2023 Sustainability Report

We value RESOURCES

Pietro Fiorentini

Letter to our stakeholders

Today, the Pietro Fiorentini Group is more dynamic and innovative than ever. For over 80 years, we have been providing solutions along the entire value chain of the oil and gas industry, but we don't stop there.
Our planet and our society are facing epochal changes, and we are convinced that our contribution can have a positive impact.
We enthusiastically embrace these challenges as extraordinary opportunities to grow and improve.

We are key players in the energy transition, actively supporting the growth and spread of renewable gases.

We are present throughout the entire water cycle, proud to protect and enhance such a vital resource.
We contribute to environmental management, enabling the transformation of waste into clean energy as part of an increasingly circular economy.
We support all these sectors by digitising data, facilitating connections and improving secure information sharing.

An increasingly articulated organisation, with increasingly complex synergies to explore and navigate, requires a higher view. It requires a common goal, a *purpose*.

“We value resources. Together, today and for future generations”

This is the new purpose of the Pietro Fiorentini Group, the reason for our existence as an organisation.
This is more than a statement for us, it is a concrete commitment that will guide our every action and decision, a beacon that will light our path as we adapt to the changing dynamics of the market and society.
A definition process that lasted more than a year, in which many of the souls that make up the Pietro Fiorentini Group were involved. The effort we put into finding the right words to best summarise what makes us unique is the same effort we will put into keeping our promises.

2023, as expected, was a year of transition. The contraction of sales volumes led to a reduction in turnover for the first time in years. This slowdown, however, does not detract from our positive outlook towards the future. The determinants of growth will be the completion of the localisation strategy to better serve key markets and the integration of the product and service offering, to be completed through the innovation and internal development of our companies, as well as targeted acquisition transactions that consolidate our market positioning.

A clear vision of the future is an important part of our strategy, but not the only one. The contribution made by people that lays the foundations for such challenging pathways, especially at the most challenging times, is even more crucial. Our aim is to promote the sharing of good practices on development, energy and equality issues for our employees through pilot projects on several plants to be exported globally, thus creating a virtuous circle that reflects our concrete commitment to cultivating a working environment where each person can express their very best. We strongly believe that collaboration and sharing of best experiences can generate a positive impact not only within the Group but also in the global context in which we operate.

For today's world and for the generations that will come after us.

Mario, Cristiano and Paolo Nardi

Highlights 2023

In a nutshell

€ 449.8 mln
Group **turnover** in 2023

€ 59.2 mln
Group **EBITDA*** in 2023

1.6%
of turnover invested in **Research & Development**

2,680
Collaborators worldwide

Environmental

ISO 50001
certification achieved for **Arcugnano** site

82.5%
Waste sent for recycling, re-use or other recovery operations (+10% compared to 2022)

-6%
location-based Scope 2 emissions deriving from electricity consumption

3
categories of **Scope 3 emissions** included in the **carbon footprint**

Social

98%
of employees with **permanent contracts** (+2% compared to 2022)

48%
New hires under 30 (+6% compared to 2022)

-7%
Accident severity index compared to 2022

73%
Purchase from local suppliers (+4% compared to 2022)

Governance

€ 432 mln
Shared economic value

SA8000
certification achieved by Pietro Fiorentini S.p.A.

118
internal audits to verify the compliance and effectiveness of management systems

14
companies of the Group included in Sustainability Report scope

*According to the calculation practice of the Italian banking system.

Index

We value **who we are**

We are Pietro Fiorentini

The Pietro Fiorentini Group

Pietro Fiorentini, **a leader in the production of technologically advanced solutions for the energy, water cycle and environmental management chain**, plays a leading role in addressing some of the major challenges at global level, first and foremost those of energy transition, digitisation and sustainability.

With over 80 years of experience along the natural gas chain, the Group is actively committed to **valuing resources for current and future generations** by collaborating with its internal and external stakeholders, and by paying special attention to renewable energy projects.

The innovation processes and development activities are facilitated by the adoption of **Lean Management** which aims to optimise internal (production and non-production) processes as much as possible, avoiding waste and helping to focus on projects and initiatives that generate real **added value for customers**. In addition, the flexibility provided by the **Agile** mindset provides the Group with the ability to adapt quickly to the changing conditions in the competitive environment, making it more responsive in facing global challenges.

Read the full story and the latest news on the site

Natural gas, around which most of the Group's solutions revolve, is still the company's core business. Creating **intelligent and sustainable gas distribution networks means devising easily convertible solutions to manage flows** that derive from sources with different characteristics, **such as hydrogen and biomethane**, coming from multiple and decentralised production locations.

Pietro Fiorentini stands out for the projects implemented in the area of **Smart Metering** and **Smart Grids** and for the increasing investments in initiatives for the promotion of environmentally sustainable energy sources, such as **biomethane, hydrogen** and **e-fuels**, with recent developments targeting the **water sector** and the **waste value chain**.

The Group's commitment to its customers takes the form of offering integrated and technologically advanced solutions, and assistance at each stage of the relationship: from technical support to maintenance services, from logistics to communication. The **customer** is always **at the centre** of the company's approach: listening to their needs is the indispensable condition for generating **continuous improvements,** creating relationships based on **trust** and ambition in the **pursuit of shared excellence**.

Acknowledgements

During 2023 the Group received various important awards that rewarded its results and management model:

Best Managed Companies Award

For the third year running, Pietro Fiorentini was recognised for the entrepreneurial excellence promoted by Deloitte, ALTIS, ELITE and Confindustria Piccola Industria.

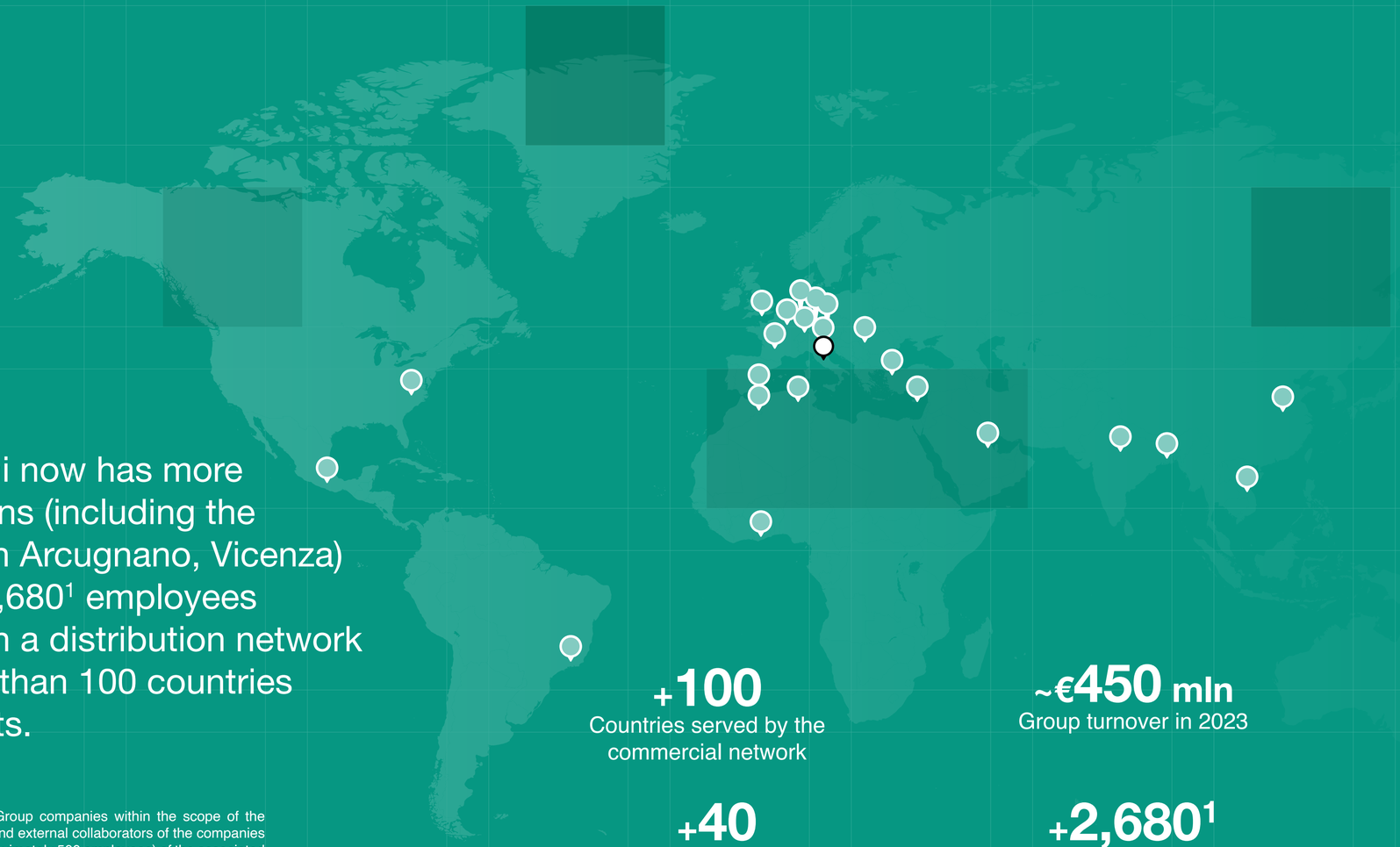
A Champion Business

Pietro Fiorentini was ranked in the top 200 of the best Italian companies with a turnover between 120 and 500 million for the fifth consecutive year, according to the results of research carried out by the ItalyPost Research Centre.

Sustainability Award

Pietro Fiorentini was included in the ranking of the top 100 Italian sustainable companies with the most significant ESG rating increases. The award is conceived by Kon Group and promoted together with ELITE.

Presence in Italy and worldwide



Pietro Fiorentini now has more than 40 locations (including the headquarters in Arcugnano, Vicenza) and employs 2,680[1] employees worldwide, with a distribution network reaching more than 100 countries on all continents.

+100
Countries served by the commercial network

+40
Branches around the world

~€450 mln
Group turnover in 2023

+2,680[1]
Collaborators worldwide

Production sites in Italy

- Arcugnano | Vicenza
- Rosate | Milan
- Desenzano del Garda | Brescia
- San Vito al Tagliamento | Pordenone
- Mantello | Sondrio
- Rescaldina | Milan
- Scandiano | Reggio Emilia
- Arco | Trento
- Malo | Vicenza

[1]This figure includes employees of Group companies within the scope of the Consolidated Financial Statements and external collaborators of the companies reported herein. The workforce (approximately 500 employees) of the associated company Shanghai Fiorentini Gas Equipment Ltd. was not considered.

2023 was characterised by some changes in the structure of the Group. In Italy, **Fast S.p.A. has been part of the Pietro Fiorentini S.p.A. perimeter since November 2023.** The merger follows the full acquisition of shares announced at the beginning of the year. The new Fast Division, specialising in the supply of **process automation and control systems** for industry and the utilities, as well as in the development of **solutions for water and gas networks monitoring**, continues to operate from its two sites in Scandiano (RE) and La Spezia. With this merger, Pietro Fiorentini further consolidates its presence in the world of water and expands its offer for utilities with a complete portfolio of products and services for network management and the automation of all industrial processes.

The Group expanded its expertise in the field of biomethane with the creation of **BioHold**, a company owned jointly with RRG, a US investment fund specialising in regenerative agriculture and renewable energy. In its new role as investor, Pietro Fiorentini aims to evaluate and possibly acquire initiatives that appear economically and technically viable. The plant covered by the investment will be **greenfield** (to be built from scratch), and **brownfield**, (to be converted from electricity production from biogas to biomethane production in the grid). The Group's commitment to the **development of biomethane** is enriched with the birth of BioHold, in order to contribute more and more to the European Union's target of producing 35 billion cubic metres per year by 2030.

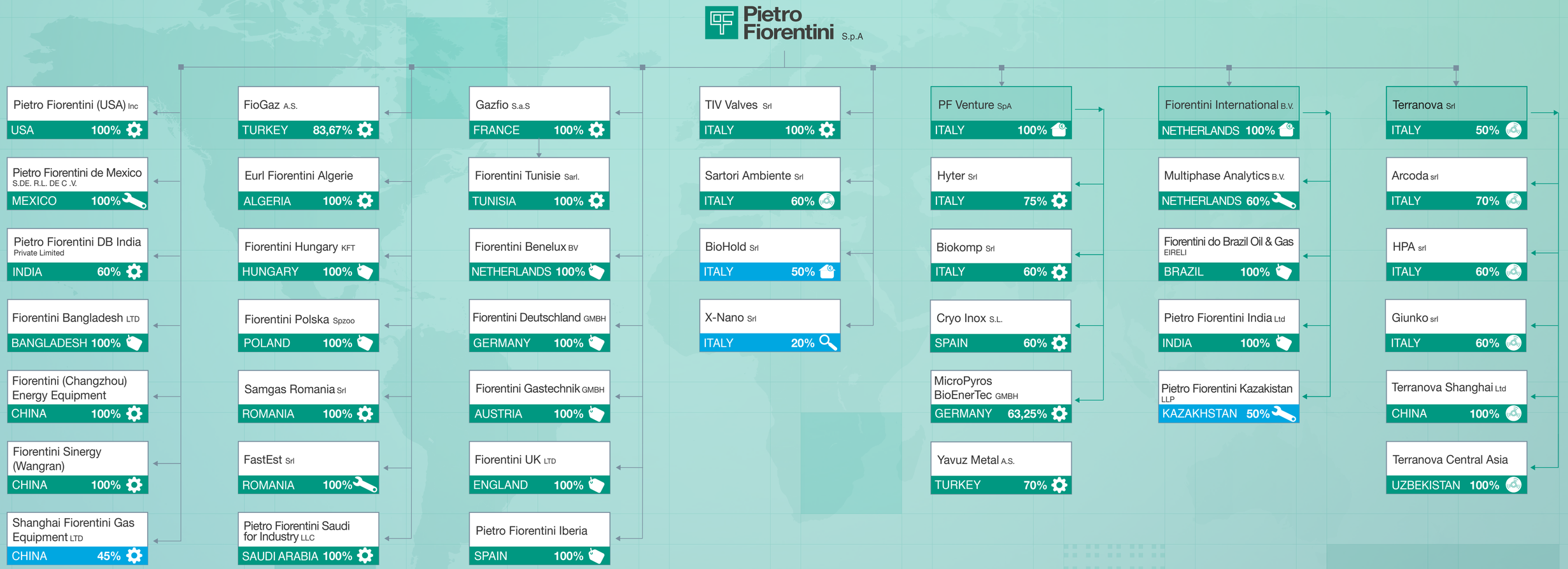
Widening its perspective to Europe, the Group intensified its cooperation with **Vabeko Kft**, a leading Hungarian company in industrial energy construction. In October 2023, an agreement was signed for the **sale of Fiorentini Hungary** to Vabeko, which has become one of its main customers over the years. The company continues to operate actively in the Hungarian market, remaining as a contractual partner of Vabeko but focusing in particular on the **development of renewable gas, water and waste management in Hungary**.

The Group has also expanded further in Asia: in February 2023, both **Pietro Fiorentini DB India** and **Fiorentini (Changzhou) Energy Equipment** were established.

In the first case, the new company operates a plant in Talegaon (in the state of Maharashtra), the construction of which started at the end of 2021. In line with the **local for local** strategy followed by the Group, Pietro Fiorentini DB India produces both mechanical and smart domestic meters to meet the demand of the Indian market.

Pietro Fiorentini's arrival in **China** dates back to the 1990s through Shanghai Fiorentini, a joint venture with China Aerospace, which was joined in 2019 by Shanghai Sinergy. Fiorentini (Changzhou) Energy Equipment works in close collaboration with the latter, in order to **further strengthen the Group's presence in the Asian market**. Production of pressure regulators for natural gas was started in a factory in the industrial centre of Changzhou, a city-prefecture in the province of Jiangsu.

Sociogram



Full consolidation method for subsidiaries

Net equity consolidation method for associated companies

Trading Company

Trading and Manufacturing Company

Software House

Service Company

R&D Technologies

Holding Company

Business areas

Solutions for the natural gas value chain

Pietro Fiorentini offers solutions for the entire gas chain, from the production to the transmission and distribution of high, medium and low pressure gas.
The Group's core business revolves around a wide range of pressure regulators, valves, filters, meters and volume correctors, as well as district stations and complete systems for reducing, measuring and filtering gas. All solutions are developed specifically for the end customer, guaranteeing high standards of quality and safety.

Renewable gas production

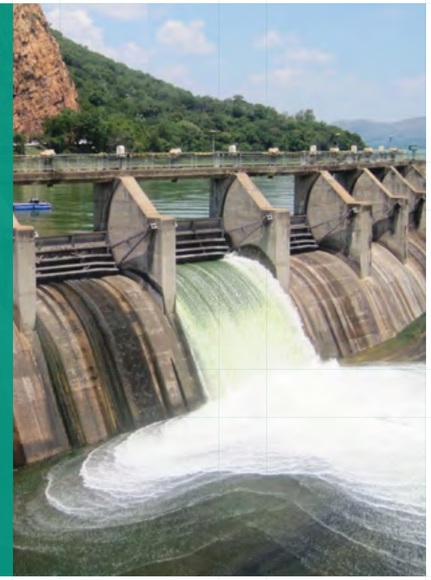
In order to contribute to the decarbonisation of the energy sector, the Group provides integrated solutions ranging from plants for upgrading raw biogas and injecting biomethane into the grid to systems and components designed to enable grids to use hydrogen.
The plants are supervised and controlled remotely, guaranteeing the safety of the end users and the recognition of incentives for producers.

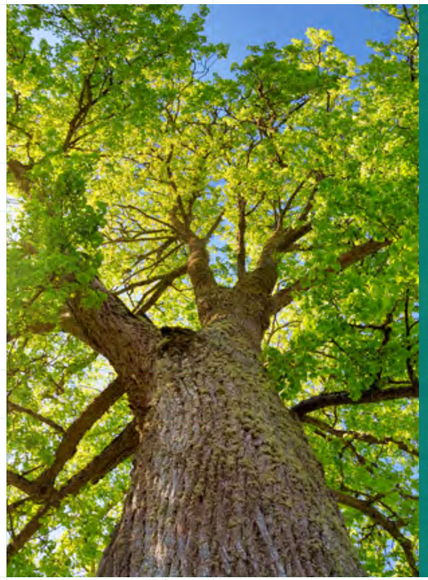
Data management services

Pietro Fiorentini supports utilities and companies with a wide range of data management services, ranging from automatic meter reading and remote management of distribution stations to cathodic protection monitoring.
The software offering, which is flexible and adaptable to every need, is mainly dedicated to companies operating in the utilities sector: gas, electricity, water and waste.

Solutions for the water sector

Water is a primary resource: ensuring its efficient use is a must.
This is why Pietro Fiorentini, together with its subsidiaries Terranova and Yavuz Metal, has integrated products and services to improve performance and efficiency in the different contexts of the water network management service through metering, remote control, reporting, billing, and assistance.





Environmental management solutions

Through its subsidiaries Sartori Ambiente and Terranova, Pietro Fiorentini creates advanced systems for waste separation and separate waste collection, thanks to hardware and software solutions that automate the inflow and analysis of data and contribute to the development of the circular economy through the waste reuse and recycling process.

The new corporate purpose

Pietro Fiorentini wants to contribute to building a better present and future for the generations of today and tomorrow

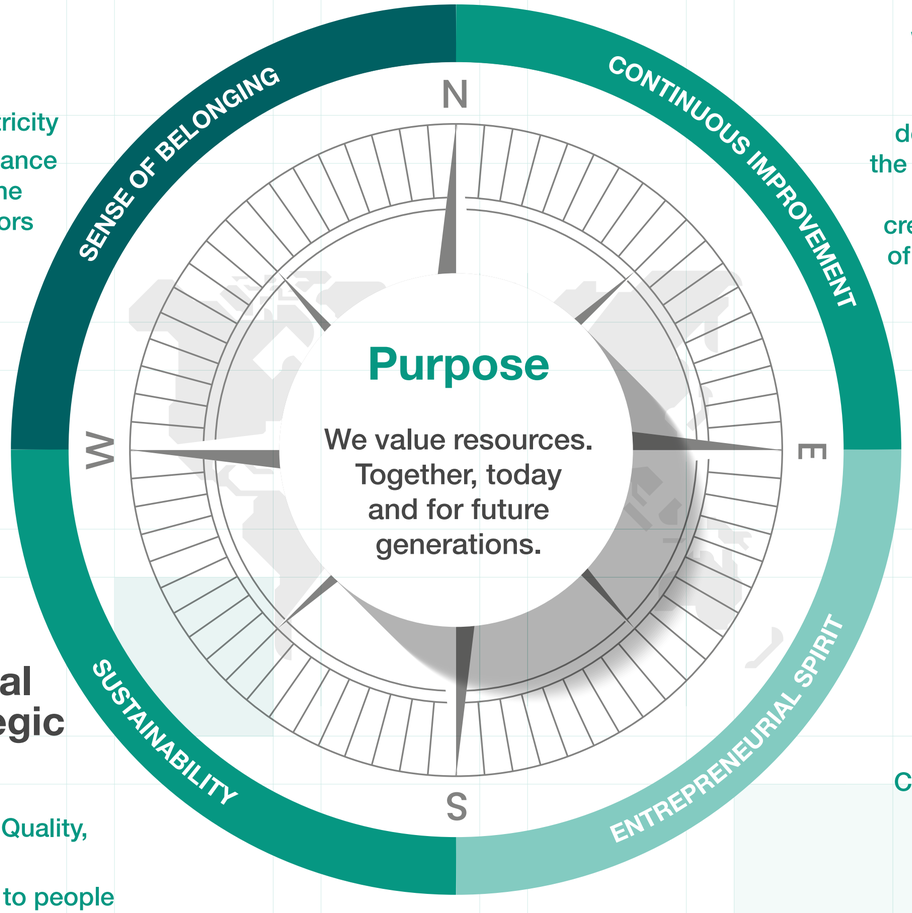
The aim is to lead the changes that will characterise the scenarios in which the Group lives and operates in the coming years, such as **the digitisation of networks and the energy transition** towards cleaner sources.

Our promise to the customer

- Customer centricity
- Better performance compared to the main competitors

Operational and Strategic Priorities

- SQDC (Safety, Quality, Delivery, Cost)
- Accountability to people
- Local for local



Vision

We want to play a leading role in sustainable development and the responsible use of resources by creating a synergy of technology and people

Our Values

Reliability • Excellence • Respect • Communication • Innovation • Teamwork • Sincerity • Commitment •

The **corporate compass** is the tool that has summarised the identifying elements of the organisation for many years now: strategic objectives, operational priorities, customer centricity and core values. The corporate compass continues to be the tool that **guides the Group's daily work**, constantly adapting to the ever-changing scenario. In view of these continuous changes, in 2023 Pietro Fiorentini started a process to **update its corporate purpose**, the reason why the Group exists and operates, with the intention of actively participating in the challenges the future will bring.

This statement embodies the very identity of Pietro Fiorentini and its *raison d'être*.

'We value' reflects the company's commitment to **generating value by eliminating waste**, a fundamental aspect thanks to its DNA deeply rooted in the Lean pathway started in 2000 and now supported by the Agile[2] framework.

We value resources. Together, today and for future generations.

The concept of *'resources'* extends beyond the traditional energy resources that have been the company's core business for years, embracing **green gases** such as **hydrogen and biomethane**, **water and environmental management**.

The term '*together*' emphasises that Pietro Fiorentini does not operate alone, but in collaboration with a **wide network of internal and external stakeholders** including employees, customers, institutions and suppliers. This collaborative approach is key to meeting the challenges of today and tomorrow in an effective and inclusive manner.

Finally, the commitment to work *'today and for future generations'* highlights Pietro Fiorentini's constant daily commitment to **create a better world for present and future generations**. To do so, it works concretely on the resources that are the backbone of today's energy sector, improving their efficiency and minimising their environmental impact, while at the same time contributing to shaping the future energy scenario through investment in research and development and participation in international projects.

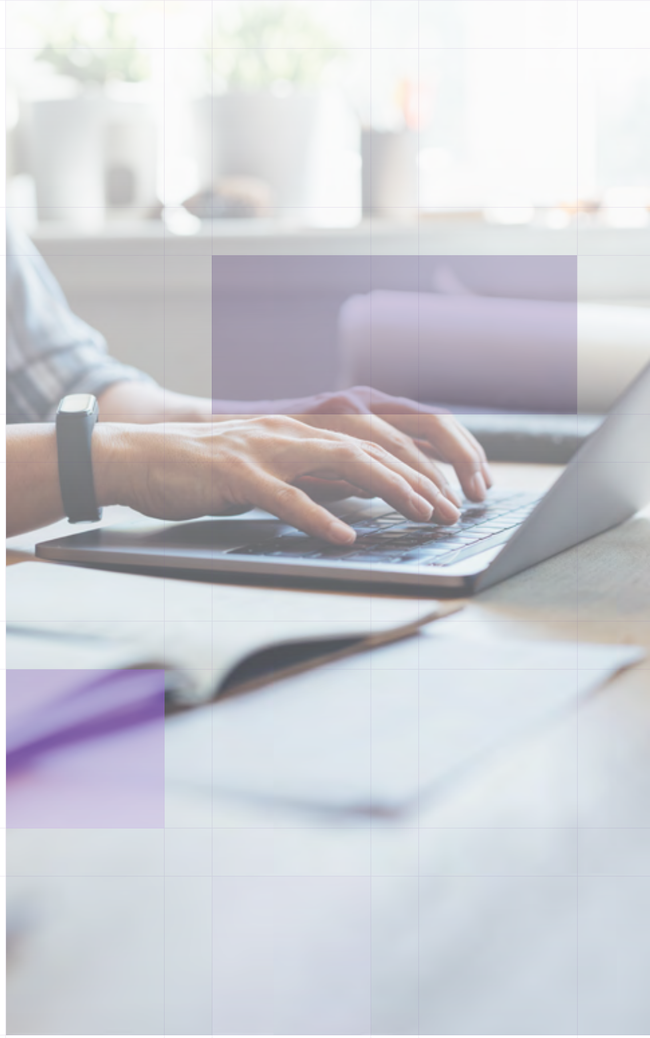
[2] The Agile framework is a development methodology that promotes collaboration between individuals, rapid responses to change and the continuous delivery of working outputs, using iterative cycles called Sprints to develop and deliver increments of functionality.

We value **responsibility**

Building the future: our responsibilities

02

The double materiality analysis



Materiality analysis is the process by which an organisation identifies the **material topics** that have the most significant impacts on the economy, the environment and people, including impacts on human rights. The results of this analysis support the definition of the strategic objectives and improvement actions that the Group intends to pursue.

Materiality analysis is a dynamic process that requires continuous updating in order to intercept new priorities and align with the macro-trends of the external context, as what is irrelevant today could be crucial tomorrow. This model is essential to focus on **impact management**, also in terms of managing risks and enhancing opportunities in the area of sustainability.

The new Corporate Sustainability Reporting Directive (CSRD)

The EU Directive 2022 / 2464 (Corporate Sustainability Reporting Directive), approved by the European Parliament in November 2022 which came into force in January 2023, establishes **new rules on sustainability reporting** aimed at increasing clarity and transparency towards the outside world. The Sustainability Report should be drawn up according to common standards (**European Sustainability Reporting Standards - ESRS**) issued at European level by the European Financial Reporting Advisory Board (**EFRAG**).

In July 2023, the European Commission adopted the delegated act[1] on the first set of ESRS (**sector-agnostic standards**) represented in the diagram below:

CROSS-CUTTING STANDARD	TOPICAL STANDARD		
	Environmental	Social	Governance
• **ESRS 1** - General requirements • **ESRS 2** - General disclosure	• **E1** - Climate change • **E2** - Pollution • **E3** - Water and marine resources • **E4** - Biodiversity • **E5** - Resource use and circular economy	• **S1** - Own workforce • **S2** - Workers in the value chain • **S3** - Affected communities • **S4** - Consumers/ End-users	• **G1** - Business conduct

[1] On 31 July 2023, the European Commission adopted the delegated act on the first set of ESRS, as required by the CSRD. The delegated act and annexes were published in the Official Journal on 22 December 2023.

During 2023 the ESG function conducted a **gap analysis** in order to identify the missing requirements to fully comply with the Directive and to ensure their alignment as of the financial year 2025, as required by the regulation. Following this analysis, an **action plan** was issued, a part of which has already been implemented in this Sustainability Report. This activity will be updated when EFRAG releases subsequent standards, such as sector-specific ESRS standards (**sector-specific standards**).

The action plan designed to complete the alignment with the Directive brought to light the following most significant aspects on which the Group intends to work in the coming years:

- Conducting a **climate change risk analysis** aligning with **European Taxonomy** and defining a **greenhouse gas reduction plan** [ESRS E1];
- Including the **principles of circularity** within the design process of **new products** [ESRS E5];
- Formalising company **policies** on **human rights** throughout the value chain and issues of **diversity and inclusion** [ESRS S1, S3, S4];
- Managing risks and opportunities related to the workforce, customers and local communities and setting targets to **reduce negative impacts on workers in the value chain** [ESRS S1, S2, S3, S4];
- Defining an **incentive system for top management** that includes sustainability performance [ESRS G1].

Among the main innovations, CSRD introduced the concept of **double materiality for the definition of the material topics, expressed in two dimensions:**

- **“Impact Materiality”** or **“inside-out”** perspective for the assessment of environmental, social and governance areas and issues on which the Group, through its activities, has a significant impact on the external environment;
- **"Financial Materiality** or **"outside-in”** perspective for the assessment of sustainability aspects that may have a significant impact on the company's development and performance and, consequently, on its financial value.

For an external impact (Impact Materiality), risk or opportunity (Financial Materiality) to be deemed material, it must exceed the **materiality threshold** in one of the two dimensions, impact or financial.

Acknowledging the CSRD's requests in advance, the Group decided to conduct an initial exercise to apply the double materiality concept, taking it a step further than the Impact Materiality analysis carried out in 2022. The **identification of the risks and opportunities** that influence or may significantly influence the company's future cash flows has made it possible to define the possible economic and financial impact on the organisation's development, performance and positioning in the short, medium and long term.

01
Identification of impacts, risks and opportunities
Identification of the main potentially material impacts, risks and opportunities (IROs) for Pietro Fiorentini

02
Impact Materiality
Identification of significant impacts and material topics from an inside-out perspective

03
Financial Materiality
Identification of significant risks/opportunities and material topics from an outside-in perspective

04
Double materiality analysis
Aggregation of results and construction of the double materiality matrix

Identification of impacts, risks and opportunities

01

In order to identify the impacts, risks and opportunities potentially relevant to Pietro Fiorentini, an analysis was conducted on the context external to the organisation, taking into consideration the best practices, the sector and the regulatory framework, and analysing the internal context, from the business model to the Group's strategy.

In particular, for the identification of **positive and negative, actual and potential impacts** on the economy, environment and society, various external sources were considered, including the World Economic Forum's Global Risk Report, the EU Green Deal, the GRI standards, the first set of ESRS standards, the Global Compact principles, industry standards, the material topics of peers and competitors, and some internal sources including company documentation and previous Sustainability Reports, with the aim of updating the mapping carried out for last year's materiality analysis.

To identify **risks and opportunities** the company managers were interviewed, and the management systems and relevant documentation within the framework of the **Enterprise Risk Management** were analysed in order to create an alignment with the methodology for assessing and managing corporate risks.

Thanks to the **analysis of the external and internal context** it was possible to define the list of potentially relevant impacts, risks and opportunities for the Group to be assessed. Subsequently, each of them was traced back to the relevant material topic.

02

Impact materiality

The potentially relevant impacts underwent **assessment by the internal stakeholders** of Pietro Fiorentini, in order to determine their significance and prioritise them. The impacts identified were divided into positive and negative, actual and potential impacts. In addition, the time horizon of the impacts was considered by dividing them into **short, medium and long term**.

Following the guidelines of the GRI 2021 standards and those recently issued by EFRAG regarding the evaluation metrics, the **significance** of an **actual impact** was defined on the basis of severity, assessed in of three dimensions:

- **Scale**: in terms of magnitude of impact;
- **Scope**: in terms of diffusion of impact;
- **Irremediable character:** based on the extent to which the impact can be remediated (only for negative impacts).

For **potential impacts** in addition to severity, the **likelihood** was also assessed.
As part of the assessment process, impacts with potential **consequences on human rights** were identified; in these cases more consideration was given to assessing the severity of the impact than to the likelihood of its occurrence.

03

Financial Materiality

The risks and opportunities identified may be directly related to the impacts generated but may also arise from other factors, such as exposure to extreme weather events or changes in climate regulations. The results of the risk assessment carried out on the main Group companies were also considered, with a view to further **integrating the risk analysis with ESG issues**.

To integrate the perspectives of Financial Materiality and Impact Materiality, the ESG function involved internal stakeholders in the assessment of the risks and opportunities, which were evaluated according to the **potential magnitude** of the financial effects and their **likelihood of occurrence**, distinguishing between short, medium and long term time frames. The qualitative-quantitative metrics used in the Enterprise Risk Management process were considered in determining the metrics for assessing risks and opportunities.

The results of the Impact and Financial Materiality assessments allowed the impacts, risks and opportunities to be classified into four categories according to their level of significance, respectively 'very significant', 'significant', 'hardly significant' and 'insignificant', according to previously determined quantitative thresholds.

The new materiality matrix

In total, **41 impacts** and **29 risks and opportunities** associated with the material topics were assessed for the materiality analysis. The materiality threshold was defined by taking into consideration impacts that, in the two perspectives, fell into the categories **"very significant"** and **"significant"**. The material findings were **25 impacts and 11 risks and opportunities**.

The tables below summarise the most significant positive, negative, actual and potential impacts of Pietro Fiorentini for each of the **13 material topics** generated (Impact Materiality) and incurred (Financial Materiality), divided according to the three dimensions of sustainability. The impacts incurred were also categorised into 'potential positive' where an opportunity was identified and 'potential negative' where a possible risk to Pietro Fiorentini was identified.

Impact
Financial

Governance impacts

● Short term (up to 1 year) ●● Medium-term (2 to 5 years) ●●● Long-term (> 5 years)

Material topic	Topic description	Materiality	Type of impact	Impact description	Time frame
ESG integration into the business	Strengthening the commitment to ESG issues, integrating them into the business model, strategy and risk analysis		Actual positive	Contribution to the achievement of the sustainability goals through the integration of the ESG principles within the business model, strategy and risk analysis	●●
			Potential positive	Definition of an ESG strategy integrated with the business themes	●●
Business ethics	Conducting business activities with loyalty and fairness, in accordance with the law and the regulations in force. Creating adequate internal control systems and disseminating a corporate culture based on integrity, professional ethics and honesty, to build relationships of trust with stakeholders. Promoting anti-corruption training for employees in line with the values of transparency and accountability. Ensuring respect for human rights		Actual positive	Integration of ethical principles into the choices to collaboration with partners along the value chain	●●
			Potential negative	Violation of anti-corruption and environmental, social, economic and industry compliance regulations and standards	●●●

Impact
Financial

Environmental impacts

● Short term (up to 1 year) ●● Medium-term (2 to 5 years) ●●● Long-term (> 5 years)

Material topic	Topic description	Materiality	Type of impact	Impact description	Time frame
Energy transition	Strengthening and integrating activities that empower the decarbonisation processes, such as biomethane, hydrogen and e-fuels, into the Group's operations, also focusing on the efficiency of natural gas and water management systems. Development of new collaborations with relevant partners to pursue this objective		Actual positive	Development of low-carbon technologies and adaptation of the product range to green gas	●●
			Actual positive	M&A and partnerships to expand the range of green solutions	●●
			Potential positive	Attraction of funding due to increase in low-carbon turnover	●●
			Potential positive	Increased reputation and market competitiveness due to investments in the energy transition	●●
Innovation and digitalisation	Fostering innovation and digitisation, optimising infrastructure monitoring and management, and integrating new renewable energy opportunities. Managing IT security. Initiating new collaborations to identify the best innovative technologies related to the energy transition and the reduction of CO_2 emissions		Actual positive	Increased operational efficiency, reduction of waste and optimisation of resources by digitising processes	●
			Actual positive	Increase in productivity and efficiency through investments in innovation and digitisation, with related consequences in terms of business continuity and quality	●●
			Potential negative	Disruption of computer systems, resulting in the loss of sensitive data, due to an external cyber attack	●

Impact
Financial

Environmental impacts

● Short term (up to 1 year) ●● Medium-term (2 to 5 years) ●●● Long-term (> 5 years)

Material topic	Topic description	Materiality	Type of impact	Impact description	Time frame
Circular economy	Promoting the principles of circularity in terms of new product development, use of environmentally friendly packaging, use of used materials, waste management and recovery, also in cooperation with external partners	Impact	Actual negative	Production of waste for disposal and not reused or recycled	●
			Potential negative	Poorly managed procurement and use of raw materials, with consequences on the availability of the virgin raw materials and ecosystems	●●
			Actual positive	Inclusion of recycled components in new products and assessment of their recyclability at end-of-life, from a Life Cycle Assessment perspective[2]	●●
		Financial	Potential positive	Attraction of business opportunities due to the development of products with a lower environmental impact	●●
Emissions and resilient infrastructures	Promoting the implementation of specific projects dedicated to the monitoring and reduction of greenhouse gases at Group level. Developing energy efficiency initiatives and improving infrastructure resilience, with the aim of reducing gas and water losses	Impact	Actual negative	Generation of atmospheric emissions of CO_2 and other pollutants	●●●
		Financial	Potential positive	Reducing costs through energy efficiency initiatives	●●

[2] Life cycle analysis (LCA) is a method for quantifying the potential environmental and human health impacts associated with a product or service, starting from its consumption of resources and its emissions. In its traditional form, it considers the entire life cycle of the system analysed from raw material acquisition through to end-of-life management, including the manufacturing, distribution and use phases (so-called 'cradle-to-grave' approach).

Impact
Financial

Social impacts

● Short term (up to 1 year) ●● Medium-term (2 to 5 years) ●●● Long-term (> 5 years)

Material topic	Topic description	Materiality	Type of impact	Impact description	Time frame
Workers' health and safety	Promoting the 'safety first 'culture throughout the Group, to monitor and prevent all potential risks, considering both internal and external collaborators (customers, suppliers, etc.)		Actual positive	Ensuring a safe and healthy environment, also by using appropriate safety equipment and management systems	●
			Actual positive	Dissemination of health and safety training and the 'safety first' culture	●
HR management & enhancement	Improving human resource management and potential development programmes to retain and attract new talent through training activities and strengthening hard and soft skills		Actual positive	Enhancement of talents and their performance through the development of customised growth paths	●●
			Actual positive	Improving employees' skills through the provision of continuous training, including through collaborations with universities and research centres	●●
			Potential negative	Reduced competitiveness on the market due to the failure to develop specific know-how and skills	●●
			Potential negative	Difficulties in attracting talent, with economic consequences resulting from the increased recruiting effort	●●
People wellbeing	Ensuring a work-life balance through a wellbeing system that meets the needs of employees. Favouring measures such as parental leave, healthcare, personal welfare initiatives and flexible working		Actual positive	Contribution to employee wellbeing in the company through the provision of welfare and company benefits	●
			Actual positive	Widespread and transparent corporate communication	●

Impact
Financial

Social impacts

● Short term (up to 1 year) ●● Medium-term (2 to 5 years) ●●● Long-term (> 5 years)

Material topic	Topic description	Materiality	Type of impact	Impact description	Time frame
Diversity & Inclusion	Promoting diversity, equal opportunities and inclusion by sharing a non-discriminatory corporate culture that values different abilities, backgrounds, experiences and orientations		Actual positive	Equality and equal opportunities for professional development and growth without discrimination	●
			Potential negative	Discrimination in the working environment due to different perceptions of the opportunities offered	●
Stakeholder engagement	Development of business activities in accordance with the needs and expectations of stakeholders, through transparent and collaborative communication, also on ESG issues. Managing industrial relations and promoting specific projects and activities together with the local communities in which the company operates		Actual positive	Creation of value for stakeholders interested in the company's results and for those with whom it does business	●●●
Sustainable supply chain	Adopting responsible and ethical purchasing policies, involving the selection of suppliers with consideration for their ESG performance. Establishing long-term collaborations, also aimed at developing innovative approaches to sustainability issues. Fostering the stability and integrity of the entire supply chain		Potential positive	Improvement of the sustainability practices along the supply chain by considering ESG factors in the selection and evaluation of suppliers	●●
			Actual negative	Indirect environmental and social impacts resulting from unsustainable practices along the part of the supply chain not evaluated and/or selected according to ESG criteria	●●
			Potential negative	Possible abuse of human rights and use of forced and child labour along the supply chain	●●

Impact
Financial

Social impacts

● Short term (up to 1 year) ●● Medium-term (2 to 5 years) ●●● Long-term (> 5 years)

Material topic	Topic description	Materiality	Type of impact	Impact description	Time frame
Customer centricity	Ensure the reliability of products and services in order to prevent and manage potential situations that could compromise customer safety, product/service quality and conformity, and business continuity. Increase the level of customer satisfaction by providing constant support when needed and innovative and sustainable solutions		Actual positive	Continuous listening to customer needs and market megatrends through monitoring and continuous improvement of customer satisfaction indicators	●
			Actual negative	Customer dissatisfaction related to the inability to handle their requests or the development of products not in line with expectations	●
			Potential positive	Increased revenues from the development of the portfolio of green solutions required by the market	●●●
			Potential negative	Loss of future business opportunities resulting from product or service quality not meeting customer expectations	●●

It is clear from the materiality analysis that the Pietro Fiorentini Group is generating significant impacts, especially from the point of view of **human resources.** These are a valuable asset whose **health and safety**, **well-being** and **equality** must be guaranteed, and whose **know-how** must be developed, all on a daily basis.

A key element in the long-term value creation strategy is the **focus on the customer** and the commitment to offering products and services fully in line with different needs and expectations. This increasingly goes hand in hand with the considerable efforts the Group is making to **develop resources** supported by investments in **innovation**. Business objectives in the areas of energy transition, water and environmental solutions will require a long and challenging process that Pietro Fiorentini is also promoting through the activation of **partnerships along the value chain**.

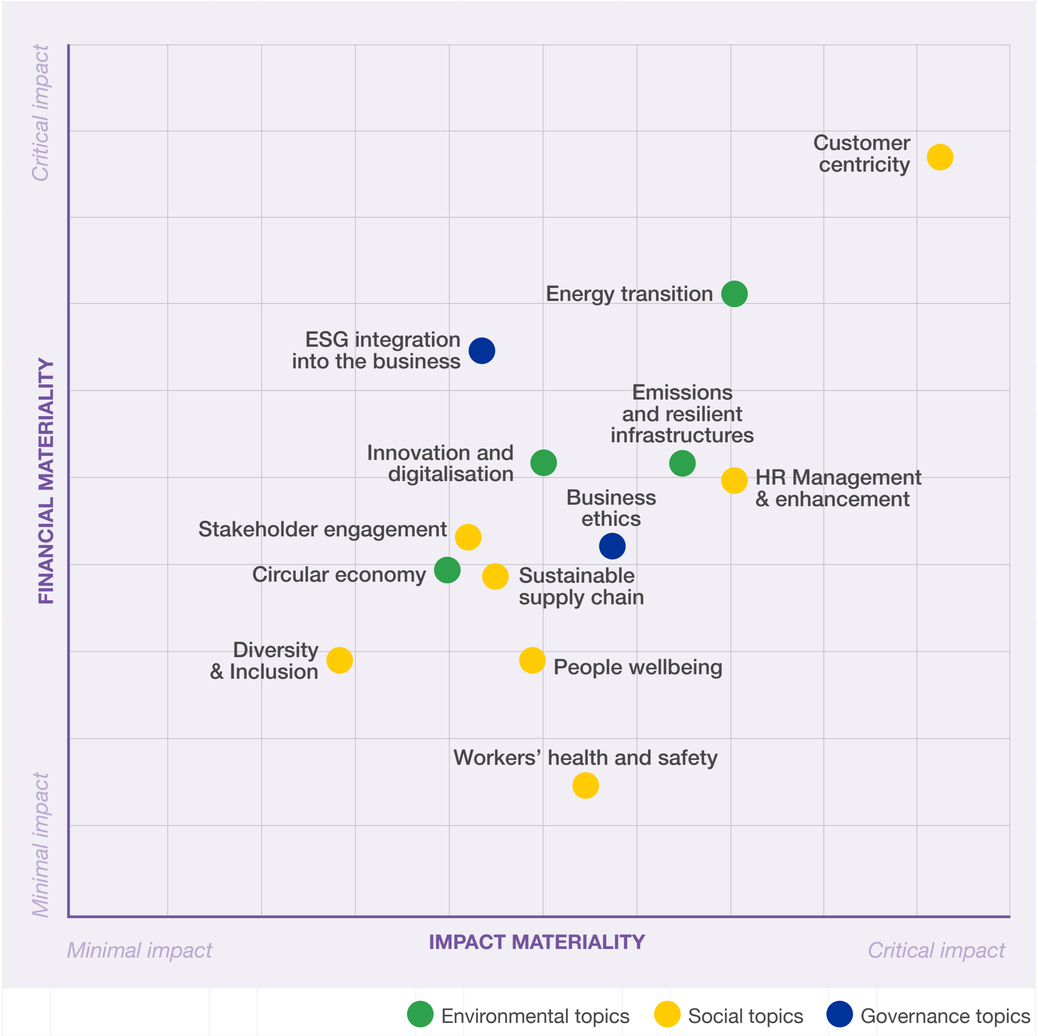
In line with these objectives, the Group is committed to combating climate change through various actions to mitigate its negative impacts related to **the emission of climate-altering gases** deriving from activities directly related to the Group and, indirectly, to the supply chain.

Pietro Fiorentini is also working to **extend its virtuous reach and generate increasingly widespread positive impacts** from not only an environmental but also a social point of view, and **in relation to the ethical management of business**. Our SA8000 certification is proof of this and represents a first step towards further relevant opportunities.

The issues of **governance** are essential to ensure the proper management of ESG opportunities and risks. Sustainability is increasingly permeating the Group's cultural and decision-making DNA and could be a key factor in ensuring compliance with sustainability goals in the medium-long term.

The results of the Impact and Financial Materiality analyses were used to develop the **double materiality matrix** and define the material topics. In particular, each topic was scored from this dual perspective as a weighted average of the impacts and associated risks or opportunities, respectively.

The aggregation of the results made it possible to represent the Group's materiality in a matrix, confirming the consistency of the priority topics with the goals on which the **sustainability strategy** was defined:



The double materiality matrix shows that the priority topics according to both perspectives are **“Customer centricity”, “Energy transition”, “Emissions and resilient infrastructures” and “HR management & enhancement”** demonstrating how their associated impacts, risks and opportunities are relevant to both Pietro Fiorentini and the surrounding community and environment.

From the perspective of Impact Materiality, the theme **“Workers’ health and safety”** emerges as a priority over the others on the basis of the relevance of the positive and negative impacts the Group generates towards its employees.

In contrast, from the perspective of Financial Materiality, an extremely significant topic is that of **“ESG integration into the business”** demonstrating the awareness of the importance of having an integrated governance to continue to create value and, in general, the impact of ESG issues on the Group's positioning and development.

Finally, the topics “Innovation and digitalisation”, “Business ethics”, “People wellbeing”, “Stakeholder engagement”, “Circular economy”, “Sustainable supply chain” and “Diversity & Inclusion” also appear to be material since significant impacts are associated with them.

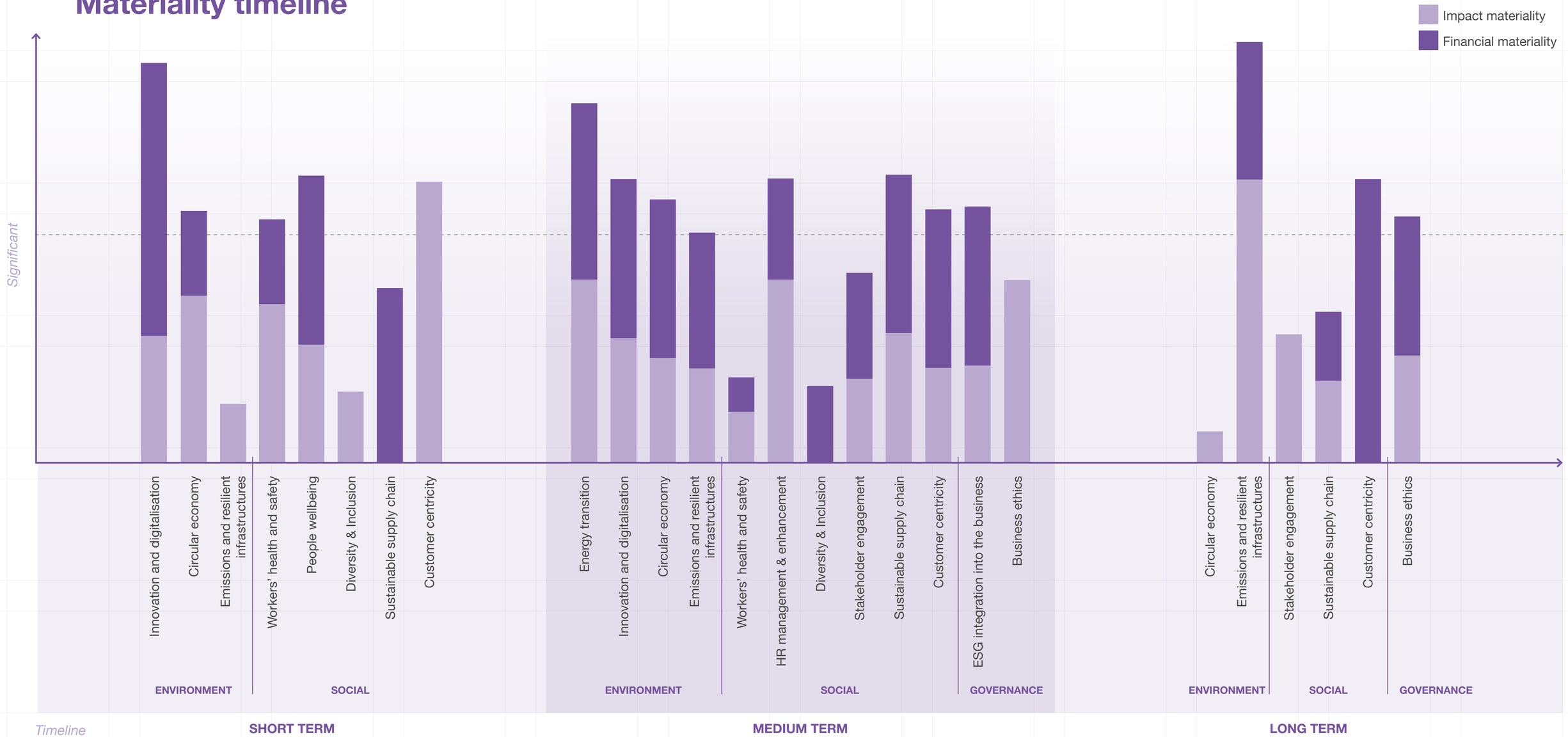
The materiality analysis also considered the **time horizon of the impacts** in order to understand their distribution in the short, medium and long term scenarios.

In the **short term** (up to 1 year) we find environmental impacts related to waste management and process innovation, as these are already widespread practices whose effects, including financial ones, are already evident. From a social point of view, the imminent impacts concern the health and safety and welfare of employees, and listening and customer care activities.

Looking at the **medium term** (2 to 5 years) the first fruits of the contribution to the energy transition and the development of low-carbon technologies to combat climate change will be evident. The impacts of the ongoing commitment to innovation, the development of a sustainable supply chain and human resource management through investment in training and development programmes are also relevant.

Finally, in the **long term** (more than 5 years), the achievement of a zero-carbon economy emerges as the most important element that will continue generating value. This is also true with a view to responding to the needs of customers who will increasingly show interest in green solutions. The tightening of environmental and social regulations could lead to an increased focus on ensuring business ethics throughout the value chain.

Materiality timeline



Our ESG goals

In 2022, the Group set itself specific objectives to be pursued during the **three-year period 2023-25** in line with the main strategic lines. Most of the **goals** defined have already been achieved, while others are still being implemented and continue to be monitored.

In order to further demonstrate its commitment to ESG issues, the Group has decided to set itself **new objectives** that are even more challenging and measurable than the previous ones, **to be achieved in the period 2024-26**. These new goals were also identified in view of the **new purpose** *"We value resources. Together, today and for future generations"* which emphasises the importance of sustainable resource management for the world today and that of tomorrow.

Governance goals

Material topic	Goals 2023-2025	Progress	Goals 2024-2026	SDGs[3]
ESG integration into the business	Obtaining SA 8000 certification for Pietro Fiorentini and evaluation of its extension to other companies	In July 2023 Pietro Fiorentini became **certified SA 8000**	Obtaining **SA 8000 certification in Gazfio** and evaluation of its extension to other companies	
	Inclusion of KPIs linked to sustainability performance in the MBOs of top management	A **KPI was defined for the reduction of overtime** and the consumption of holidays and leave	**10%** of top management's **MBOs linked to sustainability KPIs**	
	Review of the corporate purpose with a view to creating a purpose-driven organisation	The new corporate purpose is as follows: "**We value resources. Together, today and for future generations**"	Holding of **2 meetings per year** in which staff are updated on the progress of the **initiatives carried out to implement the purpose**	
	Extending the scope of the Sustainability Report to most of the subsidiaries	**14 companies of the Group** are currently **included** in the scope of the Annual Report	**100% of the companies in the Group[4] included** in the scope of the Sustainability Report	
			Definition of the **requirements for Board members of Group companies**, implementation of training plans and performance monitoring (according to the **"fit and proper" approach**)	
Business ethics	Strengthening of training in the area of Model 231, privacy, information security and intellectual property protection	Model 231 and information security training were added to the **e-learning** offering and are available to employees. Ongoing **translation of the contents o**f the main trainings to make them available to colleagues in Group companies	**Updating of Model 231** and the related training	
			Updating of the Code of Ethics and launch of a training programme	

[3] The Sustainable Development Goals (SDGs) are a set of 17 goals defined by the United Nations as a strategy 'to achieve a better and more sustainable future for all'. They are part of the 2030 Agenda, a document that recognises the close link between human well-being, the protection of natural systems and the presence of common challenges for all countries.

[4] Companies within the scope of the Consolidated Financial Statements are taken into account.

Environmental goals

Material topic	Goals 2023-2025	Progress	Goals 2024-2026	SDGs
Energy transition	Biomethane: support in the production of at least half a billion cubic metres by 2025, resulting in an annual reduction of approximately 1.1 million tCO_2-eq	Ongoing, annual **production** of approximately **140 million cubic metres enabled**	**Enable the production**, through the supply of Group technologies **, of one billion cubic metres of biomethane per year** by 2026, resulting in an annual **reduction of approximately 1.4 million tCO_2-eq**[5]	
			Production, through plants owned by the Group**, of at least 60 million cubic metres of biomethane per year** by 2026, resulting in an annual **reduction of approximately 140 $ktCO_2$-eq**	
			Growth of the **low-carbon turnover** in plant production exceeding the high-carbon turnover[6]	

[5] The annual production of biomethane production plants for which Pietro Fiorentini has supplied at least the biogas upgrading, liquefaction plant or grid injection system is included in the scope of the target. Cumulative production up to and including 2026 is taken into account, including the existing fleet of plants and not those on order or under construction. The reduction in CO_2 emissions was estimated on the basis of assumptions regarding the carbon footprint and the possible target sector (transport or other uses) of each country where the plants are to be marketed.

[6] Low carbon turnover includes biogas upgrading, biomethane liquefaction or injection, CO_2recovery and liquefaction, reverse flow and power-to-gas systems. High Carbon turnover includes all other plants in the Group's product range.

Environmental goals

Material topic	Goals 2023-2025	Progress	Goals 2024-2026	SDGs
Innovation and digitalisation	Hydrogen: development of the first 1 MW electrolyser with Hyter's AEMWE technology	Ongoing project	Start-up of first **1 MW electrolyser for hydrogen generation** with Hyter's AEMWE[7] technology	
	Power-to-gas: scale-up of solutions up to 10 MW	In progress, in 2023 **Bio FARM** plant entered into service	Commissioning of **SynBioS plant** and production of the first cubic metre of e-methane using the MicroPyros BioEnerTec biological methanation catalyst	
	Development of smart reduction stations, including sensors for gas quality analysis, % hydrogen measurement and flow measurement, data acquisition and management and remote regulation systems, enabling the energy transition by feeding gas from green energy carriers into the grid	The **gas quality analysis and gasflow measurement were fully developed,** while flow measurement was 50% developed. The developments will continue but will no longer be monitored with a specific objective	-	
	Development of solutions for syngas methanation from biomass or solid waste (achievement of TRL 6 in 2025)	In progress, in 2023 **MiO LAB** laboratory entered into service	Development of solutions for **syngas methanation** from biomass or solid waste (achievement of TRL[8] 6 in 2026)	
	Development of 'turquoise' hydrogen production solutions (TRL 5 in 2025)	The laboratory activity on the first prototype (**Pyro0**) was completed	Development of **"turquoise" hydrogen** production solutions (TRL 5 in 2026)	
			Commissioning of at least **6 CO_2capture and liquefaction systems**, resulting in an annual reduction of approximately 33 ktCO_2-eq	

[7] The electrolysers produced by Hyter use an Anion Exchange Membrane Water Electrolysis process. This technology, compared to the others currently available on the market, has excellent efficiency, allows a significant reduction in investment costs and a lower environmental impact. [8] The term TRL (Technology Readiness Level) indicates a methodology for assessing the degree of maturity of a technology. It is based on a scale of values from 1 to 9, where 1 is the lowest (definition of the basic principles) and 9 the highest (system already used in the operating environment).

Environmental goals

Material topic	Goals 2023-2025	Progress	Goals 2024-2026	SDGs
Circular economy	Definition of systems for mapping, monitoring and classification of materials used and how they are recycled (when possible) at the end of their lifecycle	In 2023**, the classification of materials and weights associated with products was revised** in order to increase the reliability of the data needed to conduct a Life Cycle Assessment	Conduction of a **Life Cycle Assessment on at least one product per product family** and identification of the relative improvement actions	
	Inclusion of recyclable components in new products and assessment of their recyclability at end-of-life, from a Life Cycle Assessment perspective			
			Collection of 500,000 tonnes of organic waste per year with Sartori Ambiente devices, equivalent to approximately 4,450 tCO_2-eq	
Emissions and resilient infrastructures	Extension of ISO 50001 certification to other Pietro Fiorentini sites, in order to launch plant energy efficiency initiatives	In 2023, **several energy efficiency initiatives were implemented** at the Arcugnano site	**Extension of ISO 50001 certification** to other Pietro Fiorentini sites (**Rosate** and **Desenzano del Garda**) and **Gazfio**, with the consequent launch of energy efficiency initiatives in the plants	
	Calculation of the organisation's carbon footprint by 2025	The emissions deriving from **material procurement and waste treatment** were added to the Scope 3 calculation	Calculation of the organisation's **carbon footprint by 2025**	
			Start-up of the **first 5 BiRemi systems**, enabling approximately 20 million cubic metres of biomethane per year in the distribution network	
			Development of **smart water meters** with rangeability[9] up to 800, with the aim of intercepting and **reducing water losses** (TRL 9 in 2026)	

[9] Rangeability refers to the ratio between maximum and minimum flow rate.

Social goals

Material topic	Goals 2023-2025	Progress	Goals 2024-2026	SDGs
Workers' health and safety	Widespread application of the Behavior Based Safety[10] methodology	The **first training sessions on BBS methodology were carried out.** Awareness of HSE issues will, however, be monitored through a more measurable objective	Management of at least **280 annual reports of events - near misses, first aid and concerns** - occurring at Pietro Fiorentini, with the aim of raising awareness of health and safety issues	 
	Performance of HSE assessments in the major subsidiaries to reduce potential risks	In 2023, activities were carried out relating to the **integration of Fast** into Pietro Fiorentini and the other Group companies **TIV Valves and MicroPyros BioEnerTec**	Performance of **HSE assessments in 15 subsidiaries** by 2026 and initiation of improvement plans on the basis of the identified criticalities	
HR management & enhancement	Implementation of a programme to increase the level of emotional intelligence and leadership in management and in high potential figures	In 2023, **phase 1 of the leadership training and alignment** with top management programme was **completed** and was started with the high potential figures**.** Phase 2, starting in 2024, will also include mentorship and coaching initiatives. The effectiveness of these projects will be measured through retention	Achievement and maintenance of a **voluntary turnover rate**[11] **of less than 8%**	 
	Continuation of mentorship and coaching initiatives			
	Lean & Agile contamination of employees who have never participated in Kaizen events/weeks and Agile projects	The contamination initiatives continued in 2023. The objective has been modified with a view to measurability.	**80% of employees** involved in at least **1 kaizen event/week**[12]	
			Achievement and maintenance of **at least 40 hours of training per employee**	

[10] Technique that allows one to improve safety in the company starting from behavioural change. The objective is to reduce the number of accidents and improve risk management through staff awareness-raising and training, including experiential training.

[11] Only voluntary resignations are taken into account in the calculation, and not retirements and dismissals.

[12] At the moment, employees of Pietro Fiorentini, TIV Valves and Gazfio are involved, but there are plans to apply it to other Group companies.

Social goals

Material topic	Goals 2023-2025	Progress	Goals 2024-2026	SDGs
People wellbeing	Implementation of the initiatives identified as a result of the 2022 climate analysis Renewal of climate analysis in 2024 to review progress	In 2023, several **initiatives were carried out** in the areas of **Development, Energy and Equality**	Achievement and maintenance of a **score of at least 60% in the climate analysis** conducted in Pietro Fiorentini, TIV Valves, Gazfio and Pietro Fiorentini (USA)	
	Availability of additional benefits for employees (special rates, mobility services, etc.)	In 2023, the employees of Pietro Fiorentini saved almost **€30,000** through the **Corporate Benefit portal**. Different mobility services from those planned in the past are being evaluated	**20%** of Pietro Fiorentini employees active **on apps promoting wellbeing initiatives**	
Diversity & Inclusion	Analysis of possible wage gaps, based on the sector of reference	Some job classifications and **job descriptions are currently being reviewed**, in order to perform the analysis on the basis of specific tasks	Obtaining a **gender equality certification** in at least one Group company	
	Integration in the recruitment process of diversity logics, understood with reference to the personality type of the selected figures	The previous goal mainly concerned the recruitment phase; the impact on all business processes will now be monitored		
	Activities led by the Disability Manager, reference figure for the integration of protected categories in the company	The termination of agreements with job centres for the recruitment of staff under Law No. 68/1999 is being assessed. As no other activities are planned, the goal will no longer be monitored		
			Formalisation of a staff **diversity and inclusion policy** and launch of a training programme	

Social goals

Material topic	Goals 2023-2025	Progress	Goals 2024-2026	SDGs
Stakeholder engagement	Updating the mapping and materiality of impacts with stakeholder engagement	In 2023, the **internal stakeholders were involved** in the impact and financial materiality update	**Engagement of 100% of relevant stakeholder** categories for the double materiality update	
	Evidence of the company's ability to distribute intangible value to stakeholders, including through the promotion of additional social initiatives	Objective pending as the **review of the Corporate Social Responsibility strategy** is scheduled for 2024-25	Formalisation of a **policy on respect for human rights of internal and external stakeholders** and initiation of a training programme	
Sustainable supply chain	Offsetting emissions produced by certain suppliers (e.g. for transport)	**Some contracts with transport providers were revised** to include offsetting of the emissions produced	**Offsetting of the CO_2 emissions** produced by logistics and business travel	
	Integration of ESG criteria in the evaluation of existing suppliers by sending out sustainability questionnaires	The **supplier document portal** was set up, also in order to record ESG data	Integration of ESG information of **80% of regular class A and B suppliers** on the supplier document portal	
	Mapping and monitoring of critical suppliers for SA 8000 purposes	The **mapping of critical SA 8000 suppliers was completed** and an audit plan was defined	Performance of **10 annual audits of SA 8000 critical suppliers** and initiation of improvement actions	
			Relocation of at least **40 plastic moulds from Chinese to European suppliers**, with the aim of making the supply chain more local	
Customer centricity	Maintaining an average Net Promoter Score of at least 80%, expanding the sample of customers	In 2023, Net Promoter Scores were used to understand the **satisfaction level of customers served through distributors**	Achievement of a **Net Promoter Score of at least 30** with an average score above 7, while maintaining a significant sample of customers involved	
	Reduction of the average time for issue resolution in the CRM system	Ongoing activities to improve the structuring of the **after-sales service** process	Achievement of an average time of **20 days for issue resolution** in the CRM system	

We value **integrity**

03

Sustainability governance

Governance structure

Pietro Fiorentini's governance system ensures ethical, clear and shared relationships with key stakeholders and adequate monitoring of risks and opportunities along the value chain.

The Group's corporate governance system is traditional and comprises two bodies, the **Board of Directors** and the **Board of Statutory Auditors** both appointed by the Shareholders' Meeting.

The former is an ordinary and extraordinary administrative body, while the latter has legal and accounting control responsibilities.

The board members, three men (executive) and one woman, hold office indefinitely, and there are no independent members. The executive members are also senior executives of the organisation.

Administrative and control bodies

BOARD OF DIRECTORS		GEN.	AGE
Cristiano Nardi	President	M	>50
Mario Pietro Nardi	Chief Executive Officer	M	>50
Paolo Aditeo Nardi	Board member	M	>50
Silvana Fiorentini	Board member	F	>50

BOARD OF STATUTORY AUDITORS		GEN.	AGE
Fabio Maria Venegoni	President	M	>50
Paolo Gualtiero Targa	Auditor	M	30-50
Luisa Claudia Savio	Auditor	F	>50
Roberto Todisco	Alternate Auditor	M	30-50
Paolo Spagnol	Alternate Auditor	M	30-50

SUPERVISORY BOARD		GEN.	AGE
Massimo Fossati	President	M	>50

The **Sustainability Committee**, a body established in 2022 to report to the Board of Directors, met four times in 2023. The main activities performed included overseeing the structure and content of the Sustainability Report 2022, **reviewing and approving the ESG targets** included therein, and evaluating further projects to be initiated in order to achieve the targets.

In terms of internal organisation, the parent company Pietro Fiorentini S.p.A. is divided into two **Strategic Business Units (SBUs)**: autonomous divisions with responsibility for a particular range of products or activities, which act as independent enterprises and are responsible for their own profits or losses.

In particular, **SBU Gas & Water Network Solutions** is active in the production of a wide range of **components** (e.g. pressure regulators, valves, gas and water meters, etc.) and offers **services** remotely and onsite, ranging from engineering design and data management to scheduled and extraordinary maintenance. Since November 2023, the products and services of the **Fast Division** have also been covered by the SBU.

SBU Energy Complete Solutions on the other hand, deals with the development of **complete plants** ranging from gas treatment systems to distribution cabins, through PRMS pressure and metering stations to the most innovative biogas upgrading and biomethane injection solutions. As of March 2023, the SBU also included the Division **Energy Special Projects** with the aim of pursuing new business opportunities in the international arena with a strongly project-driven and agile approach.

The **Managing Director**, to which some strategic staff functions report (Purchasing, Marketing, Quality, etc.), remains at the top of the organisation. The others (Finance, Human Resources, Legal, IT, HSE, etc.) report directly to the Board of Directors.

The strategic functions of the parent company always maintain a **role of coordination** and support towards the Group's subsidiaries, despite the fact that the individual companies, in Italy and abroad, are organised independently with structures that vary according to size.

Organisation chart Pietro Fiorentini S.p.A.

Business ethics

Pietro Fiorentini, through the **Management, Organisation and Governance model (MOG)** established pursuant to **Legislative Decree 231/2001**, has defined an organic and structured system of guidelines, operating procedures and controls inspired by the values of loyalty, compliance with regulations and the principles of fair competition, correctness, honesty, diligence and independence. This approach applies to any activity implemented along the value chain and concerns the Group's relations with its entire stakeholder base, protecting the interests of employees, customers and partners. With reference to the period 2023-2026, the Board of Directors appointed a **new Supervisory Board**[1] as provided for in the relevant legislation, with the function of supervising the updating and effective implementation of the Model. For some time now, a **dedicated mailbox** has been set up to enable all those who may become aware of information relating to the commission of offences to make reports to the Supervisory Board.

In 2023, with the achievement of **SA 8000** certification and the entry into force in Italy of Legislative Decree 24/2023 on the subject of **whistleblowing** the company has set up a new procedure for the **management of reports** received from workers and external stakeholders. This procedure governs the procedures for receiving reports - by ordinary mail, e-mail or boxes installed at the various sites - the procedures for ascertaining the circumstances reported and the measures envisaged to ensure the **protection of the whistleblower**. In order to simplify the undertaking and response to reports relating to the MOG, SA 8000, the whistleblowing decree and any other relevant area, a software platform is to be implemented in 2024.

Initiatives to **prevent and combat both public and private bribery offences** are ensured on the basis of the provisions of the Code of Conduct and in line with the provisions of the OMC model, which sets out a procedure dedicated to the conduct that must be adopted to prevent possible bribery offences. In 2023, no activities sensitive to corruption-related risks were reported.

In the current context, characterised by an increasing focus on compliance and corporate social responsibility issues, the Group has set itself the goal of increasing the awareness and sensitivity of all employees, so as to be able to more effectively prevent and recognise corruption in its various business activities. The **employees are trained and informed of anti-corruption and compliance issues** when they join the company; training updates are provided on the basis of changes to the MOG.

Read the Management, Organisation and Governance Model (MOG)

Make a report

[1]This Body, appointed by the Board of Directors pursuant to Legislative Decree No. 231/2001, takes into consideration the reports received and takes the necessary consequent measures, always ensuring the protection of the whistleblower from any type of retaliation, in line with the provisions of the legislation.

Management systems

The **internal control system** of the Pietro Fiorentini Group is fundamental to guarantee the transparency and efficiency of the company's operations. The Board of Directors establishes and sets the guidelines and periodically verifies their adequacy and effective functioning, ensuring that the main business risks are identified and properly managed.

The supervision of the Group's internal activities is also ensured by the adoption and **updating of a series of management system certifications**. Group companies that do not have a management system formalised according to precise international standards have nevertheless adopted policies and procedures consistent with those of the parent company.

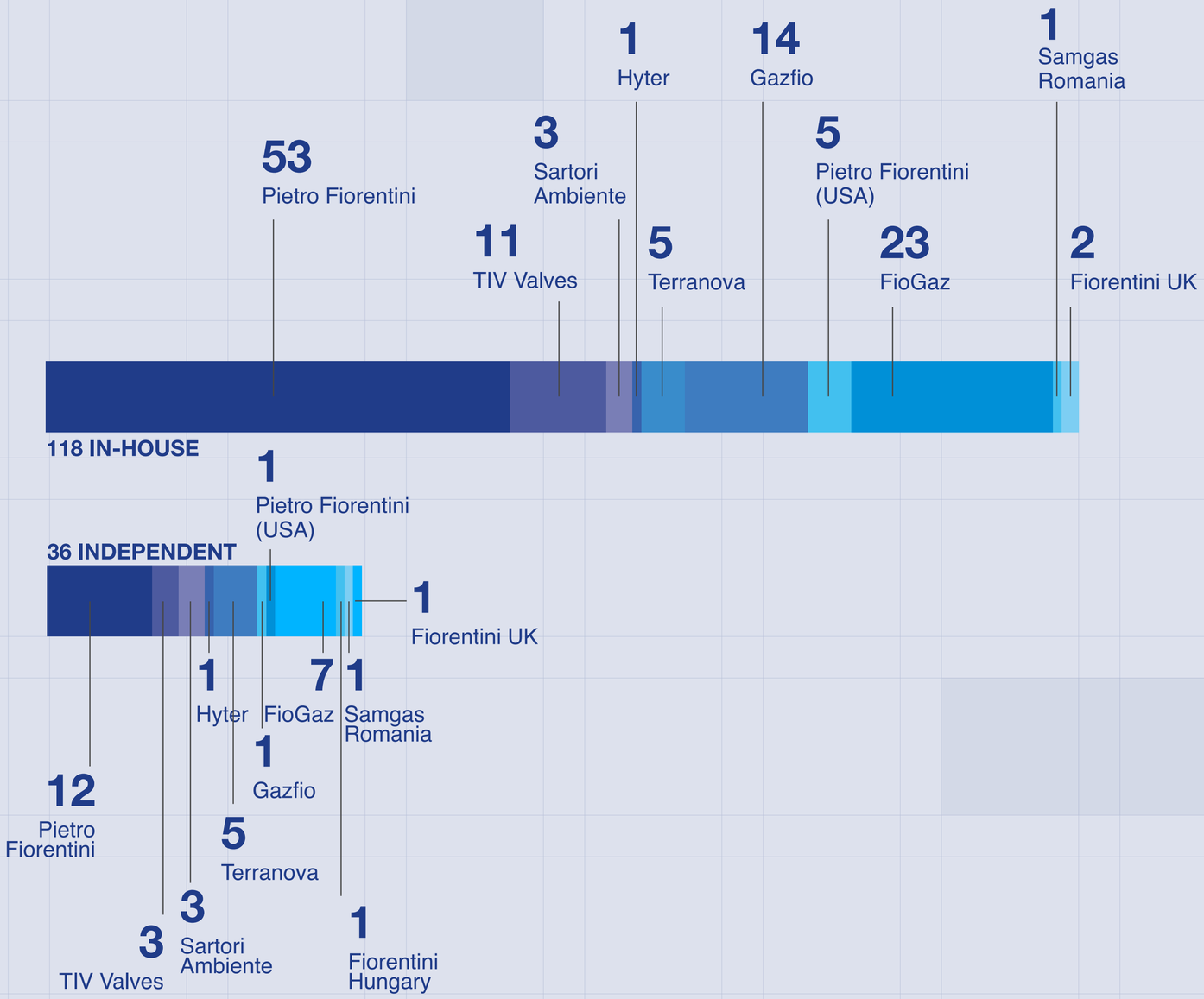
MANAGEMENT SYSTEMS	CERTIFIED COMPANIES
UNI **ISO 9001**:2015 - Quality Management System	• Pietro Fiorentini Group[2]
UNI **ISO 14001**:2015 - Environmental Management System	• Pietro Fiorentini • TIV Valves • Sartori Ambiente • FioGaz
UNI **ISO 27001**:2013 - Information management system	• Pietro Fiorentini • Terranova
UNI **ISO 45001**:2018 - Health and safety management system	• Pietro Fiorentini • TIV Valves • Sartori Ambiente • Terranova • FioGaz
UNI **ISO 50001**:2018 - Energy Management System	• Pietro Fiorentini (Arcugnano site)
SA 8000:2014- Social responsibility management system	• Pietro Fiorentini

[2] All Group companies included in the current reporting scope are part of the ISO 9001 certification perimeter, except Biokomp, Cryo Inox and MicroPyros BioEnerTec.

Audits carried out in 2023

The ongoing effectiveness of the management systems is ensured by the implementation of audits both in-house, managed by dedicated teams in the various divisions or subsidiaries, and independent, carried out by accredited third-party bodies.

In 2023, a total of **118 internal audits** were performed in the various Group companies, and **36 audits were performed by external bodies**. These figures do not include the audits performed internally and by external bodies for the verification and maintenance of the various product certifications.



SA 8000 certification

In 2023 Pietro Fiorentini S.p.A. embarked on the path towards obtaining SA certification (**Social Accountability**) 8000:2014, an international standard that meets the needs of organisations that want to distinguish themselves for their commitment to sustainable development, with a particular focus on social issues and the **wellbeing of workers**.

As early as 2022, a gap analysis was carried out to assess the actions necessary to obtain certification, which was achieved in June 2023.
The **social responsibility requirements** contained in the SA 8000 standard are summarised below:

1. Not using or supporting **child labour** up to 16 years of age) and juvenile labour (16 to 18 years of age), in compliance with compulsory education and legal regulations

2. Not encouraging or supporting **forced or compulsory labour through coercion or threats, including psychological ones**

3. Ensuring the **health and safety** of workers through measures to prevent accidents and damage to health by providing that all staff receive regular training

4. Respecting the **freedom of association** of workers, in particular membership of trade unions, and the **right to collective bargaining**

5. Not engaging in any kind of **discrimination** by sex, religion, national, territorial and social origin, birth, disability, gender, sexual orientation, trade union membership, political opinions, etc.

6. Treating all staff with dignity and respect, neither using nor supporting **disciplinary practices** such as corporal punishment, physical or mental coercion, verbal abuse, etc.

7. Respecting the ordinary **working hours**, overtime and rest periods provided for by national and local laws and agreements

8. Guaranteeing adequate **remuneration** to employees, in compliance with current national legislation and any supplementary company contracts

Read the Integrated Policy of the management systems

In most of the areas covered by the standard, the company was already largely compliant. In order to effectively implement the **SA 8000 management system**, however, the following actions were initiated:

- definition of **targets for reducing overtime hours**, distinguishing travelling hours from overtime, with a view to facilitating the work-life balance;
- **training** of all staff through an e-learning course for white-collar workers and in-person training sessions for blue-collar workers;
- updating of the **Integrated Policy** including the principles of SA 8000;
- Building of the **Social Performance Team**, tasked with facilitating the implementation of the SA 8000 system, monitoring the application of the requirements, reporting any non-compliances with the standard to the company management and proposing corrective actions;
- Establishment of the **Health and Safety Committee** whose annual meeting coincides with the periodic meeting provided for in Article 35 of Legislative Decree 81/08 (Safety Consolidation Act), at which the main company health and safety issues are analysed;
- Establishment of a system for **managing the reports** received, as mentioned in section 3.2.

The certification also requires the management system to be applied to suppliers. To this end, a **letter of adherence to the SA 8000 requirements** was sent to the main suppliers, informing them of Pietro Fiorentini's commitment and the need to follow suit. Through the development of a methodology based on various factors (e.g. reference sector, geographical area, turnover, etc.), the **'critical' suppliers were identified**. In 2024, specific **audits** will be carried out on some of these in 2024 to verify their compliance with SA 8000 requirements and initiate any improvement actions required.

The Social Performance Team is working to respond effectively to the observations that resulted from the certification audit in June 2023 concerning supplier management and the reduction of overtime hours. For the second point, the team worked with the HR function to implement a **weekly monitoring system** extended to all employees. The first positive results in the reduction of overtime were already recorded at the end of 2023, even exceeding the defined targets.

Obtaining SA 8000 certification is a further demonstration of Pietro Fiorentini's commitment to **social responsibility** and in particular to the welfare of its workers, confirming the objectives defined in the Sustainability Report 2022.

Managing risks and opportunities

The integrated system makes it possible to **identify, analyse, assess and monitor actual and potential risks**, and to **seize possible opportunities** in a short-, medium- and long-term perspective. The internal Risk Management function operating at Group level and reporting to the Board of Directors, is responsible for integrating risk management into the company's business.

The **mapping and mitigation of risks** is carried out at Group level, including the main subsidiaries. To carry out this activity, the Risk Management function works in cooperation with the heads and operational contacts of each division of the parent company (Meter, Minireg, etc.) and with the **risk coordinators** appointed in each company involved in the process.

The **mitigation plans** drawn up for the main subsidiaries and updated annually, associate the most significant risks with mitigation actions and the related indicators and targets to be monitored on a quarterly basis, in cooperation with the individual contact persons.

In order to increasingly link risk management to the achievement of economic and financial objectives, a new **quantitative risk assessment** methodology was developed in 2023 with the aim of measuring the economic dimension of the risks identified. This methodology will be widely applied during 2024, with a view to measuring the effectiveness of risk mitigation actions.

To carry out the **double materiality analysis** conducted for the first time in 2023, the economic-financial metrics of ERM (Enterprise Risk Management) were methodologically aligned with those used to calculate the **financial materiality**. This represented a first step towards the Group's goal of integrating ESG risks into its ERM.

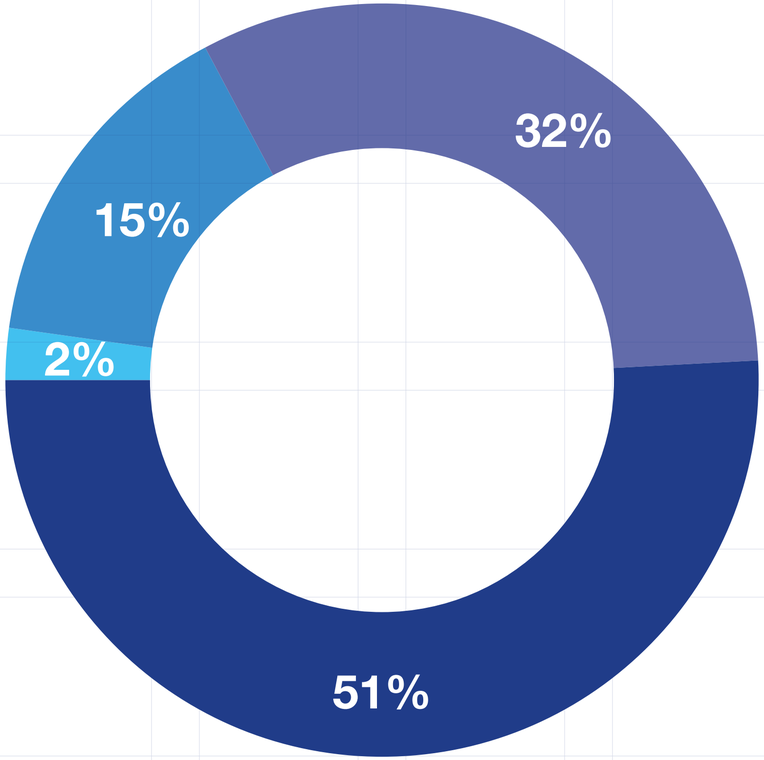
Risk categories

External

The risks identified in this area concern **the macroeconomic environment** and in particular the consequences of international geopolitical tensions on the demand for products in the natural gas business.

Financial

The Group is mainly exposed to credit risks, liquidity issues and risks related to exchange rate and interest rate fluctuations.



Strategic

Risks of a strategic nature concern the Group's ability to structure itself, both organisationally and in terms of its business model, to achieve adequate **margins** in the renewable energy business, to **maintain market share** in the 'traditional' business. With regard to governance issues, the main risks relate to the supervision and **development of the subsidiaries** and the effectiveness of the **M&A** activities.

Operational

About half of the risks were identified in this area, which includes **business disruptions, quality, safety and innovation** of products and services, **compliance** issues, **supplier reliability**, machinery and equipment compliance and **environmental impact** of products. The most represented risk category, however, is **'People'**, in terms of competence development and talent retention. Finally, the company pays increasing attention to the **cybersecurity** of internal products and services.

We value innovation

04

Innovating to add value

Research and development

Pietro Fiorentini allocates significant investments to **research and development**, which are essential to meet the difficult challenges arising from the current context.

Innovation is part of the Group's DNA: in any field of expertise, in fact, Pietro Fiorentini is constantly committed to promoting and implementing innovative and sustainability-friendly solutions.

During 2023, the **Intellectual Property Management function** was set up, completing a number of significant activities aimed at improving the management of **patents** and the protection of the innovative elements significant to the company through a periodic innovation assessment process.

Pietro Fiorentini sees collaboration with universities and research institutions as an element of growth that supports the sharing and development of know-how. As proof of this, in 2023 the R&D team conducted an LCA project (**Life Cycle Assessment**[1]) in collaboration with **Politecnico di Milano.** The study aimed to **assess the environmental impact of the plastic materials** used in gas meters and to seek alternatives with similar quality performances. The results highlighted the need to conduct a comparative analysis to optimise the maximum percentage of **recycled plastic** to be used, while maintaining satisfactory performance levels for the use of the component.

As a partner, in recent years Pietro Fiorentini has financed numerous **scholarships** for research grants and doctorates. Two of these were launched in 2023 in collaboration with the Materials Science and Engineering Departments of the **University of Padua** and Materials Engineering and Chemistry of **Politecnico di Milano**.

50
Collaborators in the R&D team

21
Patent applications filed in 2023

20
Patent concessions obtained in 2023

[1] Life cycle analysis (LCA) is a method for quantifying the potential environmental and human health impacts associated with a product or service, starting from its consumption of resources and its emissions. In its traditional form, it considers the entire life cycle of the system under analysis from raw material acquisition through to end-of-life management, including the manufacturing, distribution and use phases (so-called 'cradle-to-grave' approach)

Innovation in renewable gas production

D
Decarbonisation
Decentralisation
Digitalisation

The future of energy will be based on the so-called **'three Ds': decarbonisation** (the phasing out of fossil fuels in favor of renewables); **decentralisation** with the shift from centrally managed generation, transmission and distribution to delocalised systems; and **digitalisation** of the technologies serving the grid.

Aware of the central role played by the energy system in the path to achieving the **zero emission goal**, Pietro Fiorentini has structured its business model consistently, expanding its offering of technological solutions.

More specifically, Pietro Fiorentini's commitment to the energy transition takes shape not only improving the efficiency of the natural gas infrastructure, but also developing new solutions for **biomethane**, **hydrogen** and **e-fuels**, in the increasing investments related to the digitisation of networks and in the definition of a coherent M&A strategy.

Biomethane

Biomethane now plays a well-established starring role in the European programmes related to energy diversification and the containment of climate-changing emissions, as well as in the circular economy. Unlike other renewable sources, it requires **limited investment in infrastructure** and, as far as emissions are concerned, it is considered **emission-neutral**, being produced through the digestion of biomass from agricultural by-products, industrial processing waste and other organic material.

Pietro Fiorentini offers complete solutions for the **upgrading and processing of biomethane** including **its injection into the grid or its liquefaction** in order to meet customers' needs at all stages of the process. The technological solutions are complemented by commissioning, testing, supervision and remote control services aimed at predictive maintenance and data analysis.

Watch the full video of the 'Net-Zero: the biomethane journey - Paving the way to a greener future' event

This is confirmed by its status as founding member of the **Biomethane Industrial Partnership** (BIP), the collaboration promoted by the European Commission (announced in the REPowerEU[2] plan) with the aim of increasing the **production** and annual use **of biomethane to 35 billion cubic metres by 2030**. The company is also an active member of other trade associations, including the **Italian Biogas Consortium** (CIB), the **European Biogas Association** (EBA) and the **American Biogas Council** (ABC).

In order to undertake an increasingly prominent role in this supply chain, in May 2023 Pietro Fiorentini organised the virtual event **'Net-Zero: the biomethane journey - Paving the way to a greener future'**. The aim was to analyse the situation of biomethane at European level, involving experts and stakeholders from the entire supply chain to share their respective visions on biomethane generation, its different applications and the current and future challenges to maximise the potential of this crucial green energy source. Representatives from some of the most important companies and associations in the sector attended the event, including SNAM, Italgas, HERA, GRDF, BIP, EBA, CIB and RSE.

[2] The European Commission's REPowerEU plan aims to drastically accelerate the transition to clean energy and to increase Europe's energy independence before 2030.

Biomethane

Biomethanation: biology and reactor innovation

Biomethanation is a process that, in an oxygen-free environment, enables specific micro-organisms to **metabolise hydrogen and carbonic gases such as CO_2, into methane** (and water), and is one of the most promising sources for converting surplus electricity from renewable sources into biomethane. This is in fact one of the pillars of the energy convergence on which the current transformation projects are founded. A totally 'green' process that has the advantage of **capturing carbon dioxide** and producing a methane meeting the requirements of the transmission and distribution networks. A biomethane ready for grid injection or for liquefaction for producing bio-LNG (Liquefied Natural Gas).

July 2023 saw the official opening of **Bio FARM**, an experimental research facility for biomethanation located within the **water purification plant** in the German city of Straubing and operated by SER (*Straubinger Entwässerung und Reinigung*). The pilot plant uses **waste gases and sewage sludge to make gas mixtures** on site, facilitating testing under real conditions and simulating both the biology and dynamics of the fluids in an industrial system. During the year, the mechanical installation was completed with its remote monitoring, automation and control systems, while the actual start-up will take place in early 2024.

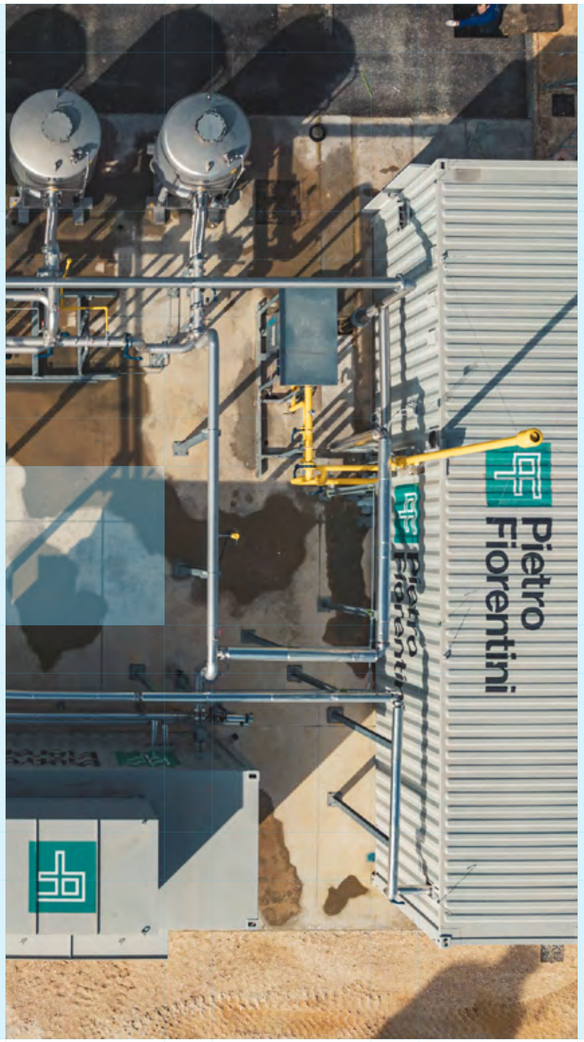
Its unique feature is the fact that it is combined with the **microbiology laboratory MiO LAB**, which became operational in February 2023, specialised in the cultivation, selection and testing of the micro-organisms that will be used in the biological methanation plants of the Pietro Fiorentini Group. In 2023, the laboratory was upgraded with a state-of-the-art microscope and new equipment for the **analysis and cultivation of microorganisms**. In addition, genomic research activities were initiated to increase knowledge on the behaviour of microorganisms, which will make it possible to search for new forms of process efficiency.

The focus of Bio FARM and the MiO LAB are the **micro-organisms of MicroPyros BioEnerTec**, a company acquired by the Group in 2021, active in the field of applied biotechnologies in the energy field. **Archaea**, the micro-organisms behind biological methanation, are preserved in the microbiological lab, collected in over 20 years of scientific activity. Through their cultivation and selection, it will be possible to have availability of increasingly effective combinations of micro-organisms capable of metabolising hydrogen and carbon dioxide to produce methane and water.

The combination of Bio FARM and MiO LAB, just a few kilometres away from each other, has created a globally unique and rare setting for research in the field of biomethanation. An activity that allows Pietro Fiorentini to be **a pioneer in the field of e-methane** (totally green methane).

Biomethane

An evolving market



In 2023, Pietro Fiorentini's commitment to the increasing production and integration of biomethane into gas networks continued. As far as the **Italian market** is concerned, in order to achieve the challenging targets set by the NRP, the authorities have started to offer companies access to various incentive tools. In particular, last year, competitive procedures were launched in order to **increase the production of biomethane from agriculture and organic waste** through resources with a value of EUR 1.7 billion. Pietro Fiorentini's commitment in this area is twofold: on one side providing **cutting-edge plant engineering solutions** to candidates in competitive procedures and, on the other, investing in promising initiatives while becoming **renewable gas producers**. In order to meet this need, the subsidiary company **BioHold** was established.

The main agreements established in 2023 notably included the supply of upgrading and injection plants for Eni and IES Biogas, a subsidiary of the SNAM group. Looking instead at the **foreign market** the first upgrading and liquefaction references were contracted in the German and Polish markets, where the expectations for the development of the supply chain look very interesting for the years to come.

With the aim of **increasing the integration of biomethane into the gas grid** and its optimisation, at the end of 2022, ARERA[3] issued a call for tenders aimed at implementing 'pilot projects to optimise the management and use of infrastructure in the natural gas sector'[4]. In the course of 2023, the applications were collected and evaluated, and the list of winning projects was published in December[5]. Due to the successful outcome of several applications for the **realisation of bi-directional networks**, from 2024 Pietro Fiorentini will have the opportunity to develop, supply and operate the first **BiRemi** plants.

[3] Autorità di Regolazione per Energia Reti e Ambiente (ARERA) is an independent administrative authority whose function is to foster the development of competitive markets in the electricity, natural gas, water and waste sectors, mainly through regulating tariffs, access to networks, service quality standards, the functioning of markets and the protection of customers and end users.

[4] ARERA Resolution 404/2022/R/gas.

[5] ARERA Resolution 590/2023/R/gas.

Hydrogen

Pietro Fiorentini aims to assume and maintain a leading role in the hydrogen business by developing a series of innovative technological solutions, with the aim of overcoming current limitations by enabling the traditional grid to receive increasing percentages of this green molecule. This is also pursued through the **adaptation of the product range**, particularly pressure regulators, valves and flow meters, **for use with mixtures containing increasing percentages of hydrogen**.

The Group aims to respond proactively to market demands in the area of **Power-to-Hydrogen** (P2H), ensuring continuous investment in research and development to identify and develop technologies that are sustainable, reliable and safe. This is also possible thanks to the **Hydrogen Innovation Lab**, the laboratory opened in 2022 at the Arcugnano site where experiments on hydrogen and natural gas mixtures take place and the readiness of the devices used in the existing networks is tested.

Since this is a constantly evolving sector, Pietro Fiorentini also wants to play a leading role in the drafting of its technical standards. Its participation in the main Italian and European hydrogen working groups, such as **European Clean Hydrogen Alliance**, **Hydrogen Europe**, **H2IT** (Italian Hydrogen Association) and **Hydrogen Joint Research Platform**, is proof of this.

Hydrogen

In memory of Matteo

In May 2023, Pietro Fiorentini decided **to name the Hydrogen Innovation Lab after Matteo Cazzola**, an employee who died at the age of 35 during a tragic accident. Matteo was a brilliant manager, specialising in projects related to the development of **hydrogen as a clean energy source**. Having graduated in Engineering from the University of Padua, in his professional career he continued to dedicate himself to education, obtaining an MBA at CUOA Business School.

Considering the importance of the topic of education in corporate policies and values, in collaboration with the **Alumni Association of the University of Padua**, Pietro Fiorentini financed the awarding of a **prize for students** who have developed or are developing a thesis on innovative solutions for energy transition, decarbonisation and the use of hydrogen as an energy vector.

Pietro Fiorentini also decided to fund a **scholarship** for participation in the 30th edition of the **Master in Business Management of CUOA Business School,** which started in June.

In September, students from the faculties of Engineering, Economics and Science from various universities were invited to the Arcugnano site for the **Hydrogen Challenge**, a challenge designed precisely to promote these two projects, which will be renewed for the next few years.

'These initiatives are a way of honouring the memory of Matteo, a brilliant, talented young man with a strong passion for the issues of climate change, renewable energy and environmental protection,' says **Mario Nardi, C.E.O. of Pietro Fiorentini** - We are confident that our contribution will give deserving young people the opportunity to realise their dreams in the field of energy and innovation, just as Matteo did during his lifetime. His respect for our corporate values will remain an example for all to follow'.

Hydrogen

HYTER
NEW ENERGY ROUTES

Hyter, which became part of the Pietro Fiorentini Group in 2021, is a Desenzano del Garda-based start-up operating in the renewable energy sector, with a range of **solutions for the generation of green hydrogen** through water electrolysis.

In 2023 the **Sirius project** continued with the validation of the design and the testing of the small-scale prototype of the **electrolyser based on AEMWE technology larger than 1 Megawatt**[6]. This project is the result of a call for tenders promoted by the Ministry of the Environment and Energy Security, won by Hyter in collaboration with INRETE Distribuzione Energia (Hera Group), MatRes (MBN Nanomaterialia Group) and the Department of Chemical Sciences of the University of Padua.

One of the various activities carried out during the year was a new research project, launched in collaboration with the **University of Padua**, which will study the possibility of performing **electrolysis from urea**, a waste element from agricultural processes.

In cooperation with a broad partnership led by the University of Turin, Hyter has also won a new **Horizon Europe**[7] call for tenders, the **Electrolife** project. It aims to increase the efficiency of electrolysers by reducing the use of critical materials and extending the service life of these systems, in which opportunities for improvement remain, with regard to electrolytic cell performance and degradation mechanisms.

Finally, **four patent applications were filed** relating to innovative designs of electrolytic cells and digital components for machine learning.

[6] Electrolysers for hydrogen generation, Hyter's core business, use a water electrolysis process based on anion exchange membranes (Anion Exchange Membrane Water Electrolysis).

[7] Horizon Europe is the European Union's research and innovation programme running from 2021-2027. It is the largest transnational research and innovation programme in the world with a total budget of 95.5 billion, which includes the 5.4 billion earmarked for the Next Generation EU recovery plan.

E-fuels

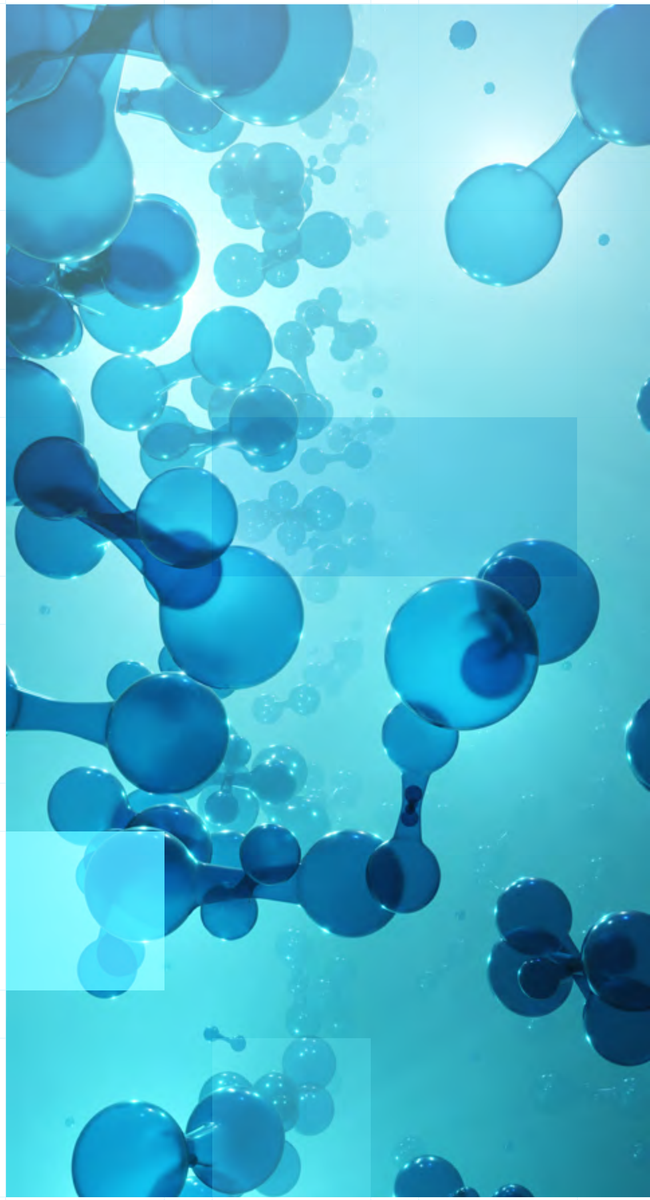
E-fuels are fuels in gaseous or liquid form of **non-biological origin** and produced from renewable electricity (e.g. solar or wind). This raw material differentiates them from biofuels where the energy matrix comes from biomass.

The production of e-fuels is carried out through a process of **power-to-gas** or power-to-liquid, depending on the desired end use of the fuel. The production process involves two stages:

- **hydrogen production** through electrolysis of water by renewable electricity;
- **combination with another molecule** e.g. CO_2, for the production of e-methane, or nitrogen (N_2), for the production of e-ammonia.

The advantage of e-fuels lies in the fact that, like biofuels, they can exploit the same infrastructure as their fossil equivalents. **E-methane** for example, can play a crucial role in decarbonising existing gas networks without requiring a substantial reconversion of the infrastructure, resulting in significant cost savings.

Furthermore, by exploiting existing LNG liquefaction and regasification infrastructure, **e-LNG** can enable the decarbonisation of maritime transport.



E-fuels

SynBioS, a symbiosis of water, green gases and electrons

In 2023, the basic engineering and design of the electrolyser, the methanation reactor and the upgrading section for the innovative power-to-gas plant **SynBioS (Syngas Biological Storage)** realised by Pietro Fiorentini for the Hera Group were finalised.

After presenting the project to the local authorities, the purchasing phase of the various components started. Therefore, the executive engineering has been completed, and detailed construction design is proceeding, with almost 50% of the engineering of the purchase components completed.

SynBioS will be located in Bologna Corticella inside the largest purification plant of those managed by the multi-utility, and will be able to **convert renewable electricity and wastewater into 'green' hydrogen**. By exploiting the CO_2 in the biogas produced by the digestion of sewage sludge, **the hydrogen will be converted into biomethane**, which can then be fed into the city's gas network without concentration limits which thus assumes the role of long-term storage.

WASTE TO VALUE

Production of green molecules from sewage sludge

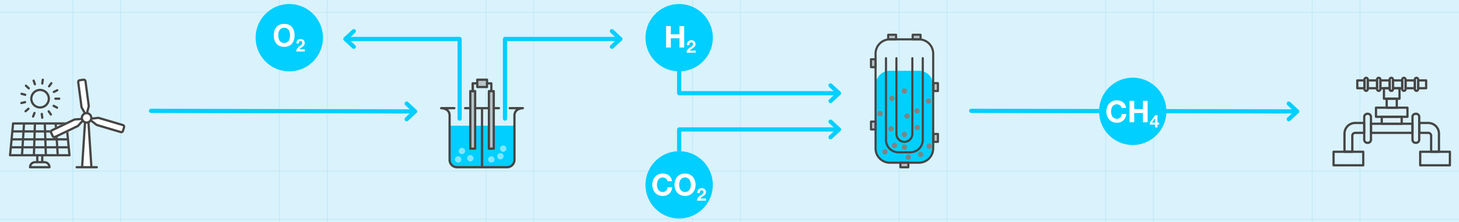
CARBON RE-USING

Carbon negative plant using 'green' CO_2 from biogas

SynBioS

SECTOR COUPLING

Increased grid flexibility



Renewable electricity

Hydrogen production

Hydrogen and carbon dioxide conversion into e-methane

Feeding e-methane into the network

E-fuels

flow_nano
unlock your flow potential

In 2023, Flow-nano was born, a spin-off of **X-nano** in which Pietro Fiorentini owns a stake. This start-up aims to provide cutting-edge nanostructured electrodes, called Vanadis™, to the **Vanadium Redox Flow Batteries** (VRFB) sector.

The aim is to enter a new market segment by supporting the growth and development of **Long-Duration Energy Storage** (LDES) through the provision of essential tools and innovations for the green energy transition. To achieve its ambitious goals, the Flow-nano team set up its headquarters in Binasco (Milan) with the aim of industrialising the technology by establishing an initial production line.

Regarding the **turquoise hydrogen** sector, the experimental laboratory phase on the first prototype system (Pyro0) was completed in 2023. A second prototype (Pyro1) was also engineered to test the technology under real conditions. The machine will come into operation in the second half of 2024.

Innovation in gas networks

Natural gas continues to be the Group's core business. This fuel remains one of the world's main energy sources and **the most sustainable alternative among fossil fuels**, producing 25% less CO_2 emissions than oil, 16% less than LPG, 30% less than diesel and 70% less than coal. In addition, the natural gas infrastructure can easily be converted for the **injection of renewable gases such as hydrogen and biomethane** thus playing a decisive role in enabling the energy transition.

In addition to the continuous improvement of the product range in terms of quality, safety and efficiency, the Group strives to **enhance and increase the efficiency of the existing gas networks**, especially in order to manage injection from multiple points and reduce methane losses to the atmosphere.

The latest report[8] published by the IEA (International Energy Agency) on the oil and gas sector highlights that methane emissions to the atmosphere, mainly coming from obsolete infrastructure, are responsible for about 50% of the sector's Scope 1 and 2 emissions. The most important lever for the transition, and the most cost-effective solution, is the **reduction of methane emissions**, which would enable the entire sector to meet the 2030 target emission levels. In this context, Pietro Fiorentini focuses its efforts on **reducing climate-changing gas losses** in the gas transmission, distribution, regulation and metering phases.

In order to make the infrastructure more efficient, the Group also works to develop new systems for digitisation. From this perspective, the **Smart Grids** are an ambitious project that enables energy to be distributed through networks capable of managing and instantly regulating a plurality of flows, both discontinuous and bi-directional. These networks will integrate energies of different types acting autonomously to optimise distribution.

Creating **intelligent and sustainable gas distribution networks** means devising solutions to **manage flows** that derive from sources with different characteristics, **such as hydrogen and biomethane**, and coming from multiple and decentralised production locations. The foreseen scenario for the near future is in fact very complex and requires systems capable of absorbing local production and maintaining the balance and structure of the entire network.

[8] https://www.iea.org/reports/the-oil-and-gas-industry-in-net-zero-transitions.

United towards a low-impact future: decarbonising the gas network

In addition to the technological improvement of the networks, Pietro Fiorentini is also active in the upgrading of the infrastructure. In fact, the company signed an agreement with **Turboden and Unareti** in order to **upgrade the reduction and measurement station in Macconago**, one of the city gates of the natural gas distribution network in Milan. The intervention involves the installation of approximately 4 MWe of gas expanders, with the aim of recovering the electrical energy lost due to pressure drop losses of natural gas associated with the plant's pressure jump.

This is the largest project of its kind in Italy and a concrete example of how the **environmental footprint reduction of the gas network** can be achieved through collaboration between players in the same sector.

PiPe 4.0: the last frontier of gas monitoring and new mixtures

In 2023, the PiPe 4.0[9] project continued, focusing on cutting-edge technologies for natural gas monitoring, in which Pietro Fiorentini participated together with INRETE Distribuzione Energia (Hera Group). With this project, the **National Research Council** (CNR) joins phase two of the **ATTRACT** initiative, funded by the European Commission, for seeking new technological systems to monitor the environment and improve people's quality of life.

Photonics and nanotechnology applied to sensors **measuring the calorific value of gas** inside pipelines will be developed and tested by means of two-level pilot plants:

- a **monitoring unit** inside injection and distribution stations for the comprehensive measurement of natural gas and mixtures with hydrogen and biomethane;
- a **network of secondary sensors** for monitoring the quality of gas in the network by means of self-powered sensors using devices capable of generating energy from the temperature difference between the gas and the environment.

[9] The Pipe4.0 project is funded by the European ATTRACT Consortium to support innovative research and development projects involving academia, research and industry: https://www.pipe40-project.eu/.

Liquefaction of biomethane and CO_2

ADD Synergy is a brand of **Cryo Inox**, a Barcelona-based company that became part of the Pietro Fiorentini Group in 2022. The company has over 20 years of experience in the natural gas liquefaction sector and has recently started developing plants for capturing **CO_2, biomethane liquefaction and CO_2 liquefaction** for food use.

In the current geopolitical context in which **energy security** has become a top priority, the applications of these technologies in the field of sustainable mobility and the transport of LNG through **virtual pipelines** are particularly significant. Virtual pipelines are an alternative way to the pipeline network by which gas can be stored and brought to its destination by land or sea. Liquefaction, in fact, is a technique for transporting gases over long distances by converting them from a gaseous state into liquid.

During 2023, ADD Synergy was engaged in the execution and start-up phases of biomethane liquefaction, CO_2 capture and liquefaction plants in Europe and Asia. These plants cover multiple technological solutions and ranges of biogas flow rates (from 100 to over 5000 Nm^3/h), and are often complete with **truck loading facilities** for loading the LNG onto the vehicles that will transport it to its final destination.

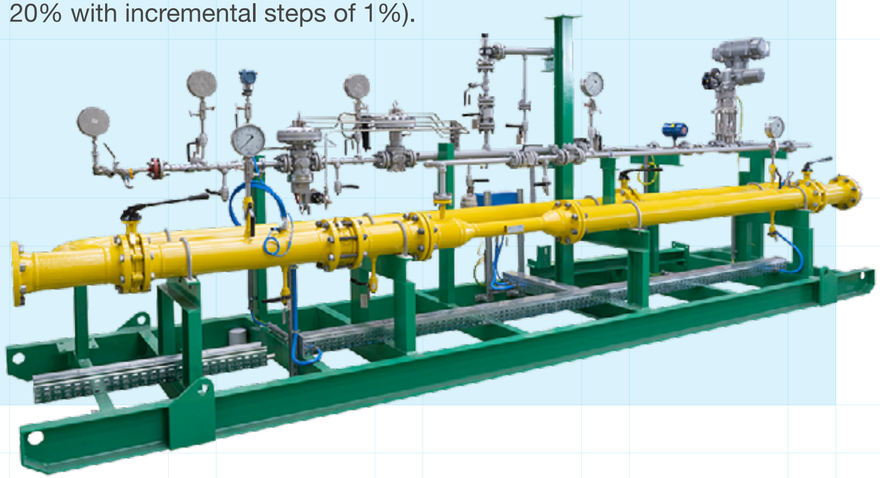
On the other hand, within the framework of the European project **SEMPRE-BIO**, in 2024 Cryo Inox will commission the demonstration plant that will enable the conversion and **retrofitting[10] of plants for the production of biogas and biomethane,** including low-capacity ones, currently at risk of phase-out due to reduced incentives or rising feedstock costs.

[10] Retro-fitting consists of adding new technology or functionality to an old system, improving its performance and making it compliant with new regulations.

Our first hydrogen blending station

An important project completed in early 2023 was the first hydrogen mixing station realised and installed by Pietro Fiorentini as part of the **H_2GN pilot project**. The station was commissioned by **Gasvalpo**, one of the most important gas distribution companies in Chile and South America, and is part of a **plant that produces and injects green hydrogen** into the natural gas distribution networks of the Coquimbo region, reaching more than 2,000 homes.

Within these plants, the **hydrogen produced from renewable sources** undergoes a reduction treatment - by means of special regulators for hydrogen applications - until it reaches the correct mixing pressure that allows it to be injected into the grid via PLC-controlled control valves, programmable control systems thanks to which it is possible to select the percentage of hydrogen that can be injected (from 0 to 20% with incremental steps of 1%).



Towards the European Hydrogen Backbone

In 2023, Pietro Fiorentini Group took another step forward in the hydrogen sector by supplying **ball valves suitable for use with hydrogen mixtures up to 100%**, which will contribute to the construction of the European Hydrogen Backbone in Greece. It is an initiative that aims to accelerate the decarbonisation of the European continent by intervening on structures - existing and new pipelines - to make them compatible with increasing volumes of energy from renewable sources.

Valves made by **TIV Valves** will be installed in a pipeline located in western Macedonia and approximately 160 kilometres long, whose infrastructure will be entirely hydrogen-ready, thus ready for the safe transmission of natural gas and hydrogen mixtures.

Gas networks

Pilot projects for measuring and managing flows within the network

During 2023, development activities continued on the **digitisation of the gas network**. To this end, the first models of the new magnetically modulated smart pilots were released for production. Combined with a suitable digital management platform, they allow pressure regulation based on predefined logics (time slots, consumption, etc.) in order to optimise the values in relation to the actual demands of the users. Optimising pressure management will make it possible to **reduce losses in distribution networks** due to inefficiency and obsolescence, with benefits on the **reduction of climate-altering emissions**.

To complete the offer, work continued on the development of devices for **real-time flow monitoring**. Sales of the first products are expected to start during 2024.

Gas networks

A new project for Uzbekistan

Within the digitisation project of **Uzbekistan's gas transmission and distribution network**, Pietro Fiorentini Group and the state-owned Hududgazta'minot JSC have signed an important agreement that foresees the construction of around **5,400 smart stations** for the regulation and control of gas. There are also plans to set up a training centre for the technical personnel who will be accountable for the management and maintenance of the new network.

The subsidiary company **Terranova** will also participate in the project through the TSG remote control software, which will allow data collection, remote monitoring and real-time verification of flow rates and pressures.

This agreement is the second phase of a project that started in 2019 with the supply of more than 4 million metering kits, used by local customer Texnopark for the production of smart meters.

Our systems, only an app away

With a focus on technological acceleration, **FIOEYE** has been developed—an app dedicated to **monitoring** biogas upgrading and biomethane injection **plants**, as well as **electrolyzers** for hydrogen production.

Thanks to an intuitive interface, customers and employees of Pietro Fiorentini who work in the biomethane and hydrogen field can quickly and easily check the performance of the systems and be alerted in case of anomalies.

FIOEYE

Pietro Fiorentini

Your biomethane and hydrogen **systems** at your **fingertips**

Innovation in the water sector

The Pietro Fiorentini Group is today particularly involved in the design and production of **smart water meters**, which make it possible to identify with **extreme precision** even low flow rates typically associated with hidden leaks in domestic systems, thanks to static measurement technology.

This feature is maintained over time thanks to the **excellent resistance to wear and tear phenomena**, which was one of the factors that degraded measurement accuracy during operation in traditional water meters built using mechanical measuring technology. The meters are equipped with various radio technologies that allow the **transmission of data to computerised collection centres** for timely and effective control of the water network.

In 2023, following the optimisation of the radio performances and the customisation of some functions, Pietro Fiorentini won a major order with **Acquedotto Lucano** for the supply of **70,000 smart water meters** for residential use featuring LoRaWAN technology[11]. Agreements were signed with other distribution and utility companies for a further 30,000 meters with NB-IoT[12]technology.

With regard to possible new functionalities, analyses were conducted for the inclusion of a **shut-off valve** which will make it possible to propose meters that integrate solutions for unsolved payment management, prepayment or rationalisation during periods of drought. **Retrofitting solutions** for conventional mechanical meters not equipped with a module for remote radio data transmission were also investigated.

Within **ACISM** (Association of Italian Manufacturers of Measuring Instruments), Pietro Fiorentini chairs a **working group** which aims to standardise the range of functions that a smart water meter must support.

Finally, a new research project was launched in collaboration with **Politecnico di Milano** which will study the possible installation of sensors to measure **water quality**, in particular turbidity parameters, and for identifying the presence of pollutants.

[11] The LoRaWAN (Long Range for Wide Area Network) protocol is a technology that can be used to transmit over long distances using very little power.

[12] The NB-IoT (Narrowband Internet of Things) technology identifies a Low Power Wide Area Network (LPWAN) protocol designed for communications to a wide range of interconnected devices.

Innovation in environmental management

From the perspective of the **circular economy**, the valorisation of waste makes it possible to **reduce the use of virgin raw materials**, thus limiting the consumption of energy and natural resources, and at the same time reducing the environmental impact of extracting and processing these raw materials. The main valorisation methods include **recycling**, **re-use**, **composting** and **energy recovery**. Thanks to technology and innovation, it is possible to exploit the materials found in waste more and more efficiently and cost-effectively, making the circular economy increasingly attractive also from an economic point of view.

Sartori Ambiente, a company based in the province of Trento which joined the Pietro Fiorentini Group in 2022, produces advanced systems for **waste separation** and IoT technologies (Internet of Things) for improving the performance of **separate waste collection.** These are based on hardware and software solutions that automate the inflow and analysis of data, producing significant operational and economic benefits.

Environmental management

Circular economy and energy recovery

Through a collaboration with the **University of Trento** and the administration of a survey, Sartori Ambiente analysed the factors influencing the **separate waste collection** by citizens.

The analysis of the collected data showed that the lack of feedback is one of the main obstacles to correct waste disposal.

In the light of this evidence, the **'smiles' system** was developed and tested: it involved placing a sticker with a smiling, neutral or sad face on the waste containers, depending on the outcome of the inspection carried out by the inspectors. The sticker provides immediate and intuitive feedback to the citizen, informing them whether or not they have separated their waste correctly.

The results of the feedback system trial, which involved a sample of citizens from Latina and lasted 4 months, showed a positive impact on recycling behaviour. In particular, a **significant increase in the percentage of correct separate waste collection**.

We value **our planet**

05

Our environmental responsibilities

Energy consumption

Pietro Fiorentini pays close attention to monitoring and **assessing its environmental impacts** and energy performances, committing itself to both reducing emissions and ensuring continuous consumption efficiency.

To support its commitments in this regard, Pietro Fiorentini S.p.A. has implemented an **energy management system** in 2023 obtaining **ISO 50001 certification for the Arcugnano site** with the objective of extending it in the coming years to the Rosate and Desenzano sites as well as to the French company Gazfio.

The certification process has enabled the company to identify a number of **energy efficiency interventions**, including the replacement of approximately 500 neon lighting fixtures with LED technologies and the installation of a 112 kWh photovoltaic system. Another important initiative concerned the updating of the **Building Management System** which allows integrated monitoring of lighting and heating, providing highly accurate consumption readings.

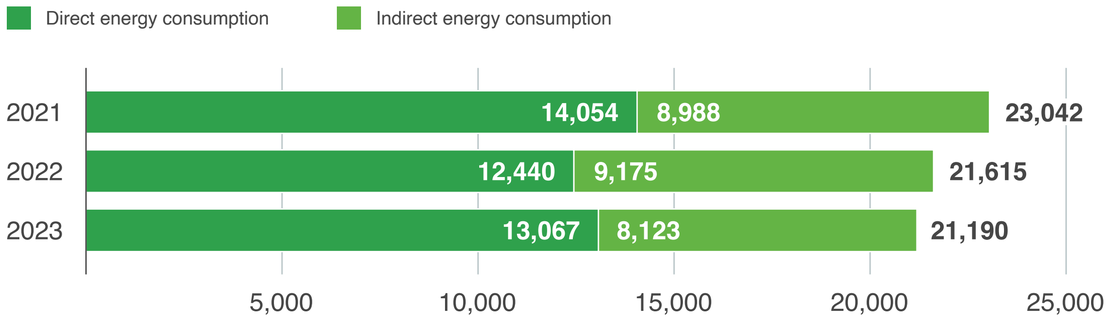
In 2023 the electricity used was **certified 100% from renewable sources** with a guarantee of origin for the plants and offices of **Gazfio, Terranova and Biokomp**; this also applies to 84% of the energy purchased by Fiorentini UK. In addition, at Pietro Fiorentini, TIV Valves and Sartori Ambiente, part of the energy was self-generated through photovoltaic systems.

Group[1] energy consumption totalled **21,190 MWh**, **2% less** than in 2022, and can be broken down into:

- **Direct energy consumption**[2]which includes fuels purchased for heating, company cars and self-generated electricity, amounting to **13,067 MWh** (an increase of 5% compared to 2022).
- **Indirect energy consumption** which includes only purchased electricity, amounting to **8,123 MWh** (11% less than in 2022). 19% of indirect energy consumption comes from renewable sources thanks to the purchase of guarantee of origin contracts.

The **energy intensity**, i.e. the ratio of energy consumption to total turnover of the companies in the scope, was approximately **55 MWh/M€** in 2023, 7% higher than 2022.

Energy consumption (MWh)



[1] The subsidiaries Biokomp, Hyter, Samgas Romania, Fiorentini UK and Cryo Inox were added to the scope defined for the Sustainability Report 2022.

[2] Natural gas, methane and fossil fuel data were converted to MWh in alignment with CSRD requirements using the following conversion factors: DEFRA UK - Greenhouse gas reporting: conversion factors 2023 - GOV.UK (www.gov.uk).

Materials used

During 2023, Pietro Fiorentini completed a process to **collect data on the raw materials and components used**[3] in the production process, covering 90% of the purchase lines in the two years analysed. It is currently not possible to obtain reliable information on the percentage of **recycled components** contained within all materials, although it is possible to estimate from industry studies[4] that steel, aluminium and cast iron, or 88% of all materials used by the Group, are produced using more than 90% scrap in Italy, and 79% worldwide[5].

As for **renewable** materials, only **4%** of all materials can be considered in this category (wood, paper and cardboard)[6], a percentage that has remained stable from one year to the next.

In total, the amount of materials used in 2023 amounts to approximately **58,000 tonnes**[7] with an increase of 62% compared to 2022, mainly due to the revision of the weights associated with some materials.

The materials most commonly used in the Group's production cycle are **steel** (67% of the total) and **cast iron** (16% of the total), as these are the alloys most commonly used to make products.

(data in tonnes)	**2022**	**2023**
Materials from renewable sources		
Paper/cardboard	528.0	1,300.9
Wood	995.5	849.6
Total	**1,523.5**	**2,150.5**
Materials from non-renewable sources		
Steel	24,220.7	38,502.4
Cast iron	4,809.0	9,234.3
Aluminium	1,628.8	3,328.3
Electrical components	1,092.5	2,045.9
Zinc alloys	941.8	786.9
Rubber	437.0	780.3
Chemical substances	297.5	511.1
Plastic	456.4	372.9
Brass	51.1	23.9
Nylon	3.0	1.5
Copper	-	0.2
Other materials	10.4	1.0
Total	**33,948.2**	**55,588.9**
Total materials used	**35,471.7**	**57,739.4**

[3] In the case of the absence of accurate data on weights and materials, the calculation was carried out by simplification and tracing the material back to the main category to which it belongs.

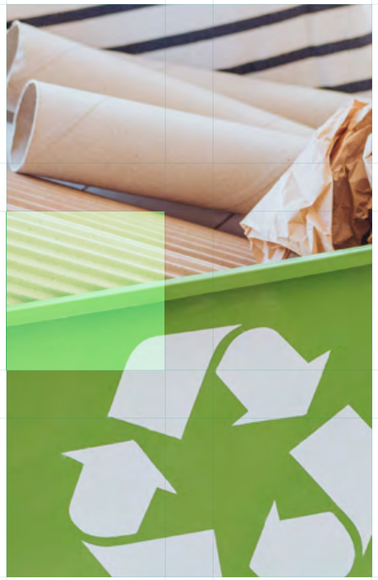
[4] In its latest annual report, Federacciai highlighted the amount of scrap used by Italian steel mills for steel production, pointing out that about 97% of the materials used are scrap. The latest figures from the National Aluminium Packaging Consortium show that 100% of Italian aluminium production comes exclusively from recycled scrap.

[5] The figure on the use of scrap for steel production on a global scale was taken from the 13th edition of the World Steel Recycling in Figures report 2017 - 2021 by the Bureau of International Recycling Ferrous Division.

[6] Renewable materials are defined as those derived from abundant resources that are rapidly replenished through ecological cycles or agricultural processes, so that the services provided by these and by other, related resources are not compromised and remain available for future generations.

[7] The 2023 figures include the companies Pietro Fiorentini, Gazfio and Pietro Fiorentini (USA). The latter is, however, not included in the 2022 data

Waste valorisation



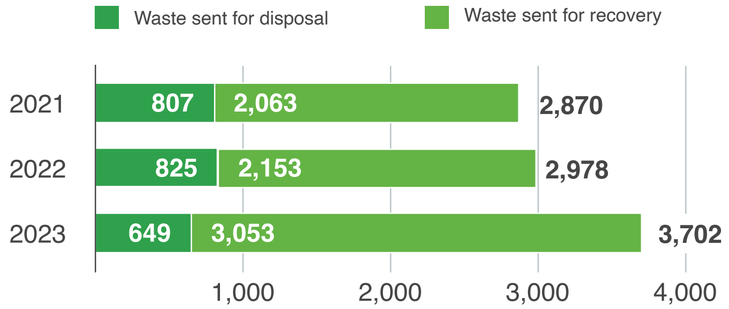
Pietro Fiorentini's commitment to waste management can be defined as twofold: with regard to its products and services, the company considers aspects of sustainability and circularity as early as in the design stage (**eco-design**), while the waste generated in the factories is managed in compliance with local regulations and the **ISO 14001** standard, in which Pietro Fiorentini, TIV Valves, Sartori Ambiente and Fiogaz are certified.

The companies in the Group are committed to **preventing waste** generation, for example by reusing packaging to extend its useful life or by preferring, where possible, to purchase recycled products that have themselves reduced the generation of waste. The main types of waste generated by the Group include **metal and plastic scrap** from production activities.

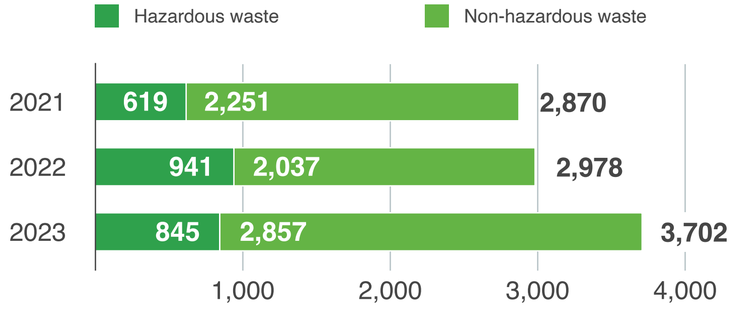
The total amount of waste generated in 2023 was approximately **3,700 tonnes**[8], **82.5% of which was sent for recycling**, reuse or other recovery operations (figure in line with previous years). The increase in waste generation is mainly due to the treatment of a large volume of waste from construction sites, for which the management of sorting and loading-unloading has been improved.

The circular economy is also a business opportunity for the Group: this is exemplified by the company **Sartori Ambiente** which offers hardware and software solutions that simplify and automate the inflow and analysis of waste collection data, bringing both operational and economic benefits.

Waste by destination (t)



Waste by type (t)



[8] In 2022 and 2023, the subsidiaries Hyter, Samgas Romania, Fiorentini UK and Cryo Inox were added to the scope.

Our carbon footprint

CO_2 emissions can be generated by a company either directly, through the use of machines whose movement and operation requires fuel, or indirectly, by purchasing goods and services whose production has generated emissions into the atmosphere.

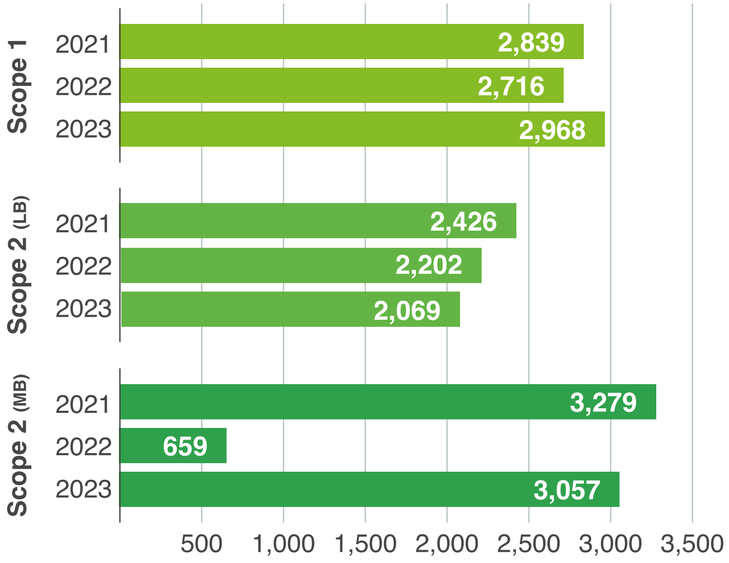
With this in mind, the Group's energy consumption is directly and indirectly caused by **the emissions in the atmosphere**, which are all calculated with the unit of measurement of tonnes of CO_2 equivalent (tCO_2-eq). Regarding the **Scope 1** direct emissions caused by the combustion of fuels such as diesel, oil or natural gas, the amount emitted in 2023 was approximately **2,968 tCO_2-eq**, with an increase of 9% compared to 2022[9]. The calculation of indirect emissions from electricity consumption (**Scope 2**) was carried out according to both the 'location-based' and 'market-based' approaches.

The **location-based** method involves accounting for emissions from electricity consumption by applying national average emission factors for electricity production. According to this method, in 2023 **2,069 tCO_2-eq** were emitted, a decrease of 6% compared to 2022.

The **market-based** method, on the other hand, requires the calculation of the greenhouse gas emissions from the purchase of electricity by considering the specific emission factors reported by the suppliers[10]. In this case, the 2023 emission quota corresponds to **3,057 tCO_2-eq**, up from last year due to the non-renewal of some guarantee of origin contracts.

The **emission intensity**, i.e. the ratio of total direct (Scope 1) and indirect (Scope 2 location-based) emissions to the total turnover of the companies in the scope, was in 2023 approximately **13 tCO_2-eq/M€**, with an increase of 12% compared to 2022.

CO_2 emissions (tCO_2-eq)



[9] As with energy consumption, the subsidiaries Biokomp, Hyter, Samgas Romania, Fiorentini UK and Cryo Inox were added to the scope in 2022 and 2023.

[10] Purchases of electricity from renewable sources are assigned a zero tCO_2-eq emission factor. Where no specific contractual agreements have been defined, this approach requires the use of national 'residual mix' emission factors, where technically applicable.

Another large set of indirect emissions to which companies can contribute concerns all those activities that are not directly under their operational control but are inevitably necessary for their operations. These **indirect emissions** are defined as **Scope 3**. In this case, the analysis process started in 2021 with the calculation of emissions from business travel. In 2023, the Group decided to expand the perimeter of the companies on which it calculates its indirect impacts by including two more very relevant categories: **materials purchased and waste produced**.

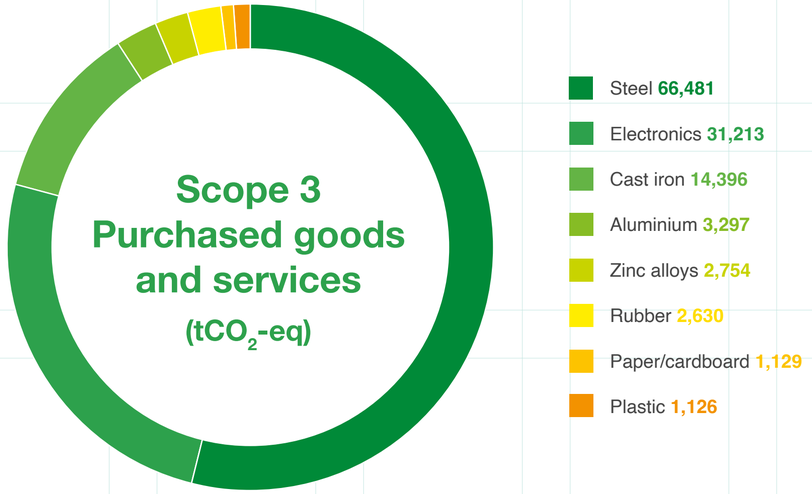
In 2023, the total Scope 3 emissions calculated by the Group will be **126,163 tCO_2-eq** distributed among the different categories included in the calculation.

Regarding indirect emissions related to **business trips** by plane, train or rental car made by employees of the various Group companies, the kilometres travelled per class of vehicle used were considered for planes and trains, with the addition of the type of fuel for rental cars. In 2023, **2,698 tCO_2-eq** were indirectly generated, with an increase of 32% compared to 2022[11], mainly due to the increase in travel of some Group companies.

The Scope 3 category related to **purchased materials** was identified as the most relevant after an initial analysis, mainly due to the large amount of metals used in production. In fact, the indirect emissions related to the procurement of materials account for **98% of the Scope 3 emissions** currently monitored.

For the calculation, the materials were divided according to their weight and origin (whether from primary production or a recycling process). The Group's main production companies[12] were included in the scope, which to date contribute indirectly to the emission of **123,328 tCO_2-eq**. The greatest environmental impact is caused by steel (54%), electronic components (25%) and cast iron (12%), in line with the volumes of materials purchased.

From 2023, the Group also began calculating the indirect emissions related to the **treatment of the waste** generated during the operations, considering the total waste generated per category by all companies included in the reporting scope. Applying an emission factor related to the type and destination of the waste resulted in a value of **137 tCO_2-eq**. The largest share was caused by waste destined for disposal operations, which accounted for 70% of the emissions.



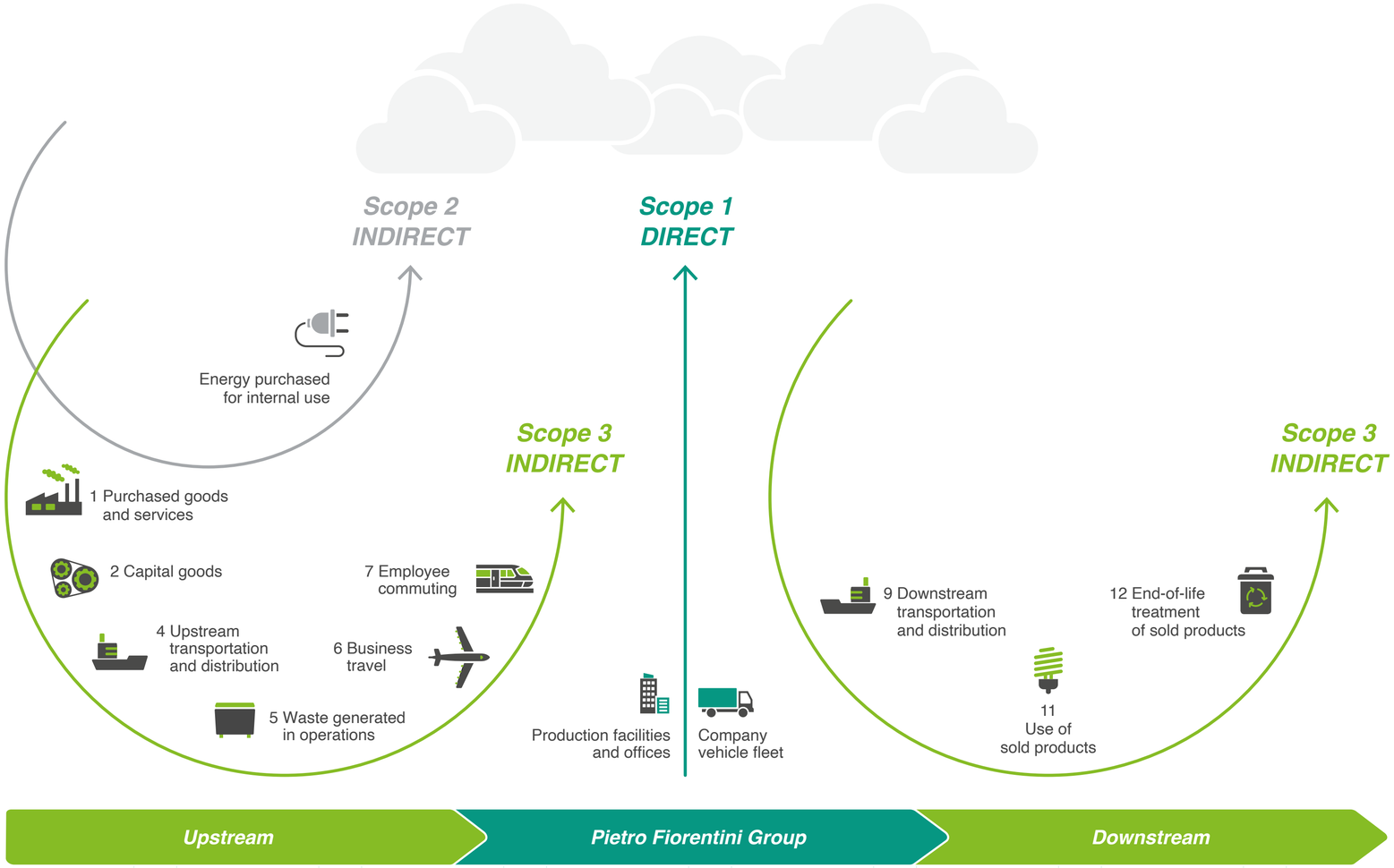
[11] In the years 2022 and 2023, the subsidiaries Biokomp, Hyter, Samgas Romania, Fiorentini UK, Cryo Inox and MicroPyros BioEnerTec were added to the scope of Scope 3 Corporate Travel.

[12] In the calculation of Scope 3 emissions for the Purchased Goods and Services category, only the most relevant production companies were considered: Pietro Fiorentini, Gazfio and Pietro Fiorentini (USA).

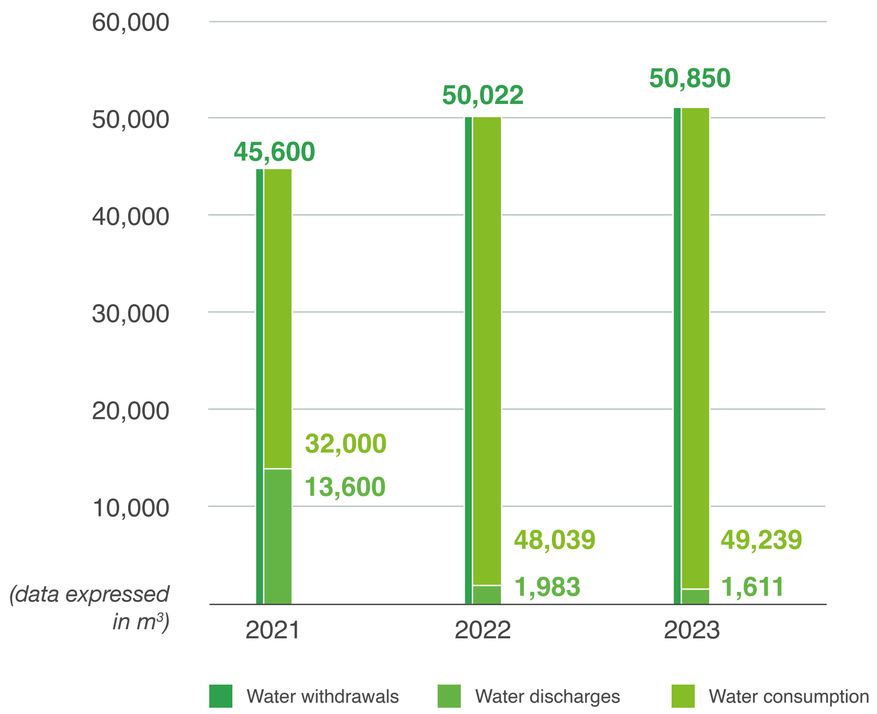
	Scope 3 emission category	State of analysis
1	Purchased goods and services	Calculated from 2023
2	Capital goods	Data collection to be launched
3	Fuel and energy-related activities	Not relevant
4	Upstream transportation and distribution	Data collection launched for some companies
5	Waste generated in operations	Calculated from 2023
6	Business travel	Calculated from 2021
7	Employee commuting	Data collection to be launched
8	Upstream leased assets	Not relevant
9	Downstream transportation and distribution	Data collection launched for some companies
10	Processing of sold products	Not relevant
11	Use of sold products	Data collection to be launched (only for plants)
12	End-of-life treatment of sold products	Data collection to be launched
13	Downstream leased assets	Not relevant
14	Franchises	Not relevant
15	Investments	Not relevant

In order to complete the calculation of its **carbon footprint**, the Group's intention is to expand and improve the quality of the data required for the analysis and monitoring process of its Scope 3 emission 'inventory'.

For this reason, in 2023 all **categories of indirect emissions** deemed relevant to the Group's activities. The current state of progress is summarised in the table and graph below:



Water consumption



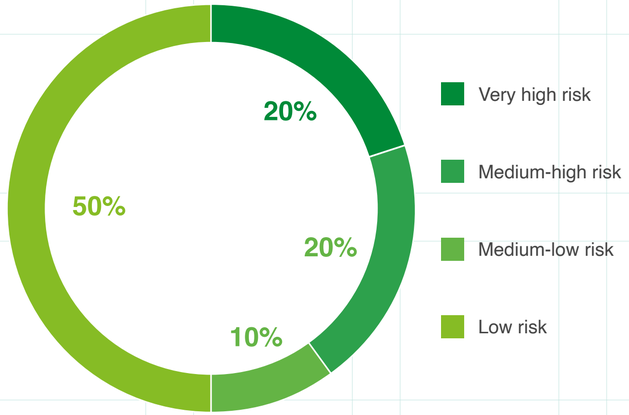
The **Group's water consumption** is mainly **related to the production processes** (e.g. cooling water, refrigerator water, hydraulic seal tests). The water supply was for the most part from the water network (96%), with only small amounts taken from groundwater surface water (4%).

The **water withdrawals**[13] in 2023 amounted to **50,850 m³,** with an increase of 1.7% compared to 2022. The total amount of water consumed was 49,239 m³, with an increase of 2.5% compared to 2022.

In 2023, using a dedicated tool[14], the Group analysed the location of the companies included in the report to assess whether they were located within **water stressed areas**. 60% of the companies fall within areas with a medium to low water stress, while the remaining 40% are in areas with a medium to high water stress.

The Istanbul area (where one of Fiogaz's factories is located), Catalonia (where Cryo Inox is based) and parts of Lombardy present an extremely high risk.

Water-stressed areas



[13] In 2022 and 2023, the subsidiaries Biokomp, Hyter, Samgas Romania, Fiorentini UK and Cryo Inox were added to the scope.

[14] World Resource Institute, Aqueduct - Water Risk Atlas.

We value people

06

Our people

Human resource management and development

Pietro Fiorentini sees people as the cornerstone of a long-term development strategy. For this reason, it aims at maintaining a stimulating and proactive organisational climate, also through the development of skills and competences. This, together with the adoption of a supportive leadership style based on collaboration and constant training are the pillars on which the **People Strategy** of the Group are founded.

To cope with the complexity that characterises the current context, the Group is experimenting with an **flexible organisation model** which allows the traditional hierarchical structure to be flanked by inter-functional teams dedicated to Agile project management.

Internationally, the Group has **a total of 2,680[2] employees**. Specifically, the employees and collaborators included in the **reporting perimeter** in this report amount to **2,348** (figure updated on 31/12/2023): 79% (**1,863**) are company **employees**, while the remainder is made up of **external collaborators (485)**.

210
teams that participated in Kaizen weeks[1]

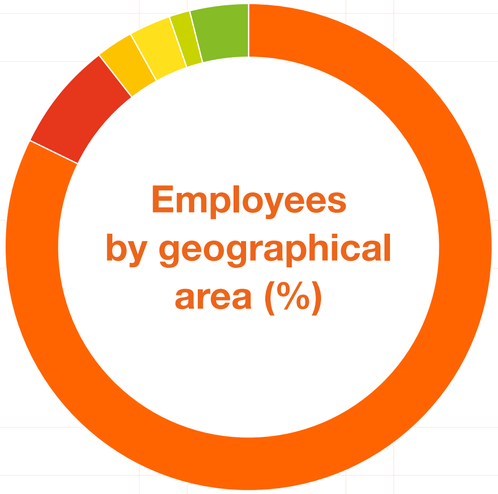
14
Agile teams active in 2023

[1] Japanese term referring to the set of activities aiming at continuous improvement.

[2] This figure includes employees of Group companies within the scope of the Consolidated Financial Statements and external collaborators of the companies reported herein.

[3] This includes employees of the companies Pietro Fiorentini, TIV Valves, Sartori Ambiente, Terranova, Biokomp and Hyter.

Employees by geographical area (%)



- Italy 82.3%
- France 7.2%
- Turkey 2.7%
- Spain 2.6%
- United States 1.5%
- Other 3.7%

Geographically, **82% of the employees** within the reporting perimeter operate in **Italian companies**[3] while the remaining 18% are spread between Europe and the United States[4]. Concerning the type of contracts established with the Group employees, in continuity with 2022, **full-time** is the most used mode (96%), and the amount of **part-time** contracts (4%) remained stable, continuing to be conceded to employees as needed.

All the employees of the Group companies in the reporting boundary are covered by forms of **social security**, while for non-employees the percentage is 91%.

The Group strongly believes in maintaining the transparency of working conditions and the dialogue with trade unions to protect its employees. It does so by signing **collective bargaining agreements**[5] in all the countries where these are in use, periodically meeting with the relevant trade unions, sharing trends in working conditions and environmental quality, and ensuring constant discussion on issues related to socio-economic aspects and safety in the workplace.

94%
employees covered by collective bargaining agreements

98%
permanent employees

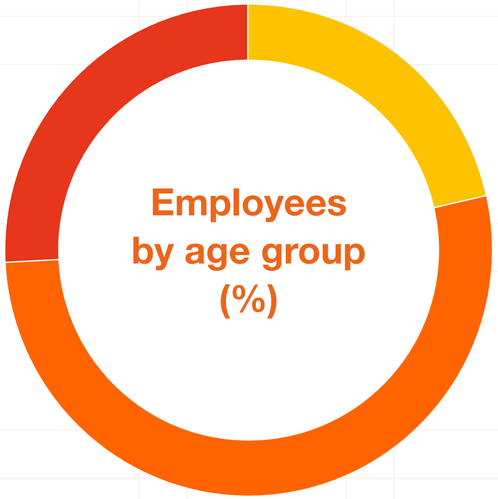
Employees by professional category, gender and age as at 31/12/2023 (no.)

	< 30 years			30-50 years			> 50 years			TOTAL		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Top managers	-	-	-	11	1	12	30	1	31	41	2	43
Middle managers	4	1	5	43	13	56	32	4	36	79	18	97
Office workers	212	82	294	434	214	648	127	59	186	773	355	1,128
Production workers	95	9	104	199	67	266	177	48	225	471	124	595
Total	**311**	**92**	**403**	**687**	**295**	**982**	**366**	**112**	**478**	**1,364**	**499**	**1,863**

[4] This includes employees of Gazfio, Pietro Fiorentini (USA), FioGaz, Fiorentini Hungary, Samgas Romania, Fiorentini UK, Cryo Inox and MicroPyros BioEnerTec.

[5] Collective bargaining agreements exist in Italy (for Pietro Fiorentini, TIV Valves, Sartori Ambiente, Terranova, Biokomp and Hyter), France (Gazfio) and Spain (Cryo Inox). In other countries, however, the respective companies - Pietro Fiorentini (USA), Fiogaz (Turkey), Fiorentini Hungary, Fiorentini UK and MicroPyros BioEnerTec (Germany) - have not signed such agreements.

Employees by age group (%)

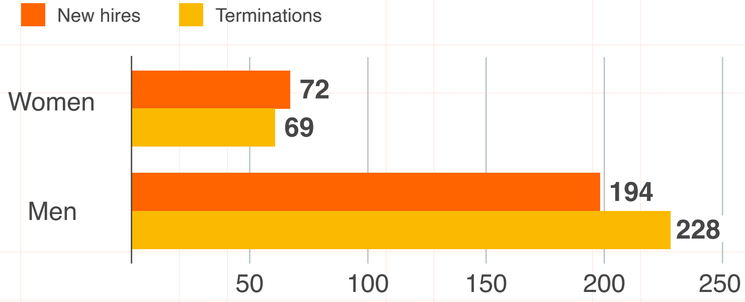


- < 30 years **21.6%**
- 30 - 50 years **52.7%**
- > 50 years **25.7%**

In 2023, a total of **266 new employees** joined the company, approximately 73% of whom were men. Of the new entrants, approximately **48% were young people under the age of 30**, highlighting Pietro Fiorentini's commitment to attracting a significant number of young talents, also in view of the 21 internships activated during the year.

Instead, **297** employees left the company in 2023, including 20 who retired and 89 whose contracts expired. Although a higher number of people left the company than those who joined it, the number of **voluntary employee resignations** fell (166 compared to 199 in 2022), suggesting an improvement in employment stability. The age group most prone to resignations was the 30-50 age group, accounting for almost 40% of the total.

New hires and terminations by gender (no.)



'Safety first' culture

A **management system** that regulates all aspects of occupational health and safety is in place to further safeguard the protection of all employees and external stakeholders. Pietro Fiorentini, TIV Valves, Sartori Ambiente, Terranova and FioGaz adhere to the guidelines of the standard **ISO 45001** (Health and Safety Management System - SGSS). In particular, at the Group's Italian sites **management system coverage is 99%[6].** In compliance with this standard, Pietro Fiorentini has an occupational health and safety policy integrated with the policies required by other management systems.

The **HSE** (Health, Safety and Environment) function, is responsible for coordinating specific activities, through dedicated teams for each production site. In Pietro Fiorentini S.p.A. there is only one Health and Safety Manager assisted by Prevention and Protection Service officers present at each site. The activities carried out by these teams include initiatives designed to propose and monitor any **corrective actions,** determined following the identification of risks, reports of hazards, near misses[8], internal and third-party audits. The monitoring of health and safety issues also takes the form of control and **health surveillance.**

The **protection of people's health and safety** is a fundamental value for the Pietro Fiorentini Group. In accordance with Legislative Decree 81/08 and subsequent amendments and additions, as well as the main national regulations in the field of health and safety in the workplace, Pietro Fiorentini ensures constant risk analysis and assessment activities, along with the accurate monitoring of all company activities and processes, by implementing continuous improvement activities.

Accidents at work of employees[7] (no.)

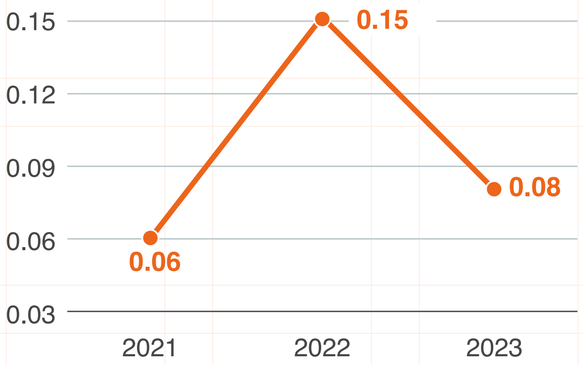
	2022			2023		
	Men	Women	Total	Men	Women	Total
Number of accidents	18	3	**21**	25	2	**27**
Of which at the workplace	17	2	**19**	22	1	**23**
Of which 'in itinere'	1	1	**2**	3	1	**4**
Days lost due to accidents	252	77	**329**	225	15	**240**

[6] Of the Italian companies within the scope of the Report, Biokomp and Hyter do not have this type of certification.

[7] No cases of deaths as a result of accidents and occupational injuries with serious consequences were recorded for 2023. In addition, the accident data and rates for 2022 were revised following the expansion of the reporting scope.

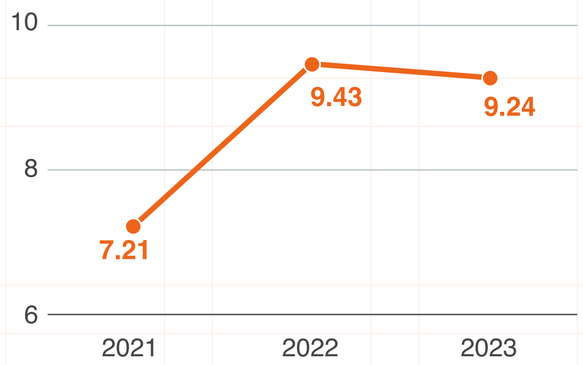
[8] A near miss is any event that has the potential to produce an accident.

Accident severity rate



Severity rate = number of days lost due to accidents x 1,000 / number of hours worked

Accident frequency rate



Frequency rate = number of accidents x 1,000,000 / number of hours worked

During 2023, there were **27 accidents** involving employees of the various Group companies; 85% of the accidents occurred at the workplace and **did not have serious consequences**. With regard to external personnel, the number of accidents was 6. The **near misses** recorded totalled **64**. The main cause of accidents recorded was the incorrect handling of loads.

In 2023 the **'Safety Culture' pilot project** was completed at the Arcugnano site in the T&D Division. The aim was to promote greater awareness of the safety culture, in order to reduce accidents, increase the number of related reports and quickly and effectively resolve actions arising from both improvement and possible adaptation activities. During 2024 the project "**One Safety**" project will be extended to the other divisions of the Gas & Water Network Solutions Strategic Business Unit; the aim is to raise the level of awareness and attention of workers, as well as to create a standard that brings together the most virtuous initiatives at each of the sites.

With regard to access to establishments, in 2023 the **supplier document portal was created,** which aims to improve the verification of security requirements for independent suppliers. The system, officially operational from January 2024, will ensure that suppliers can independently upload the documents required to access the Pietro Fiorentini plants.

In the context of the company's activities, there are potential hazards that can cause occupational diseases, including the movement of manual loads and the repetition of certain movements. As in the previous years, in 2023, despite the submission of several inquiries to the institutional body**, no cases of occupational diseases** were found in any of the companies within the Group, which continue to monitor these issues through risk assessment processes and specific analyses. In fact, a specific team was set up with the task of investigating aspects related to **repetitive movements** in order to identify and implement improvements in the production processes.

Investing in knowledge

30
Average hours of training provided to each employee

In today's changing environment, it is crucial to keep up with the pace of change to ensure that we are ready to face the challenges of tomorrow. Investing in training and updating skills means investing in **people's growth and increasing the know-how within the company** a vital element in ensuring its long-term success and competitiveness.

The **culture of continuous improvement** is essential to ensure sound career paths for employees, through professional development and training activities. The Group complements this culture by encouraging the recognition of merit based on results and competences, thus fostering the growth of employees in a meritocratic way. These paths are managed through **regular performance evaluations** based on the progress of the projects.

For some managerial figures there is also a system of **Management by Objectives (MBO)** which provides for variable and multi-year forms of incentive that support the creation of value in the long term. In 2023, the goals included setting an indicator on employees' compliance with weekly and annual overtime limits.

In 2023 the total number of **employees evaluated** was 1,168[9], **an increase of 73%** compared to 2022. In particular, **performance reviews** increased for white-collar workers and middle managers and decreased for executives.

In 2023, with the aim of extending the performance appraisal process to all employees, the management system **PF People** was implemented. It is a tool designed to support every manager in managing his or her employees, allowing them to map out actions for skills development and performance appraisal, from a **total reward perspective**[10]. Thanks to the new system, it is now also possible to automatically detect attendance during training, reducing the errors associated with manual data management.

Overall, **56,565 training hours** were delivered in 2023 with an average of **30 per employee.** Compared to 2022, there was a decrease of 30%, mainly due to a reduction in the placement of new people, which in turn led to a significant decrease in the provision of onboarding and health and safety training. In addition, in 2023 there was a focus on courses for managers and small teams, leading to fewer, but at the same time more focused, total training hours.

[9] The employees evaluated within the Group companies with the most employees were taken into account: Pietro Fiorentini, Terranova and Gazfio.

[10] An approach that takes into account the multiple areas of focus on which the company decides to invest strategically to incentivise and reward employee talent and performance and refers to a reward system that combines benefits, compensation and rewards.

International training opportunities

Pietro Fiorentini continues to invest in the personal and professional growth of young students, funding opportunities for exchanging ideas and discovering new ways of living and working, consistent with the company's principles of internationality.

Continuing to pursue the collaborations already established with local institutes and universities, in 2023 the Pietro Fiorentini Group launched an **Erasmus+ project**, involving two students from ITS Academy Mechatronic Veneto that allowed them to benefit from an experience at the French subsidiary in **Gazfio**. The young people worked with the mechanical design and tooling teams, acquiring practical skills and working on their soft skills.

Pietro Fiorentini's collaboration with **ITS Academy Mechatronic Veneto** has been ongoing since 2011, with a total of 43 male and female students carrying out their 800-hour internships at the Arcugnano site.

In 2023, Pietro Fiorentini continued the process of structuring its internal training through the **PF Corporate University**, a knowledge management tool composed of practical and theoretical parts, such as networking, knowledge exchange, and the creation of shared culture and values. The PF Corporate University constitutes the sum total of all training initiatives undertaken and consolidated: in this way, **hard and soft skills** are developed, allowing implicit and individual knowledge to evolve into a future vision of explicit and shared knowledge.

Within this context, the **Quality Academy** was created in 2023, a training project that aims to nurture the corporate culture of 'prioritising customers and their satisfaction'. The academy consists of four modules: **Quality Base,** to nurture the skills and knowledge needed to ensure customer satisfaction; **FMEA** (Failure Mode and Effect Analysis), a focus on the method used to analyse possible failures and defects in processes, products and systems, analysing the causes and assessing the effects in a preventive manner; **Measuring. Definitions, tools and methods** to provide theoretical knowledge on the subject of industrial metrology; **Quality in practice**, with insights into the cycles of reception and verification of supplies, as well as the best practices to be promoted when organising and managing audits. More than 150 people were trained in 2023, with over 20 trainers hired.

With the same logic, the Group started to design the structure of the **Technical Academy** which will be dedicated to operators in certain specific fields. In 2023, several modules were developed in order to identify the main gaps to be bridged for company technicians, specifically for the individual offices of the various product lines.

In the Arcugnano site "**Viva Team Leader**" was also launched, a project that will focus on training line team leaders in order to better manage the well-being and development of the company's human capital. Coaching and training activities focusing on the management of employees and their feedback were carried out. Due to the success of this initiative, a decision was made to extend it to the Rosate site too, from 2024.

Higher education courses

In 2023, eleven employees of Pietro Fiorentini successfully completed their higher education courses at the **CUOA Business School** (based in the province of Vicenza), the international business school **SDA Bocconi School of Management** and the **POLIMI Graduate School of Management**, both based in Milan. In particular, the following were concluded: **8 EMBAs** (Executive Master in Business Administration), **2 international MBAs** and one course in **Supply Chain Management.**

In addition to the possibility of exchanging experiences with people from other companies, the main added value of these courses was the **fact that they could immediately be applied** in the participants' day-to-day working routine, a sign of Pietro Fiorentini's constant willingness to invest in the training of its employees, fostering their professional development. The commitment required to participate in this type of experience, involving study, papers and presentations, is very strong; as all colleagues reiterate, it would have been unthinkable to do so without the **support of their loved ones**.

C–Lean Energy Academy

In May 2023, the **second edition** of the C-Lean Energy Academy was completed, the training programme designed by Pietro Fiorentini in collaboration with **POLIMI Graduate School of Management**. The students, including 6 company employees, successfully completed the training course, which included lessons on **energy transition, renewable energies and Lean & Agile management** as well as visits to Pietro Fiorentini's premises. The programme was not limited to training, but also fostered the creation of relationships between the participants, giving them the opportunity to interact with each other and better understand the company philosophy.

The C-Lean Energy Academy is a concrete example of Pietro Fiorentini's commitment to social responsibility and the importance assigned to young people in **building a sustainable future for energy**. The programme aims to provide specific skills that are often missing in traditional educational offerings, combining technical experience and academic study. In March 2024, the third edition was launched.

Wellbeing objective

Initiatives that aim to **improve the quality of the working environment** are key priorities for the Pietro Fiorentini Group. Corporate development cannot be separated from ensuring that every employee has the peace of mind to work in a place that respects people, diversity and the work-life balance.

To monitor the level of its employees' professional and personal satisfaction, the Group conducts **climate surveys** every two years; the last one was conducted in 2022 and the next one is scheduled for 2024. To date, the surveys have involved the Italian offices of Pietro Fiorentini and TIV Valves as well as the plants of Gazfio and Pietro Fiorentini (USA).

Two analyses were conducted in 2022: one according to the international **Great Place to Work (GPTW)** framework, which investigated credibility, respect, equality, pride and cohesion in relation to the company; the second focused instead on the **psycho-physical well-being** of workers.

As a result of the results obtained, **improvement actions** were identified, which in turn were incorporated into the **People Fuel** programme which was created as a result of the first climate analysis in 2017 and has become the 'container' for all the initiatives aimed at increasing employee satisfaction.

With the latest survey, the corporate priorities in this area were summarised in the new keywords **Development**, **Energy and Equality**, three indicators on which the company is intervening to foster the continuous improvement of working conditions.

- The **Development** factor aims at fostering the growth of human capital skills, by enhancing the individual's potential and professional aspirations. As described in the previous section, various training activities are underway in this area, ranging from the tracking of employee development actions on **PF People** to the **Viva Team Leader** project;
- On the other hand, with the **Energy** indicator, the aim is to promote the mental and physical health of the individual, through the protection of personal needs and the improvement of work spaces. In this context, in 2023 the **new canteen was opened at the TIV Valves headquarters** in Rescaldina (Milan) and **two break areas** in the Milan and Desenzano del Garda sites. All staff were also provided with water bottles for use at the water dispensers. With regard to the work life balance, objectives were defined to **decrease overtime hours**;
- Finally, **Equality** is the area concerning impartiality and transparency in the methods and criteria used for performance appraisals, salary increases and promotions. For this reason, interventions for the entire population were launched, such as shopping vouchers, as were targeted interventions, such as the €500 birth bonus. The performance development documents were revised, with the aim of **increasing the number of people with a development plan** and a structured performance appraisal process.

Employee benefits

With a view to continuing to invest in the well-being of its employees, in 2023 Pietro Fiorentini again renewed its membership of the **Corporate Benefits portal,** which offers discounts and promotions in various areas, including travel and technology, food and beauty products.

In addition, as provided for in the CCNL, workers have the possibility of using **Metasalute,** the supplementary fund that offers health benefits. The company guarantees enrolment in the basic plan, which covers various benefits such as dentistry, specialist examinations, physiotherapy and reimbursement for the purchase of prescription contact lenses and spectacles. The benefits can be accessed through **direct health care** available at affiliated facilities or by claiming reimbursement after the consultation.

Finally, in 2023 **"Dedicated to you"**, was launched, a service provided by the Personnel Administration office, which will assist colleagues who need it to read their pay slips, manage their subscription to the welfare portal and Metasalute, and manage their personal files. The service has been launched at the Arcugnano site for now but there are plans to extend it to other plants.

Overall, in 2023, over **€1,000,000 in resources were invested in the welfare plan,** benefiting 84% of the employees[11].

Family Day

On Saturday 9 and 30 September, Family Day 2023 was held, two days dedicated to employees and their families, respectively of the sites of **Rosate, Milan, Rescaldina, Mantello** and those of **Arcugnano, Desenzano del Garda and San Vito al Tagliamento**.

The participants had the opportunity to spend a day enjoying sport, entertainment and socialising; the activities on offer were designed to engage people of all ages and encourage interaction. Through a guided tour, interested families had the opportunity to **visit the plants** of Rosate and Arcugnano, discovering first-hand the facilities and the environment their loved ones work in.

The initiative, part of the **People Fuel** programme, provided a break from the work routine, offering the opportunity to strengthen the bonds between colleagues and forge new relationships within the company.

[11] Only the resources invested in welfare by the companies with the most employees in the Group were taken into account: Pietro Fiorentini, Terranova and Gazfio.

Diversity and inclusion

Valuing diversity means recognising and appreciating everyone's individual differences, including cultural backgrounds, experience, skills, views and personal characteristics.

It means creating an **inclusive and respectful environment** that celebrates diversity as a source of enrichment and competitive advantage for the company. A concept that ties in with that of **cross-fertilisation** through the exchange of information, knowledge, suggestions and advice, it is possible to increase the cultural and intellectual wealth of individual companies and, consequently, of the entire Group.

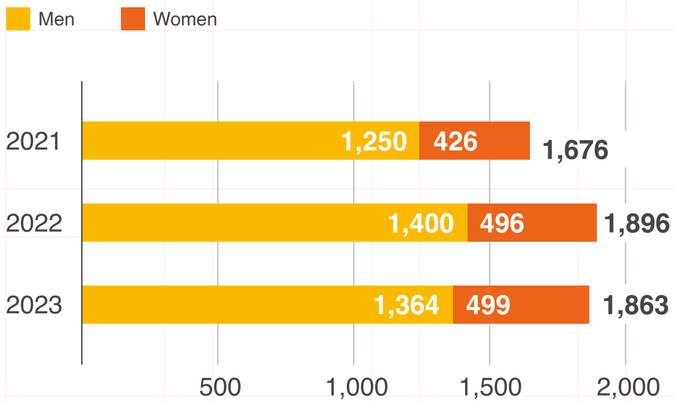
Despite the fact that many of the Group's companies are manufacturing-based and characterised by a higher proportion of men, which is typical of the sector, the issue of inclusion is considered with great sensitivity on the various Pietro Fiorentini sites. This sensitivity starts right from the selection processes, where a **discrimination-free approach** is promoted.

The Group is made up not only of different companies, but also of people from heterogeneous backgrounds, counting among its employees **more than 45 nationalities** and demonstrating the global and intercultural nature of Pietro Fiorentini.

The **female representation** in the reporting scope amounts to **27%** of the total, slightly increasing in 2023 compared to previous years. This difference is mainly related to the industrial environment in which the organisation operates, but impartiality is nevertheless guaranteed in personnel selection processes as well as in the working environment.

The Group is committed to ensuring equality even at one of the most important times in one's life, such as the birth of a child. In 2023, 98%[12] of the group's employees were entitled to **parental leave**[13] which was taken by 63 men and 41 women, increasing from 2022.

Employees by gender (no.)



[12] The percentage is lower than 100% due to the regulatory environment in some countries where the Group operates.

[13] Parental leave is leave that both parents may request from the organisation following the birth of a child (maternity and paternity).

We value **our partners**

07

The value chain

Stakeholder engagement

Creating long-term value also means developing strong and lasting relationships with stakeholders

Involving and mantaining a dialogue with its key stakeholders allows Pietro Fiorentini to be always aligned with their **expectations and needs** and to capitalise on their requests with a view to creating shared value.

Following the identification of the priority stakeholder categories, the Group defined the most appropriate engagement methods and multi-channel dialogue tools in order to encourage their participation. Listening initiatives involve the various corporate functions, according to their respective prerogatives, roles and responsibilities, and represent a valuable opportunity for contamination to drive the **creation of shared value** and the continuous growth process of Pietro Fiorentini.

Pietro Fiorentini stands out for its constant commitment to contributing to the economic and social development of the countries in which it operates. Through responsible investment, local job creation and partnerships with communities and institutions, the Group promotes the economic growth and well-being of people. Consequently, thanks to a stakeholder-oriented vision, the **generation of value** extends beyond the company borders, fuelling a virtuous circle of prosperity and development in the regions.

In 2023, the Group **distributed a value of €432 million** to:

Suppliers
64.5%

Employees
31.5%

Lenders
2%

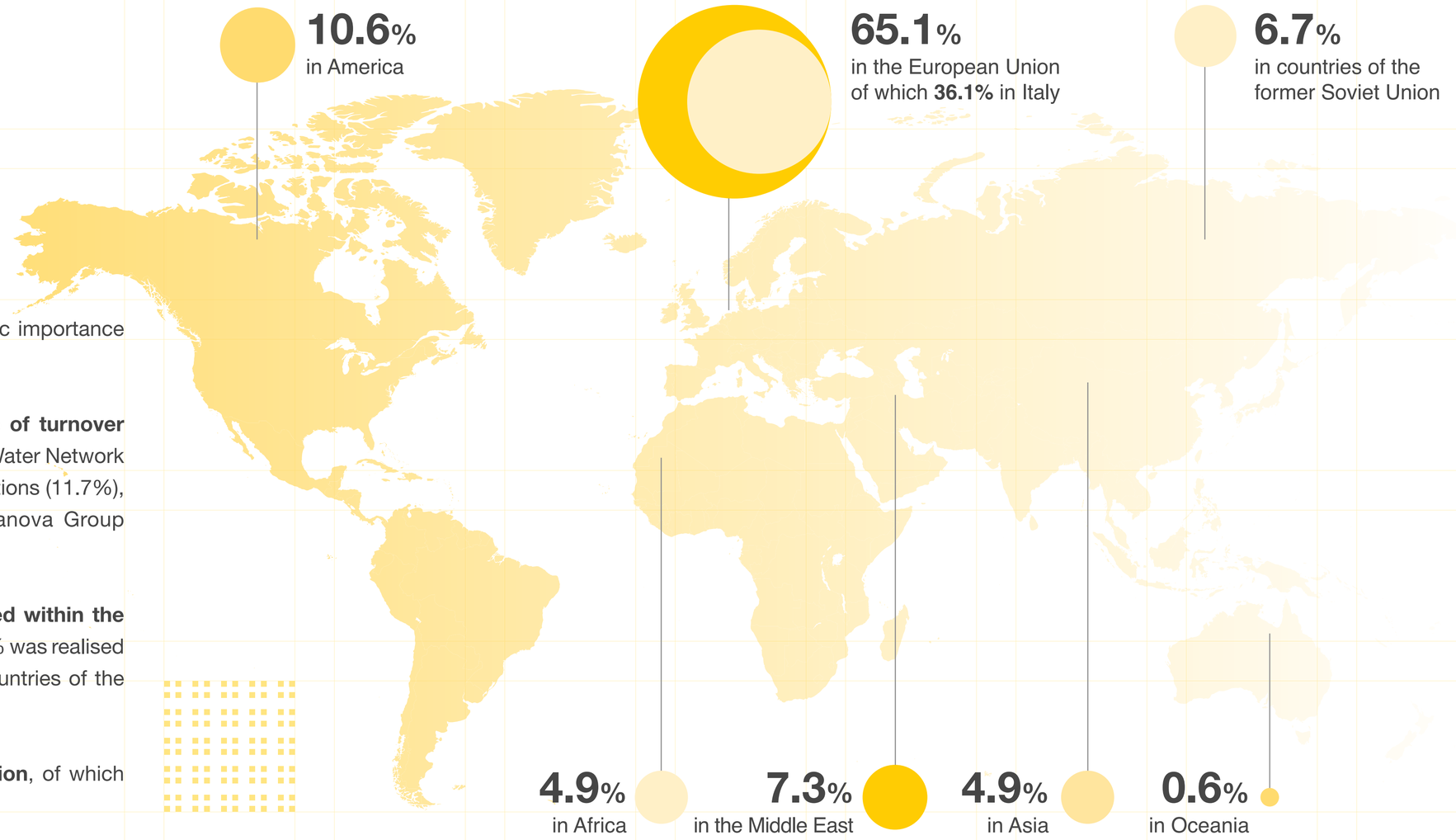
Public Administration
2%

Stakeholder category	Engagement activities
EMPLOYEES	■ Internal communication delivered via dedicated intranet, notice boards installed within the plants and regular update meetings ■ Conducting a periodic climate survey to measure the level of employee satisfaction and well-being ■ Continuous training based on defined growth paths ■ Periodic performance evaluation ■ Mentoring and coaching programmes ■ Initiatives in favour of wellbeing
CUSTOMERS	■ PFCommerce portal, B2B tool enabling order configuration and delivery tracking ■ CRM (Customer Relationship Management) portal, used to map relationships with current and potential customers ■ Administration of questionnaires to measure the level of customer satisfaction (e.g. Net Promoter Score, EOC/VOC[1]) ■ Training activities on product use and maintenance, as well as on regulatory requirements ■ Active partnerships for the development and implementation of innovative solutions
SUPPLIERS	■ Using the supplier document portal to manage qualifications and authorisations ■ Sharing internal requirements and specifications/purchasing specifications before entering into a business relationship to ensure compliance and operator safety ■ Supplier HUB, an information interface for interaction between the company and its partners, enabling the tracking of purchase orders
LENDERS	■ Press releases ■ Sharing Group Financial Statements ■ Activation of ESG financing with banking institutions to support the implementation of the sustainability strategy: **to support Pietro Fiorentini's growth plans, in 2023 Unicredit provided EUR 30 million through 'Certified Sustainable Future', the loan with which the bank supports companies that want to develop sustainability-related projects.**
TRADE ASSOCIATIONS	■ Participation in events and working tables of national (e.g. CIB, H2IT) and international (e.g. Farecogaz) association bodies on business-relevant topics
LEGAL AND REGULATORY AUTHORITIES	■ Participation in consultations, working tables and technical meetings with authorities (e.g. ARERA), government bodies (e.g. MISE, GSE) and national and international standardisation bodies (e.g. CEN)
LOCAL COMMUNITIES AND CITIZENS	■ Support initiatives in favour of local communities, particularly in the vicinity of the Italian sites, through financial donations or goods ■ Support for local associations and charities
TRAINING ORGANISATIONS	■ Ongoing collaborations with universities (in particular Politecnico di Milano, University of Padua and CUOA Business School) and research centres ■ Participation in external Masters and Academies by some employees ■ C-Lean Energy Academy, the training programme designed in collaboration with MIP Politecnico di Milano ■ Participation in conferences and seminars
TRADE UNIONS	■ Meetings with trade union representatives at local level ■ Collaboration on the renewal of performance bonuses and welfare plans

[1] The EOC/VOC (Environment of the Customer/Voice of the Customer) is a tool designed to translate the needs and any critical issues that emerge from discussions with the customer into the development of new products.

Customer centricity and satisfaction

The Pietro Fiorentini Group is an international player offering its solutions in **more than 100 countries**



This extensive global presence testifies to the strategic importance and confidence the market has in the Group.

Again, in 2023, **the Group's most significant share of turnover comes from Pietro Fiorentini S.p.A.** with SBU Gas & Water Network Solutions (35% of the total) and Energy Complete Solutions (11.7%), followed by the subsidiaries Gazfio 11%) and Terranova Group (10.1%).

The highest share of turnover in 2023 was recorded within the European Union with approximately 65% (of which 36% was realised in Italy), followed by the area corresponding to the countries of the former Soviet Union (10.6%).

In total, the Group generated a **value of € 475.3 million**, of which 9.1% was retained and the remainder distributed.

In today's highly complex and increasingly challenging market environment, to ‘p**ut the customer at the centre**’ focusing on product quality or process optimisation alone is not enough. The attention we pay to the customer must also be inextricably linked to all the other aspects that make up the relationship, such as technical support, maintenance services, logistics, information and communication.

At Pietro Fiorentini, the adoption of **Lean & Agile Management** has helped to strengthen this modus operandi. The elimination of all possible waste (one of the fundamentals of Lean Management) aims, in fact, to optimise internal processes so as to focus attention on all those activities that are really able to generate added value for the end customer. Similarly, the flexibility inherent in the Agile approach guarantees the Group's ability to adapt quickly to changing conditions in the competitive environment.

Customer centricity is also ensured by the integration of the quality concept into all company processes and by making all the employees of the Group aware of this aspect.

The **dissemination of the quality culture** is guaranteed not only by the implementation of a management system based on the **ISO 9001** certification, but also by a series of other **product certifications**. All the solutions offered by Pietro Fiorentini are conceived and developed with **safety** as a priority, combined with the guarantee of consistent quality performance.

Measuring customer satisfaction plays a central role in verifying the fulfilment of customer expectations. The categories of analysis cover various aspects, ranging from product reliability to speed in responding to complaints; or even from the level of IT resources (software and reporting) to an assessment of the perceived overall quality, considering the entire scope of supply.

To collect and analyse these aspects, tools such as the **Net Promoter Score questionnaires** (NPS) have been devised. The company mainly uses this tool to understand and monitor the satisfaction level of those customers with whom it does not have a direct relationship, in order to evaluate the performance of its local distributors.

With regard to offers and **general customer satisfaction** with Pietro Fiorentini's products and services, the score in 2023 was **78%**[2]. Another indicator monitored concerns the **reliability of the distributors**, which scored **83%**[3].

Pietro Fiorentini uses a **CRM (Customer Relationship Management) platform** that allows it to make the most of market and customer information and collect the related reports. In 2023, approximately **2,500 service requests** were managed, with a **resolution rate of 92%**. The CRM is currently used by most of Pietro Fiorentini S.p.A.'s Divisions and its main subsidiaries. The platform is contributing to the improvement of customer relations through follow-up activities performed after the resolution of issues and constant dialogue to better meet their needs.

[2] Score calculated as the average percentage of customer evaluations (on a scale of 1 to 10) on Pietro Fiorentini's reliability, effectiveness and convenience.

[3] Score calculated as the average percentage of customer evaluations (on a scale of 1 to 10) on the reliability, effectiveness and convenience of Pietro Fiorentini's distributors.

Collaboration with the supply chain

In 2023, the Pietro Fiorentini Group's supplier base counted **more than 7,000 business partners**. **35%** is made up of **direct suppliers** from whom the company purchases goods and/or services that are directly part of the production process, while the most significant share (the remaining **65%**) is accounted for by **indirect suppliers** from which the company purchases mainly investment goods, auxiliary goods and support services for production and staff functions.

In 2023, the supplier base remained virtually unchanged in terms of numbers, while **expenditure on supplies decreased as a result** of decreasing raw material prices and operational choices dictated by business trends.

The supply chain management approach is inspired by the principle of **local for local**, in order to make each Group company autonomous in the management of the collaborations with their respective suppliers, thus ensuring solutions that are geographically close, as far as possible, to their own reference market and therefore to the end customer. As proof of this commitment, **local suppliers**, in 2023, accounted for **87%** of the total, a slight increase on the previous year (85%).

Even considering the proportion of **expenditure with local suppliers**[4] it is clear that the Group is committed to working as closely as possible with suppliers located close to the Group's sites: in 2023 this will amount to approximately **73%**[5] while **for the companies located in Italy** the expenditure on local suppliers reached **84%**.

[4] "Purchases from local suppliers" means expenditure made from suppliers whose head office is located in the same country as the production plant of the purchasing company (Italy for the companies Pietro Fiorentini, TIV Valves, Sartori Ambiente, Terranova, Biokomp and Hyter; France for Gazfio; United States for Pietro Fiorentini (USA); Hungary for Fiorentini Hungary; Turkey for FioGaz, Romania for Samgas Romania, UK for Fiorentini UK, Spain for Cryo Inox; Germany for MicroPyros BioEnerTec).

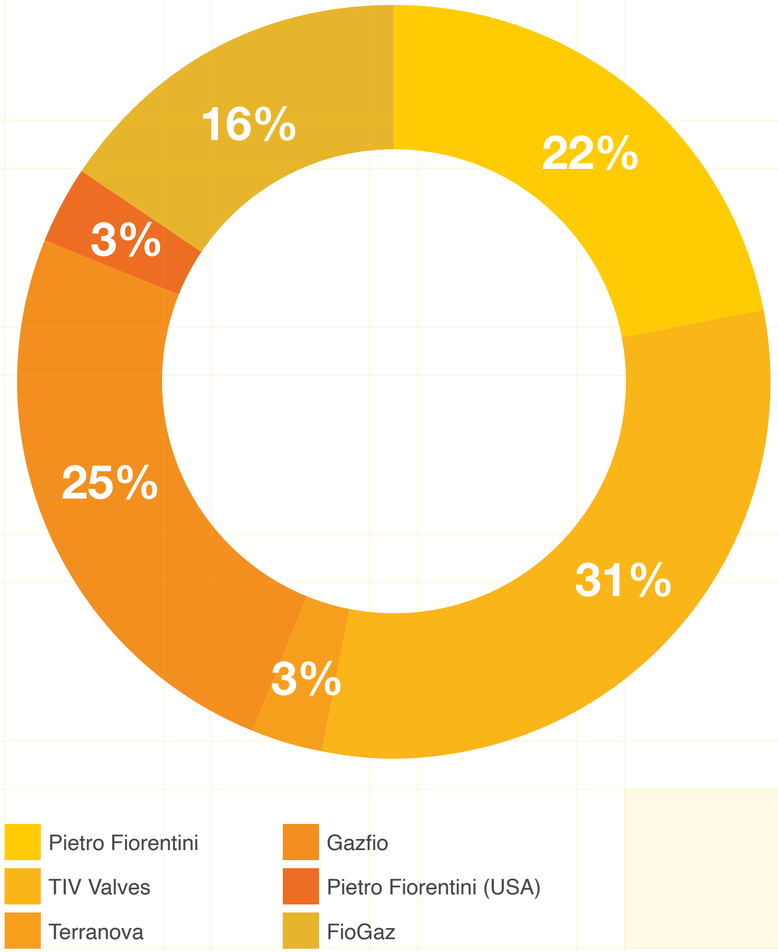
[5] With regard to the calculation concerning the purchases made by Pietro Fiorentini (USA), the economic value was converted from dollars to euros, based on the conversion rate made available by the Bank of Italy on 31.12.2023.

The Group's solutions are, for the most part, manufactured with materials and components purchased from third parties, the quality of which consequently significantly influences the final product. The role of suppliers is therefore crucial in achieving the **"zero defects" objective**. For this reason, Pietro Fiorentini establishes long-term relationships, inspired by integrity, fairness and mutual good faith, with suppliers who are able to offer the best performance in terms of **quality, innovation, product reliability and cost reduction** with a view to establishing an ongoing and mutually beneficial relationship.

All direct and most relevant indirect suppliers are approved by means of an **evaluation form** which also includes certain aspects relating to **ESG issues**, including specific health and safety and environmental management requirements.

The most relevant direct suppliers are also subjected to **on-site**[6] **audits** conducted according to a structured, periodic and continuous approach. The objective is to assess the **quality and soundness of the supplier** as well as its social and environmental controls and performance, in terms of product compliance, employee management policies and health and safety procedures.

Audits on suppliers



After Pietro Fiorentini S.p.A. obtained **SA 8000 certification**, the majority of its suppliers were informed of the commitment undertaken and the need to adhere to the principles established by the standard. On **"critical" suppliers** an audit activity will be initiated **starting in 2024** in order to verify their effective compliance with the principles of SA 8000 and initiate any improvement actions required.

Since March 2023, a team has been working in Agile mode to structure the qualification, contract management and access control process within the **supplier document portal**. Enabled colleagues will use the platform to verify that suppliers and subcontractors comply with company policies during their activities at Pietro Fiorentini's sites. From January 2024, it will not only be possible to check the status of the documents requested from suppliers, but also to know in time whether their personnel can access the plants. The suppliers themselves can use it to upload the required documents and maintain the required qualifications and authorisations autonomously.

With the dual objective of ensuring constant and transparent communication with its partners and facilitating and speeding up the exchange of information, some years ago the company also implemented **Supplier HUB**. Thanks to a collaborative approach, this portal facilitates communication with suppliers, streamlining the process of order management, receipt, acceptance and dispatch.

[6] The audits shown in the pie chart are audits related to management systems. Audits conducted for product certifications were excluded.

Social responsibility

The Group's social responsibility takes the form of specific initiatives for the benefit of the communities in which it operates, in collaboration with local organisations and associations

Together with the earthquake victims

The Pietro Fiorentini Group, through its subsidiary FioGaz, made a **donation** of one million Turkish liras (equivalent to approximately 50,000 euros) **to the victims of the earthquake that struck Turkey and Syria** in February 2023. The company immediately took action to try to support the rehabilitation efforts in the affected regions by providing a container equipped to provide shelter, sanitation and basic necessities, delivered to the institutions in the city of Adiyaman. The Group also worked with its local customers **to restore and stabilise gas distribution services** in a bid to restore power and heat to the families affected by the earthquake.

Donations to charity

During the **Christmas festivities** many departments of Pietro Fiorentini receive small gifts and parcels from suppliers and customers. Like last year, all the gifts received during the festive season were collected with the aim of donating them to charity to **strengthen the social commitment to the community**.

The company also decided to present all employees with an **artisan panettone** produced by Pasticceria Giotto, a workshop located inside the **prison in Padua** which, since 2005, has guided more than 200 inmates in an educational and professionalising path in the art of pastry.

Support to local associations

For years, the group has supported local associations through donations and specific volunteering activities. One of these is **Brain ODV - Head Trauma Association** based in Altavilla Vicentina, a reference point in northern Italy for those who have suffered serious brain injuries. For short or long periods, the association helps people regain their independence in everyday life. The premises now boast a gym, a ten-bed residence, and in the near future, three floors entirely dedicated to workshops for the recovery and enhancement of cognitive performance.

Appendix

08

Environmental and social performance

Compared to the scope of the Sustainability Report 2022, reporting was extended to the companies Biokomp, Hyter, Samgas Romania, Fiorentini UK, Cryo Inox and MicroPyros BioEnerTec.

Environmental impact management

Energy consumed [MWh]

GRI 302-1	2021	2022	2023
CONSUMPTION FROM NON-RENEWABLE SOURCES			
Fuels used for the company fleet	4,628	5,503	7,314
of which diesel	4,316	5,102	6,646
of which petrol	312	293	544
of which methane	-	56	64
of which LPG	-	52	60
Natural gas	9,302	6,725	5,585
Electricity from non-renewable sources purchased from the grid	8,629	2,609	6,843
Total non-renewable energy consumption	**22,559**	**14,837**	**19,742**
Percentage of consumption from non-renewable sources	**98%**	**69%**	**93%**

	2021	2022	2023
CONSUMPTION FROM RENEWABLE SOURCES			
Electricity from renewable sources purchased from the grid	359	6,566	1,280
Self-generated electricity from renewable sources (photovoltaics)	123	213	168
Total renewable energy consumption	**482**	**6,778**	**1,448**
Percentage of consumption from renewable sources	**2%**	**31%**	**7%**
TOTAL ENERGY CONSUMPTION	**23,041**	**21,615**	**21,190**

Direct (Scope 1) and indirect (Scopes 2 and 3) greenhouse gas emissions [tCO_2-eq]

GRI 305-1, 2, 3	2021	2022	2023
SCOPE 1 EMISSIONS			
Diesel	1,055	1,308	1,688
Petrol	67	70	127
Methane	-	11	13
LPG	-	12	14
Natural gas	1,716	1,315	1,126
Total Scope 1 emissions	**2,839**	**2,716**	**2,968**
SCOPE 2 EMISSIONS			
Electricity - Location based	2,426	2,202	2,069
Electricity - Market based	3,279	659	3,057
Total Scope 1+2 emissions (Location based)	**5,265**	**4,918**	**5,037**
SCOPE 3 EMISSIONS			
Business trips by plane	802	1,960	2,619
Business trips by train	5	3	3
Business trips with rental cars	28	74	76
Waste	-	166	137
Materials	-	75,175	123,328
Total Scope 3 emissions	**835**	**77,378**	**126,163**

* The factors used to calculate Scope 1 direct emissions, expressed in tonnes of CO_2 equivalent, are provided by the Department for Environment Food & Rural Affairs (DEFRA) in the 2021, 2022 and 2023 versions respectively.

** The factors used to calculate Scope 2 Market-based indirect emissions, expressed in tonnes of CO_2 equivalent, are provided for the European Union and the UK by the European Residual Mixes 2022 (aib-net.org) and for the USA by the Environmental Protection Agency (EPA). For Turkey, the same factor as the location-based approach was used.

*** The factors used to calculate indirect Scope 2 location-based emissions, expressed in tonnes of CO_2 equivalent, are provided for Italy by ISPRA (report 386 - 2023), for the UK by DEFRA GHG emission factors 2022-2023, for the rest of the EU countries by European Residual Mixes 2022 (aib.net.org), for Turkey by the Climate Transparency Report 2022 and for the USA by the EPA's GHG Emission Factors Hub 2024.

**** Scope 3 indirect emissions from business travel by plane, train and rental car, waste generated and materials are calculated using the emission factors published by DEFRA and the International Zinch Association. For the business travel category, the reporting scope of the report was considered.
For the waste and material categories, only Pietro Fiorentini, Gazfio and Pietro Fiorentini (USA) were included in the scope of analysis.

Energy intensity [MWh/M€]

GRI 302-3	2021	2022	2023
Energy intensity	**56.40**	**51.31**	**54.96**

* The calculation of energy intensity refers to the ratio of direct and indirect energy consumption within the organisation, expressed in MWh, to the turnover of the Group companies within the perimeter, in millions of €.

Greenhouse gas emission intensity [tCO_2-eq/M€]

GRI 305-4	2021	2022	2023
Emission intensity	**12.90**	**11.67**	**13.07**

* The calculation of emission intensity refers to the ratio of direct (Scope 1) and indirect (Scope 2 Location-based) emissions generated by the organisation, expressed in tCO_2-eq, to the turnover of the Group companies within the scope, in millions of €.

Nitrogen oxide (NO_x), sulphur oxide (SO_x), and other significant emissions [kg]

GRI 305-7	2021	2022	2023
Volatile organic compounds (VOC)	5,458	5,481	7,814
Carbon steel welding process dusts	135	182	174
Total	**5,593**	**5,664**	**7,988**

* The data refer only to Pietro Fiorentini.

Water withdrawal [m³]

GRI 303-3	2021		2022		2023	
	All areas	Water-stressed areas	All areas	Water-stressed areas	All areas	Water-stressed areas
Surface water	**-**	**-**	**700**	**-**	**-**	**-**
fresh water (≤1,000 mg/l total dissolved solids)	-	-	700	-	-	-
other types of water (>1,000 mg/l total dissolved solids)	-	-	-	-	-	-
Groundwater	**16,400**	**-**	**-**	**2,342**	**-**	**1,853**
fresh water (≤1,000 mg/l total dissolved solids)	14,900	-	-	724	-	568
other types of water (>1,000 mg/l total dissolved solids)	1,500	-	-	1,618	-	1,285
Third-party water resources	**29,200**	**-**	**35,534**	**11,446**	**32,212**	**16,785**
fresh water (≤1,000 mg/l total dissolved solids)	28,000	-	27,815	10,336	25,349	15,824
other types of water (>1,000 mg/l total dissolved solids)	1,200	-	7,719	1,110	6,863	961
Total water withdrawals	**45,600**	**-**	**36,234**	**13,788**	**32,212**	**18,638**
fresh water (≤1,000 mg/l total dissolved solids)	42,900	-	28,515	11,060	25,349	16,392
other types of water (>1,000 mg/l total dissolved solids)	2,700	-	7,719	2,728	6,863	2,246

* Pietro Fiorentini, FioGaz, Cryo Inox and Biokomp operate in water-stressed areas with a medium to high risk, according to the World Resource Institute's Aqueduct - Water Risk Atlas classification.

Water discharge [m³]

GRI 303-4	2021		2022		2023	
	All areas	Water-stressed areas	All areas	Water-stressed areas	All areas	Water-stressed areas
Surface water	**12,000**	**-**	**1,076**	**-**	**1,001**	**-**
fresh water (≤1,000 mg/l total dissolved solids)	12,000	-	1,076	-	1,001	-
other types of water (>1,000 mg/l total dissolved solids)	-	-	-	-	-	-
Third-party water resources	**1,600**	**-**	**654**	**253**	**266**	**343**
fresh water (≤1,000 mg/l total dissolved solids)	1,400	-	654	253	266	343
other types of water (>1,000 mg/l total dissolved solids)	200	-	-	-	-	-
Total water discharges	**13,600**	**-**	**1,730**	**253**	**1,267**	**343**
fresh water (≤1,000 mg/l total dissolved solids)	13,400	-	1,730	253	1,267	343
other types of water (>1,000 mg/l total dissolved solids)	200	-	-	-	-	-

Water consumption [m³]

GRI 303-5	2021		2022		2023	
	All areas	Water-stressed areas	All areas	Water-stressed areas	All areas	Water-stressed areas
Total water consumption	**31,900**	**-**	**34,504**	**13,535**	**30,944**	**18,295**
fresh water (≤1,000 mg/l total dissolved solids)	29,400	-	26,785	10,807	24,081	16,049
other types of water (>1,000 mg/l total dissolved solids)	2,500	-	7,719	2,728	6,863	2,246

Waste recovered and disposed by type [t]

306-3

EWC Code	Description	2021			2022			2023		
		Recovered waste	Disposed waste	Total waste	Recovered waste	Disposed waste	Total waste	Recovered waste	Disposed waste	Total waste
03 00 00	Waste from wood processing and the production of panels, furniture, pulp, paper and cardboard	-	-	**-**	0.7	-	**0.7**	0.7	-	**0.7**
06 00 00	Waste from inorganic chemical processes	2.7	0.1	**2.8**	0.5	-	**0.5**	2.7	-	**2.7**
07 00 00	Waste from organic chemical processes	0.3	4.5	**4.8**	27.8	5.1	**32.9**	29.5	4.3	**33.9**
08 00 00	Waste from the manufacture, formulation, supply and use of coatings (paints, varnishes and vitreous enamels), adhesives, sealants and printing inks	9.3	42.6	**51.9**	9.1	45.5	**54.6**	6.7	37.7	**44.5**
09 00 00	Waste from the photographic industry	0.4	-	**0.4**	0.9	-	**0.9**	0.4	-	**0.4**
10 00 00	Waste from thermal processes	-	15.8	**15.8**	-	-	**-**	20.0	8.7	**28.7**
11 00 00	Waste from chemical surface treatment and coating of metals and other materials; non-ferrous hydrometallurgy	-	0.1	**0.1**	-	5.2	**5.2**	0.03	0.2	**0.2**
12 00 00	Wastes from shaping and physical and mechanical surface treatment of metals and plastics	709.8	420.1	**1,129.9**	752.2	473.3	**1,225.5**	799.5	395.9	**1,195.4**
13 00 00	Oil wastes and wastes of liquid fuels (except edible oils, and those in chapters 05, 12 and 19)	1.3	-	**1.3**	1.1	-	**1.1**	1.7	0.03	**1.7**
14 00 00	Organic solvents, refrigerants and waste propellants (except 07 and 08)	5.4	-	**5.4**	6.7	-	**6.7**	-	6.7	**6.7**
15 00 00	Waste packaging, absorbents, wiping cloths, filter materials and protective clothing (not otherwise specified)	815.6	9.3	**824.9**	679.8	15.6	**695.4**	586.4	4.6	**591**
16 00 00	Waste not otherwise specified in the list	45.1	159.5	**204.6**	280.4	133.2	**413.6**	398.1	120.1	**518.3**
17 00 00	Construction and demolition wastes (including excavated soil from contaminated sites)	421	67.7	**488.7**	358	13.7	**371.7**	1,118.9	13.5	**1,132.4**
18 00 00	Waste generated by the health and veterinary sector or related research activities (except kitchen and restaurant waste not directly derived from therapeutic treatment)	-	-	**-**	-	-	**-**	0.04	-	**0.04**
19 00 00	Wastes from waste management facilities, off-site waste water treatment plants and the preparation of water intended for human consumption and water for industrial use	0.1	-	**0.1**	6.7	-	**6.7**	-	-	**-**
20 00 00	Municipal wastes (household waste and similar commercial, industrial and institutional wastes) including separately collected fractions	51.5	87.1	**138.6**	29.9	133.2	**163.1**	88.1	57.2	**145.4**
Total waste		**2,063**	**807**	**2,870**	**2,153**	**825**	**2,978**	**3,053**	**649**	**3,702**

* The 2022 figures were revised to take into account the extension of the scope to Samgas Romania and Fiorentini UK. The figures for 2023 do not include Biokomp and MicroPyros BioEnerTec.

Waste sent for recovery by type [t]

GRI 306-4	2021	2022	2023
Hazardous waste	**86.1**	**357.1**	**399.9**
Preparation for re-use	-	-	2.2
Recycling	-	56.3	15.1
Other recovery operations	-	300.7	382.5
Non-hazardous waste	**1,976.4**	**1,796.0**	**2,653.3**
Preparation for re-use	-	22.8	39.5
Recycling	-	182.3	975.3
Other recovery operations	-	1,590.8	1,638.5
Total waste	**2,062.5**	**2,153.2**	**3,053.2**

* The 2022 figures were revised to take into account the extension of the scope to Samgas Romania and Fiorentini UK. The figures for 2023 do not include Biokomp and MicroPyros BioEnerTec.

Waste sent for disposal by type [t]

GRI 306-5	2021	2022	2023
Hazardous waste	**532.3**	**584.1**	**445.0**
Disposal in landfill	23.5	51.1	3.2
Incineration with energy recovery	1.2	29.0	20.4
Incineration without energy recovery	3.9	3.4	24.2
Other types of disposal	503.7	500.6	397.0
Non-hazardous waste	**274.7**	**240.9**	**204.2**
Disposal in landfill	34.2	36.8	60.2
Incineration with energy recovery	50.5	58.0	0.4
Incineration without energy recovery	3.9	-	1.0
Other types of disposal	186.1	146.1	142.4
Total waste	**807.0**	**825.1**	**649.2**

* The 2022 figures were revised to take into account the extension of the scope to Samgas Romania and Fiorentini UK. The figures for 2023 do not include Biokomp and MicroPyros BioEnerTec.

Human resource management

Employees by contract type and gender [no.]

GRI 2-7	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent contract	**1,215**	**388**	**1,603**	**1,357**	**471**	**1,828**	**1,334**	**490**	**1,824**
Italy	1,026	318	**1,344**	1,107	372	**1,479**	1,135	399	**1,534**
Abroad	189	70	**259**	250	99	**349**	199	91	**290**
Fixed-term contract	**35**	**38**	**73**	**43**	**25**	**68**	**30**	**9**	**39**
Italy	21	19	**40**	29	15	**44**	22	7	**29**
Abroad	14	19	**33**	14	10	**24**	8	2	**10**
Total	**1,250**	**426**	**1,676**	**1,400**	**496**	**1,896**	**1,364**	**499**	**1,863**
% permanent contract	97%	91%	**96%**	97%	95%	**96%**	98%	98%	**98%**
% fixed-term contract	3%	9%	**4%**	3%	5%	**4%**	2%	2%	**2%**

* The 'Abroad' category includes data on Gazfio, Pietro Fiorentini (USA), Fiorentini Hungary, FioGaz, Samgas Romania, Fiorentini UK, Cryo Inox and MicroPyros BioEnerTec.

* The definition of fixed-term contract is not applicable in the United States because employees are categorised according to current national legislation (“at-will employment”) under which either party may terminate the employment relationship without a notice period.

*** The 2022 figures for the 'Italy' category were adjusted following the merger of Fast into Pietro Fiorentini

Employees by type of employment [no.]

GRI 2-7	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	1,240	365	**1,605**	1,387	432	**1,819**	1,351	437	**1,788**
Part-time	10	61	**71**	13	64	**77**	13	62	**75**
Total	**1,250**	**426**	**1,676**	**1,400**	**496**	**1,896**	**1,364**	**499**	**1,863**

* The 2022 figures have been adjusted following the merger of Fast into Pietro Fiorentini.

External workforce by contract type and gender [annual average no.]

GRI 2-8	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Interim / Temporary staff	279	284	**563**	277	338	**615**	214	228	**441**
Self-employed workers	9	1	**10**	7	2	**9**	2	-	**2**
Parasubordinate workers (co.co.pro.)	4	-	**4**	11	-	**11**	9	-	**9**
Interns	19	6	**25**	13	4	**17**	18	5	**23**
Others	9	-	**9**	17	-	**17**	9	-	**9**
Total external workforce	**320**	**291**	**611**	**325**	**344**	**669**	**252**	**233**	**485**
Ratio of directly and indirectly employed workforce	20%	41%	**27%**	23%	69%	**35%**	18%	47%	**26%**

* The 2022 figures have been adjusted following the merger of Fast into Pietro Fiorentini.

Number of new hires [no.]

GRI 401-1	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30 years of age	102	35	**137**	115	42	**157**	98	29	**127**
Between 30 and 50 years old	74	48	**122**	110	55	**165**	80	37	**117**
Over 50 years of age	10	5	**15**	32	17	**49**	16	6	**22**
Total	**186**	**88**	**274**	**257**	**114**	**371**	**194**	**72**	**266**

Number of terminations [no.]

GRI 401-1	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30 years of age	46	10	**56**	69	20	**89**	65	13	**78**
Between 30 and 50 years old	66	20	**86**	102	36	**138**	114	39	**153**
Over 50 years of age	39	10	**49**	32	10	**42**	49	17	**66**
Total terminations	**151**	**40**	**191**	**203**	**66**	**269**	**228**	**69**	**297**

Incoming turnover [%]

GRI 401-1	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30 years of age	37%	48%	**39%**	42%	58%	**45%**	34%	34%	**34%**
Between 30 and 50 years old	11%	18%	**13%**	16%	21%	**17%**	11%	12%	**11%**
Over 50 years of age	3%	6%	**4%**	11%	20%	**13%**	4%	5%	**4%**
Total	**15%**	**21%**	**16%**	**21%**	**27%**	**22%**	**14%**	**15%**	**14%**

Outgoing turnover [%]

GRI 401-1	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30 years of age	17%	14%	**16%**	25%	27%	**26%**	23%	15%	**21%**
Between 30 and 50 years old	10%	7%	**9%**	15%	13%	**15%**	16%	13%	**15%**
Over 50 years of age	13%	12%	**13%**	11%	12%	**11%**	13%	15%	**13%**
Total	**12%**	**9%**	**11%**	**16%**	**15%**	**16%**	**16%**	**14%**	**16%**
of which voluntary turnover	**14%**	**11%**	**13%**	**14%**	**10%**	**13%**	**10%**	**9%**	**10%**

* Only resignations and not retirements and dismissals are taken into account in voluntary turnover.

Employees covered by collective bargaining agreements [no.]

GRI 2-30	2021	2022	2023
Number of employees covered by collective bargaining agreements	1,520	1,709	1,745
% of employees covered by collective bargaining agreements	**100%**	**90%**	**94%**
Number of non-employed workers covered by collective bargaining agreements	-	612	431
% of non-employed workers covered by collective bargaining agreements	**-**	**92%**	**89%**

* Collective bargaining agreements exist in Italy (for Pietro Fiorentini, TIV Valves, Sartori Ambiente, Terranova, Biokomp and Hyter), France (Gazfio) and Spain (Cryo Inox). In other countries, however, the respective companies - Pietro Fiorentini (USA), Fiogaz (Turkey), Fiorentini Hungary, Fiorentini UK and MicroPyros BioEnerTec (Germany) - have not signed such agreements.

Resources invested and employees involved in the welfare plan

GRI 401-2	2022	2023
Resources invested in the welfare Plan	€ 1,147,451	€ 1,080,468
Employees involved in the welfare plan [no.]	1,531	1,573
% of employees involved in the welfare plan	**81%**	**84%**

* Only Pietro Fiorentini, Terranova and Gazfio are included in the calculation.

Parental leave

GRI 401-3	2022			2023		
	Men	Women	Total	Men	Women	Total
Number of employees entitled to parental leave	1,377	476	**1,853**	1,350	485	**1,835**
Number of employees who took parental leave	58	28	**86**	63	41	**104**
Number of employees who were still employed 12 months after their return to work	57	18	**75**	56	28	**84**
Confirmation rate of employees who took parental leave	**98%**	**64%**	**87%**	**89%**	**68%**	**81%**

* The data does not include Pietro Fiorentini (USA) because a parental leave policy is not required in the USA. From 2024, however, the company will start its own parental leave programme.

Workers who have guaranteed forms of social security

ESRS S1-11	2022			2023		
	Men	Women	Total	Men	Women	Total
Number of employees with access to forms of social security	1,399	497	**1,896**	1,364	499	**1,863**
Percentage of employees covered by social security	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Number of non-employed workers with access to forms of social security	288	337	**625**	214	227	**441**
Percentage of non-employed workers covered by social security	**90%**	**98%**	**94%**	**87%**	**98%**	**92%**

Average hours of employee training per professional category [h/man]

GRI 401-1	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Top managers	61	10	**59**	18	29	**19**	20	33	**21**
Middle managers	36	63	**48**	63	78	**67**	32	30	**32**
Office workers	58	55	**57**	54	43	**51**	33	30	**32**
Production workers	30	19	**28**	27	18	**25**	26	32	**27**
Total	**47**	**44**	**46**	**45**	**38**	**43**	**30**	**30**	**30**

Employees, by professional category, who receive a periodic performance appraisal [%]

GRI 404-3	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Top managers	80%	100%	**81%**	45%	100%	**48%**	39%	100%	**42%**
Middle managers	66%	40%	**63%**	24%	47%	**28%**	62%	56%	**61%**
Office workers	52%	47%	**50%**	49%	46%	**48%**	67%	64%	**66%**
Production workers	24%	34%	**26%**	11%	16%	**12%**	58%	61%	**59%**
Total	**43%**	**44%**	**43%**	**35%**	**38%**	**36%**	**63%**	**63%**	**63%**

* Only Pietro Fiorentini, Terranova and Gazfio are included in the calculation.

Employees classed in protected categories [no.]

GRI 405-1	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees classed in vulnerable categories	44	35	**79**	46	38	**84**	41	37	**78**
of which employees with disabilities	-	-	**-**	32	28	**60**	32	28	**60**
% of employees classed in vulnerable categories	**4%**	**8%**	**5%**	**3%**	**8%**	**4%**	**3%**	**7%**	**4%**

Employees by professional category, age and gender [no.]

GRI 405-1	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Top managers	**30**	**1**	**31**	**42**	**2**	**44**	**41**	**2**	**43**
Under 30 years of age	-	-	**-**	-	-	**-**	-	-	**-**
Between 30 and 50 years old	11	-	**11**	13	1	**14**	11	1	**12**
Over 50 years of age	19	1	**20**	29	1	**30**	30	1	**31**
Middle managers	**68**	**10**	**78**	**83**	**15**	**98**	**79**	**18**	**97**
Under 30 years of age	5	-	**5**	6	1	**7**	4	1	**5**
Between 30 and 50 years old	38	6	**44**	43	11	**54**	43	13	**56**
Over 50 years of age	25	4	**29**	34	3	**37**	32	4	**36**
Office workers	**706**	**293**	**999**	**806**	**351**	**1,157**	**773**	**355**	**1,128**
Under 30 years of age	171	62	**233**	192	76	**268**	212	82	**294**
Between 30 and 50 years old	420	191	**611**	457	215	**672**	434	214	**648**
Over 50 years of age	115	40	**155**	157	60	**217**	127	59	**186**
Production workers	**446**	**122**	**568**	**469**	**128**	**597**	**471**	**124**	**595**
Under 30 years of age	98	11	**109**	90	9	**99**	95	9	**104**
Between 30 and 50 years old	213	70	**283**	211	72	**283**	199	67	**266**
Over 50 years of age	135	41	**176**	168	47	**215**	177	48	**225**
Total	**1,250**	**426**	**1,676**	**1,400**	**496**	**1,896**	**1,364**	**499**	**1,863**
Under 30 years of age	274	73	**347**	288	86	**374**	311	92	**403**
Between 30 and 50 years old	682	267	**949**	724	299	**1,023**	687	295	**982**
Over 50 years of age	294	86	**380**	388	111	**499**	366	112	**478**

Occupational health and safety

Workers covered by an occupational health and safety management system [no.]

GRI 403-8	2021	2022	2023
Number of employees covere by a management system	1,498	1,794	1,749
% of employees covered	**89%**	**95%**	**94%**
Number of non-employed workers covered by a management system	538	589	454
% of non-employed workers covered	**96%**	**89%**	**95%**

Accidents at work of employees

GRI 403-9	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of accidents	**18**	**2**	**20**	**18**	**3**	**21**	**25**	**2**	**27**
of which at the workplace	-	-	-	17	2	**19**	22	1	**23**
of which on the way to work	-	-	-	1	1	**2**	3	1	**4**
Days lost due to accident	-	-	-	252	77	**329**	225	15	**240**
Hours worked (in thousands)	2,126	647	**2,773**	1,673	554	**2,226**	2,123	800	**2,923**
Recordable accident rate	**8.5%**	**3.1%**	**7.2%**	**10.8%**	**5.4%**	**9.4%**	**11.8%**	**31.3%**	**9.2%**

* Recordable accident rate: (total number of recordable accidents / total hours worked) x 1,000,000.

** For the year 2022, the number of accidents at work has been recalculated from the previous Budget.

Accidents at work of non-employed workers

GRI 403-9	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of accidents	**9**	**2**	**11**	**2**	**4**	**6**	**5**	**1**	**6**
of which at the workplace	-	-	-	2	4	**6**	5	1	**6**
Days lost due to accident	-	-	-	14	20	**34**	37	11	**48**
Hours worked (in thousands)	440	479	**918**	429	503	**932**	495	234	**730**
Recordable accident rate	**20.5%**	**4.2%**	**12%**	**4.7%**	**7.9%**	**6.4%**	**10.1%**	**4.3%**	**8.2%**

Recordable accidents by type of accident [no.]

GRI 403-9	2022			2023		
	Men	Women	Total	Men	Women	Total
Employee accidents	**17**	**2**	**19**	**22**	**1**	**23**
Crushing	-	-	-	2	-	**2**
Cut-Laceration	6	-	**6**	5	-	**5**
Muscular-joint pain	3	-	**3**	7	-	**7**
Contusion	6	2	**8**	5	-	**5**
Others	2	-	**2**	3	1	**4**
Accidents of non-employed workers	**2**	**4**	**6**	**5**	**1**	**6**
Crushing	-	-	-	1	-	**1**
Cut-Laceration	-	-	-	1	-	**1**
Muscular-joint pain	1	-	**1**	2	-	**2**
Contusion	-	1	**1**	-	1	**1**
Others	1	3	**4**	1	-	**1**

Shared economic value and supply chain

Generated and shared economic value [k€]

GRI 201-1	2021	2022	2023
Generated economic value	**466,220**	**518,238**	**475,261**
Shared economic value	**398,519**	**462,990**	**432,032**
Operating costs	265,518	317,822	278,601
Value distributed to employees	112,720	129,907	136,102
Value distributed to capital providers	1,889	4,665	8,447
Value distributed to the public administration	18,292	10,569	8,883
Value distributed to the community	100	25	-
Retained economic value	**67,701**	**55,248**	**43,228**

Purchases from local suppliers [M€]

GRI 204-1	2021			2022			2023		
	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
Purchases from local suppliers	202.9	25.2	**228.2**	231.7	37.3	**268.9**	190.5	39.9	**230.5**
Total purchases	264.7	66.6	**331.3**	289.9	98.5	**388.5**	228	88.4	**316.4**
% purchases from local suppliers	**77%**	**38%**	**69%**	**80%**	**38%**	**69%**	**84%**	**45%**	**73%**

Suppliers by geographical area and type

GRI 2-6	2021			2022			2023		
	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
Local suppliers (no.)	**4,643**	**1,166**	**5,809**	**4,393**	**1,934**	**6,327**	**4,331**	**2,029**	**6,360**
%	88%	88%	**88%**	85%	87%	**86%**	87%	87%	**87%**
Direct (no.)	1,246	344	**1,590**	1,377	824	**2,201**	1,355	897	**2,255**
%	27%	30%	**27%**	31%	43%	**34%**	31%	44%	**35%**
Indirect (no.)	3,397	822	**4,219**	3,016	1,110	**4,126**	2,976	1,129	**4,105**
%	73%	70%	**73%**	69%	57%	**65%**	69%	56%	**65%**
Suppliers in the rest of the world (no.)	**635**	**163**	**798**	**747**	**278**	**1,025**	**672**	**310**	**982**
%	12%	12%	**12%**	15%	13%	**14%**	13%	13%	**13%**
Direct (no.)	150	92	**242**	196	131	**327**	183	191	**374**
%	24%	56%	**30%**	26%	47%	**32%**	27%	62%	**38%**
Indirect (no.)	485	71	**556**	551	147	**698**	489	119	**608**
%	76%	44%	**70%**	74%	53%	**68%**	73%	38%	**62%**
Total	**5,278**	**1,329**	**6,607**	**5,140**	**2,212**	**7,352**	**5,003**	**2,339**	**7,342**

* "Purchases from local suppliers" means expenditure made from suppliers whose head office is located in the same country as the production plant of the purchasing company (Italy for the companies Pietro Fiorentini, TIV Valves, Sartori Ambiente, Terranova, Biokomp and Hyter; France for Gazfio; United States for Pietro Fiorentini (USA); Hungary for Fiorentini Hungary; Turkey for FioGaz, Romania for Samgas Romania, UK for Fiorentini UK, Spain for Cryo Inox; Germany for MicroPyros BioEnerTec).

** The 'Abroad' category includes data on Gazfio, Pietro Fiorentini (USA), Fiorentini Hungary, FioGaz, Samgas Romania, Fiorentini UK, Cryo Inox and MicroPyros BioEnerTec.

*** The 2022 figures were revised following the inclusion of Biokomp, Hyter, Samgas Romania, Fiorentini UK, Cryo Inox and MicroPyros BioEnerTec in the reporting scope of the following report.

Methodological note

The Pietro Fiorentini Group Sustainability Report (hereafter, “Report”), now in its **fourth edition**, is drawn up annually in **voluntary form** in order to report with increasing accuracy on performance in the ESG area. The Report is part of a broader path undertaken by the Group aiming for the full **integration of sustainability into its business model**. The document aims to provide internal and external stakeholders with the clearest, most comprehensive and transparent representation of the activities, projects, commitments, short- to medium-term objectives and results achieved, with a view to **creating shared value in the long term**.

Approved by the Board of Directors on May 24, 2024, the Report is prepared in accordance with the **GRI** (Global Reporting Initiative, 2021 version) **standards**, with application "**with reference to**". The document, in particular, refers to the standards indicated in the GRI Content Index table (given in the next paragraph), in which for each “material” aspect the paragraph of the Report where the relevant content can be found is indicated. The guidelines of the **Sustainability Accounting Standards Board (SASB)** regarding the Electrical & Electronic Equipment and Oil & Gas sectors, and the **European Sustainability Reporting Standards (ESRS)** of the EFRAG (European Financial Reporting Advisory Group) were considered when drafting this document, in particular for the analysis of double materiality and for some indicators appropriately reported in the respective sections.

The figures and information shown refer to the financial year from 1 January to 31 December 2023, unless otherwise indicated. Where available, comparative data from previous years was reported for the **three-year period 2021-2023** in order to present the Group's performance trend over a longer time horizon. In order to provide a timely representation of performance, the inclusion of directly detectable and measurable **qualitative-quantitative indicators** was favoured, resorting only in limited cases to estimates, duly highlighted. In the rare cases of corrections to what was published in the previous version of the Report, these were always carefully noted in the notes near the figures.

The principle of materiality guides the scope and quality of the sustainability reporting. The topics covered are in fact those that, as a result of the **double materiality process** in line with ESRS standards and EFRAG guidelines, were found to be relevant in that they reflect significant impacts on the environment and society related to the company's activities and/or reflect significant risks and opportunities for the Pietro Fiorentini Group.

The reporting scope of the economic and financial data corresponds to that of the **Group Consolidated Financial Statements as of 31 December 2023**. The environmental and social data and information refer to the Parent Company **Pietro Fiorentini** S.p.A. (whose head office is located at Via Enrico Fermi 8/10, Arcugnano) and the fully consolidated companies **TIV Valves** S.r.l., **Sartori Ambiente** S.r.l., **Terranova** S.r.l., **Biokomp** S.r.l., **Hyter** S.r.l., **Gazfio** S.A.S., **Pietro Fiorentini (USA)** Inc., **Fiorentini Hungary** Kft, **FioGaz** San.Tic.A.S., **Samgas Romania** S.r.l., **Fiorentini UK** Ltd, **Cryo Inox** S.l. and **MicroPyros BioEnerTec** GmbH.

The Report was prepared with the technical-methodological assistance of Marsh Advisory S.r.l. and **is not subject to third-party verification**.

For more details on objectives, indicators and results achieved or to comment on this document, please send a request to **sustainability@fiorentini.com**.

GRI content index

The Pietro Fiorentini Group has reported the information mentioned in this GRI content index for the period 01/01/23 - 31/12/23 through the "with reference to" mode.

GRI standards	Disclosure	Paragraph - notes
GRI 2: General Disclosures (2021)	2-1 Organisational details	1.1 The Pietro Fiorentini Group; 8.2 Methodological note
	2-2 Entities included in the organisation's sustainability reporting	8.2 Methodological note
	2-3 Reporting period, frequency and contact point	8.2 Methodological note
	2-4 Restatements of information	8.2 Methodological note
	2-6 Activities, value chain and other business relationships	1.3 Business areas; 7.3 Collaboration with the supply chain
	2-7 Employees	6.1 Human resource management and development; 8.1 Environmental and social performance
	2-8 Workers who are not employees	6.1 Human resource management and development; 8.1 Environmental and social performance
	2-9 Governance structure and composition	3.1 Governance structure
	2-10 Nomination and selection of the highest governance body	3.1 Governance structure (2-10 b omitted)
	2-11 Chair of the highest governance body	3.1 Governance structure
	2-12 Role of the highest governance body in overseeing the management of impacts	3.1 Governance structure
	2-13 Delegation of responsibility for managing impacts	3.1 Governance structure
	2-14 Role of the highest governance body in sustainability reporting	3.1 Governance structure
	2-15 Conflicts of interest	3.2 Business ethics
	2-16 Communication of critical concerns	3.2 Business ethics
	2-17 Collective knowledge of the highest governance body	3.1 Governance structure
	2-18 Evaluation of the performance of the highest governance body	*The Board of Directors is not evaluated on the management of the organisation's impacts on the economy, environment and people*
	2-22 Statement on sustainable development strategy	Letter to our stakeholders

GRI standards	Disclosure	Paragraph - notes
GRI 2: General Disclosures (2021)	2-23 Policy commitments	3.3 Management systems The organisation has an integrated policy that can be consulted on its website
	2-24 Embedding policy commitments	*The Management Review, as required by the management systems in place, gives an overview of the main projects in place aimed at achieving the objectives.* *These projects are implemented at different levels of the organisation through a strategic planning system.* *Employees undergo constant training also on the subject of responsible business conduct*
	2-25 Processes to remediate negative impacts	*Model 231 has set up a dedicated mailbox to enable all those who may become aware of information relating to the commission of offences or acts that do not comply with the rules of conduct laid down in the Code of Conduct to report these to the Supervisory Board.* *This Body takes into consideration the reports received and takes the necessary consequent measures, always ensuring the protection of the whistleblower from any type of retaliation, in line with the provisions of the legislation.* *Complaints from business partners are handled through the relevant portals, ensuring the highest quality standards for their resolution*
GRI 2: General Disclosures (2021)	2-26 Mechanisms for seeking advice and raising concerns	3.2 Business ethics *In 2023, with the achievement of SA 8000 certification and the entry into force in Italy of Legislative Decree 24/2023 on the subject of whistleblowing the company has set up a new procedure for the management of reports received from workers and external stakeholders*
	2-27 Compliance with laws and regulations	*No significant cases of non-compliances are reported*
	2-28 Membership associations	*The company participates in events and working tables of national and international association bodies on relevant topics for the energy sector.* *The company participates in consultations, working tables and technical meetings with authorities, government bodies and national and international standardisation bodies*
	2-29 Approach to stakeholder engagement	7.1 Stakeholder engagement
	2-30 Collective bargaining agreements	6.1 Human resource management and development; 8.1 Environmental and social performance

Economic performance: topic specific standards

GRI standards	Disclosure	Paragraph - notes
Material topic: Stakeholder engagement		
GRI 3: Material topics (2021)	3-1 Process to determine material topics	7.1 Stakeholder engagement
	3-2 List of material topics	2.2 The new materiality matrix
	3-3 Management of material topics	2.2 The new materiality matrix; 2.3 Our ESG goals
GRI 201: Economic Performance (2016)	201-1 Direct economic value generated and distributed	7.1 Stakeholder engagement; 8.1 Environmental and social performance
Material topic: Sustainable supply chain		
GRI 3: Material topics (2021)	3-1 Process to determine material topics	7.1 Stakeholder engagement
	3-2 List of material topics	2.2 The new materiality matrix
	3-3 Management of material topics	2.2 The new materiality matrix; 2.3 Our ESG goals; 7.3 Collaboration with the supply chain
GRI 204: Procurement Practices (2016)	204-1 Proportion of spending on local suppliers	7.3 Collaboration with the supply chain
GRI 301: Materials (2016)	301-1 Materials used by weight or volume	5.2 Materials used

GRI standards	Disclosure	Paragraph - notes
Material topics: Business ethics / ESG integration into the business		
GRI 3: Material topics (2021)	3-1 Process to determine material topics	7.1 Stakeholder engagement
	3-2 List of material topics	2.2 The new materiality matrix
	3-3 Management of material topics	2.2 The new materiality matrix; 2.3 Our ESG goals; 3.2 Business ethics
GRI 205: Anti-corruption (2016)	205-1 Operations assessed for risks related to corruption	3.2 Business ethics
	205-2 Communication and training about anti-corruption policies and procedures	*During 2023, thanks to the implemented controls, no corruption incidents were detected at Group level*
	205-3 Confirmed incidents of corruption and actions taken	*100% of the business partners with whom the Group interfaced in 2023 (when entering into or renewing contracts) were informed of the anti-corruption policies and procedures*
GRI 206: Anti-competitive behaviour (2016)	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	*During 2023, no legal actions (pending or concluded) in which the organisation was identified as a participant were reported in the areas of anti-competitive behaviour, breach of antitrust regulations and monopolistic practices*
GRI 307: Environmental Compliance (2016)	307-1 Non-compliance with environmental laws and regulations	*During 2023, no significant non-compliances with laws and regulations were recorded*
GRI 419: Socioeconomic Compliance (2016-17)	419-1 Non-compliance with laws and regulations in the social and economic area	*During 2023, no significant non-compliances with laws and regulations were recorded*

Environmental performance: topic specific standards

GRI standards	Disclosure	Paragraph - notes
Material topics: Emissions and resilient infrastructures / Energy transition / Innovation and digitalisation		
GRI 3: Material topics (2021)	3-1 Process to determine material topics	7.1 Stakeholder engagement
	3-2 List of material topics	2.2 The new materiality matrix
	3-3 Management of material topics	2.2 The new materiality matrix; 2.3 Our ESG goals; 5.1 Energy consumption; 5.5 Water consumption
GRI 302: Energy (2016)	302-1 Energy consumption within the organisation	5.1 Energy consumption; 8.1 Environmental and social performance
	302-3 Energy intensity	5.1 Energy consumption; 8.1 Environmental and social performance
GRI 303: Water and Effluents (2018)	303-1 Interactions with water as a shared resource	5.5 Water consumption; 8.1 Environmental and social performance
	303-2 Management of water discharge-related impacts	5.5 Water consumption; 8.1 Environmental and social performance
	303-3 Water withdrawal	5.5 Water consumption; 8.1 Environmental and social performance
	303-4 Water discharge	5.5 Water consumption; 8.1 Environmental and social performance
	303-5 Water consumption	5.5 Water consumption; 8.1 Environmental and social performance
GRI 305: Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	5.4 Our carbon footprint; 8.1 Environmental and social performance
	305-2 Energy indirect (Scope 2) GHG emissions	5.4 Our carbon footprint; 8.1 Environmental and social performance
GRI 305: Emissions (2016)	305-3 Other indirect (Scope 3) GHG emissions	5.4 Our carbon footprint; 8.1 Environmental and social performance *For Scope 3 emissions, business travel (by plane, train and rental car), waste and purchased materials were considered*
	305-4 GHG emissions intensity	5.4 Our carbon footprint; 8.1 Environmental and social performance
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	8.1 Environmental and social performance
Material topic: Circular economy		
GRI 3: Material topics (2021)	3-1 Process to determine material topics	7.1 Stakeholder engagement
	3-2 List of material topics	2.2 The new materiality matrix
	3-3 Management of material topics	2.2 The new materiality matrix; 2.3 Our ESG goals; 5.3 Waste valorisation
GRI 306: Waste (2020)	306-1 Waste generation and significant waste-related impacts	5.3 Waste valorisation
	306-2 Management of significant waste-related impacts	5.3 Waste valorisation
	306-3 Waste generated	5.3 Waste valorisation; 8.1 Environmental and social performance
	306-4 Waste not for disposal	5.3 Waste valorisation; 8.1 Environmental and social performance
	306-5 Waste for disposal	5.3 Waste valorisation; 8.1 Environmental and social performance

Social performance: topic specific standards

GRI standards	Disclosure	Paragraph - notes
Material topics: HR management & enhancing / People wellbeing		
GRI 3: Material topics (2021)	3-1 Process to determine material topics	7.1 Stakeholder engagement
	3-2 List of material topics	2.2 The new materiality matrix
	3-3 Management of material topics	2.2 The new materiality matrix; 2.3 Our ESG goals; 6.1 Human resource management and development; 6.4 Wellbeing objective
GRI 401: Employment (2016)	401-1 New employee hires and employee turnover	6.1 Human resource management and development; 8.1 Environmental and social performance
	401-2 Benefits provided to full-time employees that are not provided to temporary or partime employees	6.1 Human resource management and development
	401-3 Parental leave	6.1 Human resource management and development; 8.1 Environmental and social performance
GRI 404: Training and Education (2016)	404-1 Average hours of training per year per employee	6.3 Investing in knowledge; 8.1 Environmental and social performance
	404-3 Percentage of employees receiving regular performance and career development reviews	6.3 Investing in knowledge; 8.1 Environmental and social performance
Material topic: Workers' health and safety		
GRI 3: Material topics (2021)	3-1 Process to determine material topics	7.1 Stakeholder engagement
	3-2 List of material topics	2.2 The new materiality matrix
	3-3 Management of material topics	2.2 The new materiality matrix; 2.3 Our ESG goals; 6.2 'Safety first' culture
GRI 403: Occupational Health and Safety (2018)	403-1 Occupational health and safety management system	6.2 'Safety first' culture
	403-2 Hazard identification, risk assessment, and incident investigation	6.2 'Safety first' culture
	403-2 Hazard identification, risk assessment, and incident investigation	6.2 'Safety first' culture
	403-3 Occupational health services	6.2 'Safety first' culture
	403-4 Worker participation, consultation, and communication on occupational health and safety	6.2 'Safety first' culture
	403-5 Worker training on occupational health and safety	6.2 'Safety first' culture; 6.3 Investing in knowledge
	403-6 Promotion of worker health	6.2 'Safety first' culture
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.2 'Safety first' culture
	403-8 Workers covered by an occupational health and safety management system	6.2 'Safety first' culture; 8.1 Environmental and social performance
	403-9 Accidents at work	6.2 'Safety first' culture; 8.1 Environmental and social performance
	403-10 Work-related ill health	6.2 'Safety first' culture *No cases of occupational disease were found in any company within the reporting scope in 2023*

GRI standards	Disclosure	Paragraph - notes
Material topic: Diversity & Inclusion		
GRI 3: Material topics (2021)	3-1 Process to determine material topics	7.1 Stakeholder engagement
	3-2 List of material topics	2.2 The new materiality matrix
	3-3 Management of material topics	2.2 The new materiality matrix; 2.3 Our ESG goals; 3.1 Governance structure; 6.5 Diversity and inclusion
GRI 405: Diversity and Equal Opportunity (2016)	405-1 Diversity of governance bodies and employees	3.1 Governance structure; 6.5 Diversity and inclusion; 8.1 Environmental and social performance
Material topic: Customer centricity		
GRI 3: Material topics (2021)	3-1 Process to determine material topics	7.1 Stakeholder engagement
	3-2 List of material topics	2.2 The new materiality matrix
	3-3 Management of material topics	2.2 The new materiality matrix; 2.3 Our ESG goals; 7.2 Customer centricity and satisfaction
GRI 418: Customer Privacy (2016)	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	7.2 Customer centricity and satisfaction *No complaints about breaches of customer privacy were received in 2023*

2023 Sustainability Report

BY
Pietro Fiorentini Group

CONCEPT & DESIGN
WITHUB

FOR INFORMATION
Pietro Fiorentini S.p.A.
Via Enrico Fermi 8/10 - 36057 Arcugnano (VI)
sustainability@fiorentini.com

www.fiorentini.com