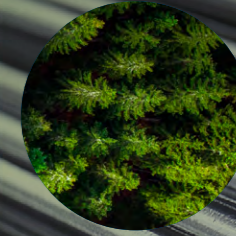
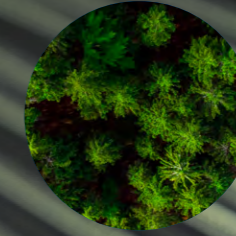


**sij** | group



**SIJ Group and SIJ d.d. Report  
on Environmentally Sustainable  
Economic Activities and Investments  
for 2022**



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For SIJ Group and SIJ d.d., we are disclosing, for the first time, information regarding our activities in 2022 and their level of association with economically sustainable practices, as defined in Articles 3 and 9 of the Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council, dated 18 June 2020, which establishes a framework to foster sustainable investments and amends Regulation (EU) 2019/2088).

The disclosure refers to Commission Delegated Regulation (EU) 2021/2139 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by laying down technical screening criteria for determining the conditions under which an economic activity is considered to contribute significantly to mitigating or adapting to climate change, and for determining whether that economic activity does not significantly undermine any of the other environmental objectives.

On 9 March 2022, the Commission adopted the Commission Delegated Regulation (EU) 2022/1214, which amends Delegated Regulation (EU) 2021/2139, focusing on economic activities in specific energy sectors, and Delegated Regulation (EU) 2021/2178, which pertains to specific public disclosures associated with these economic activities. It focuses on the natural gas and nuclear energy sectors, specifically addressing the first two environmental objectives: climate change mitigation or adaptation.

For the preparation of the 2022 report, we have considered the Commission Notice on the interpretation of specific legal provisions of the Disclosures Delegated Act, as outlined in Article 8 of the EU Taxonomy Regulation, which pertains to the reporting of taxonomy-eligible economic activities and assets (2022/C385/01). The notice was published in the Official Journal of the European Union on 6 October 2022.

According to Annex I of the Disclosures Delegated Act, undertakings must use the same accounting principles for calculating their taxonomy-aligned revenue as those applied in preparing their consolidated annual financial statements. This requirement ensures comparability between the reported revenue and the consolidated financial statements of the undertaking. Therefore, when preparing the consolidated statement of non-financial performance, intercompany transactions and own consumption revenue are excluded under consolidation accounting rules.

The indicators are calculated based on the definitions outlined in Annex 1 Key Performance Indicators for Non-Financial Undertakings of the Commission Delegated Regulation (EU) 2021/2178. This regulation supplements Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Article 19a or 29a of Directive 2013/34/EU. It pertains to environmentally sustainable economic activities and provides the methodology for fulfilling this disclosure obligation.

SIJ d.d., the parent company directly managing its investments in SIJ Group companies, does not engage in any taxonomy-eligible activities and has any taxonomy-eligible investments.

The taxonomy-eligible activity of SIJ Group is the manufacture of iron and steel, which is defined as a transition activity. This activity has the following NACE codes:

- C24.10 – Manufacture of basic iron and steel and of ferroalloys
- C24.20 – Manufacture of tubes, pipes, hollow profiles and related fittings, of steel
- C24.31 – Cold drawing of bars
- C24.51 – Casting of iron

The activity "Manufacture of basic iron and steel" is considered **taxonomy-aligned** if it involves the manufacturing of steel in electric arc furnaces (EAF) for the manufacture of carbon steel or high-alloy steel as outlined in Commission Delegated Regulation (EU) 2019/331 when the proportion of steel scrap input relative to the quantity produced is no less than:

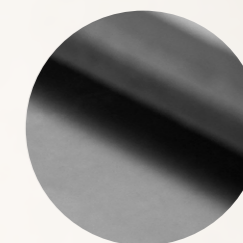
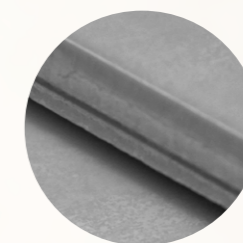
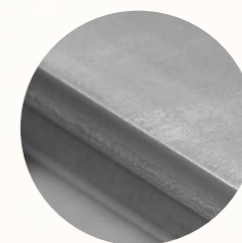
- 70% when manufacturing high-alloy steel,
- 90% when manufacturing carbon steel.

The activity "Manufacture of basic iron and steel" is considered taxonomy-eligible but **not taxonomy-aligned** when the proportion of steel scrap input relative to the quantity produced is no less than:

- 70% when manufacturing high-alloy steel,
- 90% when manufacturing carbon steel.

**High alloy** steel is a steel containing 8 % or more metallic alloying elements or where high surface quality and processability is required. It is expressed in tonnes of crude secondary steel ex-caster.

All processes directly or indirectly linked to the process units electric arc furnace, secondary metallurgy, casting and cutting, post-combustion units, dedusting units, vessels heating stands, casting ingots preheating stands, slow cooling pits, scrap drying, and scrap preheating are included. The process units FeCr converter and cryogenic storage of industrial gases are not included. Processes downstream of casting are not included. For the determination of indirect emissions, the total electricity consumption within the system boundaries shall be considered.



**Carbon steel** is a steel containing less than 8% metallic alloying elements and tramp elements to such levels limiting the use to those applications where no high surface quality and processability is required and if none of the criteria for the content of the metal alloying elements and the steel quality for high alloy steel are met. It is expressed in tonnes of crude secondary steel ex-caster.

All processes directly or indirectly linked to the process units electric arc furnace, secondary metallurgy, casting and cutting, post-combustion unit, dedusting unit, vessels heating stands, casting ingots preheating stands, scrap drying, and scrap preheating are included. Processes downstream of casting are not included. For the determination of indirect emissions, the total electricity consumption within the system boundaries shall be considered.

## I. SIJ GROUP

### 1. Proportion of Revenue from Products or Services Related to Taxonomy-Aligned Economic Activities – Disclosure for SIJ Group for 2022

Economic activity	NACE code	Absolute revenue in EUR thousand	Proportion of revenue in %	SUBSTANTIAL CONTRIBUTION CRITERIA		Mitigation of climate change	NO SIGNIFICANT HARM CRITERIA								Category (enabling activity)	Category (transitional activity)
				Mitigation of climate change in %	Adaptation to climate change in %		Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum protective measures	Proportion of taxonomy-aligned revenue			
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																
A.1 Environmentally sustainable economic activities (taxonomy-aligned)																
Manufacture of basic iron and steel and of ferroalloys, manufacture of tubes, pipes, hollow profiles and related fittings, of steel, cold drawing of bars, casting of iron (taxonomy-aligned input steel scrap)	C24.10 C24.20 C24.31 C24.51	957,539	73	100	0	-	YES	YES	Not relevant	YES	YES	YES	100%	-	P	
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy-non-aligned activities)																
Manufacture of basic iron and steel and of ferroalloys, manufacture of tubes, pipes, hollow profiles and related fittings, of steel, cold drawing of bars, casting of iron (taxonomy-non-aligned input steel scrap)	C24.10 C24.20 C24.31 C24.51	46,260	4	100	0	-	YES	YES	Not relevant	YES	YES	YES		-	P	
<b>Total (A.1 + A.2) (A)</b>		<b>1,003,799</b>	<b>77</b>	<b>100</b>	<b>0</b>											
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																
Revenue from not taxonomy-non-eligible activities (B)		299,065	23													
<b>Total (A + B)</b>		<b>1,302,864</b>	<b>100</b>													

In accordance with the accounting principles applied in the preparation of the consolidated financial statements, SIJ Group generated operating income of EUR 1,302,864 thousand in 2022, of which EUR 1,003,799 thousand, i.e. 77%, was generated from taxonomy-eligible activities. An amount of EUR 299,065 thousand, i.e. 23% of its operating income was generated from taxonomy-non-aligned activities.

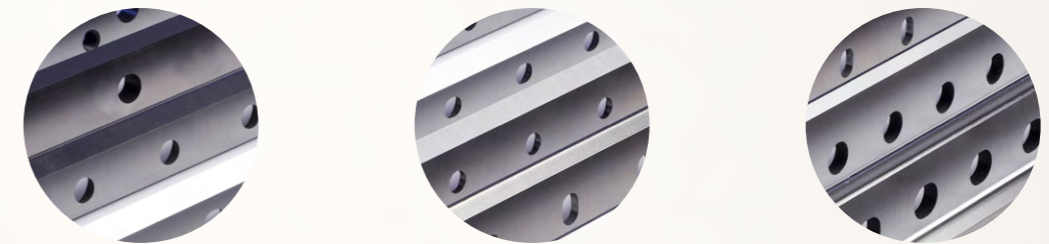
Among all the activities within the business group, SIJ Group classified as taxonomy-eligible only the activity "Manufacture of basic iron and steel" carried out by SIJ Acroni and SIJ Metal Ravne. The taxonomy classifies this activity as a transitional activity.

Taxonomy-eligible revenue results from processes directly or indirectly linked to the process units electric arc furnace, secondary metallurgy, casting and cutting, post-combustion units, dedusting units, vessels heating stands, casting ingots preheating stands, slow cooling pits, scrap drying and scrap preheating.

Based on a careful review of the required technical criteria, we have assessed that not all taxonomy-eligible activities are also aligned with the taxonomy.

We have classified the distribution of steel manufacturing between taxonomy-aligned and taxonomy-non-aligned based on:

- individual grades according to their alloying element content, and
- proportion of steel scrap used for the manufacture of individual grade slabs.



According to these criteria, SIJ Group generated 73%, i.e. EUR 957,539 thousand of revenue from taxonomy-aligned activity, and 4%, i.e. EUR 46,260 thousand of revenue from taxonomy-eligible but taxonomy-non-aligned activity.

The KPI for revenue was calculated as the proportion of the net revenue from products or services, including intangible ones, related to taxonomy-aligned economic activities (numerator) divided by the net revenue (denominator). Revenue comprises revenue recognised in accordance with paragraph 82(a) of International Accounting Standard (IAS) 1 as adopted by Commission Regulation (EC) 1126/2008 (1).

2. Proportion of CapEx Associated with Products and Services Related to Taxonomy-Aligned Economic Activities – Disclosure for SIJ Group for 2022

Economic activity	NACE code	CapEx in EUR thousand	Proportion of CapEx in %	SUBSTANTIAL CONTRIBUTION CRITERIA		Mitigation of climate change	NO SIGNIFICANT HARM CRITERIA								
				Mitigation of climate change in %	Adaptation to climate change in %		Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum protective measures	Proportion of taxonomy-aligned CapEx	Category (enabling activity)	Category (transitional activity)
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>															
A.1 Environmentally sustainable economic activities (taxonomy-aligned)															
Manufacture of basic iron and steel and of ferroalloys, manufacture of tubes, pipes, hollow profiles and related fittings, of steel, cold drawing of bars, casting of iron (taxonomy-aligned input steel scrap)	C24.10 C24.20 C24.31 C24.51	27,035	48	100	0	-	YES	YES	Not relevant	YES	YES	YES	100%	-	P
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy-non-aligned activities)															
Manufacture of basic iron and steel and of ferroalloys, manufacture of tubes, pipes, hollow profiles and related fittings, of steel, cold drawing of bars, casting of iron (taxonomy-non-aligned input steel scrap)	C24.10 C24.20 C24.31 C24.51	0	0	0											
<b>Total (A.1 + A.2) (A)</b>		<b>27,035</b>	<b>48</b>	<b>100</b>	<b>0</b>										
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>															
CapEx related to taxonomy-non-eligible activities (B)		299.065	23												
<b>Total (A + B)</b>		<b>56,556</b>	<b>100</b>												

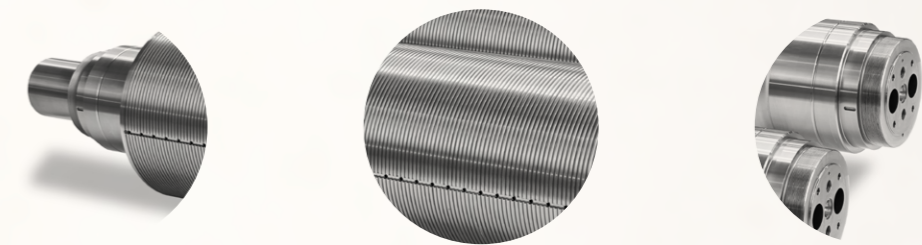
SIJ Group's total CapEx in 2022 amounted to EUR 56,556 thousand. Taxonomy-aligned CapEx amounted to EUR 27,035 thousand, i.e. 100% of total taxonomy-eligible CapEx and 48% of total CapEx in 2022. Taxonomy-non-eligible CapEx amounted to EUR 29,521 thousand, i.e. 52% of total CapEx.

Taxonomy-eligible and taxonomy-aligned is all CapEx at SIJ Metal Ravne in connection with steel shop, rolling mill, and forging shop, and all CapEx at SIJ Acroni in connection with steel plant, hot rolling mill, cold rolling mill, and heavy plate processing mill.

To calculate proportions of various CapEx, we have used CapEx from the following standards:

- acquisition of property, plant and equipment (IAS 16);
- acquisition of intangible assets (IAS 38);
- acquisition of investment property (IAS 40);
- acquisition of the right-of-use assets (IFRS 16).

The total sum of the aforementioned acquisitions serves as the denominator in the calculation of proportions.





3. Proportion of OpEx Associated with Products and Services Related to Taxonomy-Aligned Economic Activities – Disclosure for SIJ Group for 2022

Economic activity	NACE code	OpEx in EUR thousand	Proportion of OpEx in %	SUBSTANTIAL CONTRIBUTION CRITERIA		Mitigation of climate change	NO SIGNIFICANT HARM CRITERIA								
				Mitigation of climate change in %	Adaptation to climate change in %		Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum protective measures	Proportion of taxonomy-aligned CapEx	Category (enabling activity)	Category (transitional activity)
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>															
A.1 Environmentally sustainable economic activities (taxonomy-aligned)															
Manufacture of basic iron and steel and of ferroalloys, manufacture of tubes, pipes, hollow profiles and related fittings, of steel, cold drawing of bars, casting of iron (taxonomy-aligned input steel scrap)	C24.10 C24.20 C24.31 C24.51	8,546	61	100	0	-	YES	YES	Not relevant	YES	YES	YES	100%	-	P
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy-non-aligned activities)															
Manufacture of basic iron and steel and of ferroalloys, manufacture of tubes, pipes, hollow profiles and related fittings, of steel, cold drawing of bars, casting of iron (taxonomy-non-aligned input steel scrap)	C24.10 C24.20 C24.31 C24.51	0	0	0	0										
<b>Total (A.1 + A.2) (A)</b>		<b>8,546</b>	<b>61</b>	<b>100</b>	<b>0</b>										
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>															
OpEx related to taxonomy-non-eligible activities (B)		5,487	39												
<b>Total (A + B)</b>		<b>14,033</b>	<b>100</b>												

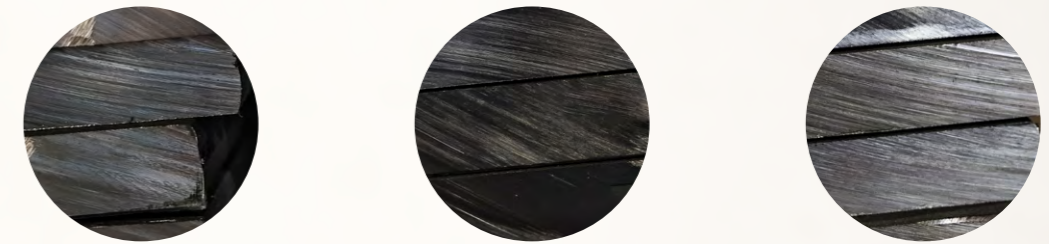
SIJ Group's total OpEx in 2022 amounted to EUR 14,033 thousand, of which 61% was used for taxonomy-aligned activities (i.e. EUR 8,546 thousand), and 39% was used for taxonomy-non-eligible activities (i.e. EUR 5,487 thousand).

The denominator for the determination OpEx KPI in relation to the EU Taxonomy covers direct non-capitalised costs that relate to day-to-day servicing of property, plant and equipment carried out by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. These are costs that relate to:

- research and development,
- building renovation measures,
- short-term lease,
- maintenance and repair.

The above costs represent the denominator of the fraction for the calculation of the taxonomy-eligible/aligned OpEx.

The disclosures provided have been prepared based on an analysis of the taxonomy documents referred to, our current understanding, available data and an assessment of the requirements. We recognise that the Regulation will be evolving, and we will keep further interpretations and requirements under careful review and consider their impact on our future disclosures.



## II. SIJ d.d.

### 1. Proportion of Revenue from Products or Services Related to Taxonomy-Aligned Economic Activities – Disclosure for SIJ d.d. for 2022

Economic activity	NACE code	Absolute revenue in EUR thousand	Proportion of revenue in %	SUBSTANTIAL CONTRIBUTION CRITERIA		Mitigation of climate change	NO SIGNIFICANT HARM CRITERIA								Category (enabling activity or)	Category (transitional activity)
				Mitigation of climate change in %	Adaptation to climate change in %		Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum protective measures	Proportion of taxonomy-aligned revenue			
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																
A.1 Environmentally sustainable economic activities (taxonomy-aligned)		0	0													
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy-non-aligned activities)		0	0													
<b>Total (A.1 + A.2) (A)</b>		<b>0</b>	<b>0</b>													
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																
Revenue from not taxonomy-non-eligible activities (B)		31,899	100													
<b>Total (A + B)</b>		<b>31,899</b>	<b>100</b>													

In accordance with the accounting principles applied in the preparation of the separate financial statements, SIJ d.d. generated an operating income of EUR 31,899 thousand in 2022, of which 77% was generated from taxonomy-non-eligible activities.

2. Proportion of CapEx Associated with Products and Services Related to Taxonomy-Aligned Economic Activities – Disclosure for SIJ d.d. for 2022

Economic activity	NACE code	CapEx in EUR thousand	Proportion of CapEx in %	SUBSTANTIAL CONTRIBUTION CRITERIA		Mitigation of climate change	NO SIGNIFICANT HARM CRITERIA								
				Mitigation of climate change in %	Adaptation to climate change in %		Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum protective measures	Proportion of taxonomy-aligned CapEx	Category (enabling activity or)	Category (transitional activity)
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>															
A.1 Environmentally sustainable economic activities (taxonomy-aligned)		0	0												
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy-non-aligned activities)		0	0												
<b>Total (A.1 + A.2) (A)</b>		<b>0</b>	<b>0</b>												
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>															
CapEx related to taxonomy-non-eligible activities (B)		1,246	100												
<b>Total (A + B)</b>		<b>1,246</b>	<b>100</b>												

In 2022, the total CapEx amounted to EUR 1,246 thousand. The total amount is taxonomy-non-eligible.

3. Proportion of OpEx Associated with Products and Services Related to Taxonomy-Aligned Economic Activities – Disclosure for SIJ d.d. for 2022

Economic activity	NACE code	CapEx in EUR thousand	Proportion of CapEx in %	SUBSTANTIAL CONTRIBUTION CRITERIA		Mitigation of climate change	NO SIGNIFICANT HARM CRITERIA								
				Mitigation of climate change in %	Adaptation to climate change in %		Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum protective measures	Proportion of taxonomy-aligned CapEx	Category (enabling activity or)	Category (transitional activity)
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>															
A.1 Environmentally sustainable economic activities (taxonomy-aligned)		0	0												
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy-non-aligned activities)		0	0												
<b>Total (A.1 + A.2) (A)</b>		<b>0</b>	<b>0</b>												
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>															
OpEx related to taxonomy-non-eligible activities (B)		890	100												
<b>Total (A + B)</b>		<b>890</b>	<b>100</b>												

In 2022, OpEx amounted to EUR 890 thousand. The total amount is taxonomy-non-eligible.



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