27 560 100
adm@dufercoenergia.com
www.dufercoenergia.it
Mr. Simone Rabaioli - President
Mr. Luca Masini - Managing Director

DUFIM UNO S.R.L.
Via Paolo Imperiale, 4/14
16126 Genova - GE - ITALY
+39 010 275 60 01
+39 010 27 560 100
adm@dufercoenergia.com
www.dufercoenergia.it
Mr. Simone Rabaioli - Sole Director

IMMOBILIARE LE CLARISSE S.R.L.
Via Paolo Imperiale, 4/14
16126 Genova - GE - ITALY
+39 010 275 60 01
+39 010 27 560 100
adm@dufercoenergia.com
www.dufercoenergia.it
Mr. Simone Rabaioli - President

LIGURIA ECOLOGIA S.R.L.
Via Paolo Imperiale, 4
16126 Genova - GE - ITALY
+39 010 275 60 01
+39 010 27 560 100
Mr. Antonio Gozzi - President
Mr. Massimo Croci - Managing Director

SIDER NAVI S.P.A.
P.zza Alessi 2/7
16128 Genova - GE - ITALY
+39 010 570 50 03
accounting@sidernavi.com
Mr. Massimo Croci - President

VIRTUAL S.R.L.
Corso Colombo, 12B
16043 Chiavari - GE - ITALY
+39 0185 368 005
info@virtual.eu
www.virtual.eu
Mr. Marco Lanata - CEO

DUFERCO DEV S.R.L.
Via Paolo Imperiale, 4
16126 Genova - GE - ITALY
+39 010 275 60 01
+39 010 27 560 100
Mr. Massimo Croci - CEO
Mrs. Alessandra Belotti - Managing Director

MAINSIM S.R.L.
Via Paolo Imperiale 4
16126 Genova - GE - ITALY
+39 010 893 32 38
info@mainsim.com
Mr. Giovanni Ferrando - CEO
LUXEMBOURG

DUFERCO PARTICIPATIONS HOLDING S.A.
6, Rue Guillaume Schneider
L-2522 - LUXEMBOURG
📞 +352 26 68 74 91
📠 +352 26 68 74 92
✉️ info@lu.duferco.com
Mr. Bruno Beernaerts - Director
Mr. Julien Guillaume - Director, Corporate and Accounting Manager

NOVA MARINE HOLDING S.A.
6, Rue Guillaume Schneider
L-2522 - LUXEMBOURG
📞 +352 26 20 69
📠 +352 26 20 69 20
✉️ info@lu.duferco.com
Mr. Bruno Beernaerts - Director
Mr. Julien Guillaume - Director, Corporate and Accounting Manager

DXT INTERNATIONAL S.A.
6, Rue Guillaume Schneider
L-2522 - LUXEMBOURG
📞 +352 27 20 38
📠 +352 27 20 38 20
✉️ info@lu.duferco.com
Mr. Bruno Beernaerts - Director
Mr. Julien Guillaume - Managing Director

DUFERCO VANADIUM INVESTMENT HOLDING S.A.
6, Rue Guillaume Schneider
L-2522 - LUXEMBOURG
📞 +352 26 68 74 91
📠 +352 26 68 74 92
✉️ info@lu.duferco.com
Mr. Bruno Beernaerts - Director
Mr. Julien Guillaume - Director, Corporate and Accounting Manager
PEOPLE’S REPUBLIC OF CHINA

GRAFTON TRADING (Shanghai) Co. Ltd.
Room 2208, One Lujiazui, 68 Yin Cheng Road - C Pudong, Shanghai 200120 - PEOPLE’S REPUBLIC OF CHINA
info@dxtcommodities.com

PRINCIPALITY OF MONACO

NOVA LEVANTINA SARL
7 Rue du Gabian
98000 Principauté de Monaco
+377 933 03 144
Pietro Repetto - Director

REPUBLIC OF SOUTH AFRICA

VANCHEM VANADIUM PRODUCTS - PTY LTD.

PHYSICAL ADDRESS
Van Eck Road, Ferrobank eMalahleni 1035
Mpumalanga – REPUBLIC OF SOUTH AFRICA

POSTAL ADDRESS
PO Box 567
Witbank 1035
Mpumalanga – REPUBLIC OF SOUTH AFRICA
+ 27 13 696 6004
+ 27 13 696 6062/6174
+ 27 13 696 61 28
mbavhin@vanchem.co.za
Dr. Martin van Wijngaarden - Non-Executive Director
Mr. Rick Reato - CEO and Director
Mr. Jacques Nell - Financial Manager
Ms. Mbavhi Ngobeni - Administrative and Legal

SINGAPORE

NOVA SINGAPORE
137 Telok Ayer Street
068602 - SINGAPORE

SPAIN

NOVA MARINE CARRIERS S.A.
Paseo de la Castellana, 154 1 izquierda
28046 Madrid - SPAIN
+34 91 822 73 77
Mr. Jaime Troncoso - Area Manager

SWITZERLAND

DXT COMMODITIES S.A.
Via Trevano 2A
6900 Lugano - SWITZERLAND
+41 91 922 46 93
+41 91 922 49 79
info@dxtcommodities.com
www.dxtcommodities.com

Mr. Benedict Sciotino - President and CEO
Mr. Piersandro Lombardi - Director
Mr. Maurizio Cencioni - CFO
Mr. Rocco Zotta - Head of Gas & LNG Division
Mr. Nicola Stricchiola - Head of Power Division

NOVA MARINE CARRIERS S.A.
Via Bagutti 5
6900 Lugano – SWITZERLAND
+41 91 822 73 00
+41 91 822 55 52
secretary@novamarinecarriers.com
www.novamarinecarriers.com
Mr. Vincenzo Romeo - CEO
Mr. Salvatore Pugliese - COO

NOVA SHIP TECH S.A.
Via Bagutti 5
6900 Lugano – Switzerland
+41 91 822 73 47
+41 91 822 55 52
+41 79 911 18 32
technical@novashiptech.com
www.novamarinecarriers.com
Mr. Francesco Costagliola - Technical Director

VIRTUAL S.A.G.L.
Via Bagutti 5
6900 Lugano - SWITZERLAND
+41 91 922 41 23
info@virtual.eu
www.virtual.eu
Mr. Marco Lanata
THE NETHERLANDS

NOVA MARINE NL BV
Scheepmakerij 230
3331 MB Zwijndrecht - Rotterdam
☎ +31 10 313 07 14

U.A.E.

NOVA MARINE CARRIERS MIDDLE EAST DMCC
Office 5D, Silver Tower
Cluster I, Jumeirah Lakes Towers,
Dubai – U.A.E.
☎ +971 50 611 8974
Mr. Giuseppe Massa - Area Manager

UKRAINE

DUFENERGY UKRAINE LLC
1 Sportyvna Ploshcha, Building A,
01601, Kyiv - UKRAINE
☎ +38(044 394-58-99
✉ info@dxtcommodities.com
www.dxtcommodities.com
Ms. Zoya Golovina - Director

UNITED KINGDOM

NOVA MARINE CARRIERS UK LTD.
5th floor, North Side
7-10 Chandos Street, Cavendish Square
London W1G 9DQ – U.K.

NEO OPERATIONS LIMITED
20 Elvaston Place
London SW7 5QF - U.K.
☎ + 44 20 7589 0011
✉ mail@neooperations.co.uk
Mr. Benedict John Sciortino - Director
Mr. Costas Varvatsoulis - Director

GRAFTON COMMODITY TRADING LTD
3 Bleeding Heart Year, First Floor
London EC1N8SJ - U.K.
☎ + 44 - 0 203 865 2091
✉ info@graftontrading.com
www.graftontrading.com
Thomas Baldwin - Head of Iron Ore Trading

U.S.A.

DXT COMMODITIES NORTH AMERICA LLC
396 Pacific Street, Suite 501
Stamford, CT 06901
Connecticut
☎ +1 646 922 7709
✉ admin.na@dxtcommodities.com
www.dxtcommodities.com
Mr. Willis Philip - Head of Power and Gas Trading Desk

DCT NORTH AMERICA LLC
3050 Post Oak Boulevard, Suite 695
Houston, TX 77056
☎ +1 832-703-1219
✉ info@dxtcommodities.com
www.dxtcommodities.com
Mr. Benedict J. Sciortino - CEO
Mr. Navin Ganesh - Business Developer

NOVA ALGOMA
1700 E Las Olas Blvd
Suite 106
Fort Lauderdale – FL 33301