

الإتحاد للحديد والصلب
UNION IRON & STEEL



2024

Materiality Assessment

About This Report

This document summarizes our objectives for the materiality assessment, our approach, the methodology applied, and the resulting priority topics. Our assessment was guided by industry best practices and informed by leading global standards, including the Global Reporting Initiative (GRI), Task Force on Climate-related Financial Disclosures (TCFD), and the Sustainability Accounting Standards Board (SASB). The methodology and processes utilized were determined at the discretion of UIS, with input from external expertise where appropriate.

UIS intends to review and refresh the results of its ESG materiality assessment at regular intervals, ensuring relevance to evolving stakeholder expectations, market dynamics, and regulatory developments.

How We Define ESG Materiality

“We define materiality as the ESG issues most relevant to our stakeholders and with the greatest potential impact on UIS’s long-term performance.”

A sustainability matter is regarded as material when addressing it provides decision-useful insight for stakeholders or has the potential to influence UIS’s long-term resilience and value creation.³

Financial materiality

- Pertains to whether or not a sustainability matter triggers, or may trigger, material financial effects on the company
- Includes sustainability matters that generate or may generate risks or opportunities, derived from past or future events, that have a material influence (or are likely to have a material influence) on cash flows, development, performance, position, cost of capital or access to finance over the short-, medium- and long-term

“This assessment applies the IFRS S1 financial materiality approach.”



¹ Our definition of materiality is consistent with the IFRS Sustainability Disclosure Standards (IFRS S1), which emphasize financial materiality.

² This report applies the term “material” to describe the ESG issues and priorities most relevant to Union Iron & Steel and its stakeholders.

³ Used in this context, the terms “material” and “materiality” should be understood distinctly from their usage in financial statements or securities law reporting requirements.

⁴ Union Iron & Steel’s definition of materiality aligns with the definition outlined in the IFRS Sustainability Disclosure Standards (IFRS S1: General Requirements).

Key Takeaways

We conducted an **ESG materiality assessment** to identify the topics that our stakeholders view as the highest priority for UIS



Stakeholders input helped inform UIS’s **business priorities, strategies, and decision-making.**



We engaged internal and external stakeholders through **interviews, surveys, and consultations.**



Stakeholders included the **Board, Senior management, employees, customers, suppliers, regulators, investors, and local communities.**



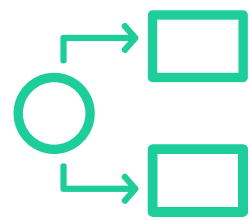
We asked each stakeholder to review a list of ESG topics, then **select and prioritize the 3 most important and impactful items to UIS.**



Stakeholders showed strong alignment on key priorities, especially environmental and operational issues like **resource efficiency, energy, water, emissions, and workplace safety**, which are vital to UIS’s resilience and stakeholder trust.



The **most material ESG topics** identified by stakeholders were organized into groups based on similar categories, and mapped to a materiality matrix, displayed on page six.



The methodology and calculations used in the assessment resulted in the identification of 13 **ESG topics as the most material topics** based on stakeholders’ relative ranking.



The **most material ESG topic**, according to stakeholders, are concentrated around **Resource Efficiency, Environmental Impact, and Workforce Well-Being**, reflecting strong emphasis on **operational sustainability** and stakeholder **health and safety.**



The results of the assessment were reviewed by the **UIS Leadership Team** and subsequently by the **Board of Directors.**



Our Objectives

“As a major producer of reinforcement bars in the UAE, we recognize our responsibility extends beyond steel manufacture to ensuring quality, safety, sustainability, and value for our communities.”

Our success relies on innovation and collaboration on ESG factors to help drive business value and positively impact employees, communities, and the environment. Conducting the ESG materiality assessment enables UIS to identify and focus on the most important ESG factors impacting our business, while also identifying factors where UIS may have an impact. Our objectives in this process were to:

✓ Understand stakeholder views

Understanding and addressing the concerns of stakeholders is critical for building trust, transparency, and long-term relationships. Conducting an effective assessment provides UIS the opportunity to engage in meaningful dialogue with stakeholders and to ensure that our internal focus is appropriately aligned with key external stakeholder expectations.

✓ Inform business priorities and ESG strategy

Determining the ESG topics that are most relevant or considered most material to stakeholders helps UIS’s Board of Directors and leadership align business decisions and ESG initiatives with stakeholder priorities. This supports our ambition to strengthen relationships with key partners and, most importantly, reinforce our strategy to deliver sustainable growth, operational excellence, and a positive impact on society.

✓ Identify emerging areas of opportunity

Engaging with stakeholders provides valuable insights into societal expectations and helps identify emerging trends and opportunities in the steel industry and beyond. Gaining stakeholder perspectives on sustainability and operational practices helps inform UIS strategies to drive long-term value creation.

✓ Enhance risk management

Sustainability risks can have significant financial, reputational, and operational implications. Conducting a thorough materiality assessment helps UIS identify and prioritize the ESG risks that may affect our business. Focusing on these risks enables UIS to develop mitigation strategies that safeguard our reputation and protect long-term value creation.

✓ Increase transparency

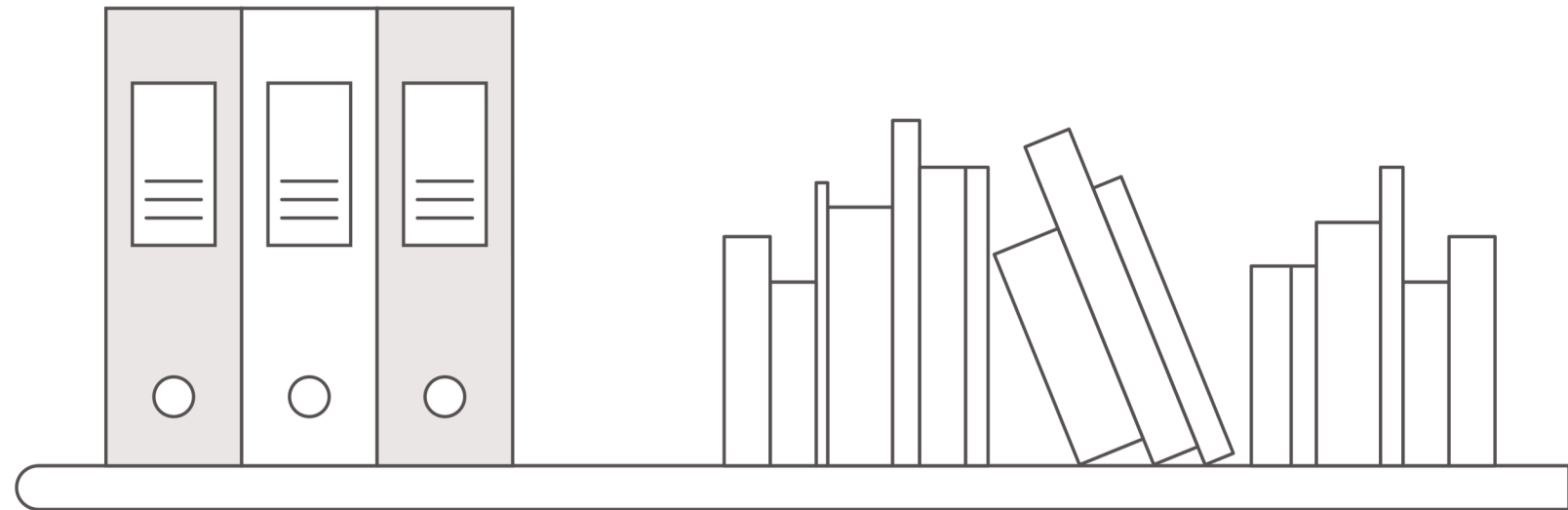
Conducting the materiality assessment and disclosing the results and methodology enhances transparency, not only on stakeholders’ views but also on the rationale behind business decisions made by UIS leadership and overseen by the Board.

✓ Improve resource allocation

Results of the materiality assessment inform resource allocation. The strategic allocation of resources, time, and efforts helps ensure ESG initiatives and strategies are aligned with the issues that have the greatest impact on UIS and its stakeholders. Efficient resource allocation increases effectiveness in achieving ESG goals and fulfilling commitments to stakeholders.

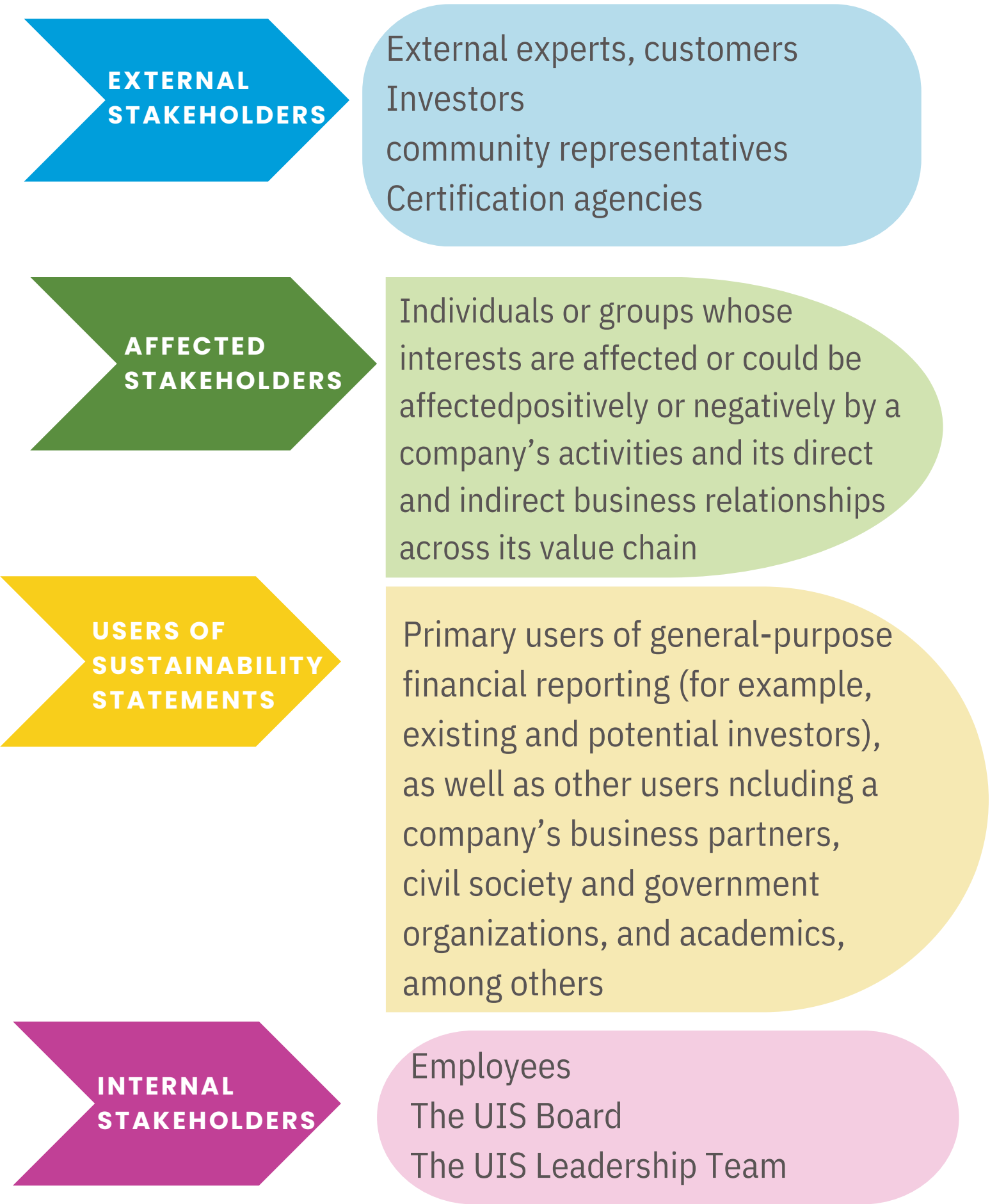
✓ Inform reporting and disclosure

By reporting on the ESG topics that matter most to stakeholders, UIS can enhance the credibility and relevance of its sustainability communications sharing progress, achievements, and areas for improvement while also meeting evolving regulatory requirements for non-financial reporting.

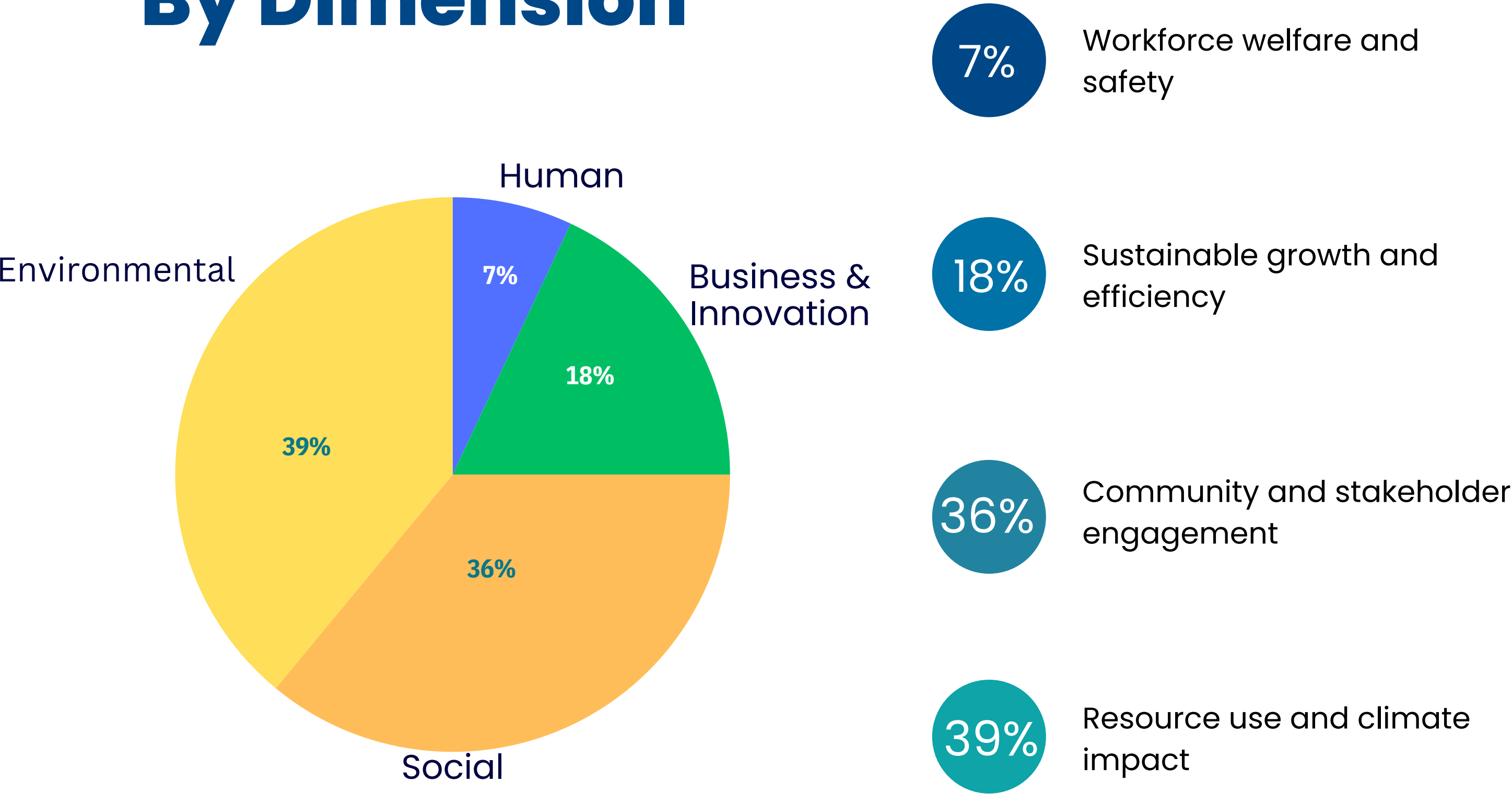


Our Approach and Methodology

“**Stakeholder Groups** and **Engagement Methods**, UIS engaged both internal and external stakeholder groups using surveys, interviews, and consultations as the primary methods of engagement and research.”



Material ESG Topics By Dimension



Analysis of Results and Observations

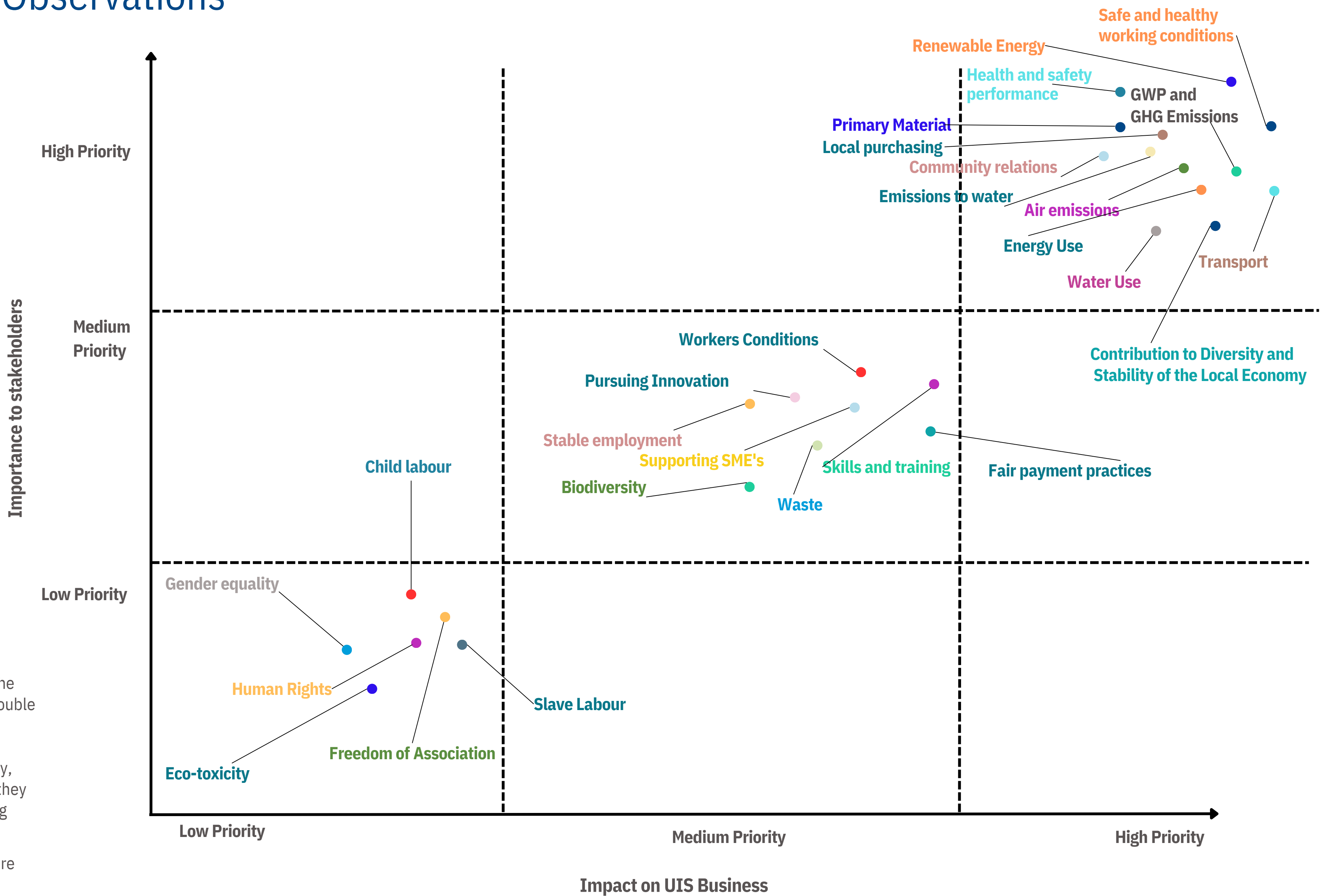
The ESG topics identified by stakeholders as most important for Union Iron & Steel were grouped into three dimensions, with 13 topics emerging as the highest priority items. As shown in the matrix, these topics are concentrated around environmental and operational areas such as energy use, water use, emissions, transport, material sourcing, renewable energy, and workplace health and safety. The analysis also confirmed strong alignment between internal and external stakeholders in prioritizing these focus areas, reflecting the critical role of environmental performance, resource efficiency, and worker well-being in UIS’s long-term resilience and stakeholder trust. The matrix is intended to be a dynamic tool, reviewed periodically to ensure that evolving business conditions, regulatory developments, and stakeholder expectations are appropriately addressed in UIS’s sustainability strategy.

Upper right quadrant: These topics are identified as the highest priority ESG topics and considered to reflect double materiality.

Middle quadrant: These topics are of moderate priority, with potential to evolve into material issues herefore, they should be monitored proactively to anticipate emerging risks and opportunities.

Lower left quadrant: These topics may represent future risks and should be monitored closely.

UIS: ESG Materiality Matrix



Validation and Review

The **preliminary materiality matrix** is reviewed and validated by UIS’s senior leadership team to ensure alignment with business objectives and stakeholder expectations.

The process also includes:

- Risk assessment workshops.
- Alignment with existing management frameworks.
- Identification of mitigation measures and opportunities for improvement.



Reporting and Continuous Improvement

The final materiality assessment results are integrated into UIS’s sustainability report and strategic planning documents. The assessment is reviewed annually or when significant changes occur in business operations, regulatory requirements, or stakeholder expectations. Feedback loops and monitoring mechanisms are established to refine priorities and drive continuous improvement

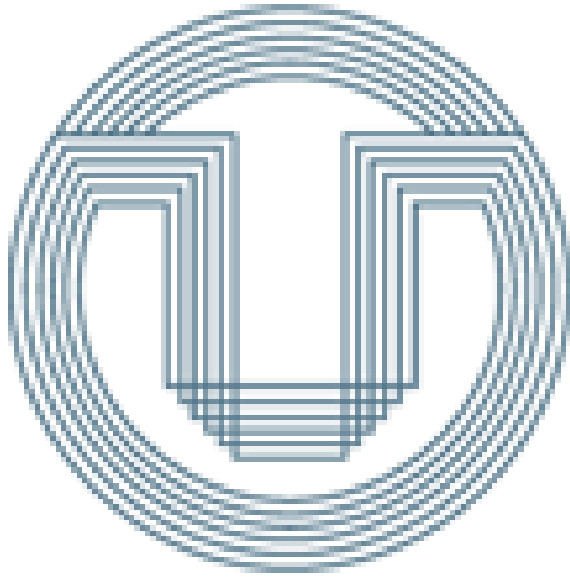


Conclusion

The materiality assessment for UIS provides a comprehensive overview of the sustainability risks and opportunities it faces. The **materiality assessment** highlights that for UIS, environmental and operational sustainability factors like transport, material sourcing, energy, water, and emissions are the most critical focus areas. These also resonate strongly with stakeholder concerns, placing them at the core of UIS’s sustainability strategy. Concurrently, social issues and governance practices, while important, rank somewhat lower, suggesting UIS prioritizes environmental impact and resource management as key drivers for long-term business success and stakeholder trust in its UAE operations.

As part of continual improvement of sustainability management program, we will align the sustainability strategy with the **identified material topics**, UIS can enhance operational efficiency, meet stakeholder expectations, and contribute to broader environmental and social goals, ultimately strengthening its resilience and reputation.





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