

# SUSTAIN- ABILITY *to change*

SUSTAINABILITY REPORT 2020



**Pietro  
Fiorentini**



# Technology and solutions for a digital and sustainable world

**We believe in a world that can get better thanks to continuously evolving technologies and solutions. The ability to change is the basis of our idea of sustainability. An idea that we want to build the future of new generations on.**

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## LETTER TO OUR STAKEHOLDERS

### **Dear Stakeholders,**

*2020 was undoubtedly a very complex year, a year in which entire sectors experienced heavy economic and social losses caused by an unprecedented health emergency. But in such a challenging scenario, once again, Pietro Fiorentini Group proved to be “anti-fragile”; this characteristic goes beyond the concept of resilience, as it identifies an organisation that is not only able to resist difficulties, but it is able to adapt to changes in the context, by acquiring new skills and capacities. Thanks to the collaboration of all of our resources, we have shown that we know how to turn obstacles into opportunities, setting ourselves even more challenging objectives and re-redesigning strategies when necessary.*

*Sustainability, in particular, played a central role in the re-assessment of our strategy. By considering the social, environmental and governance aspects in a holistic manner, we started a project that involved every operational area of our business and we arrived at the publication of this edition of the Sustainability Report for Pietro Fiorentini Group.*

**Technologies and solutions for a digital and sustainable world** is the new purpose that we chose to guide our development and that we pursue every day, always placing our customers and their needs in the centre of our decision-making and production processes.

*Our long-term strategy, the synergy between sustainability and innovation, represents a fundamental, enabling lever, and this is why we are constantly engaged in research and development activities aimed at ensuring our customers with technological solutions and reliable, safe and innovative services. In particular, as for projects linked to the energy transition towards renewable sources, with the objective of contributing to the ambitious objective of achieving carbon-neutrality by 2050, as protagonists.*

*The challenges that await us are many, but regardless of the uncertainty that distinguishes the historical period we are in the midst of, we look to the future with determination and positivity. Our intention is to create shared and sustainable value in the long term for the organisation, for stakeholders and for the entire context that we operate in, investing in the training and safety of collaborators, sharing our knowledge for the development of the local area and reducing the environmental impact of our activities to a minimum.*

*Because we have a thousand possibilities to create our future, but only one world to live it in.*

**Mario, Cristiano and Paolo Nardi**

**“In our long-term strategy, the synergy between sustainability and innovation represents a fundamental enabling lever”**

# HIGHLIGHTS 2020

## PIETRO FIORENTINI IN BRIEF

 **+2,000\***  
COLLABORATORS  
AROUND THE WORLD

 **14**  
PRODUCTION SITES  
AROUND THE WORLD

 **+21%**  
GROWTH  
COMPARED TO 2019

\* Value including employees and collaborators of the Group.

## LINES OF ACTION FOR THE FUTURE



DEVELOPMENT OF PROGRAMMES FOR THE PROMOTION OF **DIVERSITY & INCLUSION** WITHIN THE SCOPE OF OUR PEOPLE STRATEGY



SUPPLY OF **ENERGY CERTIFIED AS 100% RENEWABLE** FOR OUR SITES



ACTIVITIES AND PROJECTS FOR **EMPLOYER BRANDING**



OBTAINING **ISO 50001** TO IMPROVE OUR ENERGY PERFORMANCE



**COMPANY FLEET** INCREASINGLY SUSTAINABLE



GROWING **INVESTMENTS IN TRAINING** FOR THE ALL-ROUND DEVELOPMENT OF THE SKILLS OF OUR RESOURCES

**Sustainability is integrated in our long-term strategy, creating value also for the society and the environment we live in.**

## ESG PERFORMANCE

 **+11%**  
NEW HIRES  
COMPARED TO 2019

 **~50%**  
OF NEW HIRES ARE  
UNDER THE AGE OF 30



**-32%**  
ACCIDENTS IN THE  
WORKPLACE IN  
COMPARISON TO 2019



**55,839 HOURS**  
OF TRAINING PROVIDED



**68%**  
OF THE TOTAL  
PURCHASES OF THE  
GROUP FROM LOCAL  
SUPPLIERS



**€6.7 MLN**  
IN INVESTMENTS FOR  
RESEARCH & DEVELOPMENT,  
IN PARTICULAR FOR  
THE PROMOTION OF  
RENEWABLE ENERGIES



**-14%**  
ENERGY INTENSITY IN  
COMPARISON TO 2019

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## SUSTAIN- ABILITY *to lead*

**6**  
PRODUCTION  
SITES IN ITALY

**8**  
PRODUCTION SITES  
IN THE REST OF THE  
WORLD

**+100**  
COUNTRIES  
WE EXPORT TO

**€398 MLN**  
CONSOLIDATED  
TURNOVER\*

**+67%**  
TURNOVER  
FROM E.U.

\* Group Consolidated Financial Statements as at 31/12/2020.

We want to lead the changes as protagonists, which will characterise the scenario which we live in, in the next few years, such as digitisation, the transition towards cleaner energy sources and greater responsibility on issues of economic, social and environmental sustainability.

## WE ARE PIETRO FIORENTINI

With over 80 years' experience, Pietro Fiorentini is **the global leader in designing technologically advanced products and services for the multi-gas system**, especially regarding the natural gas supply chain: from components and services for transport and distribution networks to a range of engineered solutions that include valves, multi-phase meters, processing plants, cabins and reduction and metering units. The Group, whose headquarters are in Arcugnano, Vicenza, is currently one of the most important industrial companies in Northeast Italy, with a **global distribution network active in over 100 countries** in all continents. In the forefront of the development of **technologies and solutions increasingly oriented towards sustainability, renewable energies and digitalisation**, Pietro Fiorentini is the leader in **Smart Metering** projects and, more generally, of **Smart Grids**. In recent years, work has also intensified to

promote the use of **green energy sources**, such as biomethane, hydrogen and Power-to-gas, in order to seize new opportunities deriving from the energy transition. **The customer is at the centre of the Group's entrepreneurial approach**, which has created an efficient and concrete operating model in order to increase the value generated as much as possible. In this regard, Pietro Fiorentini's commitment does not end with the ability to ensure high quality products and processes, but rather meets the customer's needs in all stages of collaboration, from technical assistance to maintenance services, from logistics to communication and information sharing. Also as a result of implementing this *customer-centricity* logic, the Group boasts a solid clientele among natural gas transport and distribution companies, Oil & Gas companies, EPCs (*Engineering, Procurement & Construction*), industrial *end-users* and utilities.

**WITH OVER 80 YEARS OF EXPERIENCE, PIETRO FIORENTINI IS A GLOBAL LEADER IN THE IMPLEMENTATION OF TECHNOLOGICALLY ADVANCED PRODUCTS AND SERVICES FOR THE MULTI-GAS SYSTEM**

## OUR HISTORY

That of Pietro Fiorentini is an Italian success story that was able to conquer the world. A story that consists of fundamental moments that have made the Group one of the leading industrial companies in north-eastern Italy, internationally acknowledged as a reference point in terms of product and process innovation.

Together with the issue of digitisation, **sustainability** represents a field of action on which Pietro Fiorentini's commitment grows. The Group launched a number of projects in 2020 to **pursue the goal of the energy transition**: the focus of green initiatives is based on the innovation of solutions related to the world of renewable energy. This is the starting point of the projects that allow the Group to access the biomethane, hydrogen and Power-to-Gas sectors. Lastly, in the second half of 2020, Pietro Fiorentini launched a complete assessment program of the sustainability model based on ESG criteria (*Environmental, Social, Governance*), to fulfil the expectations of its customers and stakeholders on socio-environmental and management responsibility issues, which is also reflected in the draft of this Sustainability Report.

**AN ITALIAN SUCCESS STORY THAT WAS ABLE TO CONQUER THE WORLD**



# OUR HISTORY



1940

## THE BEGINNING OF OUR HISTORY

On 1<sup>st</sup> January 1940 the “Pietro Fiorentini Impianti Metano, Fabbrica Italiana Apparecchi Carburatori per Gas Metano” was founded in Bologna. In 1941, the Company began producing systems to use methane instead of normal fuel in combustion engines, and the following year began selling pressure regulators for gas cylinders. This was just the beginning of a history of over 80 years full of successes and increasingly ambitious goals.



1957

## BEYOND BORDERS

After moving to Vicenza in 1950, the Company made its first big commercial leap forward by signing an overseas production licence agreement with one of the world’s leading oil services companies – Compagnie de Compteurs. In the following years, the portfolio of products and services expands with the offer of complete solutions and systems for gas reduction and metering.



1963

## HANDOVER

Following the demise of the founder, Pietro Fiorentini, his son-in-law, Tito Nardi, took over the helm of the company and launched a complete production reorganisation. It is a historic moment in Italian energy policy as Pietro Fiorentini was one of Snam’s key partners in the methanisation process in Northern Italy, which was accomplished thanks to the new import agreements stipulated with Libya, the USSR and Holland.

1992



## TOWARDS THE EAST

A joint venture is established with Shanghai Aerospace – a Chinese giant that entered the energy sector in those years – after which Shanghai Fiorentini was founded in 1996 – an independent company held at 40% (today 45%) by Pietro Fiorentini, intended for the production of regulators and systems for the Chinese and Far East markets. In recent years, the Group also set up international branches in Europe, Asia and South America.

2001



## THE BEGINNING OF THE LEAN TRANSFORMATION

As the 2000s began together with the transition into the third generation of the enterprise, led by Mario, Cristiano and Paolo Nardi, the organisational and productive transformation of the Company began with the gradual implementation of innovative Lean Manufacturing models – a term that was almost unheard of in our Country. The goal was to become increasingly “streamlined” by eliminating waste, freeing up resources and directing efforts on creating value throughout a process of continuous improvement. This process continues today and has led Pietro Fiorentini to become one of the international reference points in the application of this methodology.



2006

## DIGITAL TIMES ARRIVE

With the acquisition of Digit Srl – a company that produces remote management and remote control systems – Pietro Fiorentini bets on the digitalisation of gas metering systems, in view of a possible change in technology on millions of meters. This choice will prove to be successful: to-date there are over 6 million smart meters produced by Pietro Fiorentini for the European market alone.

2020



## KEY WORD: SUSTAINABILITY

At the end of the 1910s, Pietro Fiorentini already had several projects related to the development of renewable energies, such as biomethane, hydrogen and power to gas, which were fundamental solutions in the energy transition process. Starting in September 2020, the Company launched a complete assessment program of the sustainability model based on ESG criteria (Environmental, Social, Governance), to fulfil the expectations of its stakeholders on environmental, social and management responsibility issues.

# PRESENCE IN THE WORLD

The Pietro Fiorentini Group boasts a consolidated clientele of natural gas distribution and transportation companies, Oil & Gas companies, EPC companies, industrial end-users and utilities, which acknowledge its absolute standing in terms of **quality, service and product and process innovation**. The Group broadened its horizons via a process of expansion and internationalisation, towards the development of technologies and solutions for a digital

and sustainable world. As at 31 December 2020, in addition to the main headquarters in Arcugnano (Vicenza), the Group has about 30 other production and commercial offices in Italy and abroad, and employs about 2,000\* collaborators around the world, with a distribution network that reaches over **100 countries across all the continents**. The Group generates over 67% of its revenues within the boundaries of European Union.

**+2,000\***  
COLLABORATORS

**+100**  
COUNTRIES  
SERVED BY THE  
SALES NETWORK

**+30**  
SITES AROUND THE WORLD

## PRODUCTION SITES IN ITALY

- Arcugnano | Vicenza
- Rosate | Milan
- Rescaldina | Milan
- Talamona | Sondrio
- Desenzano del Garda | Brescia
- S.Vito al Tagliamento | Pordenone

- ◊ Italian offices
- Overseas offices

\* Value including employees and collaborators of the Group.

# SOCIOGRAM\*



PIETRO FIORENTINI: LEADING PLAYER IN CHANGE

PIETRO FIORENTINI: LEADING PLAYER IN CHANGE

Subsidiaries
  Associates
 \*Updated as at 31/12/2020

## MAIN INCOME FIGURES

The Pietro Fiorentini Group achieved a consolidated turnover of €398 million in 2020 – an increase of approx. 21.2% compared to 2019. Despite a scenario in which the world economy registered -3.5%, the European Union registered -5.1% and the Italian economy registered -8.9%, **the Group proved to be very resilient** also due to the reference sector of gas distribution and transport, which is highly regulated and anti-cyclical.

**The net financial position improved significantly** compared to the previous already positive years, moving from an overall debt of around Euro 34 million at the end of 2019 to a positive position of around Euro 8 million at the end of 2020. This is mainly due to the increase in liquidity of the subsidiaries and the investment in securities made by the Parent Company during 2020.

EBITDA increased by 43.5% compared to 2019, reaching Euro 77.4 million\*. Even the operating income increased by about Euro 19 million compared to 2019. In percentage terms, it stands at 14% in 2020 against 11.4% in 2019.

€ **€398 MLN**  
CONSOLIDATED  
TURNOVER  
IN 2020

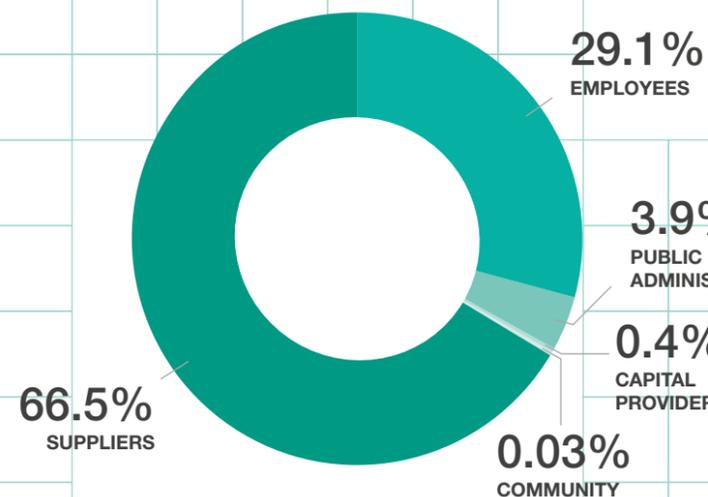
**+21.2%**  
COMPARED  
TO 2019

€ **€77.4 MLN**  
EBITDA\*

**+43.5%**  
COMPARED  
TO 2019

\* In accordance with the computing practice of the Italian banking system.

### DISTRIBUTED ECONOMIC VALUE IN 2020 [k€]

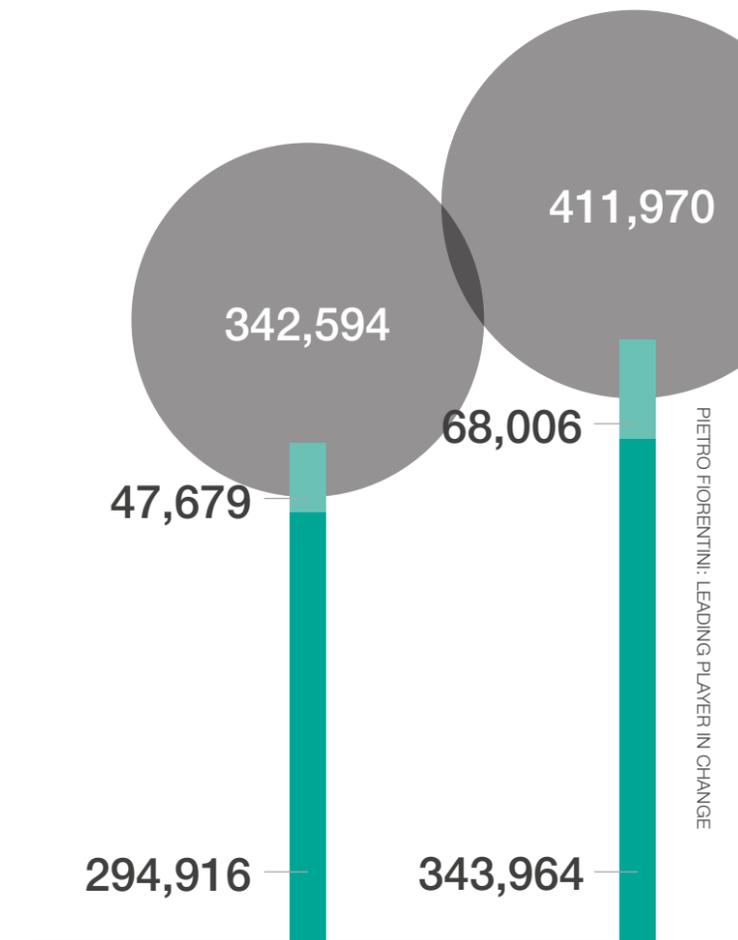


## CREATING VALUE FOR THE STAKEHOLDERS: THE GENERATED AND DISTRIBUTED ECONOMIC VALUE

For Pietro Fiorentini, sustainability and creating value are strongly linked concepts: **sustainability creates value for the company and for the stakeholders**, thereby relating the business and the corporate social responsibility. The Group generates wealth through its activities, which contributes directly and indirectly to the **economic growth of the context** that it operates in. This wealth is commonly measured in terms of Added Value that is produced and distributed to its reference stakeholders.

The Value Added Statement is based on the GRI Standards, the reference framework and the values drawn from the statutory Profit and Loss Account, thereby becoming a useful tool for all stakeholders to understand the economic impacts that the Group itself produces. The generated economic value in 2020 was Euro 412 million, an increase of about Euro 70 million compared to 2019 (+20%), 83% of which is distributed to the stakeholders.

## +20.3% OF THE GENERATED ECONOMIC VALUE



### GENERATED AND DISTRIBUTED ECONOMIC VALUE [k€]

	2019	2020
● <b>GENERATED ECONOMIC VALUE</b>	<b>342,594</b>	<b>411,970</b>
■ <b>DISTRIBUTED ECONOMIC VALUE</b>	<b>294,916</b>	<b>343,964</b>
└ OPERATING COSTS	196,602	228,831
└ VALUE DISTRIBUTED TO EMPLOYEES	84,723	100,193
└ VALUE DISTRIBUTED TO CAPITAL PROVIDERS	1,418	1,347
└ VALUE DISTRIBUTED TO THE PUBLIC ADMINISTRATION	12,112	13,492
└ VALUE DISTRIBUTED TO THE COMMUNITY	60	100
■ <b>WITHHELD ECONOMIC VALUE</b>	<b>47,679</b>	<b>68,006</b>

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## SUSTAIN- ABILITY *to innovate*

**Technology, innovation, research, planning, design and strategy: every aspect in Pietro Fiorentini is subject to constant revision and continuous improvements.**

**The goal is to always put the customer and their needs at the centre of an operational model that can optimally use flows and resources, to respond quickly, consistently and concretely, thereby reducing costs and waste to increase the value.**

**1**  
INNOVATION  
CENTRE  
DEDICATED TO  
HYDROGEN

**10**  
PARTNERSHIPS  
STARTED ON THE  
ENERGY TRANSITION  
ISSUES

**2.4%**  
INVESTMENTS IN  
RESEARCH &  
DEVELOPMENT  
COMPARED TO  
THE TURNOVER\*

**6**  
PROJECTS LAUNCHED TO  
PROMOTE RENEWABLE  
ENERGIES

\* with respect to turnover of Pietro Fiorentini S.p.A.



PROGRAM BY  
BORSA ITALIANA

# OUR COMPASS, OUR VALUES

Thanks to the experience matured throughout 80 years, the business model of Pietro Fiorentini combines **sustainability and innovation** to provide its customers with solutions and technologies along the entire value chain of the gas sector, from extraction to end use. **Today the Group is at the forefront of the ambitious European goal of achieving carbon-neutrality by 2050**, integrating ESG factors into its business model.

A commitment that is implemented every day and that is possible thanks to increasing investments in Research & Development, the launch of new partnerships and synergies in the sector and above all, the work carried out every day by the human resources of Pietro Fiorentini.

Following the adoption of the innovative *Lean Management* approach, which led to significant transformations in the production process, in the hierarchical relationships and in the role of collaborators and Work teams, stronger alignment was achieved between top management strategy and management objectives, allowing **sustainable business growth** together with **an increasingly adequate response to market demand**.

It is precisely from this need for internal sharing and the aim of achieving **full transparency towards all the stakeholders** that the **Company Compass**<sup>1</sup> was defined for the first time in 2012, which guided the creation of value of the Pietro Fiorentini Group and brought together the **corporate values**, the **strategic objectives** and the **tools to pursue these objectives**. This Compass, which is the result of a process of constant comparison and review, indicates that it is the **primary purpose of the business, namely the implementation of technologies and solutions for a digital and sustainable world**.

## MISSION

**We operate internationally, with high-tech solutions for the energy and utilities sectors, placing the customer at the centre of a highly efficient operating model, which can create sustainable value**

## VISION

**We want to be the protagonists of sustainable development and responsible use of resources thanks to the synergy between technology and human capital**

## PURPOSE

**Technologies and solutions for a digital and sustainable world**



<sup>1</sup> Developed in Japan in the 60s by Bridgestone – this method has its roots in Management By Objectives and Total Quality Management. The term “Hoshin Kanri”, that is “compass management” (the single words “hoshin”

and “kanri” mean respectively “direction” and “administration”) was formalised between 1981 and 1988 by the Japanese Association of Standards and brought to the West by the writings of Yoji Akao.

The **corporate culture** of Pietro Fiorentini, distinguished by shared values, including those of honesty, respect and sharing, guides the daily work among colleagues, as well as the relationship with external stakeholders. Collaborators are the first ambassadors of these principles and from a more general perspective, of the corporate culture, giving their personal and professional contribution every day in favour of a better world for customers and for future generations.

In **2001**, during a dedicated two-day meeting, Owners, Managers, Cadres and representatives of all company categories met to draft the **Values Sheet**, which gathers the guidelines intended to ensure the individual's respect towards the common good, thereby guaranteeing the achievement of objectives, in an atmosphere of respect and trust. The values, thus defined, were also studied in depth and expressed in accordance with the corporate context. The definition of the Values Sheet constituted **the first, indispensable step in the process of renewing the internal organisation**, which started with the aim of strengthening the sense of belonging to the Group and **implementing the organisational change** in line with **Lean Thinking** principles. The Values Sheet states the principles on which the entire structure of Pietro Fiorentini is based on.

## SHARED VALUES AND PRINCIPLES TO RESPECT THE INDIVIDUALS AS WELL AS THE COMMON WELL-BEING

### RELIABILITY

We honour any undertaken commitments at all times and within the established timeframe, thereby successfully meeting expectations to generate trust

### COMMUNICATION

We ensure that the strategies, programs, objectives and information are conveyed in a transparent, precise and understandable way, paying attention to understand the point of view of the listener

### EXCELLENCE

We set ambitious objectives pertaining to continuous improvement, identifying the flow of value and organising the resources to reduce waste that hinders its development

### COMMITMENT

We show determination when analysing problems, proposing solutions and carrying out assignments, making the most of every opportunity

### INNOVATION

We pursue constant evolution by encouraging the search for new solutions, without being content to follow the easier path

### TEAMWORK

We involve and motivate colleagues and collaborators, enhancing their ideas, knowledge and skills with the aim of continuously improving performance and results

### RESPECT

We accept and safeguard people's dignity and their work, with no distinction in gender, race or origin, committing ourselves to derive added value from diversity

### SINCERITY

We demonstrate moral integrity, professional honesty and fairness in interpersonal relationships, courageously supporting ideas and opinions



# OUR SUPPLY CHAIN



## GAS DISTRIBUTION AT MEDIUM PRESSURE

The Group supplies pressure regulators, valves and filters developed ad hoc for the end user, as well as complete systems to reduce, measure, filter and heat gas to ensure that the fuel supply is safe and continuous. The Group also designs, builds, installs and supervises distribution substations of natural gas.



## GAS DISTRIBUTION AT LOW PRESSURE

Pietro Fiorentini offers a whole range of systems, pressure regulators, safety devices for flow regulation, meters and volume correctors to measure, specifically designed for industrial use, as well as services dedicated to alarm and data management.



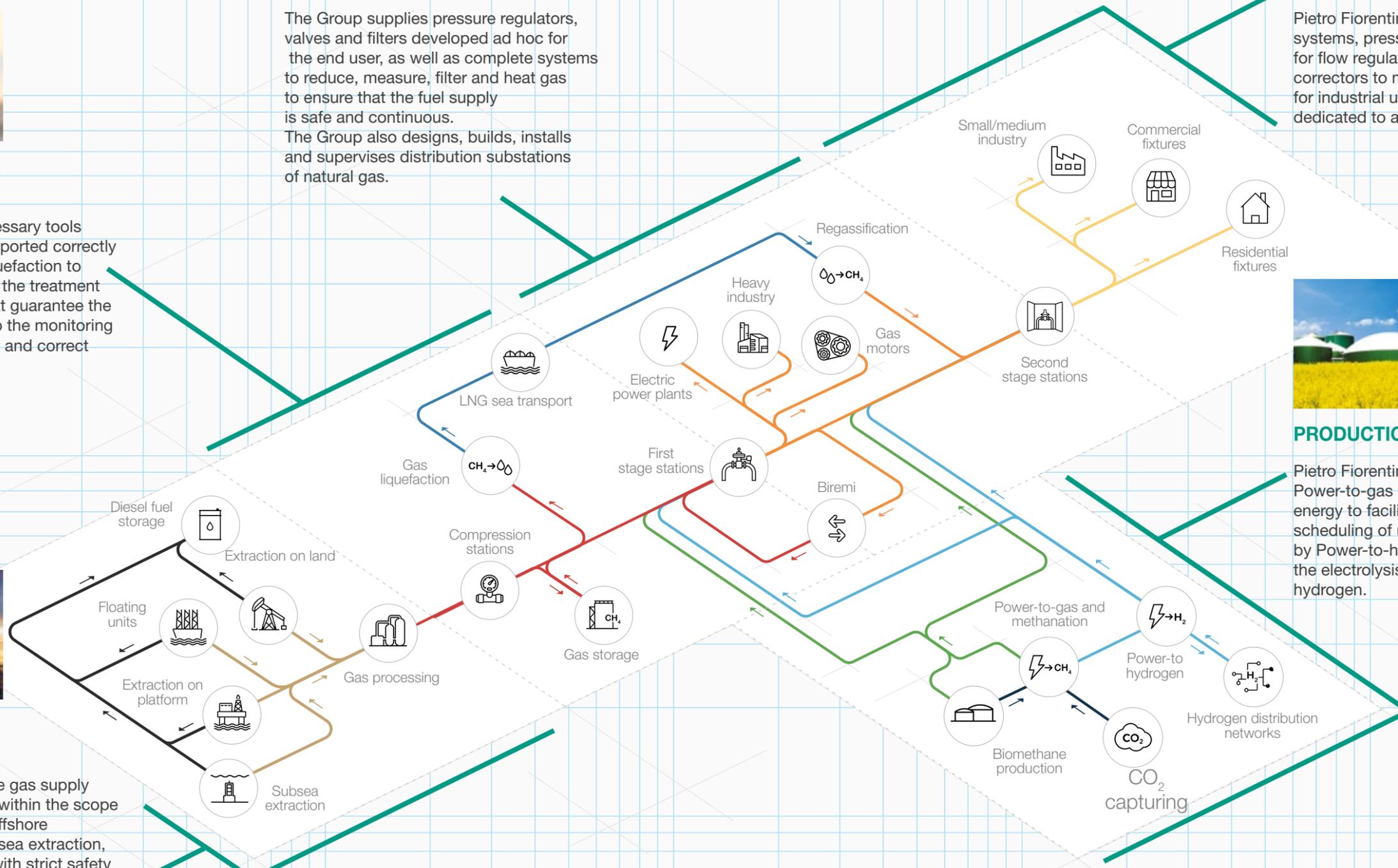
## HIGH PRESSURE GAS TRANSPORT

The Group supplies the necessary tools to guarantee the gas is transported correctly in all its stages, from gas liquefaction to the dehydration plants, from the treatment and pressure adjustment that guarantee the quality of the liquefied gas to the monitoring services to ensure the safety and correct supply of the network.



## EXTRACTION OF OIL AND NATURAL GAS

Pietro Fiorentini manages the gas supply chain from the early stages, within the scope of the solutions offered for offshore wellheads, starting from subsea extraction, which requires compliance with strict safety requirements with the aim of preserving the surrounding environment (particularly water resources, such as seas and lakes), up to the management of the physical and chemical separations, gas softening and filtering.



## PRODUCTION OF RENEWABLE GAS

Pietro Fiorentini has developed Power-to-gas systems that use renewable energy to facilitate energy storage and scheduling of use. This is supported by Power-to-hydrogen, which uses the electrolysis process to generate hydrogen.

<span style="color: brown;">█</span> NATURAL GAS	<span style="color: green;">█</span> BIOMETHANE	<span style="color: yellow;">█</span> LOW PRESSURE GAS
<span style="color: black;">█</span> OIL	<span style="color: red;">█</span> HIGH PRESSURE GAS	<span style="color: darkblue;">█</span> CARBON DIOXIDE
<span style="color: blue;">█</span> HYDROGEN	<span style="color: orange;">█</span> MEDIUM PRESSURE GAS	<span style="color: lightblue;">█</span> LIQUID GAS

## AN INTEGRATED BUSINESS STRATEGY

The definition of the corporate Compass represents the starting point in identifying the **business strategy of Pietro Fiorentini**, which focuses on the **medium-long term** horizon with the aim of generating value along the entire supply chain and for all the stakeholders, both internal and external. **At the core of the Group's strategic objectives** lies the will to carry out its role in favour of **sustainable growth**, thereby ensuring a **supply of clean energy for businesses and end users**.

And this is the precise intention with which the Group decided to **integrate its business objectives with a few key ESG targets** (environmental, social and governance) and to pursue the more ambitious objectives related to the **energy transition** and **contrast to climate change**, in line with the provisions of the *European Green Deal* and the Paris Agreements.

In fact, the Group's strategic vision cannot disregard the **reference context** and the evolution of certain market trends that could increasingly have an impact on the business. In particular, gas consumption is expected to continue to increase globally until 2037, and that even after that date, it will remain a widely used source of energy. Contrarily, coal and oil will drop, much more negative than gas in environmental terms, in favour of an increasing overall use of renewable energy, especially in the more advanced countries<sup>2</sup>. The energy transition represents a challenge in which the energy mix and more specifically, **gas production from unconventional and renewable sources** and **its use for energy storage** will require infrastructure invest-

ments and consequently, an increase in the demand for components (regulators, meters, etc.) and related services.

Pietro Fiorentini bases its strategy on the **3D paradigm – Digitisation, Decarbonisation and Decentralisation** and the integration of which is fundamental to pursue the European goal of climate neutrality by 2050 with intermediate milestones by 2030.

## DIGITISATION DECARBONISATION DECENTRALISATION

In recent years, the key innovation and sustainability projects of the Group have therefore been oriented in this direction, from **Smart Metering** to replace tens of millions of new generation meters, to the development of integrated (energy-gas, by several production entities) and interconnected (*Internet-of-Things* and management and continuous monitoring systems) **intelligent gas distribution networks** (so-called *Smart Grids*).

The Group's strategic vision also includes a **Mergers & Acquisitions Plan (M&A)**, the ultimate goal of which is to **enter new markets** to expand the range of products and services to be offered to customers and to respond

<sup>2</sup> Source: Global gas outlook to 2050 by McKinsey

## M&A ENERGY TRANSITION LOCAL-FOR-LOCAL

better and better to the **challenges presented by digitalisation and the energy transition**.

The strategic acquisitions process follows **precise growth drivers**, which, besides the increasing desire to position itself as a *solution provider* and to access complementary sectors to its *core business*, the key is the criterion of geographical expansion based on the **"local-for-local"** principle. In fact, the goal is to provide products and services locally, thereby responding to the demands and particular features of every end market and ensuring greater sustainability also from an environmental perspective.

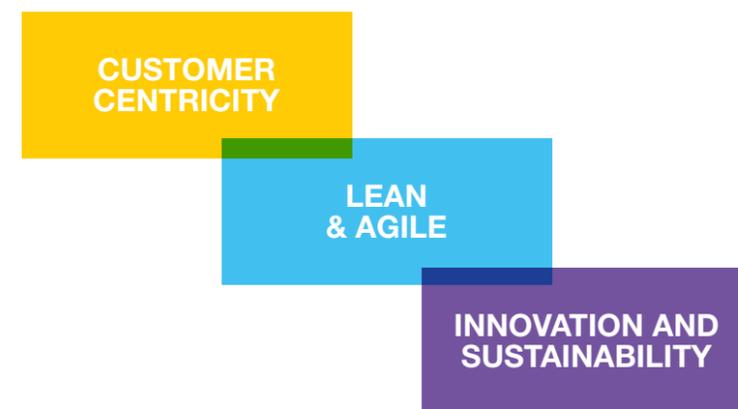
Growth in external lines, together with the great contribution of internal R&D activities, play a fundamental role for Pietro Fiorentini's business model, which can thus guide the technological evolution from the analogue measurement of gas flows to that of remote reading and remote management of the meters, thereby ensuring its customers increasingly digital and sustainable solutions.

However, the M&A Plan finds its foundations in the internal reorganisation process, which is implemented according to the principles of *Lean Management*, without which the Group would not have been able to achieve the necessary levers of economic growth to generate such an acquisition and integration process.



# THE QUALIFYING FACTORS OF OUR STRATEGY

Pietro Fiorentini's strategy is primarily pivotal on those defined as the Group's "enabling levers", namely:



## CUSTOMER CENTRICITY

Pietro Fiorentini has always set **customer centrality** as the **enabling factor of their medium-long term strategy**. The context in which the Group operates in the 2000s is increasingly complex, distinguished by greater attention paid to the issues concerning energy transition, by an intense *digital transformation* process, by the shift in focus *from the product to the service*: these are changes that require the Group to make another change in line with the aim of improving its competitiveness and respond more and more effectively to the medium-long term objectives of its customers. Pietro Fiorentini introduced a new **Customer Relationship Management** platform in 2019, which was accompanied by a remodelling process of the internal organisation. In particular, an internal department was promoted – that of **Industrial Marketing** – in charge of analysing the needs and expectations of the customers and markets, to then act as a *trait d'union* between the sales structure and the Research & Development department. Organisational remodelling allowed the customer's needs to be considered in a more and more effective way and from an increasingly medium-long term perspective.

## LEAN & AGILE

Pietro Fiorentini implements every project, product or service with the aim of **creating the maximum possible value for its customers**. The quality of the product and service offered has always been a guiding criterion at the basis of the business but, to increasingly pursue competitive growth and performance, in the early 2000s, the Group launched an internal reorganisation process, which was consistent with **Lean Production**<sup>3</sup> principles and the so-called **Kaizen techniques** (the word *Kaizen* derives from the two Japanese terms *Kai*, which means change, and *Zen*, which means better, being joined and this was coined in 1986 by the Japanese economist, Masaaki Imai).

By adopting this methodology, Pietro Fiorentini was able to form part of the first industrial companies at international level, within a short time, and to be considered a best practice, thereby obtaining awards from some of the greatest experts in the field, such as Mike Rother, James Womack and Arnaldo Camuffo, who defined the Company as *The Toyota of Italy*.

The *Lean* structuring allowed the Group to respond in an extremely reactive way to the challenges set forth by the new scenario, distinguished by increasing digitisation and the evolution of the product as a service, with increasing attention paid to the *user experience*. In this framework – in which there are many variables that could impact the entire value chain – the Group has seen its business model evolve further, combining the typical efficiency of the *lean* model with the *Agile* methodology.

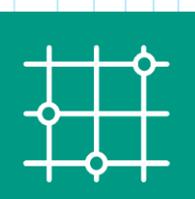
The *Lean* and *Agile* systems complement and reinforce each other with the aim of **optimising the processes** and ensuring **constant comparison**, thereby pursuing the best quality and **customer satisfaction** performances. The Group's strategic vision for the next few years is based on these foundations.

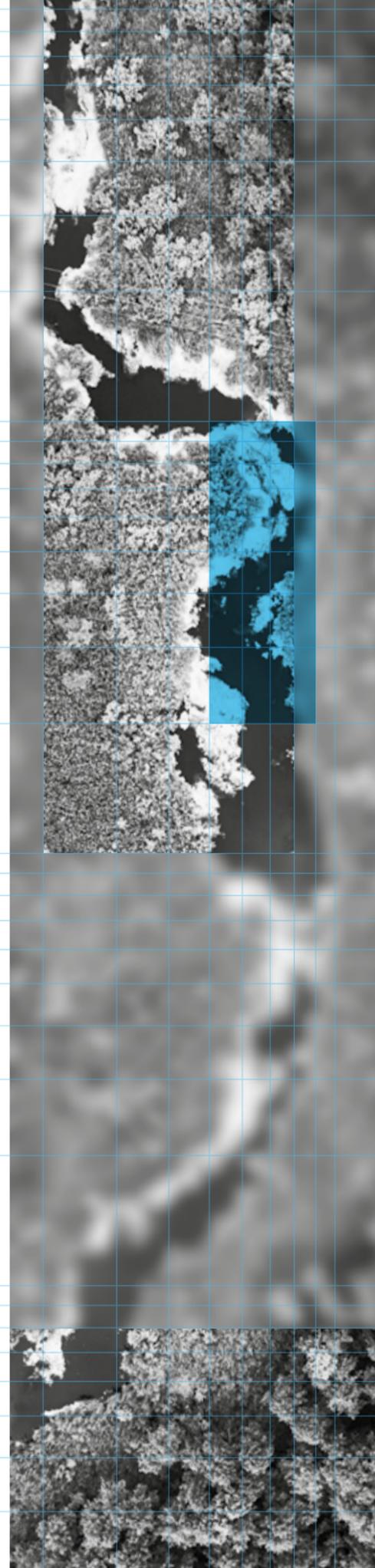
<sup>3</sup> The story of Lean Production was officially defined for the first time in the publication: *The Machine that Changed the World*, written in 1991 by James P. Womack, Daniel T. Jones and Daniel Roos, which highlights the huge gap in productivity between American and Japanese auto assembly plants, in particular transforming the production model of Taiichi Ohno's Toyota into an organisational approach that can be applied to various business contexts.

## INNOVATION AND SUSTAINABILITY

**Innovation and sustainability** – two words that have always guided Pietro Fiorentini's way of doing business and that enable the path towards the energy transition. The Group supports **customer centrality** with general **community responsibility**, integrating the **ESG aspects** (*Environmental, Social, Governance*) in the business. This responsibility is established in an obligation that goes beyond regulatory compliance and that aims toward ever-increasing *commitment* and identification of specific objectives aimed at investing in **people, environmental protection and transparency**. This is also possible thanks to the adaptation of its range, which is not only limited to the supply of products, systems and services, but which aims at the development and implementation of technologies and solutions for a digital and sustainable world, with particular attention paid to projects related to renewable energies.

The **ultimate objective** is to help make the most of our planet's resources and create a future in which all stakeholders and particularly the new generations can grow and thrive. Especially in recent years, the projects related to **sustainability and energy transition** have been focused on **product innovation**: these include projects, which are basic for Pietro Fiorentini, which concern experimentation with the following:

- 
**BIOMETHANE**
- 
**POWER-TO-GAS**
- 
**HYDROGEN**
- 
**SMART GAS GRID**



**CLAUDIO IMBOCCIOLI**  
Research & Development Manager

The **Research and Development area of Pietro Fiorentini**, officially launched in 2016, is proceeding at full speed thanks to the activities carried out by the various business divisions and the work carried out **in synergy** with various universities in Italy and abroad.

Our company now boasts of a range of products, which distinguishes us in the market. **2020 in particular was a successful year, full of new projects and experiments.** We launched the **micro turbine TG2** on the market – an electricity generator to be installed in by-pass to the main gas lines, which can generate energy 24/7 while the station feeds the grid.

We are also at the forefront with various projects aimed at enhancing corporate know-how in the field of green energy, particularly hydrogen, which is a topic that is more relevant than ever in the context of progressive decarbonisation. A new **R&D laboratory dedicated** exclusively to **projects related to hydrogen and “future networks”** will be set up at the Arcugnano Headquarters in 2021. In this regard, the **Electronics & Embedded Systems team** is working on several products in collaboration with the **Advanced Technologies team**.

The revolutionary **smart meter for the Hy4Heat project** is particularly significant, which is a program with which the UK wishes to verify whether it is feasible and convenient to replace natural gas with hydrogen in commercial and residential buildings. We have also created **qualified samples for pressure regulators**, pipes and valves that are also intended to be used in 100% hydrogen networks.

**Our Misura team** is also very active in experimentation and design and in fact, the new **industrial ultrasonic meter** has been launched for the gas transport networks and is currently involved in the development of **household meters with ultrasonic technology**.



# BIOMETHANE

Turning waste into resource

Pietro Fiorentini offers **integrated services** that range from **treatment and conversion of raw biogas** up to the **injection of the biomethane into the network**, thereby allowing the customer's needs to be followed in all stages. Thanks to its integrated **upgrading** system with membrane permeation, called **FioGrade**, the Group can pre-treat the biogas, separating it from the CO<sub>2</sub> and convert it into biomethane, with a separation efficiency that exceeds 99.5%. Lastly, thanks to the injection system **FioGrid**, the biomethane is processed in different steps (quality analysis, metering, com-

pression, regulation and possibly odorisation) to then be used in the automotive sector.

The technological solutions are also supported by **remote supervision and remote control services**, aimed at predictive maintenance and data analysis, and by a **maintenance schedule**, which includes inspection and metrological checks and operational maintenance, up to the running of the plant itself.



## Pietro Fiorentini and Tonello Energie together for the upgrading and injection plant of biomethane of the SMAT Group

The project carried out between 2019 and 2020 by **Tonello Energie** and **Pietro Fiorentini** is acknowledged as one of the most important projects at European level on **integrated upgrading technology for the production of biomethane from sewage sludge**. Despite the very tight deadlines and the difficulties presented by the Covid-19 emergency, the synergy between these two companies allowed the design and construction of an **integrated upgrading and injection** system of the **SMAT Group** to be set up at the purification site in **Castiglione Torinese**.

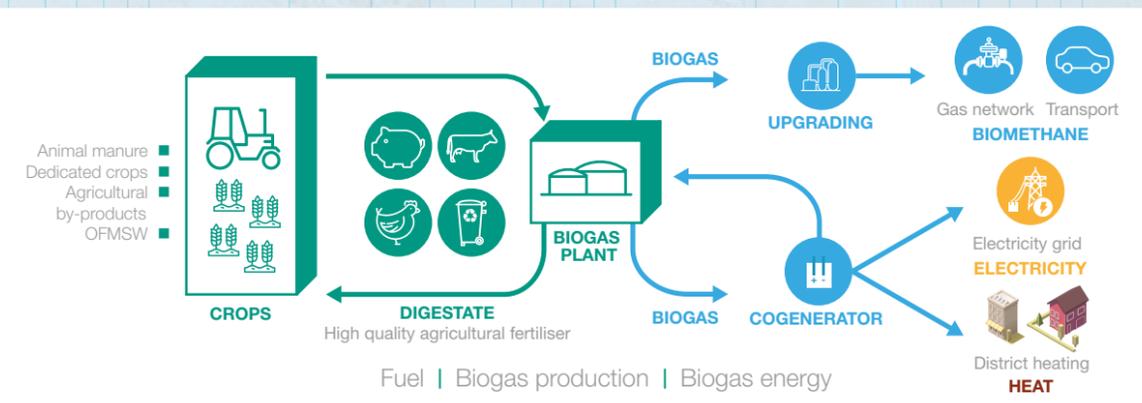
The plant consists of two 900 Nm<sup>3</sup>/h complete biogas purification lines (with the set-up of a third line for a total potential of 2,700 Nm<sup>3</sup>/h) and it **recovers and treats the biogas generated by the anaerobic digestion of sewage sludge**.

The **upgrading** and injection system are associated with services dedicated to the supervision and control of the entire plant and its integration with existing systems, so as to take care of every stage of the project.



**Biomethane** is a key element to achieve the European objective of **climate neutrality by 2050** because it is a **renewable energy source** that is considered **neutral**, i.e. obtained from the digestion of **agricultural biomass** (dedicated crops, agricultural by-products and waste and animal waste) and **agro-businesses** (waste from the processing of the food chain) and **organic fraction of solid urban waste** (OFSUW).

In fact, biomethane is obtained from biogas and once it undergoes the **upgrading process**, i.e. it is refined (removal of carbon dioxide in several stages, by means of a molecular separation process), it can reach methane concentration that is equal to or greater than 97% (raw biogas consists of a percentage of methane that ranges from 50 to 70%): this **upgrading** process allows it to be used for distribution in the network and/or as a biofuel for motor vehicles.



**1,800 NM<sup>3</sup>/H**  
TOTAL BIOGAS FLOW RATE



**2,700 NM<sup>3</sup>/H**  
POTENTIAL BIOGAS FLOW RATE



**99.5%**  
BIOMETHANE RECOVERY



**12 BARG**  
INJECTION PRESSURE





# POWER-TO-GAS

Enabling the transition

The Group's commitment to decarbonisation and its extensive experience in the gas supply chain has allowed Pietro Fiorentini to be at the forefront of strengthening the energy infrastructure with the aim of overcoming the technological constraints that limit the introduction of green gas. Pietro Fiorentini's **Power-to-methane** solutions balance this effort, making the green gas produced fully compatible with the reference infrastructure from the outset.

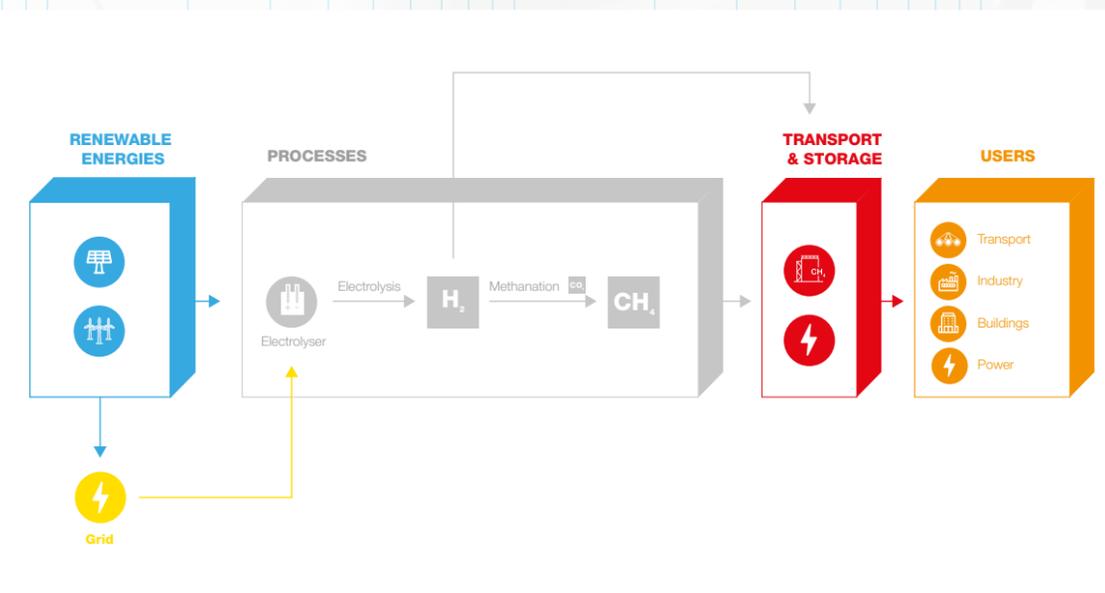
In addition to traditional catalytic methanation technologies, the Group recently enriched its range with the acquisition of **Micro-Pyros BioEnerTec**, a German start-up that operates in the sector of biotechnologies applied in the energy field, in particular for that which concerns biological methanation, an ideal alternative to fulfil the production requirements of small-medium sized renewables.

Today, **Power-to-gas** represents one of the most promising technologies to facilitate the energy transition and respect the Green Deal signed by the European Union, which requires the elimination of net greenhouse gas emissions by 2050, with extremely challenging milestones by 2030. In fact, it will be possible to make large quantities of energy widely available by using the existing gas infrastructures. A journey towards de-fossilised and decarbonised gas systems inserted in energy infrastructures that will be holistic, in accordance with Pietro Fiorentini's vision. Therefore, not only gas treatment plants and technologies, but also projects that can include all the necessary solutions to obtain the resilience of the systems in a single environment and fulfil the new requirements to balance energy demand and supply.



Besides allowing an increasingly accessible distribution of sustainable electricity, the sun and wind are revolutionising the dynamics of the markets. Managing the production of electricity based on consumption is an outdated paradigm: the current requirement is to obtain as much energy as possible when the renewable sources are available, organising green electrons in space and time.

The answer to this requirement is **Power-to-gas (P2G)** technology, which converts the surplus electricity into green molecules that can be transported over long distances at low cost with less and less significant losses. At the same time, it allows stored seasonal renewable energy to be available.



Power-to-gas technology exploits the phenomenon of **electrolysis**: excess energy from wind farms, photovoltaic fields or from congestion of the electrical infrastructure is used to break the bonds of water molecules and **produce hydrogen**. In fact, renewables are intermittent by nature and may require expensive batteries for energy storage (to be made available based on actual consumption).

On the contrary, the **conversion of renewable energy into gas**, allows the existing (and moreover extremely extensive) gas distribution and transmission infrastructures to be exploited, moving towards the definition of **fully decarbonised and de-fossilised systems**.



# SMART GAS GRID

Smart network for gas distribution

**Active systems** that integrate different types of energies and **make decisions autonomously** to optimise energy distribution. **Smart Grids** are an ambitious project thanks to which, energy will be distributed through networks in the very near future, which are capable of **managing and instantly regulating multiple, discontinuous and bidirectional flows**. For years, Pietro Fiorentini has been working on defining **new systems for the digitalisation and sustainability of natural gas networks** to ensure flexibility in flow management and maintain balance in decentralised networks and with bidirectional flows. Creating intelligent and sustainable grids for gas distribution means drawing up solutions

that are suitable to manage flows that derive from sources with different characteristics, such as hydrogen and biomethane, and which come from multiple and decentralised production sites. The scenario that lies ahead is very complex and requires systems that can absorb local production and maintain the balance and structure of the entire network. Therefore, Pietro Fiorentini has designed and developed **BiRemi™ – the primary bidirectional station that can maximise the capacity of the distribution network to receive gas produced from renewable sources** through the reinjection of any over-production on the transmission network.



The **LIFE 13 Green Gas Network** project, set up in collaboration with **RetiPiù and Terranova**, represents a concrete example of how to ensure an intelligent and flexible network, which can guarantee and self-regulate pressure according to the requirements of the end utilities, for functional optimisation in terms of reducing losses and the relevant emissions.

Three fundamental aspects of the project:

- **Environmental sustainability:** via the objective of reducing emissions resulting from gas leaks by at least 3%;
- **Innovation:** with the development and testing of a new management and control system to regulate pressure levels;
- **Resilience:** thanks to the pressure of the various sectors being optimised at every moment, based on the operating data collected and processed in real time.



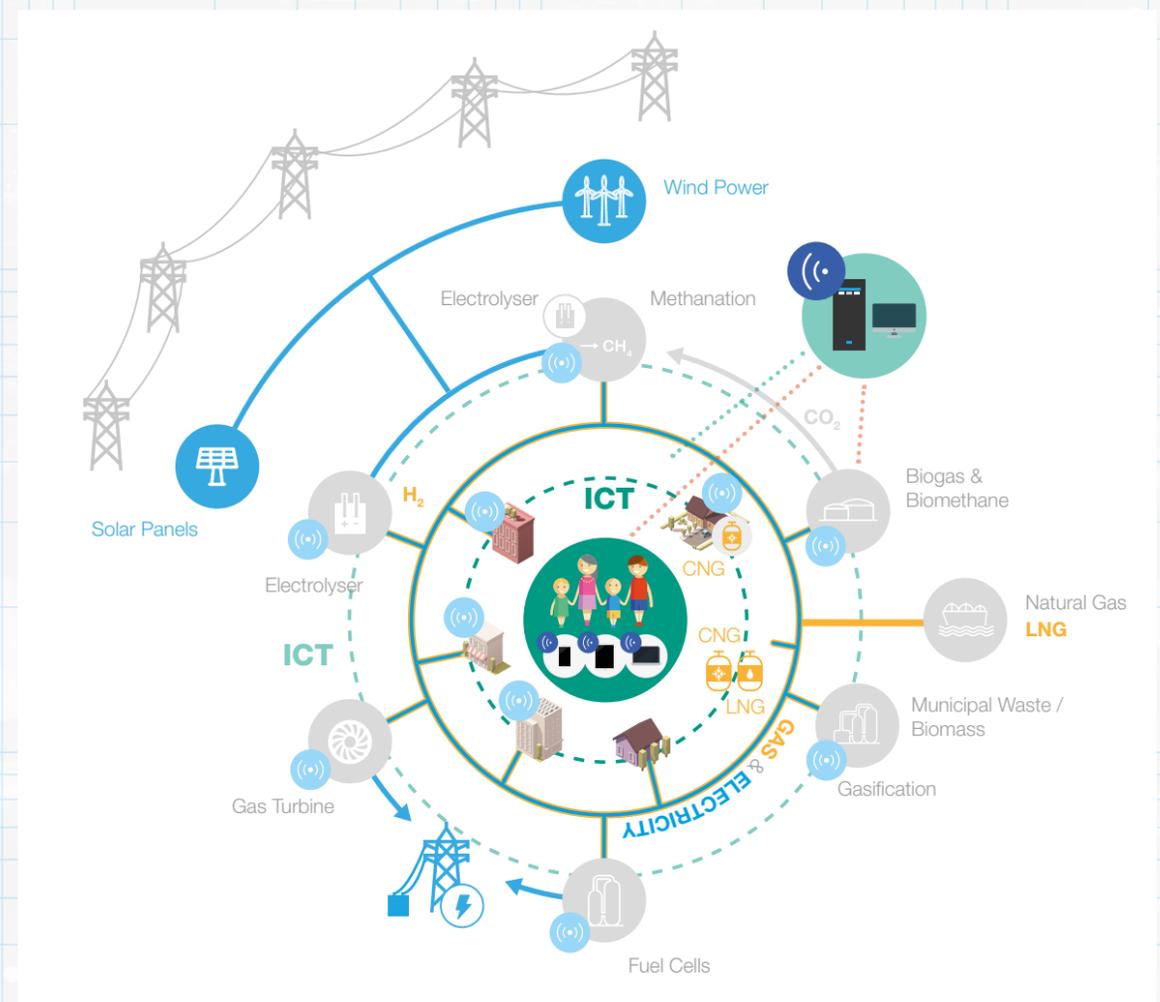
The application of the tools and the actions in the field have shown that it is possible to operate a distribution network in compliance with the highest **safety standards for the end users, while reducing CO<sub>2</sub> emissions in the atmosphere** (main objective of the project) through adequate regulation of the pressures, guaranteed by the applied **Smart Grid** digitisation component. LIFE 13 Green Gas Network has been nominated among the finalists for the **Climate Change category** of the **LIFE Awards 2019**, the tool with which the European Union supports the Authorities to protect the climate and the environment.



Smart Grids are systems that can **optimise energy distribution**, helping to **pursue the targets of the energy transition and sustainable development**.

In fact, implementing *Smart Grids* means:

- **optimise the flows**, enhancing the technologies that make it possible to exchange data and information between the various nodes;
- reconsider the **role of the end consumer**, who is no longer a passive user but who takes on the role of **producer** of the energy itself, for example via photovoltaic systems (from which the *prosumer* concept derives) and **in-former**, helping to plan efficient use of the network and avoiding power peaks and production excess;
- **maximise safety and reduce consumption**, thanks to the reduction and zeroing of losses and waste;
- set up a **distribution system from oligarchic to decentralised**, in which the points of production and consumption come close (almost overlapping in some cases), thereby helping to reduce losses along the long transmission backbones.



# 3 OUR COMMITMENT FOR A MORE SUSTAINABLE FUTURE

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- 47 STAKEHOLDER ENGAGEMENT AND MATERIALITY

## SUSTAIN- ABILITY *to imagine*

**10**  
SDGs IDENTIFIED AS  
PRIORITIES

**11**  
CATEGORIES OF  
STAKEHOLDERS  
INVOLVED

**8**  
ISSUES IDENTIFIED  
AS "MATERIALS"

**We believe in a world that can get better thanks to technologies and solutions that can shape a more sustainable future. For this reason, respect for people, society and the environment are the basis of our every strategy.**

OUR COMMITMENT FOR A MORE SUSTAINABLE FUTURE

OUR COMMITMENT FOR A MORE SUSTAINABLE FUTURE

# OUR PATH TOWARDS SUSTAINABLE DEVELOPMENT AND ESG THEMES

Pietro Fiorentini has always managed its activities by choosing to be responsible not only towards its key stakeholders, but also towards the community as a whole, to achieve sustainable success. Therefore, the Group's commitment in this direction aims to go beyond regulatory compliance, with the objective of making concrete investments in favour of human capital, the environment and society.

During 2020, the Group chose to launch a **more structured path to better integrate the ESG aspects** (*Environmental, Social and Governance*) within its business and to seize the opportunities related to the energy transition

and sustainability. For this reason, the Group has worked on updating its mission, vision and purpose. Today, the Group wants to broaden its horizons, helping to create technologies and solutions for a digital and sustainable world, with particular attention paid to projects related to renewable energies, to help make the most of the planet's resources and create a better future also for the generations to come. A dedicated cross-functional team has also been defined, involved in the management and coordination of sustainability initiatives, to be integrated along the entire value creation chain and to be managed to mitigate and reduce potential risk factors.

# STAKEHOLDER ENGAGEMENT AND MATERIALITY

Pietro Fiorentini promotes continuous dialogue with its stakeholders through proactive and multi-channel communication, with the aim of developing strong and long-lasting relationships. The stakeholder engagement process is a constant path, essential to always respond to external expectations effectively, sharing targets, achieved results and level of satisfaction. The relationship with the stakeholders is in fact crucial to create and strengthen mutual trust, with complete transparency, and is all the more important in a complex scenario such as the current one,

distinguished by significant global challenges and the Covid-19 pandemic. Careful understanding of the interests and expectations of each one primarily passes by identifying the categories of priority stakeholders, for each of which the most appropriate dialogue tools are defined. The **stakeholder listening initiatives involve all company structures**, based on their respective prerogatives, roles and responsibilities, and represent a precious opportunity for contamination to guide the creation of shared value and Pietro Fiorentini's continuous growth process.

OUR COMMITMENT FOR A MORE SUSTAINABLE FUTURE

OUR COMMITMENT FOR A MORE SUSTAINABLE FUTURE



Pietro Fiorentini has always paid particular attention to the **issues concerning environmental, social and governance responsibility**.

In 2021, with the aim of responding to the expectations of our stakeholders as best as possible, Management set up the new **ESG Department**, which was entrusted with the responsibility of a project that entails the complete assessment of our sustainability model. We started with an induction stage intended for the entire management team, and then moved on to identify the key parties, internal and external, with whom the Action Plan with which to achieve the intended objectives is to be defined.

Pietro Fiorentini's collaborators, both in Italy and abroad, are **constantly informed and involved in the various sustainability projects** developed by the Group and we are proceeding with a **training program on ESG topics** intended to reach the entire company population. Training programs are also underway for the **development of ambassador figures**, who divulge Pietro Fiorentini's commitment to sustainability internally and externally.

For example, several people from foreign companies were involved in data collection and reporting aimed at drafting the Group's Sustainability Report. Based on this experience, we will set up various sites for continuous improvement of our social and environmental performance, gradually integrating these aspects into the corporate strategy.

One of the main objectives will be to consolidate Pietro Fiorentini's position in the production and promotion of the efficient use of new renewable energy sources so as to extend our value chains outside the perimeter of the natural gas infrastructure.

**MARY BALZARIN**  
Financial Controller,  
Team ESG



During 2020, stakeholder engagement activities reflected the Group's commitment to integrate ESG aspects into its business model, thereby strengthening the path of sustainable growth in a market that attributes more and more focus on issues concerning decarbonisation and innovation. In particular, **the Group is aware that when pursuing profit it is not possible to ignore the needs of its**

**stakeholders** and it is important to adopt ethical behaviour in compliance with social, environmental and economic needs. For this reason, a process of identification and definition of material topics was launched in 2020, thanks to which it is possible to "tell" how Pietro Fiorentini oversees them and **communicate the Group's approach to sustainability in a structured and strategic way.**

## OUR PRIORITIES ON SUSTAINABILITY AND THE MATERIALITY MATRIX

To outline the strategic sustainability priorities and its guidelines and to define the contents of the Sustainability Report, Pietro Fiorentini developed a **materiality analysis process** in 2020, which allowed the areas in which the Group's activities can have the greatest impact on environmental protection to be identified, as well as on the wellbeing of the communities and consumers, people and all the

Group's stakeholders. In line with the requirements of the sustainability reporting standard – GRI Standard – the material aspects are defined with respect to their ability to significantly affect the decisions and opinions of the stakeholders, as well as in relation to their impact on the Group's performance.

The analysis process was carried out by the internal ESG coordination team, with the involvement of top management and external stakeholders, and with the support of an expert external consultancy company.

**This process was divided into 3 main stages:**

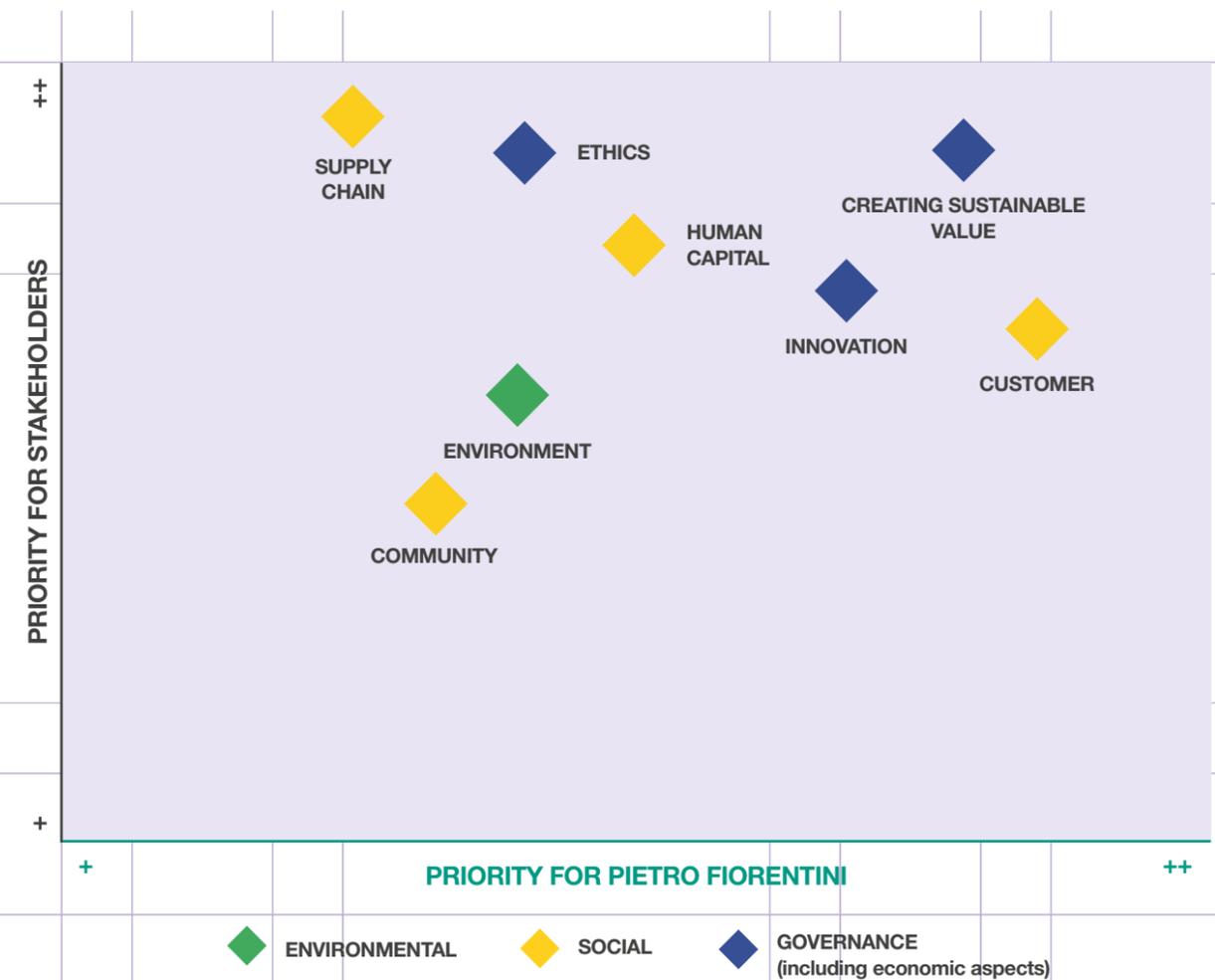
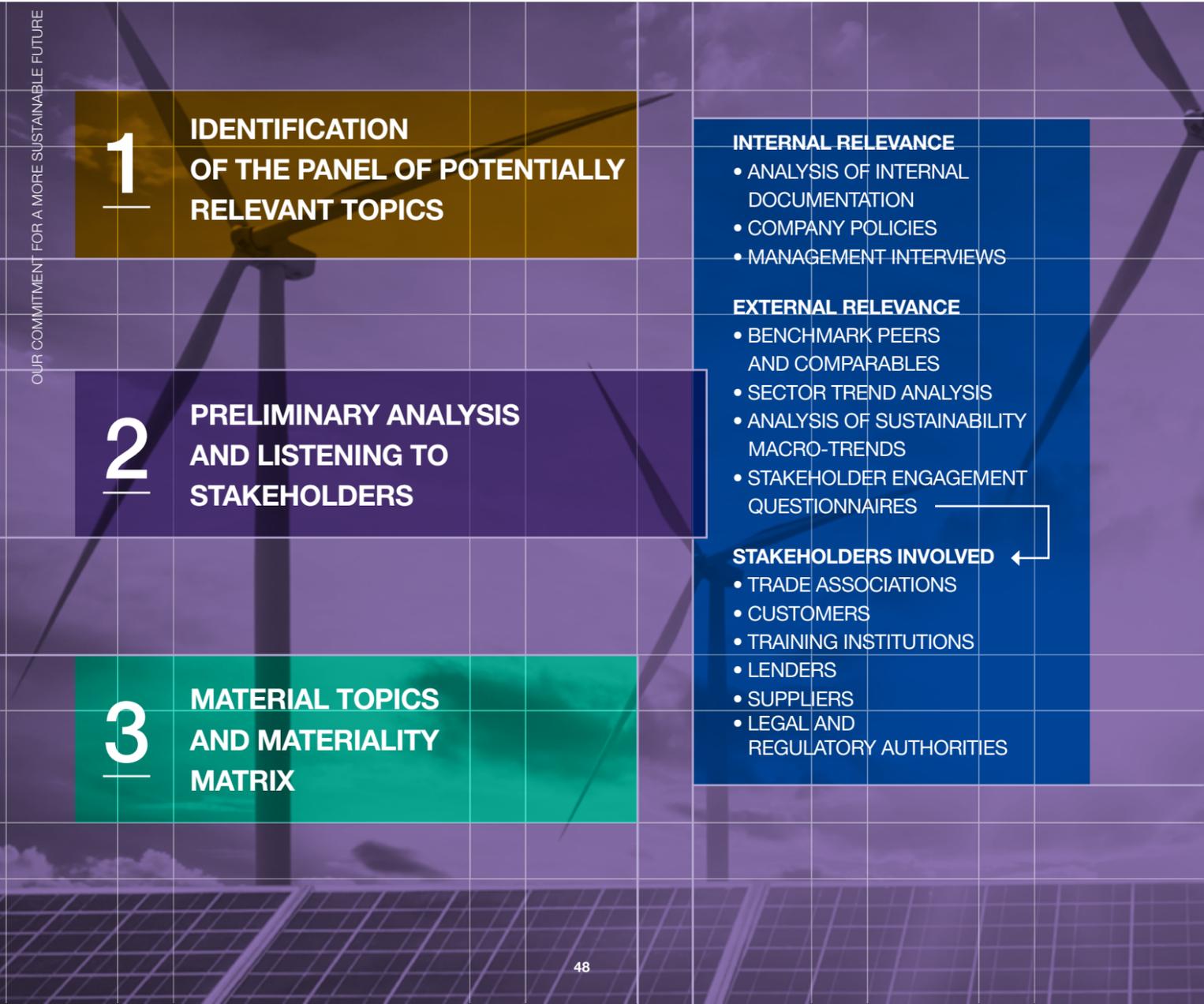
## LISTENING AND INVOLVEMENT OF STAKEHOLDERS

Listening and involvement of stakeholders was developed by means of a questionnaire for external stakeholders and interviews for internal stakeholders: each participant was asked to express their opinion on the relevance of every issue on a scale of priority based on the economic-financial, reputational and operational impact for the Group. The process led to the materiality matrix, which focuses on the priority aspects identified both by internal stakeholders and by the categories of stakeholders involved in the process, along two axes:

- the **abscissa axis** reflects the **significance of the aspects for Pietro Fiorentini**;
- the **ordinate axis** reflects the **significance of the aspects for the key stakeholders of the Group**.

The issues identified as materials are duly reported in the Sustainability Report, with an

increasing level of detail according to their relevance for the Group and its stakeholders. The matrix shown below summarises the eight most relevant aspects ("materials"), positioned in the top right quadrant and divided into the three macro areas related to Governance (which also includes economic performance), Social and Environmental aspects. Those concerning the creation of sustainable value, human capital, innovation and customers emerge as part of the most strategic aspects, which in the case of Pietro Fiorentini, are divided into specific projects detailed in the following chapters.



OUR COMMITMENT FOR A MORE SUSTAINABLE FUTURE

OUR COMMITMENT FOR A MORE SUSTAINABLE FUTURE

TOPIC	KEY ISSUES	SDG
<b>ENVIRONMENT</b>	PROMOTING ENERGY EFFICIENCY AND DISTRIBUTING RENEWABLE ENERGIES                       REDUCING EMISSIONS AND WASTE                       ACTIVELY PROMOTING ENVIRONMENTAL PROTECTION                       TRANSITING TOWARDS A CIRCULAR ECONOMY                       EFFICIENT INFRASTRUCTURE MANAGEMENT                       PROTECTING ENVIRONMENTAL	   
<b>HUMAN CAPITAL</b>	ENHANCING HUMAN CAPITAL                       ATTRACTION & EMPLOYER BRANDING                       HEALTH AND SAFETY OF EMPLOYEES AND COLLABORATORS IN THE WORKPLACE                       WORK-LIFE INTEGRATION                       DIVERSITY & INCLUSION                       MANAGING INDUSTRIAL RELATIONS	   
<b>SUPPLY CHAIN</b>	MANAGING SUPPLY CHAIN SUSTAINABILITY	
<b>CUSTOMER</b>	SAFETY AND CONTINUITY OF THE SERVICE PROVIDED TO THE CUSTOMER                       ASSET INTEGRITY MANAGEMENT	
<b>CREATING SUSTAINABLE VALUE</b>	CREATING SUSTAINABLE ECONOMIC VALUE                       INTEGRATING SUSTAINABILITY IN GOVERNANCE, STRATEGY AND RISK ANALYSIS	
<b>ETHICS</b>	ETHICAL CONDUCT   COMPLIANCE   COMMUNICATION WITH STAKEHOLDERS   TRANSPARENCY   ANTI-CORRUPTION MEASURES   OPERATING IN FAIR COMPETITION   RESPECT FOR HUMAN RIGHTS	
<b>INNOVATION</b>	INNOVATION AND DIGITISATION, DATA ANALYTICS, ARTIFICIAL INTELLIGENCE, CYBER SECURITY	 
<b>COMMUNITY</b>	DEVELOPMENT PROGRAM(S) FOR THE TERRITORY	

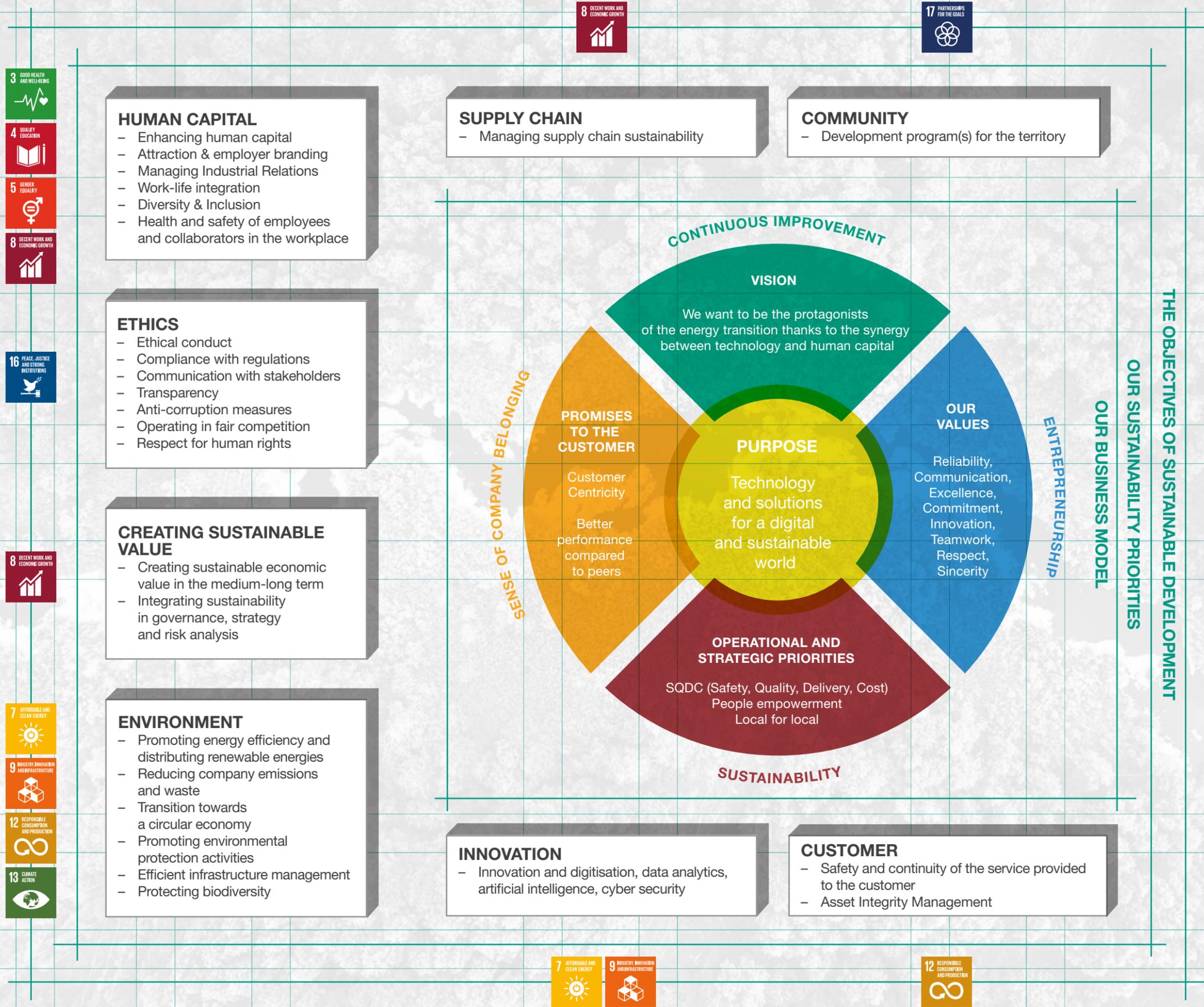
### CONTRIBUTION TO ACHIEVING THE SDGs

At international level, the union between the three dimensions of sustainable development (economic, environmental and social) is reflected in the ambitious United Nations Plan: the 2030 Agenda for sustainable development. Signed in September 2015 by 193 countries, including Italy, the 2030 Agenda aims to lead the world onto a more sustainable path with the definition of 17 Sustainable Development Goals (SDGs) to be achieved by 2030, divided into 169 targets and over 240 indicators. Such ambitious goals require the joint effort of all the interlocutors of the world economies and not only governments and institutions, but also the companies that through their business have the possibility of conveying positive influence in the territory which they operate in. Among the challenges that the international community has decided to manage with the SDGs, many are related to current energy management systems and environmental impacts, both from an aspect of production of clean energy and that of its accessibility.

## THE GLOBAL GOALS

In defining its strategic guidelines, Pietro Fiorentini increasingly considers the priorities outlined in the 2030 Agenda, pursuing a systemic and integrated approach, which can consider the mutual interrelationships between the different spheres of development. As part of its integration process of sustainability into the business, the Group has, in fact, identified certain SDGs that are considered to be of top priority in relation to its business model, its activities and the priorities in the field of sustainability that emerged from discussions held with stakeholders.

## A SYSTEMATIC AND INTEGRATED APPROACH



# 4 OUR COMMITMENT TO THE ENVIRONMENT

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- 66 TRANSITION TOWARDS A CIRCULAR ECONOMY

The responsible management of the environmental themes represents a strategic success factor.

At Pietro Fiorentini the attention to the environment applies to the entire value chain: from investments in technologies for the development of renewable energies to initiatives aimed at reducing the environmental impact of the production activities, from the efficient use of resources to the reduction and recovery of waste materials.

The objective is to make the Group increasingly more sustainable in terms of water and energy consumption, CO<sub>2</sub> emissions, waste production and recycling.

## SUSTAIN- ABILITY *to grow*



**>500**

TRAINING HOURS PROVIDED THROUGH THE PF ENVIRONMENT ACADEMY

**-17%**

OF WATER CONSUMPTION COMPARED TO 2019

**78%**

WASTE DIVERTED FROM DISPOSAL

**-14%**

ENERGY INTENSITY IN COMPARISON TO 2019

*The strategy at Pietro Fiorentini is strongly oriented towards environmental responsibility. Every day the Group is committed to pursuing the objective of sustainable development, with the future of today and tomorrow's generations at heart.*

Pietro Fiorentini works every day to develop solutions that **promote green energy sources and energy efficiency**, thanks to **products and services** offered within the scope of its business. The Group's responsibility also concerns **constant improvement of its environmental performance**, with the ultimate aim of improving its ecological footprint, reducing waste to a minimum and helping facilitate the evolution towards a circular economy.

## OUR BUSINESS AT THE SERVICE OF THE ENERGY TRANSITION

**"Paving the way to renewables"** is one of Fiorentini Group's main objectives. The commitment to foster the energy transition is mainly based on the development of new solutions for Power-to-gas, Power-to-hydrogen and biomethane, in addition to growing investments linked to the digitisation of energy networks.

The Group's activities are structured around the two main principles of **the green gas value chain and green gas networks**. In terms of **green gas value chain**, Pietro Fiorentini is committed to enabling the production of biogas, biomethane and hydrogen in a synergetic manner, mutually strengthening them. It is in this sense that investments such as **power-to-methane** are included, which involves the use of excess renewable electric energy for the production of green hydrogen, in turn used in combination with CO<sub>2</sub>, to produce renewable methane that is easily transferable to the end users through existing infrastructures.

## GREEN GAS VALUE CHAIN GREEN GAS NETWORKS



## COLLABORATIONS WITH RESEARCH CENTRES AND UNIVERSITIES

The Group is also working on initiatives for capturing, storing and re-using CO<sub>2</sub>, technologies that are currently still at their embryonic stage, but that could experience considerable development in coming years.

In terms of **green gas networks**, of the active initiatives, there are those for the supply of hydrogen pressure regulating systems and its injection systems into the gas network. On top of these there are projects concerning the **readiness** of the components of the gas network to manage the growing percentages of hydrogen. These aim to investigate how much hydrogen is currently manageable in relation to the distribution network, supporting the operators of infrastructures and making the use of hydrogen suitable in an efficient manner while still ensuring the parameters of full safety. In this field, we have and still are running tests in collaboration with the main European research centres and laboratories, which include the Polytechnic University of Milan.



### Turning the decarbonisation challenge into opportunity

Pietro Fiorentini is in the front line in pursuing the ambition towards a green, more digital Europe, guided by the paradigms of **3D – Digitisation, Decarbonisation and Decentralisation**.

The EU, in parallel with the Green Deal, has started various initiatives to accelerate the digital transition including the **Digital Europe Programme** centred on making the infrastructures as extensive and accessible as possible. The national objectives converge in the same direction, allocating 27% of the resources of the National Recovery and Resilience Plan (NRRP) to digitisation. And this is where the many opportunities for the **energy sector** are allocated, a field that depends on **renewable energies and improving the efficiency of the entire value chain**, from production to consumption. According to a study published in Energy & Environmental Science, the integration of digital tools into the world's energy systems could **reduce carbon emission by more than 50%**. In view of this, the trend is that of a growing integration of activities in favour of the energy mix and the implementation of digital solutions to promote efficiency improvement.

Pursuing these objectives, Pietro Fiorentini integrates the development of **new solutions** into its own strategies, which accompany **the decarbonisation processes**, also through digitisation, thereby ensuring better supervision and control of the processes and guaranteeing high safety and efficiency standards. The Group continues to dedicate resources, skills and passion to innovation in a long-term strategy where the commitment to sustainability and decarbonisation is an integral part of the business choices.

# ENVIRONMENTAL MANAGEMENT AND ENERGY EFFICIENCY IMPROVEMENT

The Group's commitment to the energy transition process is supported by growing attention to **its performance on the environmental impact**, with the aim of minimising current or potential negative impact of the production activities. In fact, Italian companies Pietro Fiorentini S.p.A and Tiv Valves S.r.l adopted a certified **UNI ISO 14001:2015 Environmental Management System** (which covers about 84% of employees of the companies involved in reporting) with the aim of fulfilling obligations in terms of conformity with environmental legislation and assessing potential risks and opportunities according to a structured approach and aimed at continuous improvement. In the same way, other companies of the Group have adopted similar policies and procedures, in keeping with what the Parent Company has implemented.

The management of the environmental aspects is coordinated by the Parent Company's Health, Safety & Environment (HSE) department in synergy with the **Energy Specialist**, identified as the reference for the reduction of energy consumption and im-

provement of energy efficiency. These subjects interact and support the subsidiaries in Italy and abroad under the profile of monitoring energy consumption as well as assessing the energy impact linked to the purchase of machinery (new or replacements in case of upgrades on the buildings and systems). The Strategic Purchasing Department is also supported by the Energy Specialist in the energy supplier selection process, as well as in contract management and monitoring activities.

In line with the principles of lean management, the Group has improved the efficiency of its processes and activities, eliminating possible waste and inefficiencies. Also in terms of logistics, in fact, the Group has identified possible areas of improvement, adopting an operating system for the management of materials according to the "pull" logic defined as **Kanban** (a Japanese term that literally means "signal") that avoids the unnecessary overproduction and storage of goods, allowing a systemised flow of information within the organisation and possibly between the company and the suppliers; on top of this, the Group has integrated the so-called



## Lean management as the driving force for improving environmental performance

The application of lean management in Pietro Fiorentini's business model makes it possible to create a corporate culture aimed at **reducing waste**, to be applied across the board, as waste of time, resources and, not least of all, materials, water and energy.

**Under the profile of energy consumption**, inefficient processes occur when machinery runs unnecessarily, production areas are over-sized, therefore requiring energy for air conditioning and lighting or the goods are handled unnecessarily, requiring greater energy consumption for transport. The same applies to **all non-energy resources** used in the production processes, whether they are raw materials or an integral part of the assets; inefficient management reduces the availability of the assets and leads to the creation of a greater amount of waste.

# 2020: FIRST EDITION OF THE PF ENVIRONMENT ACADEMY

"milk run" which aims to streamline transport, avoiding "empty trips" and running the same route multiple times when delivering products.

The Group promotes the underlying principles of its commitment among its stakeholders, creating awareness among its employees about complying with the contents of the environmental policy. During 2020, the Group launched the **Pietro Fiorentini Environment Academy**, a training programme structured through various modules and intended for its collaborators. The objective of the Academy is to **grow the internal skills regarding the management of environmental aspects** (for example in terms of knowledge of the regulatory framework connected to the significant aspects for Pietro Fiorentini, or, of the impacts on the Organisational Model pursuant to Lgs.D. 231/08) and, in particular, for the HSE department, specific skills on themes linked to the implementation of ISO 14001 and waste management, emissions and water resources in the production areas. The first edition of the Academy, which was held at the end of 2020, involved about 40 collaborators belonging to the HSE department or with managerial roles and safety supervisors, for a total of **516 hours of training**. In 2021 this activity will continue through the provision of modules relative to waste management to appointed subjects/who operationally work in this area.



**MATTEO CAZZOLA**  
Energy Specialist

"Innovation and sustainability" represent one of the qualifying levers of the Pietro Fiorentini strategy for coming years. The journey towards **energy transition** was started by our Group by launching new projects in the field in which we involved both our reference market and our internal stakeholders. Pietro Fiorentini is the protagonist of the green revolution, thanks to major investments intended for **research and development** activities, for **boosting the skills** of its people and also in terms of **structures**.

**Innovation is always considered in terms of sustainability:** in this sense, the continuous improvement process is carried out through continuous research activities aimed at making our products even **longer lasting**, for the purpose of extending the life cycle as much as possible, always ensuring full reliability. We are also working to create products that are increasingly **eco-sustainable**, thanks to activities of research and experimentation on materials.

The commitment to promoting renewable energies and energy efficiency also concerns the company internally. We are always careful to assess the levels of operation and sustainability of both the machine fleet and the systems, to make choices of renewal that enable us achieve increasingly better results. **Employee training and awareness** on themes of energy sustainability is also crucial.

We want set an example in our reference market and to all of our stakeholders on the importance of adopting solutions and behaviours that limit energy consumption and promote the use of clean energy.

## ENERGY EFFICIENCY AND EMISSIONS

Pietro Fiorentini is constantly monitoring its environmental performance, assessing impact, both direct and indirect, stemming from its business activities. The energy requirement to implement said performance requires the Group to **carefully manage the resources** and carefully **plan efficiency improvement initiatives**, for the purpose of reducing its polluting emissions. In this regard, for the Headquarter in Arcugnano, Pietro Fiorentini periodically prepares an **Energy Diagnosis** even though it is not an energy consuming organisation; through this analysis the performance of the various production areas is assessed and the priorities are identified for the purposes of reducing consumption and energy impacts. Also at the Headquarter, in line with the evidence and needs emerging from the Energy Diagnosis, since 2011 a **Building Management System (BMS)** has been active, to manage the air conditioning of the offices and the production areas. Among other benefits, this system makes it possible to optimise consumption by regulating the air conditioning and the lighting, keeping any peaks and waste under control.

Regardless of the difficult context marked by the Covid-19 pandemic, in 2020 the Group's activities grew overall in comparison to 2019, generating an increase in energy consumption. In 2020, the **direct energy consumption** stemming from non-renewable sources represents about 58% of the Group's overall energy consumption (for a total of approximately 37,447 GJ) slightly on

## TOWARDS MORE SUSTAINABLE MOBILITY

the rise (+6%) in comparison to the previous year: this consumption is mainly due to the combustion of natural gas for heating offices and facilities (72% of the total) and secondly to the use of diesel oil for the company fleet. Regarding this last aspect, Pietro Fiorentini has already launched a **sustainable mobility** project aimed at converting its fleet to electricity which, of the available transport alternatives, is the technology offering the best performance in terms of CO<sub>2</sub> emissions and pollutants, allowing the total elimination of nitrogen oxides and particulate while driving.

The remaining 42% of the Group's energy consumption is due to **indirect energy consumption** for the purchase of electricity and thermal energy from district heating, for a total of approximately 27,653 GJ: in 2020 this consumption recorded an overall increase of about +8%, as a result of the increase in operational activities. For **2021**, for the Group's Italian sites (Pietro Fiorentini S.p.A, TIV Valves S.r.l. and Talamona S.r.l.) the Group signed supply contracts for **100% certified renewable energy**.

Overall, comparing the total energy consumption (direct and indirect) to the Group's turnover, for 2020 we obtain an energy intensity indicator of 0.1774 GJ/mIn €, down by about 14% in comparison to 2019, evidence of the Group's ability to improve the efficiency of its processes, with benefits in terms of less impact on the environment.



100%

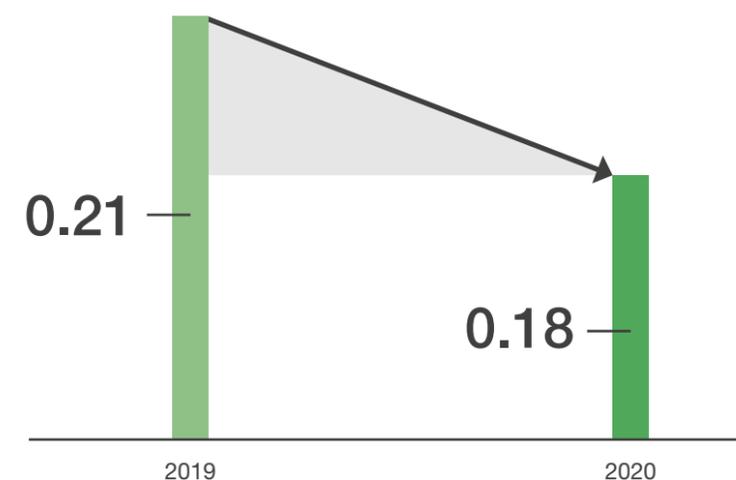
ENERGY CERTIFIED AS RENEWABLE FOR THE GROUP'S ITALIAN SITES FOR 2021

### ENERGY CONSUMPTION<sup>1</sup> [GJ]

	2019	2020
Direct energy consumption	35,279	37,447
Indirect energy consumption	25,529	27,653
<b>Total energy consumption</b>	<b>60,808</b>	<b>65,100</b>

<sup>1</sup> For 2019, Pietro Fiorentini Inc. is excluded from the perimeter for the direct and indirect energy consumption calculation as it does not have a precise data monitoring system. For 2020, Pietro Fiorentini Inc. and Gazfio SAS are excluded from the perimeter for the vehicle fleet consumption calculation, as this data is not tracked (the latter company began a progressive *fuel card* distribution campaign to employees in 2021, to allow the consumption of the fleet to be partly monitored as of 2021, and fully in 2022). The same perimeter limitations are subsequently also reflected in the direct Scope 1 and indirect Scope 2 GHG emissions calculation.

### ENERGY INTENSITY [GJ/mIn €]



This consumption translates into a total of direct emissions (**Scope 1**) of about 2,078 tonnes of CO<sub>2</sub> and of indirect emissions (**Scope 2**) of about 2,303 tonnes of CO<sub>2</sub><sup>2</sup>, an increase in comparison to 2019 of about 5% and 10% respectively in line with the increase in energy consumption. The **Scope**

**3** indirect emissions, deriving from the work trips of the Group's employees in 2020 come to a total of about 465 tonnes of CO<sub>2</sub> on the other hand, with a drop in comparison to 2019 of about 71% because of the travel restrictions linked to the spread of the Covid-19 pandemic.

**EMISSIONS**

	2019	2020
Scope 1 emissions [t CO <sub>2</sub> e]	1,989	2,078
Scope 2 emissions [t CO <sub>2</sub> ] – Location based	2,103	2,303
Scope 3 emissions [t CO <sub>2</sub> e] – Business travel	1,612	465

As for Italy, at the Desenzano and Arcugnano<sup>3</sup> sites, continuous analyses are conducted on the facilities' chimneys: the main pollutants subject to monitoring are total particulate and the volatile organic compounds (VOC) and the connected filtering systems are subject to periodic maintenance. The VOC emission data are provided in the Solvents Management Plan, prepared annually. Over the course of the years, no emissions anomalies are found.

In 2020, the Pietro Fiorentini company fleet consisted of 269 vehicles, mainly represented by cars, trucks, and mechanical equipment (such as forklifts for example). Of the total, the majority (about 72%, especially cars and trucks) currently runs on diesel. Nevertheless, Pietro Fiorentini has already started the progressive transition **to a more sustainable fleet**.

In fact, the first **e-Mobility** project was inaugurated in 2020 with the presentation of the first electric car (a Volkswagen Up! with a 260-kilometre range) and the installation of the first charging column at the Arcugnano headquarter. Pietro Fiorentini's road towards

sustainability is tracked: all of the Group's Italian companies plan on having the most sustainable car fleet, converting it almost entirely to electric technology for pooling cars **by 2022**. In this field, the next objective that Pietro Fiorentini is aiming for is the conversion to electric or to hybrid, also of the vehicles assigned to employees. The e-Mobility project will then be gradually extended to all of the Group's other companies in Italy and abroad.

Over the 2019-2020 two-year period, at various Italian sites, **buildings were renovated** for the aim of improving energy efficiency and at the same time favouring the well-being of collaborators in the workplace.

In the early months of 2019 the project to replace the facade of the canteen facility at the Arcugnano site, involving the installation of a thermal insulation system (cladding insulation or "thermal cladding") allowing, as early as 2019, significant energy savings for winter heating: the reduction in energy consumption thanks to these works was quantified as 98 GJ annually.

Of the other measures implemented to optimise energy performance, Pietro Fiorentini has also planned the **replacement of the press fleet** at the "Rubber and Spare Parts" division at the Arcugnano plant: the new machinery is equipped with 4.0 functions and automations that are able to optimise their accession and preparation based on specific production requirements.

In 2020, the modernisation and extension of the office and canteen areas was also completed at the **Desenzano** site: the systems used for restructuring guarantee **better energy efficiency per m<sup>2</sup>** and **better environmental comfort** in terms of mental and physical well-being of the collaborators, thanks to the optimisation of the indoor temperature, humidity and air and noise and lighting levels. Also in 2020, at the same site, the installation of a **photovoltaic system** began, to help lower the environmental impact generated by the business.

At the French facility of Gazfio, in 2020 the progressive modernisation of the lighting system began, replacing the lamps with LED technology tools with low environmental impact. Also in view of improving energy efficiency additional work was planned for upcoming financial years, such as the replacement of compressors and gas boilers for heating.

To improve the energy efficiency of its sites, in the last trimester of 2021 Pietro Fiorentini S.p.A. aims to obtain **ISO 50001** international certification, first for the Arcugnano plant and then for all of the other sites, in order to reduce the climate-altering emissions deriving from electrical energy consumption. The voluntary participation in this **management system** will make it possible to acquire greater awareness of energy consumption, reduce the need and measure performance in comparison to defined targets and strengthen dialogue and communication with the main stakeholders.



**Photovoltaic plant at TIV Valves**

At the end of 2018 a photovoltaic plant was started up at the **TIV Valves S.r.l** site for the **self-production of solar energy**, equipped with a withdraw power of 150 kW and an input power of 137.3 kW on the network. Generally, the energy produced by the facility is **re-used to cover the needs of the production cycle**, reducing the acquisition of energy from external sources and ensuring **the mitigation of the climatic impact** of the operations. On the other hand, the unused residual energy, for example, generated on production down days, is sold-back and placed back into the network. For upcoming financial years, a monitoring programme will be set up aimed at metering the amount of **avoided CO<sub>2</sub> emissions** thanks to the installation of the photovoltaic plant.



<sup>2</sup> Scope 2 indirect emissions and the relative percentage trend are calculated using the "Location based" method. For the complete calculation refer to the tables in the "Social and environmental performance" section.  
<sup>3</sup> There are no significant emissions into the atmosphere for the Rosate and San Vito al Tagliamento sites.

## WATER RESOURCE MANAGEMENT AND LAND PROTECTION

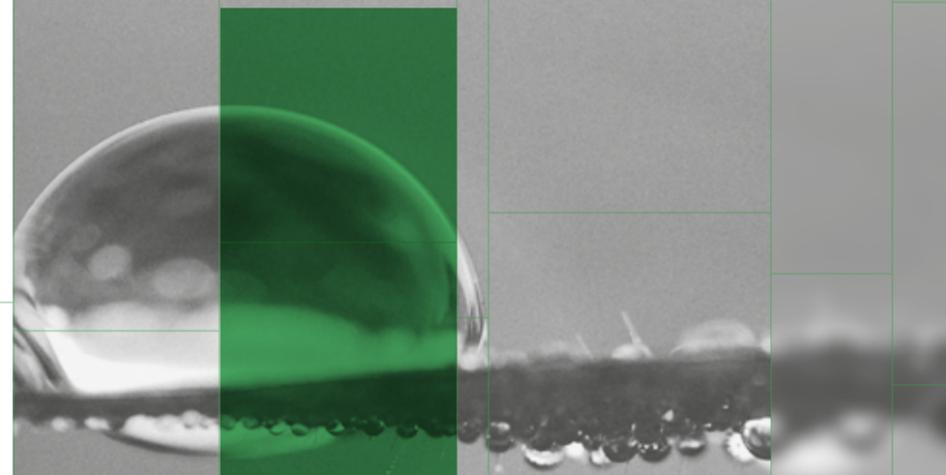
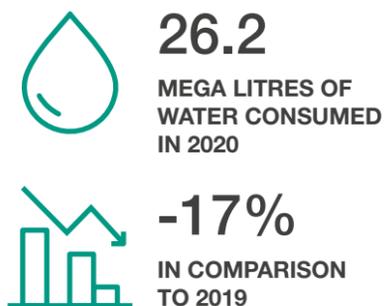
The management of the **water resources**, as well as the preservation of the **biodiversity** are significant aspects that Pietro Fiorentini monitors and manages on a daily basis at all of the Group's sites<sup>4</sup>.

The water supply<sup>5</sup> comes mainly from **underground**, i.e. the groundwater layer, about 57% of the total withdrawal, and from local water lines for the remaining 43%. In 2020, the total water withdrawal was equal to about **49.6 mega-litres**, almost entirely fresh water. Under the profile of production cycles, overall, Pietro Fiorentini does not manage high water impact processes: in 2020, a **total water consumption of about 26.2 mega litres** was recorded, down 17% from 2019. Along with the consumption of the offices at the various sites, the main consumption is prevalently attributable to a number of specific production stages: water in particular, combined with oil, is used for cooling during certain mechanical processes or for tests and final testing.

The significant water consumption generated by Gazfio SAS (equal to 18% of the Group's total consumption) is due to the press cooling system at the in-house foundry. Over the course of 2021, at this site, a connection will be made to the public water line and a closed circuit will be set up for press cooling, in order to close the wells.

As for the management of the **waste water**, i.e. of the total water effluents, it amounts to about **23.4 mega litres** (up +54% in comparison to 2019, mainly determined by the water effluents of Gazfio SAS), intended for the out-flow of most of the surface water.

The machinery that uses water resources during the production stages are "closed circuit" and the emulsified water is disposed of as waste. Where present, the industrial water effluents are authorised by the competent Provincial agencies,



<sup>4</sup> The group does not have any production sites located in water stressed areas.

<sup>5</sup> Talamona S.r.l is excluded from the Group's perimeter for water withdrawal, effluent and consumption calculations as it does not currently have a precise data monitoring system.

## PROTECTION AND PRESERVATION OF THE BIODIVERSITY

complying with the legal limits as set forth by Lgs.D. 152/06 and periodically analysed by accredited laboratories.

In terms of **protection and preservation of biodiversity**, the Pietro Fiorentini operational sites are not located near protected areas or areas with a high biodiversity value outside of protected areas, except for the Rosate (MI) site which is situated in the "Parco Agricolo Sud Milano", an agricultural plain in the south of Milan (47,000 hectares). The total area of the Rosate site, where office activities and the production of home and industrial meter production for metering natural gas is carried out, is 23,650 m<sup>2</sup>. This site does not have any direct impact on the ecosystem and the surrounding biodiversity.



# TRANSITION TOWARDS A CIRCULAR ECONOMY

Among the main areas of action identified by the European Commission to pursue the energy transition, great importance is given to the **circular economy**, considered as a production and consumption model capable of extending the life cycle of products, thereby contributing to minimising the generation of

waste. In line with the guidelines promoted by the European Commission, Pietro Fiorentini is committed to preventing the production of waste as much as possible and ensuring its optimal management along the entire value creation chain.



## Circular Economy: rethinking the business models



Global resource extraction has increased dramatically and is estimated to reach 184 billion by 2050; on top of this there is the world production of waste which amounts to approximately 11 billion tonnes per year, 75% of which is destined for disposal and only 25% for reuse or recycling.

In the face of this, the need for a **transition to a circular development model**, conceived with a view to regeneration, is evident. The European Union is committed to this, in fact in 2015 it presented the first Circular Economy Package: a set of 54 actions to accelerate the transition to a circular economy, stimulate competitiveness, promote sustainable growth and create new jobs. Then in 2020 the **Circular Economy Action Plan** was presented, which broadened the range of action.

Aiming for a circular economy means **stimulating innovation**, with the aim of re-thinking products and production processes, **transforming the theme of waste management from necessity to opportunity**. Companies, aware of their performance and the associated risks/opportunities, can adopt circularity-based strategies, gaining countless benefits. Pietro Fiorentini is active in designing and creating products and services that aim to improve the efficiency of the resources and **create carbon-neutral solutions**, also to provide prompt responses to customer requests, always committed to the transition to sustainability and circularity.

# WASTE MANAGEMENT DIGITISATION

## WASTE MANAGEMENT

The theme of waste management and valorisation represents an activity that Pietro Fiorentini supervises with a great sense of responsibility. The Group is involved in the implementation of specific projects to ensure greater monitoring of generated waste and, at the same time, to define a more efficient process for the destination of the waste, in view of a circular economy and the gradual reduction of the percentage intended for the landfill.

The Italian production sites independently manage their disposal activities with the coordination of the HSE department and referring to a specific internal procedure, in line with **ISO 14001:2015**.

The waste produced<sup>6</sup> over the course of 2020 totals approximately **2,362 tonnes**, slightly down (-3%) from the previous year. Production stems mainly from the processing and the physical and mechanical surface treatment of **metals and plastics** (36%), from **packaging, absorbents, cloths, filtering materials and protective clothing** (33%) and **from waste form construction and demolition work** (19%).



**-3%**

**PRODUCED WASTE IN  
COMPARISON TO 2019**

In 2020, a **waste management software** was introduced for all Italian sites, developed in view of the computerisation processes in the environmental field, which will allow a better organisation of the relative documentation, and will make controls more substantial. This software, developed by Ambiente.it, an investee company of Terranova S.r.l, collects various modules, each dedicated to a specific process. The added value, however, is provided mainly by the integration of the various management areas that are accessible from the various company departments, which can then use a single database. The software also provides integrated business intelligence tools that allow the analysis and an extremely intuitive “navigation” through the data.

<sup>6</sup> Pietro Fiorentini Inc. is excluded from the perimeter of the data on produced, disposed and recovered waste as it does not currently have a precise data monitoring system.

## 78% WASTE SENT TO RECOVERY

The Parent Company then started a reorganisation process to better identify and classify waste: this project is aimed at best conveying the value of each specific category, minimising the impact and making process development possible with a higher circularity rate.

Third party companies, specialised and authorised for transport and handling, are appointed for the end-of-life management of the waste produced at the Pietro Fiorentini facilities. About 78% of the waste generated in 2020 was **sent to recovery** with the aim of giving new life to these materials, thereby avoiding incineration, while the remaining part is intended for disposal. Waste not sent to disposal is processed at external sites by suppliers qualified for recovery.

Over the course of 2020 no particular waste-related criticalities were recorded, also thanks to the existence of standard processes that facilitate overall management. In case of accidental spillage, the emergency teams are trained and instructed specifically in order to reduce possible pollution of the soil or subsoil.

### WASTE BY TYPE [t]

	2019	2020
Hazardous waste	535.4	511.9
Non-hazardous waste	1,910.3	1,849.7
<b>Total</b>	<b>2,445.7</b>	<b>2,361.6</b>

### WASTE BY DESTINATION [t]

	2019	2020
Waste not destined for disposal	1,870.2	1,831.6
Waste destined for disposal	575.5	530.0
<b>Total</b>	<b>2,445.7</b>	<b>2,361.6</b>

## MAKING INCREASINGLY SUSTAINABLE PRODUCTS

In view of a circular economy and with the aim of limiting the amount of generated waste as much as possible, the Group also places great attention on the **packaging** used during the **transport and distribution** stages. Also in this sense, the lean philosophy helps streamline the processes, applying the *kanban* and the *milk run* logics: during delivery stages to and from suppliers, *kanban* makes it possible to reuse the same standard containers (boxes, cartons, pallets), avoiding the use of “new” packaging and therefore the non-stop generation of waste (in fact, with the “milk run” method, the same containers circulate between Pietro Fiorentini and the suppliers).

Plus, increasingly more suppliers use paper and cardboard packaging, manufactured with material certified as **100% recycled**. In the design of new products and in the context of the continuous improvement of processes, in line

with the lean philosophy, we try to optimise packaging in terms of materials, size and quantity of material, in order to minimise the use of resources for the production of the packaging itself, for example by rethinking the layout of the box (smaller, thinner).

The entire staff is trained and aware of the correct waste disposal at the various sites. For 2021, the Group’s efforts are aimed at spreading, in a more structured manner, the themes of correct collection and sorting, starting from waste generated through the course of the daily work activities.

In order to improve its performance in circular economy issues, the Group is also increasingly committed to launching and establishing **collaborations with third-party partners, with the ultimate objective of creating increasingly sustainable products**, with the same qualitative and safety performance.



# 5 SAFETY AND FAIRNESS FOR EVERYONE

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- 104 TERRITORY AND COMMUNITY

## SUSTAINABILITY *to share*

People are our most important resource. This is why we have always been committed to highly valuing them, each with their peculiarities and skills, and protecting them by promoting a culture of prevention and protection of health and safety.

In the same way, with the objective of creating sustainable value along the entire supply chain, we share with our stakeholders, first and foremost customers and suppliers, the underlying principles of our way of doing business, favouring the establishment of partnerships that generate shared value.



### +12%

INCREASE OF FEMALE WORKFORCE IN COMPARISON TO 2019

### 73%

EMPLOYEES UNDER THE AGE OF 50

### 85%

LOCAL SUPPLIERS

### 84%

COLLABORATORS COVERED BY THE ISO 45001 MANAGEMENT SYSTEM

### **PeopleFuel**

OUR CORPORATE WELLBEING PROGRAM

# OUR MOST IMPORTANT RESOURCE: HUMAN CAPITAL

*Growth, training, valuing our human capital are increasingly critical factors of success. We strongly believe in the importance of creating a positive work environment, always ensuring the work-life balance of our collaborators, preventing every form of discrimination and valuing the concept of diversity.*

People, each unique and irreplaceable, are a precious asset for Pietro Fiorentini. With this awareness, the Group dedicates all necessary care to seeking and selecting personnel, to correctly managing the work relationship, to ensuring strict fulfilment of legal and administrative obligations, to wage and incentivisation policies, to collaborator training and development, to relationships with unions and communication.

Working at Pietro Fiorentini means becoming part of one big family and having the chance to grow, both professionally and personally.

In light of the importance that Human resource management has for the Group, Pietro Fiorentini has identified an actual **People Strategy** dedicated to the management and development of its people. This strategy was developed in line with the definition of the **Company Compass** which, since 2012, has been guiding the strategic orientation and creating business value, defining company values, objectives and main drivers of development. Within the scope of the chosen direction, the concept of sustainability must increasingly be understood and applied not only in environmental and economic terms, but also in social terms **and in the management of personnel.**

Over the course of 2020, Pietro Fiorentini has worked towards the definition of a **broader company strategy regarding the management of human capital**, based on a number of main levers:

## THE MAIN LEVERS OF OUR PEOPLE STRATEGY

### INCREASING THE INTENSITY OF TALENT

**In terms of quality and quantity of internal skills**

### LEVERAGING INTELLECTUAL CAPITAL

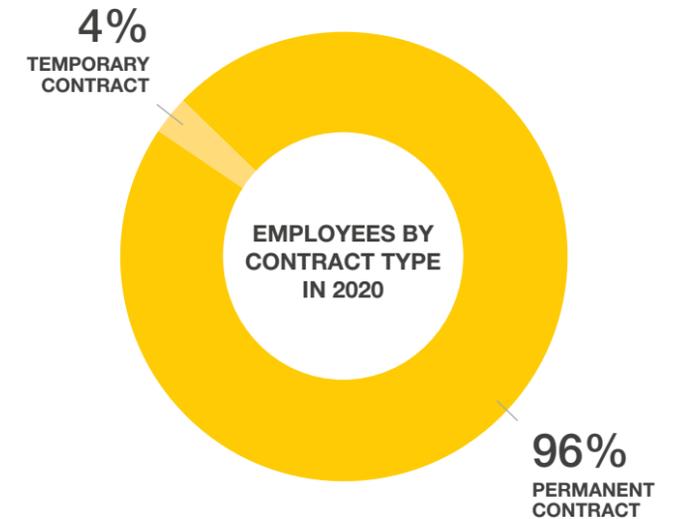
**To get the best out of the resources and their know-how**

### ENCOURAGING A SUPPORTIVE STYLE OF LEADERSHIP

**To train the Group's managers on the empowerment of resources and on how to free up energy within the organisation**

# +2,000\* EMPLOYEES AND COLLABORATORS AROUND THE WORLD

The approach is connected to the Hoshin Kanri system, adopted by the Group in keeping with the principles of Lean Management, whereby the company's strategic objectives are applied to the various Value Streams and Staff departments, involving the individual managers in defining specific projects aimed at reaching company results. As at 31 December 2020 Pietro Fiorentini Group had more than 2,000\* employees and collaborators around the world. The perimeter covered by the reporting of this Sustainability Report includes the **1,675 employees and collaborators from the Italian sites** (Pietro Fiorentini S.p.A, TIV Valves S.r.l. and Talamona S.r.l.) **and the foreign sites of France** (Gazfio SAS) **and USA** (Pietro Fiorentini Inc.), up from 2019 by about 13%. The work contract offered to employees is stable and on-going, with almost 96% of resources working with a permanent contract and 95% with a full-time contract.



\*Value including employees and collaborators of the Group.

At the end of 2020, the other forms of collaboration (internships, temporary workers, etc.), in compliance with the legal regulations and in relation to the business needs, concerned 542 people. During 2020, the Group offered 15 internships, considered as an important source of finding future talent for the Company.

**EMPLOYEES AND COLLABORATORS**

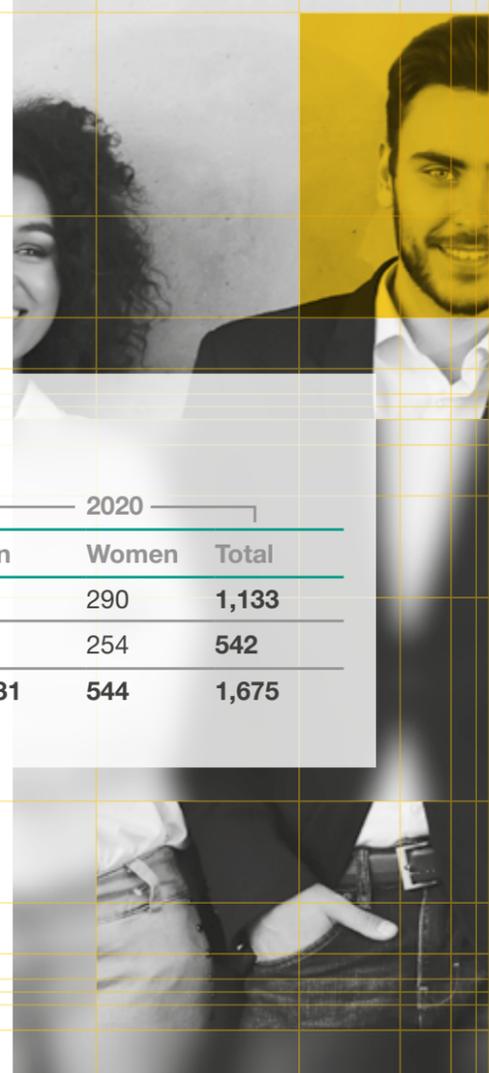
	2019			2020		
	Men	Women	Total	Men	Women	Total
Total employees	767	259	<b>1,026</b>	843	290	<b>1,133</b>
Total external workforce	263	189	<b>452</b>	288	254	<b>542</b>
<b>Total workforce</b>	<b>1,030</b>	<b>448</b>	<b>1,478</b>	<b>1,131</b>	<b>544</b>	<b>1,675</b>

The professional category recording the greatest number of employees is white-collar workers, up by 14% in comparison to 2019, followed by blue-collar workers. The most rapidly growing category is the managerial or management staff (+23% in comparison to 2019), as a direct consequence of the company's continuous and constant investment in coordination positions involved directly in the implementation of key activities and processes.

**EMPLOYEES BY POSITION AND AGE BRACKET**

	2019				2020			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Top Managers	1	12	15	<b>28</b>	2	10	17	<b>29</b>
Middle Managers	4	23	21	<b>48</b>	4	29	26	<b>59</b>
Office workers	86	330	95	<b>511</b>	115	359	107	<b>581</b>
Production workers	88	210	141	<b>439</b>	90	223	151	<b>464</b>
<b>Total</b>	<b>179</b>	<b>575</b>	<b>272</b>	<b>1,026</b>	<b>211</b>	<b>621</b>	<b>301</b>	<b>1,133</b>

The greatest concentration of employees is confirmed in the 30 to 50 years age bracket, which is 55% of the population, up by 8% in comparison to 2019. The bracket of employees below the age of 30 is also growing (+18% in comparison to 2019) equal to 19% of the company population thanks to professional growth and development policies applied by the Group.



**LUCA PEROLI**  
Human Resources Manager

**Well-being, development and motivation** are the drivers that have guided our choices and management and personnel valuing policies in recent years. The People Fuel programme, in particular, represents an **ambitious Corporate Wellbeing project** that, regardless of the limitations dictated by the emergency health situation, continues to date with new challenging objectives, in three areas of intervention: professional and personal development, internal communication and **the promotion of health and physical-mental balance**.

This last aspect is becoming increasingly prominent in light of the current context, the reason why we have also implemented specific initiatives and campaigns alongside the contagion safety and prevention measures to strengthen the immune system and improve the capacity to manage the emotional impact linked to the new work and life conditions. In addition to People Fuel, many other initiatives have been taken in favour of personnel, helping to reach significant performance levels internationally as a Group.

In terms of **professional development**, we began with top management, to spread behaviour and processes that are able to extend positively throughout the organisation. In fact, we consolidated the skill assessment and feedback system and introduced individual growth plans for the managers. In parallel, we began experimenting with the complete Team Leader analysis and skill raising programme, with special focus on leadership style and aptitude. Developing the potential of each collaborator is a central theme for Pietro Fiorentini who, with this intention, began the **individual potential programme** aimed at defining individual growth plans based on the characteristics and objectives of each person.

More recently, a new office has been created within the HR department, dedicated to **Employer Branding** in order to strengthen the Group's brand identity and at the same time help improve dialogue between the various departments and sites.

**WE VALUE TALENT**

Pietro Fiorentini aims to develop the capacities, skills and aptitudes of its employees, offering each the same opportunities for professional growth and development, ensuring a work environment that protects their physical and mental well-being. To guarantee adequate management of the human resources, the Group has adopted a **Human resources management manual** that covers **management policies and procedures**, which include those relative to the insertion of new positions or training

growth programmes for collaborators. At Pietro Fiorentini each person is assessed exclusively by the **added value** that he/she brings: growth opportunities are reserved to all collaborators equally, based on results, experience and skill, which represent the sole parameters in also determining the wage bracket.

The culture of continuous improvement is also built through **personalised career paths**, whereby each collaborator acquires new skills and can seize new opportunities for both individual and company growth.

These paths are managed on a Group level for the Managerial levels and the rest of the staff, and through periodic assessments on the basis of project progress. This approach makes it possible to increase **the engagement of all collaborators**, as well as a true alignment between company strategy and operations, helping improve the Group's performance.

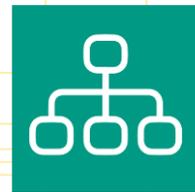
As for the Managerial levels, across every Area, Pietro Fiorentini is constantly involved in the growth of the five key skills:

## FIVE KEY SKILLS



### HARD SKILLS

The indispensable technical skills to cover a given role



### SOFT SKILLS

The social skills of a person especially in group work or in managing relationships with collaborators



### LEAN FRAMEWORK

The activities (in keeping with the principles of Lean Management) are implemented in relation to the work method', i.e. the "how"



### ENERGY

How the manager handles his/her energy in performing his/her activities and the work with collaborators, and therefore how he/she transfers this energy within the Organisation



### INTERNATIONAL

The development of language skills and work approach, to also be able to "move" adequately in specific cultural and social contexts, with particular features

These skills are crucial to managing the activities within the Group and in compliance with Pietro Fiorentini's values on a global level. The Annual Review assesses the development of managerial skills, which is based on specific objectives identified on a business and Individual Development Plan level. For some specific positions an **MBO system**, i.e. *Management by Objectives* system, has been implemented that involves variable incentivisation based on the level it refers to. Pietro Fiorentini has created specific procedures aimed at professional development, based on the mapping of the **potential of each collaborator**, so as to value each internal resource to the best, also including training and career programmes that are in keeping with and adequate to the professional potential of each single person.

## +11% NEW RESOURCES COMPARED TO 2019

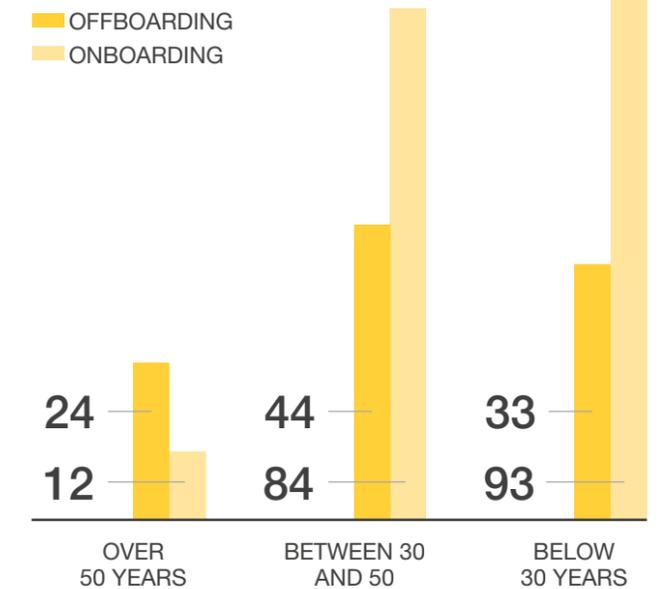
With the objective of assessing the all-round performance of its collaborators, as of 2019 the Group adopted, on a trial basis, the so-called

**IDR, the Risk Index.** This index makes it possible to assess professional performance, pertinence to company values, coverage of the areas of competence, turnover risk and possibilities of individual development. Requests of **total rewarding** emerge from these assessments (from the year 2020), i.e. not only aimed at improving the economic aspect, but every aspect of the work life. Working at Pietro Fiorentini is a chance for professional and personal growth. The **selection process**, based on transparency and protection of equal opportunities, involves identifying the most fitting profile, in terms of technical-specialistic skills and compliance with requisites required for the position. Pietro Fiorentini also values the personal development of its internal employees, who may participate in the selection process alongside external candidates. The attention that Pietro Fiorentini places on people begins from the onset of the collaboration: in fact, the Group has started an **On Boarding programme for new recruits**, which, also thanks to the existence of a dedicated e-learning Platform, in-

volves base level training in fields of company interest as well as differentiated training based on the role and tasks.

Overall, in 2020, there were 189 new hires<sup>1</sup> (+11% in comparison to 2019), 70% of which were permanent and about 50% of young talent under thirty years of age. On the other hand, 101 people left, of which 11 for retirement and 37 for the end of their contract.

### ONBOARDING AND OFFBOARDING BY AGE BRACKET



**189**  
NEW HIRES  
COMPARED TO 2019



**17%**  
ONBOARDING  
TURNOVER RATE



**~50%**  
NEW HIRES  
UNDER  
30 YEARS OF AGE



**9%**  
OFFBOARDING  
TURNOVER RATE

<sup>1</sup> The data on onboarding, offboarding and turnover refer exclusively to Italy and France, as Pietro Fiorentini Inc. USA does not have a specific monitoring system for this information.

## PIETRO FIORENTINI COLLABORATES CONTINUOUSLY WITH VARIOUS UNIVERSITIES IN ITALY

With the aim of identifying and selecting resources with specific academic profiles to include in the workforce, Pietro Fiorentini has on-going collaborations with various Universities in Italy (University of Padua, University of Vicenza, University of Brescia, University of Ferrara, Polytechnic University of Milan), for example by participating in Career Days promoted by the faculties; plus, every year, numerous experts from Pietro Fiorentini make presentations at Universities to **share the uniqueness of the Group's entrepreneurial model with students** and to support teachers in their training programmes.

In particular, for over a decade, Pietro Fiorentini has been actively collaborating with the **University of Padua**. Every year students in their 4th year of Management Engineering study Pietro Fiorentini's corporate case in their course on "The Organisation and production of logistics systems". By teaching a lesson at a class, and within the course itself, Pietro Fiorentini contributes with a guided visit with tour of the production facilities at the headquarter of Arcugnano. In 2021, the visit was replaced by a virtual tour, allowing students to enjoy the opportunity also during the emergency period.

Pietro Fiorentini also collaborates with the **Bocconi University** of Milan, bringing its testimony to a course on Lean Management, attended by international students, on how Lean principles are applied to the company's business model, allowing significant improvement to performance.

During 2020, a multi-year project was launched with the **Polytechnic University of Milan** (MIP). This is a training programme with a view of **Corporate Social Responsibility** designed for students in possession of a three-year degree in economics or engineering, intended to examine themes of energy transition, sustainable innovation and the application of Lean & Agile management in dual organisational contexts.

## WE INVEST IN THE TRAINING OF OUR PEOPLE

Pietro Fiorentini is a **learning organisation**, that offers its collaborators the chance to constantly learn from their successes as well as from their mistakes and failures, through their own direct experience and that of their co-workers to broaden their knowledge set. The use of this approach thereby not only concerns the development of the individual employees, but also the organisational development of the Group.

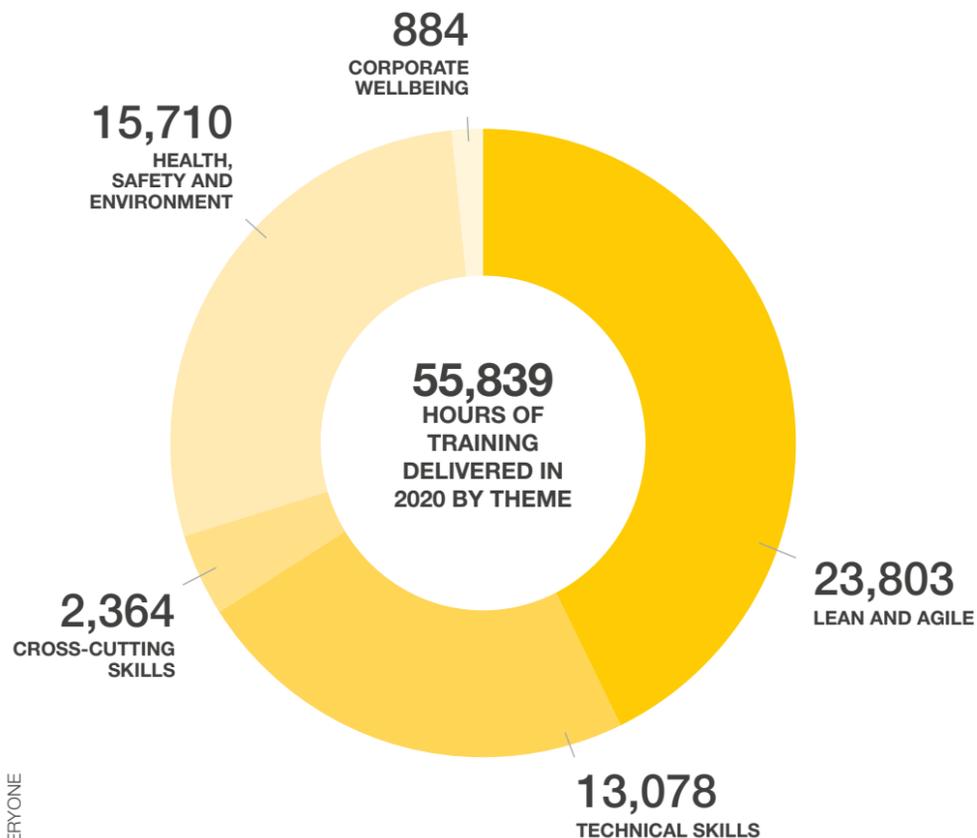
In terms of the Parent Group, a **procedure** was set up to manage the training and instruction activities, which describes the methods used to define and analyse the skills of personnel and the minimum training needs and requisites, in addition to managing the relative documentation and assessing the efficacy of the training. Based on the defined professional growth plans and processes, the Group directly or indirectly (with the aid of external suppliers) provides **training programmes created to broaden skills in line with the company strategy**. The analysis of the needs is updated throughout the various moments of the employee's professional life, such as onboarding, professional refreshing (following the evolution of the regulations or changes to company processes), qualification maintenance (for high criticality tasks or prolonged period of inactivity), role changes, treatment of non conformities discovered and on the basis of any requests coming from the employees themselves.

The delivery methods range from the most traditional **courses** (e.g. performance or meetings), that can be provided **in class** or **online** or through **e-learning**, **on-the-job shadowing**, which involves the supervision of a supervisor during the work activities. Employees also have the **company library** available to them where more than 250 texts are collected and accessible for consultation and study, on the various themes pertaining to the organisational contexts.

Pietro Fiorentini transmits and shares its intellectual capital in order to have motivated and prepared collaborators, ready to take on the Group's challenges with enthusiasm. For this purpose, in 2020 a total of **55,839 hours of training** were provided, translating into an average of about 33 hours per collaborator (employees and not) per year.



## ALL-ROUND TRAINING



During 2020 many of the conducted training activities focused on spreading an actual **culture of safety on a corporate level**. Two other areas that emerged as strategic were those of **collaborator well-being** and training based on the principles of **Agile** and **Lean management** for achieving the fixed targets. Also in 2020, other resources **partook** in specific training courses such as **Masters** (Executive MBA and international MBA), **external Academies** (Jobleaders in Project Management for two positions).

During 2020, in the midst of the health emergency, in-person training sessions were transferred online, **through the e-learning and virtual class methods**. This new context pushed the internal department in charge of Training, in synergy with the various corporate departments, to **re-design the existing training programmes and adapt them to the new delivery methods**. Lastly, another significant data is how training was funded in 2020: a good 87% was funded through external resources, while the remainder came from available Fondimpresa and Fondirigenti.

 **33**  
AVERAGE HOURS OF TRAINING PER PERSON

 **~€630,000**  
INVESTMENTS IN TRAINING IN 2020



### Kaizen week, Lean academy & Lean experience

During the **Kaizen weeks**, each interfunctional team is dedicated to the analysis of a particular process with the purpose of identifying waste, performing corrective actions, measuring results and lastly defining a new standard capable of guaranteeing maintenance of the achieved improvements. The Kaizen Weeks, which are motors of Lean transformation since its beginnings in 2000, are a chance for **learning by doing** on technical themes as well as organisational and managerial skills. The Lean Academies offer two **Lean Management learning** programmes (basic and advanced), aimed at teaching how to use specific improvement tools to tackle challenges through a lean approach and to learn company processes best. Training is held by nationally and internationally renowned lecturers, in Italian and English, and involves a final discussion on the specific improvement project. There is also an 84-hour **International Academy** version. At the end of 2020 there was a total of 25 Academy editions with a total of 235 participants.

There are also structured programmes that involve experiences of up to one month in Japan. The objective is to learn Lean Management techniques from the best Senseis, learn the local culture and take in the Kaizen essence, to then bring what one has learned to Pietro Fiorentini and share it with co-workers.

### WE PROMOTE PEOPLE WELLBEING

Pietro Fiorentini constantly works to extend its commitment to the field of social responsibility, paying increasing attention to the aspects of organisational and individual sustainability of collaborators. For this purpose, since 2017 Pietro Fiorentini, with the aid of some external consultants, activated a **Corporate Wellbeing Programme**, i.e. the promotion of well-being of collaborators with the objective of improving health, balance,

motivation and involvement. First and foremost in 2017 a **personal and organisational wellbeing investigation was conducted on collaborators**. This analysis, that would be repeated every two/three years, initially involved collaborators from the Italian sites and was also extended, in 2019, to the collaborators of the French Group, Gazfio SAS. From the first investigation, **3 areas of improvement emerged in particular**, relative to professional development, personal well-being and in the workplace and internal communication.

### AT PIETRO FIORENTINI, PROMOTING THE WELL-BEING OF COLLABORATORS MEANS...





### Investigation on organisational and personal well-being

The investigation, conducted anonymously through a dedicated questionnaire and addressed to employees of the Italian sites and in 2019 also extended to the French site, was studied to **measure the level of engagement and “organisational well-being” of the people**, investigating specific areas linked to professional development, internal communication, the quality of relationships with co-workers and managers. In addition to these dimensions, part of the questionnaire is aimed at measuring the level of **“personal well-being”**, with questions linked to stress levels, rest, nutrition and the risk of sedentariness.



The participation rate for 2019 was 81% (data that includes Pietro Fiorentini S.p.A and Gazfio SAS). The satisfaction index for employees measured by the study for 2019 increased in comparison to 2017 at 67%, even greater than the benchmark data (the sector average for comparable companies).

#### AREAS OF ANALYSIS OF THE STUDY



In this framework, the **“People Fuel”** programme was created, i.e. it includes all of the initiatives dedicated to the development, engagement and well-being of Pietro Fiorentini collaborators. The **“People Fuel”** brand combines, on the one hand, the theme of **“people’s energy”**, understood as being the result of a healthy lifestyle, of the perceived climate in the workplace and of the motivational level of staff. On the other hand, this brand refers to the Pietro Fiorentini business reference sector, emphasizing the **“corporate”** nature of the programme.

Of the initiatives that fall under the umbrella of **“People Fuel”**, throughout 2020, the **Health, Balance and Energy Campaign** was started with the aim of training the greatest possible number of people on the themes of correct posture, healthy diet and exercise, with new courses launched in 2021 dedicated to stress management and resilience. To make this programme on-going, for the first semester of 2022 there will be a third investigation that should broaden the overall perimeter of the people involved.



### PeopleFuel

SVILUPPO - COMUNICAZIONE - BENESSERE

The People Fuel programme is based on three main areas of intervention: the **Development of People, Internal Communication and motivation and Well-being**.

Of the first initiatives carried out, the Group worked on **strengthening the listening ability and the structured interaction between management and collaborators**, transforming, through a precise action plan, internal communication from criticalities to strong point. A second action programme referred to the well-being of people, with a special focus in the theme of **balanced diet**.



For this purpose, we endeavoured to create greater awareness between collaborators on these themes, thanks to courses held by specialists on the theme. The **menus of the company restaurant** were then reviewed and new services were actuated, such as the **“take-away” lunch** or the set-up of **areas for lunch in outdoor areas**, and agreements for meetings of **individual consultancy** so as to create a customised dietary plan for the individual worker.

The offer of products in the **snack and beverage vending machines** was then updated, classifying the products as **“red, yellow or green”** based on the fat and sugar content to aid a more conscious choice from a nutritional point of view.

Integrating the Corporate Wellbeing Programme, Pietro Fiorentini also makes **company welfare systems** available to collaborators in particular with a health insurance connected to the Metal-Mechanical CCNL

and specific initiatives implemented for the production site. In 2019, an app with **gamification** was introduced to promote **car sharing** between collaborators, with economic and environmental benefits.



### The restyling of the work spaces as a strategic lever to promote well-being

**Growth and renewal** are two key concepts to summarise the **building restyling projects** of some sites at Pietro Fiorentini, designed with the aim of **increasing worker well-being**. Following the more than 200 suggestions received from collaborators on how to improve the spaces, at various sites the Group took the opportunity to intervene to **improve function, comfort level and general appearance**. The restyling process was also aimed at supporting an **“agile” and flexible work set-up** (with areas equipped with customisable equipment and advanced multimedia supports) and is guided by the pursuit of **better comfort for collaborators and by employer branding logics**.

The interventions, which have to date involved the **Rosate, Arcugnano and Desenzano del Garda sites**, have referred to multiple areas: from re-thinking and extending company restaurants to the creation of new break areas, meeting rooms and **“focus rooms”** (spaces dedicated to concentration), from the extension of car parks to the improvement of **acoustic comfort** (with the insertion of partitions between areas and sound-proofing elements) and the **air conditioning of the spaces**, in addition to an *upgrade* of the outdoor areas with interventions on the green areas and the creation of areas available for work meetings and breaks.

In line with the company's **ESG** commitment, special attention was also given to **reducing the environmental impact**. In particular, for the **Desenzano del Garda site**, where the work also included the thermal insulation of the buildings, the reduction of water and energy consumption (thanks to specific sensors on taps), with spaces designed to exploit the natural light as much as possible and a photovoltaic system under construction.

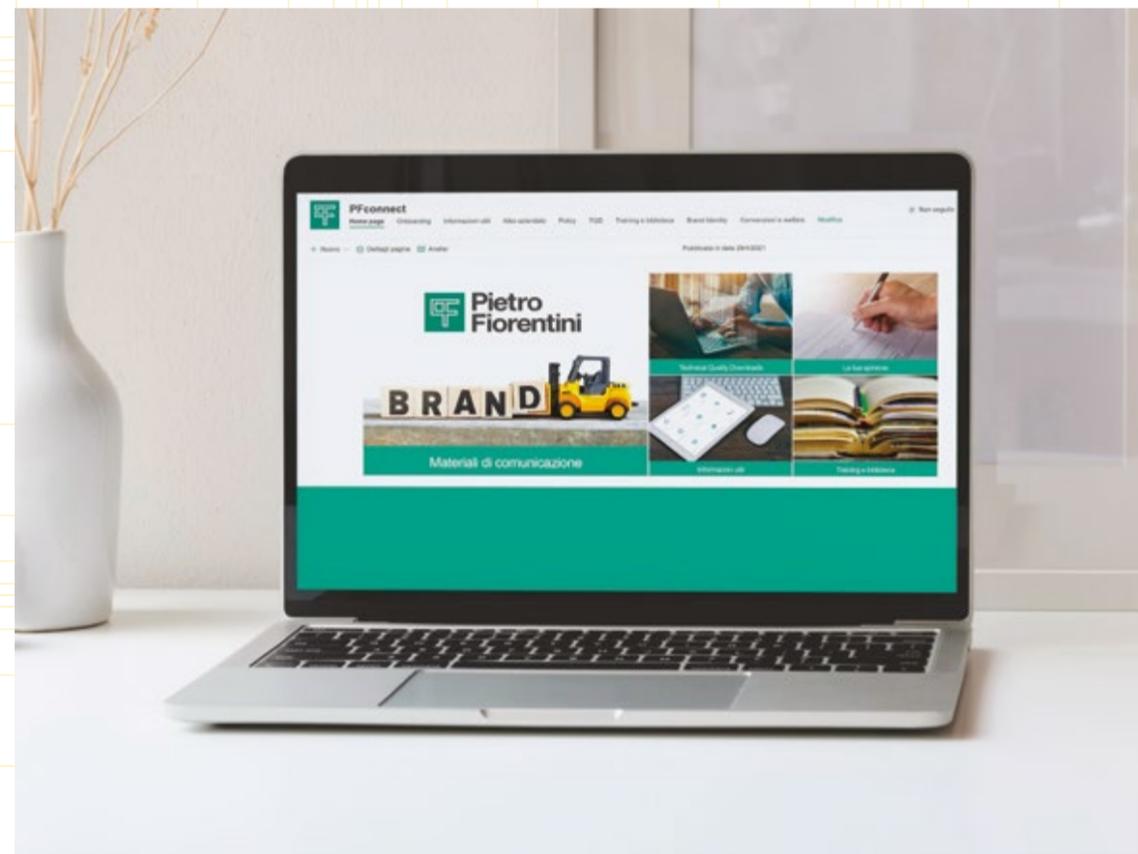


### Digitisation and remote working

Pietro Fiorentini continues in the race for **digitisation of the company processes** with determination: adapting the hardware to mobility, in certain cases switching from fixed to portable workstations and implementing, in support of remote working, various tools of collaboration, **Visible Planning and digital blackboards**, for the management of activities dedicated to the Service Desks and the Agile Teams. Lastly, Pietro Fiorentini is considering the further improvement of productivity through remote working, by defining a *Digital Workspace* from where it will be possible to recover everything that is necessary from any location and with full data security.

**PFConnect** was promoted with the same objectives: a portal that can also be accessed from smartphone and tablet, where you can consult and save company documents, view internal communications and partake in surveys conducted by internal departments.

In the meantime, thanks to massive **activation of remote work** modes, office staff was able to continue **working even during** the Covid-19 pandemic, recording excellent results and high production levels.



## WE CREATE INCLUSIVE ENVIRONMENTS THAT PROMOTE DIVERSITY

The **company's female population**, at the end of 2020 counted 290 resources (+12% in comparison to 2019), equal to 26% of the total. The great difference between the two components is mainly due to the special features of the sector, which mainly attracts male professionals, even though the Group proactively promotes **equal opportunities**. Among top management, in 2020 the women managers or in managerial positions were 8% of the respective categories, up slightly from the data of the last financial year.

With a strong international background and in line with the principles collected in the **Charter of Values**, the Group is committed to ensuring an **inclusive and positive environment** for all of the people who work there.

In fact for Pietro Fiorentini, promoting **diversity and inclusion** means supporting a sustainable growth model from a social and human point of view.



**Diversity** in particular represents a chance for **exchange and improvement** not only for the people but also for the company: each collaborator has the possibility of expressing himself/herself with his/her unique set of skills and experiences, and every day Pietro Fiorentini endeavours to guarantee a serene and welcoming role where the uniqueness of each person is valued as much as possible.

This approach is even more significant if you consider the **multitude of cultures working at the Group**: with over 30 sites spread across the world, there are more than 20 nationalities of Pietro Fiorentini collaborators. Diversity is also promoted through “hands on” experiences, aimed at enriching collaborators with a **skill** defined at Pietro Fiorentini as “**international**”, i.e. the ability that facilitates and aids work with cultures and contexts that are very distant and different from one’s own. In this sense, projects such as the international Academies and the initiatives conducted abroad with the intention of sharing the best practices and giving life to new products and services in a view of continuous improvement, represent a unique opportunity for concretely promoting diversity as every company site.

**MORE THAN 20 DIFFERENT NATIONALITIES**

### EMPLOYEES BY PROFESSIONAL CATEGORY

	2019			2020		
	Men	Women	Total	Men	Women	Total
Top Managers	26	2	28	27	2	29
Middle Managers	45	3	48	54	5	59
Office workers	360	151	511	410	171	581
Production workers	336	103	439	352	112	464
<b>Total</b>	<b>767</b>	<b>259</b>	<b>1,026</b>	<b>843</b>	<b>290</b>	<b>1,133</b>

**+12% INCREASE OF FEMALE WORKFORCE IN COMPARISON TO 2019**



**100% EMPLOYEES COVERED BY COLLECTIVE BARGAINING CONTRACTS**

### TRADE UNION RELATIONSHIPS

Pietro Fiorentini encourages a **constant and transparent dialogue** with union representatives on work conditions and quality of the workplace, with the aim of combining workers’ rights with business priorities.

The Group operates in full compliance with the regulations in force as well as the agreements of collective bargaining, promoting periodic meetings with the reference Union Organisations, sharing the company’s trends and discussing social-economic and work safety issues, on top of which specific meetings are held to cover specific and distinct matters. 100%<sup>2</sup> of employees at Pietro Fiorentini has a collective bargaining contract.

<sup>2</sup> The percentage refers to countries where the employees of the Group are covered by collective bargaining agreements (Italy and France). The employees at Pietro Fiorentini Inc. USA are excluded from the perimeter.

## WE PROTECT THE HEALTH AND SAFETY OF OUR PEOPLE

*We promote the culture of prevention and production of personal health and safety, implementing the necessary measures to reduce every type of risk, in compliance with the safety regulations as well as constantly assessing every possible opportunity for further improvement.*

Safety is the main priority for Pietro Fiorentini Group. **Employees, collaborators and suppliers** perform a crucial role and have the right to receive **the maximum level of protection**, in compliance with one of the Group's main cornerstones: **"safety first"**. Integrating the traditional monitoring activity of risk activities and assessment in *compli-*

*ance* with Lgs. D. 81/08, the situation of the global pandemic required extraordinary efforts with the aim of **making the workplaces safe to prevent possible contagion from Covid-19**, which otherwise would have placed people's health even more so at jeopardy than the Group's economic solidity.



**"When fear spreads around us, we try to remain human"**, this is the message that we wanted to convey to everyone at Pietro Fiorentini during the peaks of the pandemic. A message that aims to create the necessary unity and humanity of people to rise out of such a huge crisis, even when we are physically distant.



**MARIO ALBIRO**  
PPSM – HSE  
Manager

The measures to contain the spread of Covid-19 would not be enough without the involvement and collaboration of all of the colleagues, committed every day to guaranteeing an environment of maximum safety and protection for each one of us. In fact, thanks to significant economic and organisational efforts introduced on several fronts and with each individual's sense of responsibility, we were able to contain internal health lapses to a minimum.

The safety of our collaborators needs to be managed beyond the health emergency however: despite the challenges, in 2020 we were involved in various projects including **weeks dedicated to safety awareness**, the development of the **unified database** for all of the Italian facilities, with details of danger levels and safety data sheets constantly updated on the chemical substances used in production and **the new waste management software of the Italian sites**. In addition, a new reorganisation process will soon be launched for waste identification and classification, with the aim of valuing management, also in view of **circular economy**.

## MAXIMUM SAFETY IN THE WORKPLACE

To guarantee full supervision of the health and safety issues, Pietro Fiorentini has defined specific roles and responsibilities of management and coordination on a headquarter level, which is aided by a **HSE Team** at each production site, to identify and assess the main risks stemming from the company's activities, availing of the support of external professionals when necessary. For each site a **Prevention and Protection Service Manager (PPSM)** was also appointed with the task of organising and managing the risk prevention and protection system. Workers then identified their **Worker Safety Representatives (WSR)** appointed by the PPS (Prevention and Protection Service), to the company doctor or employer, guaranteeing the anonymity of the individual worker making the request.

The supervision of the aspects linked to health and safety, since 2020, is integrated on the level of the Parent Company thanks to the **Health and Safety Management System (SGSSL)**, certified UNI ISO 45001. The management system covers all of the processes of the sites and production units spread across the country. Special attention is paid in this sense to the activities carried out by the operational *Service* units that operate nationally and internationally. The system also considers the activities carried out by the organisation at yards (which includes the construction of systems through contractors) and in the management of contracts that operate within the various Italian sites.

The health and safety management system is **subject to auditing** either by a specific internal team, which then determines processes based on what has been defined in the specific auditing programme, or by a third party certifying Body who conducts the audit annually.

## PROTECTING INDIVIDUAL AND COLLECTIVE HEALTH

# PERIODIC HEALTH CONTROL AND SURVEILLANCE ACTIONS

As further supervision of the health and safety of its collaborators, Pietro Fiorentini has defined a plan of periodic health control and monitoring and surveillance actions. In Italy, the Group has an **occupational health service** made up of various professionals for the many production sites. The coordination of the service is assigned to a Coordinating Physician and to the external Occupational Health Service structure where all of the preventive and periodic checks are conducted according to **health protocols**, whereby the health hazards that workers can be affected by (employees and workers on agency staff leasing) as well as the surveillance activities to be implemented are identified for each Italian site and thanks to the synergy between the organisation and physician.



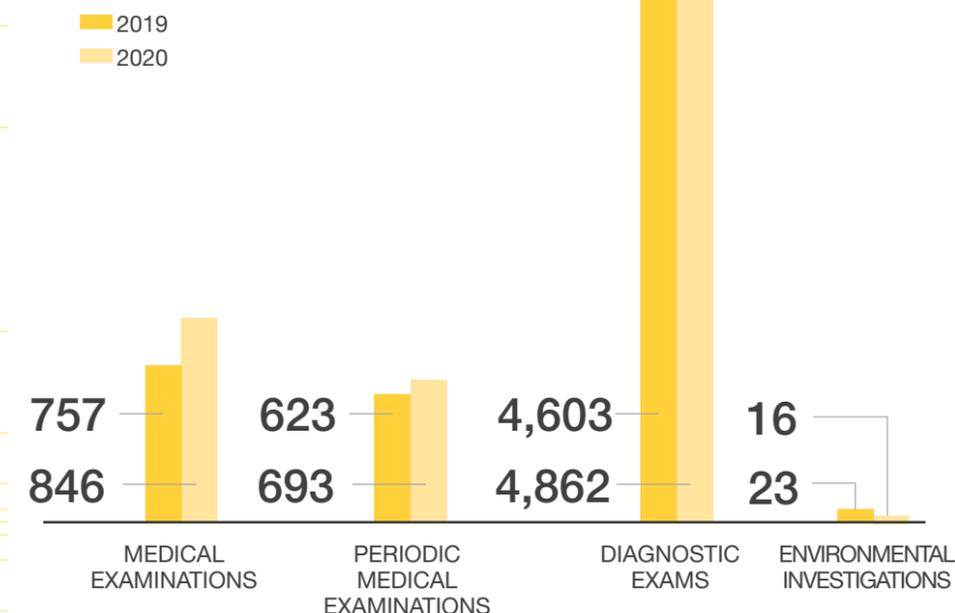
## The modernisation process of the subsidiaries

As for the other Subsidiaries in Italy, there is a process and procedures alignment programme in keeping with the Parent Group: in particular, **Tiv Valves S.r.l.** has already adopted a Management system based on **ISO 45001**, while Talamona S.r.l. has adopted and constantly updates a management system to keep the activities carried out within the organisation under control, in accordance with the regulations in force.

At the foreign companies subject to reporting (France and USA), they are gradually structuring their internal organisation to further strengthen surveillance of the HSE themes, in keeping with the principle of **safety first** (and subsequent policies and procedures) and national regulations in force. In particular, over the course of 2020 Gazfio SAS set up and formalised the internal position of HSE Coordinator with the objective of implementing a specific plan of action by the end of 2021. As for Pietro Fiorentini Inc. on the other hand, since 2013, the company has started a process to upgrade to OSHA requirements (*Occupational Safety and Health Administration*). In 2019, the position of the Safety Manager was introduced and over the course of 2021 a specific three-year HSE plan was defined.

Health surveillance is also carried out through scheduled medical examinations, on top of which each worker can request, at any time, further examinations by seeking the department appointed to health monitoring and surveillance.

PERIODIC HEALTH SURVEILLANCE<sup>3</sup> [ACTIVITY NO.]



The surveillance of the health and safety aspects and the commitment to mitigating possible risks are supported by **regular monitoring activities**, through internal procedures that aim to investigate and formalise any accidents in the workplace, as well as determine any corrective actions to prevent recurrence and through **awareness creating activities** and continuous training for all employees and collaborators on various themes. These include the basic safety and specific training for high risk activities, initiatives dedicated to positions with special tasks in terms of health and safety (e.g. first aid or emergency and fire fighting responders, training for the work safety supervisor and representative) and regular activities on the use of specific equipment (e.g. lifting systems, mobile work platforms, etc.).

## MONITORING TRAINING AWARENESS

<sup>3</sup> For the United States, the information on periodic health surveillance services is not available due to local regulations on privacy.

**-32%**  
**ACCIDENTS**  
**COMPARED**  
**TO 2019**

Overall, by looking at the Group perimeter, we have seen a **drop in total cases of worker accidents caused by the workplace**, which dropped from 22 in 2019 to 15 in 2020 (-32%). Most cases were minor accidents, mainly linked to incorrect or hasty behaviour by workers, and only a single case led to serious consequences. On the other hand, concerning **external personnel** in Italy<sup>4</sup>, the number of accidents was 12 (there were 9 in 2019).

**EMPLOYEE ACCIDENTS IN THE WORKPLACE**

	2019			2020		
	Men	Women	Total	Men	Women	Total
<b>Accidents in the workplace</b>	<b>17</b>	<b>5</b>	<b>22</b>	<b>13</b>	<b>2</b>	<b>15</b>
<i>with serious consequences</i>	1	-	1	1	-	1
<i>* Rate of recordable accidents in the workplace</i>	13.30	12.61	13.14	9.89	4.87	8.69
<i>** Rate of accidents in the workplace with serious consequences (not including deaths)</i>	0.78	0.00	0.60	0.76	0.00	0.58

For accident indices, the calculation of hours worked is partially based on estimates.

\* Rate of recordable accidents in the workplace: (total number of recordable accidents/total hours worked) x 1,000,000

\*\* Rate of accidents in the workplace with serious consequences: (total number of accidents with serious consequences/total hours worked) x 1,000,000

Furthermore, in the two-year period 2019-2020, no cases of occupational diseases were recorded. This was also possible thanks to the correct identification of possible related dangers, through the risk assessment process and with specific in-depth analyses, where possible, in keeping with the reference technical regulations. Based on what is indicated in the **DVR** (Risk Assessment Document), situations of accidents and injuries in the workplace are managed by specific procedures that involve formalising, investigating and determining corrective actions, identified in synergy with the Division where the event occurred. Both the monitoring and corrective actions are managed by the site HSE

department. Any reports relating to dangerous situations (possible accidents or so-called **near misses**) are guaranteed by an internal procedural process that involves the workers and the hierarchical levels of the various divisions, with the support of the HSE department. In view of **updating and continuous improvement of the HSE system**, each worker can send in **reports**, also anonymously, using dedicated boxes available for this purpose in various areas of the sites. Additional spaces for discussion and feedback from collaborators are possible through **direct consultations in the department**, with the involvement of management and workers, to deal with specific needs, or again, dur-

<sup>4</sup> The data on recordable accidents among the external workforce refers exclusively to the Group's Italian companies, as the two foreign companies Gazfio SAS and Pietro Fiorentini Inc do not avail of a system for the close monitoring of this information.



**Pietro Fiorentini in the field for managing the pandemic**

The situation of the global pandemic made it necessary to implement extraordinary procedures for the purpose of preventing the risk of contagion as much as possible among collaborators and all of the stakeholders of the Group. For this reason, Pietro Fiorentini revised its DVR (Risk Assessment Document) and defined a **substantial protocol of restrictive measures**, tools that made it possible to protect the health of collaborators and ensure the continuity of the work activities (and therefore guarantee thousands of jobs).

To effectively manage the emergency situation, a **COVID-19 emergency crisis committee** was set up to make strategic decisions for the organisation. The said committee sought the advice of a virologist as their scientific representative in case of need for information and insight into the preparation of the Covid protocols and, generally, to provide technical-scientific answers where needed. From the onset, the provision and daily distribution of PPE with surgical and/or FFP2<sup>5</sup> masks was established, at the same time as monitoring campaigns with rapid tests, with an average participation rate of 90% of collaborators at all of the Italian sites.

At the same time, Pietro Fiorentini implemented additional initiatives aimed at guaranteeing greater protection of its collaborators against any possible consequences of the pandemic. In particular, the Group decided to instate, as of 19 March 2020, COVID-19 insurance coverage<sup>6</sup> valid for all collaborators (employees, workers on agency staff leasing, interns, project-based contracts) of the Group in Italy, if any of them had to take a period of recovery due to infection of the Coronavirus.

Even the foreign subsidiaries have implemented a series of ad hoc measures to prevent contagion between collaborators, among these, for example, Gazfio SAS implemented the periodic presence of a health worker with the aim of sharing, with all collaborators, good practices to prevent the spread of Covid-19.

ing Kaizen Events, when there is the opportunity to **assess further mitigation actions** with the aim of identifying technical-operational solutions to minimise or eliminate sources of risk.

Attention to health and safety issues at Pietro Fiorentini is directed not only to its employees, contractors and external collaborators, but also to all the stakeholders that the Group interfaces with along its value creation chain. In addition to the supplier selec-

tion criteria, which also include surveys (through specific questionnaires) on the management of health and safety aspects, Pietro Fiorentini also pays great attention to safety in terms of the supply of material, beginning with the exchange of information before entry and for the entire duration of the stay of carriers within the sites, in order to preserve both their safety as well as that of the internal collaborators.

<sup>5</sup> FFP2 type masks (or equivalent e.g. KN95) are supplied to workers with existing or pre-existing conditions (hypersensitive persons) according to the instructions of the company doctor, to service technicians and odorising service technicians who work on site at the customer's premises.

<sup>6</sup> The guarantees consist in a hospital cash insurance; in a post-hospital recovery allowance and various post-hospital care services.

## WE CREATE PARTNERSHIPS OF VALUE WITH OUR SUPPLIERS

*We are committed to **creating partnerships of value**, promoting compliance with those principles that are the basis of our business model with everyone involved in the supply chain. This means adopting partner selection policies based on fair and transparent processes, **promoting the spread of sustainability practices throughout the supply chain**.*

Pietro Fiorentini works to **create value in a sustainable way** also through the creation of **partnerships of value**, promoting sustainability practices with its suppliers and involving them with regard to the main values and objectives of the Group, with a view to mutual exchange and improvement. The goal is to **gradually integrate the ESG aspects** into the assessment and management approach of the supply chain, activating a virtuous cycle that not only constantly improves performance in terms of quality, but also provides a positive contribution to society and the environment.

Pietro Fiorentini's management approach is inspired by the **Local for Local** principle, pursuing the clear objective of making each company in the Group autonomous and capable, as much as possible, of activating and managing collaboration and supply networks geographically close to their reference market. This *modus operandi* allows the Group better performance in terms of **operational efficiency**, to the benefit of the service offered to the clientele, as well as in terms of **environmental sustainability**, with concrete benefits regarding the reduction of CO<sub>2</sub> emissions, as well as economic, with **reduced logistics and transport costs**.



**DORIANO SERRADURA**  
Strategic Purchases Manager

We are always attentive to the relationships that we have with our stakeholders along the entire supply chain, creating long-term collaboration relationships that value the mutual skills and go beyond the mere supply of goods and services. Where possible, in keeping with the *Local for Local* principle, we value local resources, procuring our supplies from the suppliers closest to the end customer.

Over the last few years, we have developed ever-increasing attention to the social-environmental sustainability and governance performance of our suppliers, trying to train them and create awareness by sharing improvement objectives with them and directly involving them in our sustainability activities, such as the reduction of CO<sub>2</sub> emissions, the development of recyclable components and constant attention to collaborator management.

In relation to the activity of **purchasing goods and services**, the Group's projects are aimed at the supply of packaging from eco-sustainable sources, the selection of renewable energy sources, as well as the identification of suppliers closest to the point of use, so as to optimise logistics by reducing overall emissions.

We adopt a **fair approach** towards our suppliers by sharing the same information, timeframe and evaluation criteria with all participants, from the very negotiation phase. Throughout the entire commercial relationship we work in constant collaboration, seeking common solutions also in the event of non-compliance for the suppliers that we have a consolidated relationship with, supporting them in solving possible problems in a collaborative and non-unilateral logic.

In recent months, due to the financial tensions of some suppliers resulting from the context of the global pandemic, we have been committed to concretely supporting them by facilitating access to credit or by offering payment terms in line with their needs.

## A SUPPLY CHAIN THAT CREATES VALUE

In line with the structuring of the business model, Pietro Fiorentini's supply chain management follows different logics based on the type of *Value Stream*, "Systems" or "Components and Services". This division, which applies to each company in the Group, makes it possible to ensure the highest efficiency in keeping with the principles of *Lean Management*.

The dynamics of the supplier list are representative of the **interconnection between the Group and the economic fabric** it works in. In 2020, there were **5,270** active suppliers, divided into the main categories of direct suppliers (also definable as "primary") for a total of **1,446**, and indirect (or "auxiliary") for a total of **3,824**.

Most of the Group's suppliers are located in the same nation as the production site, or company, that established the specific commercial relationship, reaching a number of **85% of local suppliers for 2020**. On the other hand, considering the relationships with suppliers in terms of turnover, in 2020, the **proportion of purchases from local suppliers was around 68% of the Group's total purchases**, demonstrating Pietro Fiorentini's commitment to contributing to the economic development of the territories where their activities are located.

More markedly, in the last two years, Pietro Fiorentini's strategy for identifying and selecting suppliers was based on a **reshoring** policy, i.e. based on collaboration with Italian and/or European partners and, at the same time, a **dual sourcing** policy, i.e. purchasing the same type of product from different suppliers, to reduce procurement risks along the value chain.

To ensure a stable and long-lasting relationship with its supply chain, Pietro Fiorentini intervenes upstream of the procurement process, from the very onset dedicating great attention to the suitability assessment of as-

## CONTRIBUTING TO LOCAL DEVELOPMENT



### Supplier HUB

Building a stable relationship and trust between the Group and suppliers must necessarily involve constant and transparent communication. At the end of 2019 Pietro Fiorentini launched its **supplier portal**, an online information interface for communication between company and partners, distinguished by transparency, speed and dynamicity. Created by the dedicated Agile Team, **Supplier HUB** is a platform that suppliers can use to access company software dedicated to them and to sharing documentation through digital information flow in view of the **Extended Supply Chain**.

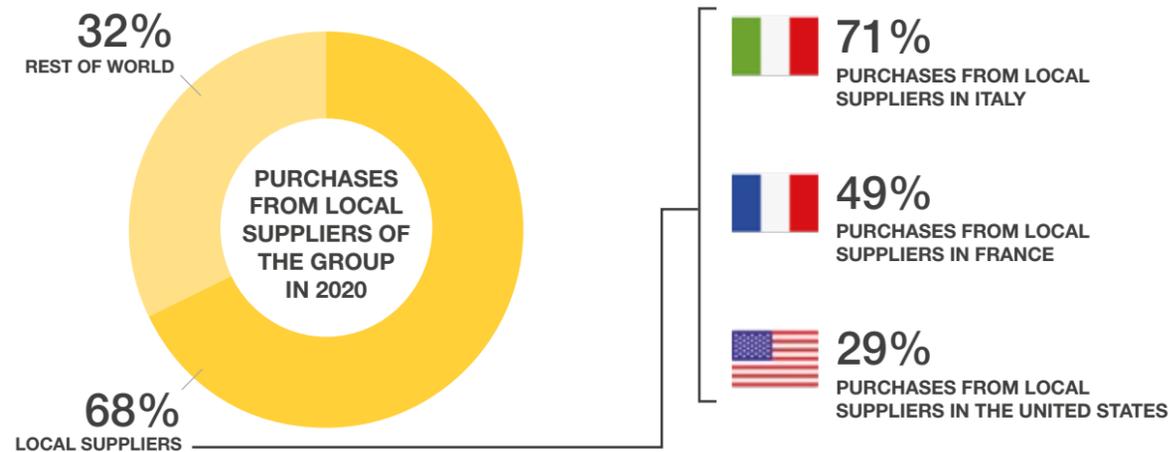
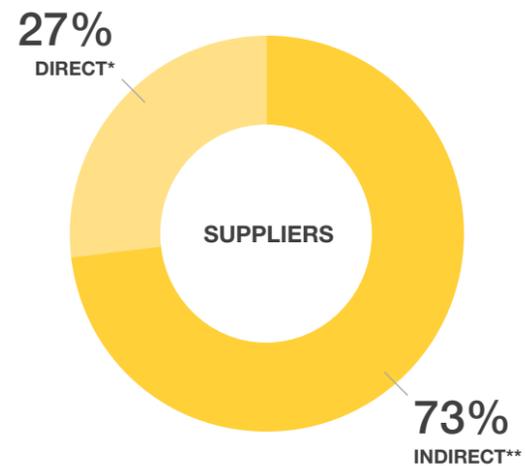
Sharing information and documents in real time has significantly improved supply lead times. Many 'low added value' activities have been shared with the supplier in order to improve efficiency, significantly reducing cycle times in the management, reception, acceptance and invoicing of the order.

piring partners. The **qualification process** is aimed at verifying the supplier's current capacity and future potential, according to criteria of objectivity, transparency and traceability. The elements of analysis are many: technical and managerial skills, economic and financial reliability, product quality and safety, but also the management and training of human resources.

All primary suppliers go through a selection and assessment process shared on a Group level, which also involves an **on-site audit in loco** by the Purchasing and Quality Departments. These audits are conducted according to a structured, periodic and continuous approach, with the aim of assessing the quality and solidity of the supplier, as well as surveillance and performance in the social and environmental fields, in terms of product compliance, employee management and health and safety procedures.

With the aim of involving suppliers in the pursuit of objectives and integrating them into its business model, Pietro Fiorentini is working on the development of a **new procedure** for assessing the performance of potential partners. In particular, the new process will be aimed at further verifying supplier workforce management practices, as well as the respective sustainability performance, defining specific improvement and support plans in the face of any gaps.

In 2020, also in light of the social and economic consequences caused by the spread of the Covid-19 pandemic, the Group also developed an **analysis of the entire supplier list in relation to Risk Management, in order to identify the critical points**. The analysis stemmed from an assessment with precise criteria and parameters, also traced on the database system, based on internal and external data, that a rating was applied to, provided by the sensitivity and daily experience of buyers. With the support of the Purchasing and Logistics Team, specific actions have been implemented to mitigate any risks of failed supply and therefore stops in the production lines.



\* Suppliers of products, services or processes that "fall under" the bill of materials and/or the creation of the goods or service being sold.  
 \* Suppliers of services and purchases not linked to production (trips, generic consultants, fuel, canteen, ...).

## CUSTOMER-ORIENTED, ALWAYS

*The success of Pietro Fiorentini's business model is based on customer-centricity. The Group's challenge is to always guarantee the **reliability and continuity of the conducted activity**, in full compliance with the regulations in force and particular attention to sustainability policies.*

*The commitment to ensuring the reliability of the **infrastructures and services** is also on-going, for the purpose of preventing and/or mitigating potential situations that could compromise business continuity.*

At Pietro Fiorentini **Customer Centricity** represents a qualifying lever of its business model. This approach, associated with the principle of continuous improvement, has in fact allowed the Group to become a leader in its reference markets by improving competitiveness and allowing it to respond more efficiently to customer medium-long term needs.

The lean approach has in fact made it possible to **prioritise the activities with the highest added value**, overturning the classic strategic approach based on product, thereby benefitting customer needs. The Group has implemented the "agile" methodology alongside the "lean" approach, with the main benefits being **frequently and continuously listening to the customer**, to take on suggestions and modify the requested product or service as it is being delivered.

To analyse its corporate performance as a whole, the Group has introduced a "**Balanced Scorecard**"<sup>7</sup>, a strategic management tool that takes into consideration, to complete the organisation's assessment of the economic and financial results, both the customer's (in terms of customer satisfaction and level of loyalty, for example) and the internal perspective (to improve the organisation's processes). On top of these are the perspectives concerning the themes of innovation and learning, with the aim of identifying the levers of business development, processes concerning human resources and internal organisation in a long-term perspective.

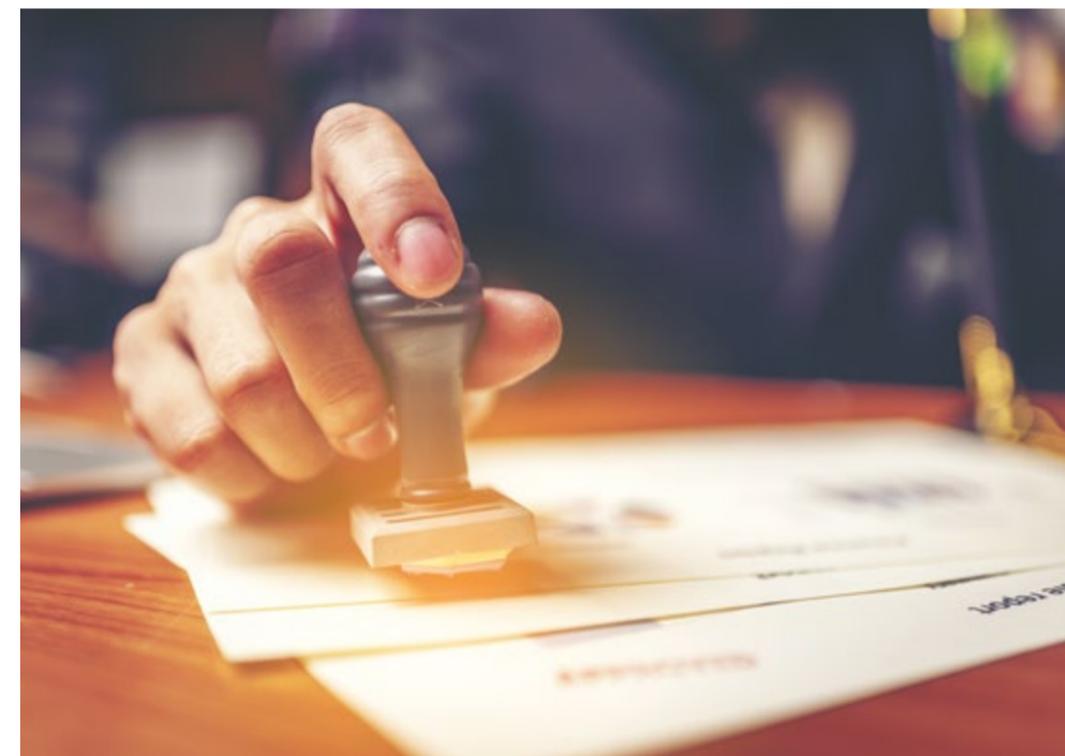
<sup>7</sup> The Balanced Scorecard is a supporting tool in the business' strategic management that makes it possible to translate the mission and strategy of the business into a set that is consistent with performance measurements, facilitating measurability. The tool was created in the '90s by Norton and Kaplan with the aim of resolving the limitations of traditional monitoring models, as well as translate competitive strategies into performance indicators (scorecards) ensuring balance between short-term performance, measured through financial parameters, and non-financial factors that should guide the business to greater and long-term sustainable performance.

## ALL-ROUND QUALITY

The pursuit of the Group's Purpose of "technologies and solutions for a digital and sustainable world" is based, among other things, on a strategic and operational priority that is fundamental for Pietro Fiorentini: quality, understood as **Total Quality Management**, i.e. an approach based on an actual **culture shared throughout the entire organisation**. From this point of view, quality is not only understood as the continuous updating of management systems, as required by ISO 9001 certification, but also as an approach based on the **involvement of all collaborators** and aimed at pursuing **long-term success**, thanks to constant customer satisfaction. Precisely because the theme of quality permeates all processes and is a key criterion

that guides the performance of internal activities, the Group has set up a **dedicated staff department** defined as "**Quality Assurance**" which aims to manage the pertaining issues **in an integrated and transversal way**. Each Division and Company in the Group also has a dedicated technical office, responsible for constantly verifying conformity of both product and production process in the areas of its competence.

The Quality Assurance department constantly interfaces with the referents and technical offices of the subsidiaries, in Italy and abroad, ensuring continuous updating of both the development and conformity of products and the reliability of production processes and supporting processes.



## PRODUCTS AND SERVICES TO RESPOND TO CUSTOMER NEEDS

**Innovation and continuous research allow** Pietro Fiorentini to ensure the maximum satisfaction of its customers, while also seizing challenges linked to the energy transition and digitisation of the networks. The Group's skills and know-how make it possible to provide the customer with a complete range of products, systems and services, offering complete end-to-end solutions with a high added value.

Pietro Fiorentini is able to supply devices for the entire natural gas supply chain, and not only, such as pressure regulators, valves, filters and safety devices, in addition to the supply of traditional and smart meters for residential or industrial use and a series of data loggers and volume correctors to help digitise gas networks.

The products, manufactured in the various production sites around the world, are made with the aim of ensuring **the best quality and safety performance for the customer**: the latter aspect is crucial in light of the Group's core business, and it is for this reason that Pietro Fiorentini periodically assesses the risk and conformity of products and processes. Furthermore, **product safety** must be considered on the broader spectrum, i.e. not only in terms of customer and end user health and safety, but also in terms of **continuity of the service**, the reason why the Group is adopting specific measures concerning supply chain management. The same attention is paid to ensuring continuity in the production processes, thanks to careful and continuous monitoring of risks, especially for the IT aspect regarding the management of plants and machinery.

The same quality and safety criteria are taken into consideration to provide **customised systems** (oil or gas treatment, gas overpressure protection, gas odourisation systems, gas pressure and metering control, systems for Smart Gas Grids and renewable energies **based on customer needs**: from pressure and metering control stations to the more complex gas treatment plants, also offering feasibility studies, engineering, construction, checks, automation, installation and continuous assistance activities.

A vast range of services, from remote and on-site, that range from the complete management of gas treatment plants to the most innovative solutions connected to the biogas upgrading and biomethane injection process: Pietro Fiorentini offers **a complete service**, from design to after-sales support, thereby representing a **single reference** for all customer needs.

To ensure the best performance levels in relation to its clientele, Pietro Fiorentini has defined specific roles and responsibilities through **dedicated departments** (in particular the Sales, Global Marketing and Quality Assurance Offices) that manage the dialogue with and involvement of the customer, in view of continuous improvement. Customer proximity also translates into an actual **geographic proximity**, made possible by the global presence of the subsidiaries and the increasingly consolidated network of the Group's distributors. In fact, these distributors are a fundamental reference for customers and a key player in Pietro Fiorentini's value chain.

## END-TO-END SOLUTIONS WITH HIGH ADDED VALUE

## INTERACTION AND INVOLVEMENT

The Group has defined various tools, sometimes specific, for the *Value Stream*, with the objective of **monitoring the customer satisfaction level**. By way of example, these include:

- **NPS-Net Promoter Score questionnaires**, that record the satisfaction level in terms of the products and sales services of the Group's companies, and the availability of the customer to provide an "active reference" of the Pietro Fiorentini purchasing experience;
- **the EOC-VOC** (Environment of the Customer/Voice of the Customer) tool, on the other hand, is aimed at translating needs and any criticalities emerging from the exchange with the customer, more specifically, the development of new products.

The *customer satisfaction* analysis categories cover various aspects that range from personnel reliability to promptness in providing the required responses; or even, from the suitability of engineering resources (software, programs and reporting) up to the assessment about the overall perceived quality, considering the entire scope of the supply (products and services).

Also, since 2019, Pietro Fiorentini has started a **Customer Relationship Management** (CRM) tool that has made it possible to improve the relationship with the customer, who is increasingly more central to the company processes. In fact, the platform capitalises information on market and customers, anticipating their needs. Within the CRM, an ad hoc *issue management* function has also been set up (accessible to the reference people of multiple departments), that can be used to provide evidence of any criticalities reported by customers, in order to offer them a concrete response, continuously improving the provided service. The next objective is to improve safety and integrate the platform with additional functions dedicated to the specific needs of the marketing department.

In 2020, to support **customer interaction and involvement**, the migration of the B2B portal to a new platform was also launched, improving the user experience of customers and offering them a simpler and more complete tool for order configuration. The same platform will also be implemented, this time in view of B2C, to allow other companies in the Pietro Fiorentini Group and select distributors to offer the same service to their respective customers.

## INFORMATION & PRIVACY PROTECTION

Today, **digitisation** represents one of the most important challenges at a global and strategic level for the Pietro Fiorentini business model. For this reason, the Group has implemented a **specific management model for privacy management, in compliance with regulations in force**, which is constantly updated based on the evolution of the activities and changes within the Group.

Additionally, it is specifically the constant growth and the type of business pursued by Pietro Fiorentini that increasingly requires attention to Information Security issues, with the goal of limiting and mitigating risks that may undermine the confidentiality, integrity and availability of information.

In this regard, the Parent Company is certified according to **standard ISO/IEC 27001**, an international standard that defines the requirements for an **Information Security Management System (ISMS)**. The objective of the certification, obtained for the first time in 2018 and periodically reviewed by third party auditing, is therefore to further protect information and ensure greater trust by the stakeholders, especially its customers.

Starting from what are considered the **key elements** necessary to ensure information security, namely **confidentiality, integrity and availability**, Pietro Fiorentini carries out periodic internal audits and analyses, at scheduled intervals, to assess the completeness, functionality and adequacy of the internal control system.

To reduce risks and better monitor potential threats, vulnerabilities and incidents, PF also proceeds with network segmentation, operating system updating and starting new projects aimed at obtaining a Zero Trust security model, capable of ensuring the protection of company data both inside and outside the organisation.

Pietro Fiorentini also implemented the position of **Information Security Manager (RSI)** in charge of defining, reviewing and monitoring objectives, implementation, achievement of compliance with the reference legislation and the continuous improvement of the ISMS. The security objectives are constantly evolving and can be updated based on new business requirements, the development, modification of the company IT system, internal audits, the results of the risk analysis and the legal requirements in the field of security and privacy.

Pietro Fiorentini's approach, in this area as well, is aimed at creating the conditions to involve and create awareness among all stakeholders, starting with its own collaborators.

For this reason, the Group is investing heavily in raising awareness on data security, through periodic training in e-learning mode.



### Documents that regulate Information Security at Pietro Fiorentini

#### INFORMATION SECURITY MANUAL

This describes the company policy regarding information security, with the aim of defining the purposes, direction, principles and basic rules to guarantee the confidentiality, integrity and availability of the set of information and company assets, consistently with the objectives and the guidelines of the Group, according to the context of reference (customer needs, market, regulations).

#### SECURITY POLICIES

These focus on the various areas that contribute to information security management, indicating the activities to be implemented and defining their responsibilities.

#### SYSTEM PROCEDURES

These accompany the security policies by defining, through models and methodologies, how such policies must be implemented.

#### OPERATING MANUALS

These describe the operating steps that need to be performed to complete specific activities and they define the actions that personnel must follow.

# TERRITORY AND COMMUNITY

*At Pietro Fiorentini we have always placed not only customers and employees in great consideration, but also the entire community. Also during the crisis of the pandemic, Pietro Fiorentini demonstrated its support to the local communities through numerous initiatives and investments in resources.*

At Pietro Fiorentini we have always placed not only customers and employees in great consideration, but also the entire community. In fact, the Group's commitment is not only based on the provision of products and services capable of meeting extremely high standards in terms of quality and safety, but also an attention to all of the people who are part of its ecosystem, with the aim of representing an important **point of reference for local communities**.

From investments to increase safety in the workplace, to training and collaboration initiatives with schools and universities, from val-

uing diversity and inclusion to relations with local communities, up to innovation projects aimed at making the future more accessible for everyone. For Pietro Fiorentini, creating **development programs for the territory** means improving **general well-being**, not only through the creation of employment but also by interacting with the realities it operates in.

Throughout 2020, the initiatives developed in favour of the communities and the local territory were targeted at three macro-areas of activity, in particular:



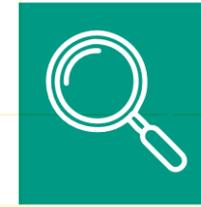
**SUPPORTING COMMUNITIES DURING THE COVID-19 EMERGENCY**



**SOCIAL INITIATIVES FOR THE TERRITORY**



**WEB ACCESSIBILITY FOR EVERYONE**



## The initiatives to fight the Covid-19 emergency

Following the spread of the Coronavirus, demonstrating its awareness that the business must contribute to the communities where it operates, Pietro Fiorentini intervened on several fronts. In China, Pietro Fiorentini sent medical supplies to the **Red Cross of Wuhan** (the location that the epidemic initially spread from), which took care of delivering the material to Wuhan Gas, a gas distribution company of the area and historical customer of the Group that Shanghai Fiorentini has had relations with for about 20 years. Specifically, the following were sent:



**3,000 MASKS**



**100 PROTECTIVE COVERALLS**



**500 PACKS OF SANITISER**



**1,000 PROTECTIVE GLASSES**

Furthermore, all 490 colleagues at Shanghai Fiorentini, including those located at the Wuhan Gas site, were constantly monitored together with their family members to prevent contagion, both during the most critical phase of the spread of Covid-19 and in the following months.

In Italy, Pietro Fiorentini wanted to make a direct contribution by donating 100,000 euros to the **Fondazione San Bortolo di Vicenza**. The donation allowed the Foundation to help the Vicenza Hospital purchase the machinery and tools necessary for the treatment of patients suffering from Covid-19. The donation provided major support to the work of the nurses, doctors, scientists and volunteers, the tireless heroes of this pandemic. Pietro Fiorentini also donated 10,000 FFP2 masks directly to **the San Bortolo Hospital in Vicenza**. These measures are in addition to the effort that the Group made to protect the health of its employees, particularly thanks to the activation of an ad hoc insurance policy for the Covid-19 emergency, which also provided an important social impact: the insurance company indeed agreed to donate 1 euro to a Milanese hospital for each person with an insurance policy.



The **Fondazione San Bortolo Onlus** is a non-profit association founded in 2008 by a group of citizens who decided to **support the Vicenza Hospital** help the sick, from children to the elderly. The Foundation raises funds for the purchase of new high-tech equipment and the improvement of hospital departments to the benefit of workers and patients, also developing aid initiatives such as study and training scholarships.

## SOCIAL INITIATIVES FOR THE LOCAL AREA

Pietro Fiorentini interacts with the community to promote sustainability and good practices in the local area through an **approach based on listening, collaboration and attention to social aspects**. Additionally, considering the particularly complex period, the Company endeavoured to strengthen, wherever possible, its social commitment towards local associations. The sudden closure of the company restaurant in Arcugnano in March 2020 caused an unexpected stock of perishable foodstuffs. Pietro Fiorentini therefore decided to avoid any food waste by donating over 900 kg of supplies, including over 500 kg of vegetables and 250 kg of fruit, to the **Caritas of Vicenza**.



OVER  
**900 kg**  
OF STOCK WAS  
DONATED TO AVOID  
FOOD WASTE

With the intention of helping, albeit to a small extent, struggling people to enjoy a more peaceful Christmas, at **the holidays** all of the gifts and gift packages received from suppliers and consultants were donated to the **Caritas Diocesana Vicentina** and to the **Caritas Ambrosiana of Milan** while the Rosate office donated the furniture previously used in its guesthouses to the **Casa della Carità of Lecco**.

Aware that in recent years the consumption of plastic has been increasing the level of pollution and that the possibility of recycling it is an ever important issue, in 2019 Pietro Fiorentini launched a **bottle cap recycling initiative**, combining this project with solidarity purposes on a local level. In fact, the Group has chosen to contribute to the mission of two associations in the province of Vicenza: the **Associazione Progetto Valentina**, a non-profit organisation founded for the aim of promoting social initiatives, among others, to support the population of Madagascar, and **Brain - Associazione Traumi Cranici**, a foundation that has been operating for over 20 years with the aim of achieving the best social reintegration of people who have suffered head trauma. Both associations collect caps and resell them to factories that recycle them, and donate the proceeds to important social causes.



## Accessibility and transparency: web for everyone

Pietro Fiorentini considers **access** to information as an essential element in the relationship with its stakeholders and firmly believes that allowing the use of websites, also by people with greater challenges, is a fundamental step in respect towards all users.

With these prerogatives, in their rethinking of the layout and contents of the **new corporate website**, the communication team aimed to guarantee the **maximum level of navigation for all users**, guaranteeing the use of information also to people who, due to disabilities (visual, auditory, motor or cognitive) require assistive technologies or particular configurations, inspired by the activities of the **Web Accessibility Initiative (WAI)**<sup>8</sup> and its **Web Content Accessibility Guidelines (WCAG)**, which establish a series of guidelines for the implementation of web projects.

This choice entailed studying and implementing a series of solutions, both technical and regarding the structure of the contents which, also thanks to the support of a consultancy firm specialised in the field, granted the new **fiorentini.com** site evaluation and certification in accordance with WCAG 2.1 guidelines at level AA<sup>9</sup>. For Pietro Fiorentini, complying with these guidelines is a responsibility<sup>10</sup> and a concrete commitment towards the objective of doing its part in **making the web an accessible system for everyone**.



<sup>8</sup> The Web Accessibility Initiative (WAI) is promoted by W3C, the worldwide consortium that lays out standards and rules for the publication of websites by periodically issuing WCAG, Web Content Accessibility Guidelines.

<sup>9</sup> The scale is composed of three levels, from "A" to "AAA".

<sup>10</sup> Italian Law only requires the Public Administrations to comply with these responsibilities.

# 6 TRANSPARENCY AND INTEGRITY

110 GOVERNANCE AND ORGANISATION  
114 RISK AND OPPORTUNITY MANAGEMENT

## SUSTAIN- ABILITY *to be ethical*

**ZERO**  
CONFIRMED  
EPISODES OF  
CORRUPTION

**56**  
AUDITS  
CONDUCTED  
IN 2020



**480**  
HOURS OF TRAINING  
PROVIDED ON COMPLIANCE  
AND ANTI-CORRUPTION  
IN 2020

We believe that operating ethically means thinking, acting and communicating responsibly in every situation. For this reason, we adopt a governance model based on clear, shared and transparent rules.

# GOVERNANCE AND ORGANISATION

Pietro Fiorentini bases its business model on a structured governance system, which makes it possible to pursue medium-to-long term corporate objectives, in keeping with the **principles of transparency and integrity that the Group's identity is founded on**. The corporate governance system, fundamental for ensuring the creation and maintenance of upright and transparent relations between the Group and its stakeholders, is ordinary, i.e. it involves the presence of two bodies appointed by the shareholders' meeting, representative of the wishes of the shareholders: one administrative and one control body, the members of which remain for a term of three financial years.

## ADMINISTRATION AND CONTROL BODIES

### BOARD OF DIRECTORS

CRISTIANO NARDI Chairman

MARIO PIETRO NARDI Chief Executive Officer

PAOLO NARDI Managing Director

SILVANA FIORENTINI Director

### BOARD OF STATUTORY AUDITORS

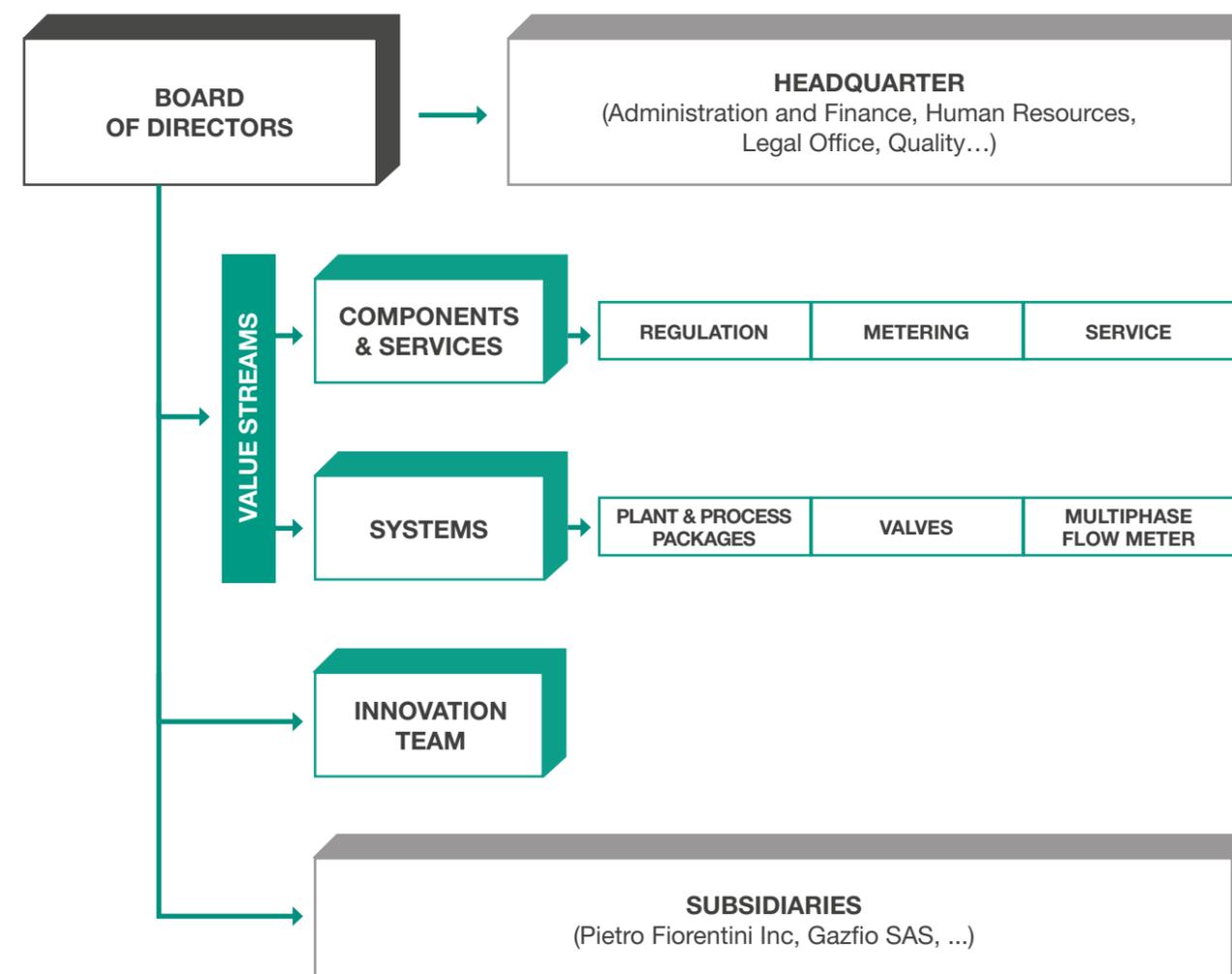
FABIO MARIA VENEGONI Chairman of the Board of Statutory Auditors

PAOLO GUALTIERO TARGA Statutory Auditor

STEFANO CERNUSCHI Statutory Auditor

DANIELE FOSSATI Acting Statutory Auditor

The organisational structure of Fiorentini also consists of General Management, two business units, namely "Value Stream Systems" and "Value Stream Components and Services" (with all the functions of an ordinary production process being represented within each) and the Innovation team. There are also Staff Functions, i.e. strategic functions supporting the Organisation that report to the Board of Directors.



The governance model is based on the **Charter of Values** which encompasses the ethical principles that guide the daily work of all collaborators at Pietro Fiorentini, and on a **Code of Conduct**, shared both internally and with external stakeholders.



### Code of Conduct

Pietro Fiorentini is inspired by the principles of honesty, good faith, loyalty, fairness, transparency, efficiency and openness to the market: all of the activities, along the entire value creation chain, must in fact be distinguished by compliance with these principles. And it is specifically in line with these values that the **Code of Conduct** was prepared, as it presents the rules of conduct that all, and not limited to, collaborators and employees must adhere to when they interface with people outside of the company, primarily the Public Administration, suppliers and customers. The Code governs the management of relations with internal and external stakeholders, especially in relation to human resources in a view of equal opportunities, training and compliance with the "Charter on internships", as well as the fight against child labour and forced labour.

## INTERNAL CONTROL SYSTEMS

The Board of Directors is responsible for Pietro Fiorentini's **internal control system**, and it establishes guidelines and periodically assures its adequacy and actual functioning, ensuring the company's main risks are identified and managed correctly. The internal control system is based on the existence of the **Code of Conduct and a procedural system**, composed of manuals, operating instructions and internal notifications. The system set up in this way makes it possible to govern the relevant processes clearly and effectively and to provide operating modes and control measures to perform company activities.

Over the course of 2020 four dedicated meetings were held with the Board, the Supervisory Board and the Board of Statutory Auditors. There are also external control Bodies appointed directly by the Board of Directors: the Board of Statutory Auditors, the Supervisory Board (appointed pursuant to Lgs. D. 231/2001), the Independent Auditing Firm and the Quality, Safety and Environmental Certification Bodies. Lastly, in 2013, the Company set up the Inspection and Legal Metrology Body for the execution of periodic audits (carried out solely in Italy) on gas meters and conversion devices according to It. Ministerial Decree of the Ministry of Economic Development 75/2012, superseded by Ministerial Decree of 21 April 2017, No. 93 and standard UNI CEI EN ISO/IEC 17020.

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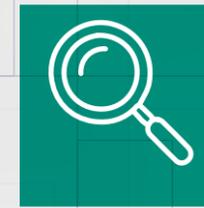
## MANAGEMENT, ORGANISATION AND CONTROL MODEL

In observance of Legislative Decree of 8 June 2001 no. 231 ("Decree"), which introduced a system of administrative responsibility of the Bodies into the Italian legal system, Pietro Fiorentini S.p.A prepared its own **Management, organisation and control model** ("Model"), updated in light of company and organisational changes as well as changes to regulations<sup>1</sup>. The Model

fulfils the need to create an organic and structured system of guidelines, operating procedures and specific control measures intended for everyone operating for and on behalf of the company or who maintains relationships of collaboration with the organisation so that they may adopt a fair and linear conduct, and thereby **prevent the risk of committing the crimes covered by the Decree**. The Model allows everyone learning information relative to committing crimes or facts that are not compliant with the rules of conduct set forth by the Code of Conduct, to report it to the Supervisory Board, through a dedicated post box or e-mail. Additionally, a "Report box - Supervisory Board" has been set up in various production areas and offices of the local Pietro Fiorentini sites: collected reports are sent to the Supervisory Board, who may proceed with investigation and, if necessary, take due measures. Any information and/or report received by the Supervisory Board is strictly confidential, also based on the whistleblowing principle, with special reference to protecting the reporter.

In compliance with Confindustria's "Guidelines for building Organisation, Management and Control Models", Pietro Fiorentini **fosters the knowledge and awareness of the principles of the Model** throughout all of the companies in the Group. As for the Italian subsidiaries, they need to align with the general standards and principles adopted by the Parent Company in the Model, taking into account the special features of the company's situation and the reference sector; in the same way, Pietro Fiorentini incentivises its foreign subsidiaries to adopt the guidelines that are based on the general principles and control procedures set forth by the Model. This activity refers to episodes of corruption in particular, towards both public and private subjects.

## TRAINING AWARENESS PREVENTION



### Our commitment to fighting corruption

At Pietro Fiorentini, the commitment to sustainable business management is guaranteed by a system of responsibilities, defined on the level of government and control bodies, through processes, procedures and dedicated tools. The attention to themes of anti-corruption falls within the broader context of ethical integrity, as set forth in the **Code of Conduct** and in keeping with the Model to prevent public and private corruption crimes. This commitment not only translates into close supervision of the Group's activities, but also constant attention to relationships with the counterparties.

Pietro Fiorentini annually shares and **trains its top positions and employees** on the themes of compliance and anti-corruption. This commitment and attention stems not only from the need for company protection, but also on Pietro Fiorentini's wish to create awareness among those who work at the group, in reference to themes of 231. Over the course of 2020, through the implemented measures, **there were no confirmed episodes of corruption**.



## 480 HOURS

OF TRAINING ON COMPLIANCE AND ANTI-CORRUPTION IN 2020

## TAX STRATEGY

Pietro Fiorentini performs its activities in full compliance with the laws and according to the principles of transparency, fairness and integrity, also based on the content of the Code of Conduct. The Group has developed a **consolidated approach** aimed at guaranteeing the fulfilment of the applicable regulations, monitoring the evolution and ensuring suitable management of the various fulfilments required by law. The tax governance system is structured to guarantee the measures of the theme and is implemented through personnel within Management, Administration and Finance in charge of managing tax fulfilments, in close and continuous collaboration with a specialised external firm. Also, by monitoring the adequacy of the internal procedures and processes, the Organisation **supervises the risks of tax-related non-conformity** to prevent and mitigate any negative impact in terms of sanctions and/or reputation.

Overall, on a strategy and operational level, Pietro Fiorentini adopts a **prudential tax strategy** whereby all of the M&A (Merger & Acquisitions) operations are conducted on the basis of a well-defined strategy and in full compliance of the market regulatory standards, favouring "local-for-local" production and distribution as much as possible and thereby avoiding any type of delocalisation practices.

<sup>1</sup> The preparation and updating of this OMM was also inspired by the Guidelines issued by Confindustria in March 2002 and most recently updated in March 2014.

# RISK AND OPPORTUNITY MANAGEMENT

With the aim of dedicating growing attention to company risk monitoring and management, in the early months of 2020 the position of **Group Insurance & Risk Manager** was created, whose activities mainly concern identifying, assessing and monitoring risks with the aim of preventing and mitigating potential negative impact all the while seizing the possible opportunities.

The companies of the Fiorentini Group in fact started formal **Enterprise Risk Management**, i.e. **an integrated risk management system**, as a continuous process for identification, measurement, control and mitigation of risk sources aimed at optimal risk management with the aim of maximising the tangible and intangible economic value of the Organisation and the Group. This **structured risk management**, in keeping with the best practices and in compliance with the main regulatory requirements in force, guarantees conducting the activities in line with the company's objectives, promoting decision-making based on awareness and ensuring the efficiency and efficacy of the internal processes, in addition to the reliability of the financial policy.

By updating the **Company Risk Catalogue**, the system makes it possible to identify, measure and control the level of exposure of the Organisation to the various risk factors, as well as implement the control measures and procedures to highlight anomalous situations. The main non-financial risk factors that the Group is exposed to are those connected to the **external context**, especially regarding **climate change** and **the evolution of the regulatory framework** of the reference sector.

For Pietro Fiorentini, risk governance is an increasingly strategic aspect to provide the

business with continuity and to respond to customer needs in an increasingly adequate way: for this reason, the objective of the Group is to strengthen risk management, integrating it more with the **ESG themes** (Environment, Social and Governance) and, more specifically, with the material aspects, emerging from the involvement of the main stakeholders (internal and external) and formalised in the materiality matrix. Starting from the risk map, in fact, the main risks pertaining to the Group's major themes of sustainability were identified, as well as the relative management and mitigation methods.

From the analysis a number of potential operational risks emerged, relative first and foremost to the **environment and innovation**, referring to the Group's ability to promptly fulfil the demand for innovation in terms of **product development and services** able to effectively respond to the current changes in the sector (renewables, biogas, digitisation). Another category of potential risks is that of **human capital**, i.e. those risks connected to the Group's capacity to attract and retain **the best talent** and constantly foster skills and professional growth. This section also covers the risks linked to **staff health and safety** (not limited only to salaried staff) both during daily work activities (especially when connected to the use of specific machinery), or caused by extreme natural calamities that could not only damage production sites, but mostly personal safety. Lastly, the risks linked to the **supply chain** are analysed in terms of continuity of the supplies, regulatory compliance and reliability of the suppliers in terms of

quality, safety parameters and increasing compliance with sustainability (the environmental and social performance of the suppliers).

Of the various types of risk accounted for in the risk map and in consideration of the global scenario (shown in greater detail in the "Climate change and risk and opportunity management" box), Pietro Fiorentini is assessing whether to integrate more extensively its analysis in relation to the impact generated and undergone in relation to **climate risk** and the relative expenses (also based on the evolution of the regulations), involving the company functions that specifically look at environmental and energy themes.

On the theme of climate change, also thanks to the existence of a well-defined and efficient organisational and governance structure, the Group was able to seize the current transformations and is now in the front line of contributing to transforming potential risks deriving from the current climatic situation into concrete opportunities: in this context, in fact, the Group's investments and constant Research & Development activities connected to the theme of **energy transition** come into play.

## HUMAN CAPITAL SUPPLY CHAIN ENVIRONMENT





## Climate change and risk and opportunity management



**Climate change** has always been the most significant environmental and societal challenge of our times. In the “Global Risk Report”, the World Economic Forum poses climate change as one of the most significant risks for the community, highlighting the connection with social and geopolitical risks (such as mass migrations, pandemics, etc.). Businesses increasingly consider climate risk as a **key-risk** with significant impact not only on local communities but also on their capacity to achieve their business objectives.

Aligning with international objectives is the **Green Deal**, presented by the European Commission in 2019, which sets the goal of a **zero-emissions economy by 2050** and underlines the urgency to decarbonise consumption and clear the fingerprint of all production activities. The commitments of the single member States are formalised in the **Integrated National Energy and Climate Plan (INECP)**: the Italian one pursues a safer and more sustainable energy system. For the same purpose, in 2020, the Commission approved the EU Methane Strategy, which defines measures to reduce methane emissions in the energy sector, with special attention to leaks in gas infrastructures, and presented the **Energy System Integration Strategy** and the **Hydrogen Strategy**, both aimed at reaching the objective of carbon neutrality by 2050, placing hydrogen as the focus. Following the spread of the pandemic, to repair economic and social damage, the EU developed a recovery plan that pursues the same prerogatives of sustainable growth and carbon neutrality: the **Next-GenerationEU**. €1.8 billion have been allocated, 30% of which is reserved to fighting climate change, the all-time highest percentage. On a national level, the **National Recovery and Resilience Plan (NRRP)** was approved, where the ecological transition, i.e. the process that will accompany the world towards a greater use of renewable sources and a more sustainable economic model, is one of the fundamental strategic lines.

In this context, the world of energy has started a historical transformation for the future of the sector, which will profoundly affect the life of the planet. All companies are required to face the continuous challenge to guarantee access to energy through sources and processes tending towards **decarbonisation**. The International Energy Agency (IEA) has highlighted how the effects of the pandemic have impacted the energy sector more than any other event in recent history: it is still hard to understand whether the crisis can speed up the change or, vice versa, put the brakes on it.

In this scenario, the **role of natural gas and the distribution networks** is crucial to aid transition, the latter through extensive networks that make them **strategic assets for the transmission of renewable gases**. By committing to making the entry of renewable gases into the distribution network possible, obtaining gas from biological waste, fostering models based on sustainability and circularity in the use of resources, aiding digitalisation and the development of innovative technological processes, the gas supply chain has the chance of actively and significantly contributing to achieving international and national objectives, mitigating risks and at the same time seizing opportunities linked to climate change.

## THE MANAGEMENT SYSTEMS IMPLEMENTED FOR THE OPERATIONAL ACTIVITIES

Pietro Fiorentini Group considers all of its activities through a lens of **continuous improvement**, and this also applies to its social-environmental performance. With this intention, Pietro Fiorentini has obtained a series of **management system certifications** (the main ones are presented in the table below) which help promote on-going improvement through forecasting and constantly updating internal policies, procedures and organisational systems. The Group’s companies have policies and procedures aligned with those of the Parent Group, although they may have not always formally adopted a management system formalised according to International standards.

### CERTIFICATION

#### Quality management system (UNI ISO 9001:2015)

Perimeter of application:  
Pietro Fiorentini Group

#### Environmental management system (UNI ISO 14001:2015)

Perimeter of application:  
Pietro Fiorentini S.p.A.  
TIV Valves Srl

#### Health and Safety Management (UNI ISO 45001:2018)

Perimeter of application:  
Pietro Fiorentini S.p.A.  
TIV Valves Srl

#### Information Safety Management System (ISO/IEC 27001:2013)

Perimeter of application:  
Pietro Fiorentini S.p.A.

### DESCRIPTION

Since 2009, Pietro Fiorentini has implemented and maintained an ISO 9001 Quality Management certification System. This System helps guarantee the product and service quality level and fulfil the market needs, in line with the contents of the Quality Policy and the internal procedures.

Since 2013, Pietro Fiorentini has implemented the ISO 14001 Certified Environmental Management System, as an integral part of the company’s management system, with the aim of fulfilling the obligations of legislative conformity and tackling and assessing any risks and opportunities.

Since December 2020, Pietro Fiorentini has implemented a Workers Health and Safety Management System in line with ISO 45001 (which replaces the previous BS OHSAS 18001).

Since 2018, Pietro Fiorentini has implemented an Information Safety Management System in line with standard ISO/IEC 27001. The standard defines the requirements to ensure the integrity, confidentiality and availability of the company’s sensitive data.



**56**  
TOTAL AUDITS  
IN 2020

**41**  
INTERNAL AUDITS

**15**  
EXTERNAL AUDITS

In addition to the company certifications and in consideration of the business type, Pietro Fiorentini has also obtained a series of **certifications dedicated to product and service**. With the aim of ensuring and testing the efficacy of existing management systems, Pietro Fiorentini S.p.A implements **periodic internal audits** (with dedicated teams) which, in 2020, were 41. On top of these there are the **annual tests conducted by an accredited third party body**.

# APPENDIX

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APPENDIX

APPENDIX

# MANAGEMENT OF ENVIRONMENTAL IMPACTS

## ENERGY CONSUMED WITHIN THE ORGANISATION<sup>1</sup>

GRI STANDARD 302-1

	2019	2020
<b>ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES</b>		
DIRECT ENERGY CONSUMPTION		
└ Natural gas [m <sup>3</sup> ]	609,612	679,617
└ Fuel oil (for heating) [l]	2,000	2,500
└ Diesel (for car fleet) [l]	287,000	273,220
INDIRECT ENERGY CONSUMPTION		
└ Electricity [kWh]	6,695,651	7,335,400
└ Thermal energy (from district heating) [kWh]	395,742	345,980

## ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES [GJ]

	2019	2020
DIRECT ENERGY CONSUMPTION		
└ Natural gas	24,245	26,931
└ Fuel oil (for heating)	85	107
└ Diesel (for car fleet)	10,949	10,409
INDIRECT ENERGY CONSUMPTION		
└ Electricity	24,104	26,407
└ Thermal energy (from district heating)	1,425	1,246
<b>Total energy consumption</b>	<b>60,808</b>	<b>65,100</b>

## ENERGY INTENSITY<sup>2</sup> [GJ / ml €]

GRI STANDARD 302-3

	2019	2020
ENERGY INTENSITY	<b>0.2071</b>	<b>0.1774</b>

<sup>1</sup> For 2019, Pietro Fiorentini Inc. is excluded from the perimeter for the direct and indirect energy consumption calculation as it does not have a precise data monitoring system. For 2020, Pietro Fiorentini Inc. and Gazfio SAS are excluded from the perimeter for the vehicle fleet consumption calculation, as this data is not tracked (the latter company began a progressive fuel card distribution campaign to employees in 2021, to allow the consumption of the fleet to be partly monitored as of 2021, and fully in 2022). The same perimeter limitations are subse-

quently also reflected in the direct Scope 1 and indirect Scope 2 GHG emissions calculation.

<sup>2</sup> The calculation of the energy intensity refers to the ratio between direct and indirect energy consumption within the organisation, in GJ, and the Group's turnover in thousand € (obtained with the same perimeter limitations that apply to the data provided for the GRI 302-1 indicator, i.e. not considering the data relative to the year 2019 for Pietro Fiorentini Inc. in the calculation).

## DIRECT (SCOPE 1)<sup>3</sup>, INDIRECT (SCOPE 2)<sup>4</sup> AND OTHER INDIRECT EMISSIONS (SCOPE 3) OF GHG<sup>5</sup>

GRI STANDARD 305-1,2,3

	2019	2020
<b>SCOPE 1 EMISSIONS [t CO<sub>2</sub>eq]</b>		
└ Natural gas	1,238	1,374
└ Fuel oil (for heating)	6	8
└ Diesel (for car fleet)	745	696
<b>Total Scope 1 emissions</b>	<b>1,989</b>	<b>2,078</b>
<b>SCOPE 2 EMISSIONS [t CO<sub>2</sub>e]</b>		
└ Electric energy – Location based	2,021	2,231
└ Thermal energy (from district heating)	82	72
<b>Total Scope 2 emissions</b>	<b>2,103</b>	<b>2,303</b>
<b>SCOPE 3 EMISSIONS [t CO<sub>2</sub>eq]</b>		
└ Work trips by plane	1,590	455
└ Work trips by train	2	1
└ Work trips with rented car	20	9
<b>Total Scope 3 emissions from work trips</b>	<b>1,612</b>	<b>465</b>

## NITROGEN OXIDES (NO<sub>x</sub>), SULPHUR OXIDES (SO<sub>x</sub>) AND OTHER EMISSIONS<sup>6</sup> [kg]

GRI STANDARD 305-7

	2019	2020
└ Volatile organic compounds (VOC)	9,222	6,057
└ Total dust	344	184
<b>Total</b>	<b>9,566</b>	<b>6,241</b>

<sup>3</sup> The factors used for the calculation of the Scope 1 direct emissions expressed in tonnes of equivalent CO<sub>2</sub>, are supplied by the Department for Business, Energy & Industrial Strategy (BEIS) respectively in versions 2019 and 2020.

<sup>4</sup> Scope 2 emissions of electricity, expressed in tonnes of CO<sub>2</sub> in light of the negligible effect on the total GHG emissions of methane and nitrogen oxide (as stated in the main literature) are calculated according to the "Location based" method which involves the use of average emission factors relative to the specific national energy mix for the production of electricity (supplied, according to the data of 2019 and 2020, by TERNA 2018). Without any specific contractual agreements in 2019 and 2020 signed by the companies of the Group for the purchase of certified electricity from renewable sources, the calcu-

lation through "Market-based" approach was deemed applicable. The emission factor supplied by ISPRA 2018 for heat production was used for the calculation of Scope 2 emissions of thermal energy from district heating.

<sup>5</sup> Scope 3 indirect emissions referring to work trips by plane, train and rented car are calculated using the emission factors published by the Department for Business, Energy & Industrial Strategy (BEIS) in the 2019 and 2020 editions. For emissions relative to rented cars, the data (referring to Pietro Fiorentini Spa only) was considered entirely as diesel as it was not possible to make the distinction between mileage in diesel and in petrol fuelled cars.

<sup>6</sup> The data refers only to Pietro Fiorentini S.p.a and TIV Valves S.r.l. For Gazfio SAS, in 2021 emissions other than GHG coming from the foundry and boilers were metered.

**COMPOSITION OF THE CORPORATE FLEET,  
BY VEHICLE TYPE, OWNERSHIP AND FUEL [n]**

	GRI STANDARD 302-1					
	2019			2020		
	Property	Rental / Leasing	Total	Property	Rental / Leasing	Total
└ Trucks	19	57	<b>76</b>	16	59	<b>75</b>
└ Cars	12	103	<b>115</b>	7	120	<b>127</b>
└ Public works vehicles	-	-	-	1	-	<b>1</b>
└ Mechanical equipment	22	34	<b>56</b>	31	35	<b>66</b>
<b>Total vehicles</b> of which	<b>53</b>	<b>194</b>	<b>247</b>	<b>55</b>	<b>214</b>	<b>269</b>
<i>petrol fuelled</i>	6	2	<b>8</b>	7	2	<b>9</b>
<i>diesel fuelled</i>	26	158	<b>184</b>	18	177	<b>195</b>
<i>electric</i>	21	34	<b>55</b>	30	35	<b>65</b>

**WATER WITHDRAWAL<sup>7</sup> [MI]**

	GRI STANDARD 303-3	
	2019	2020
<b>UNDERGROUND WATER</b>	<b>21.9</b>	<b>28.2</b>
└ fresh water (≤1000 mg/L of total dissolved solids)	20.4	26.2
└ other types of water (>1000 mg/l of total dissolved solids)	1.5	2.0
<b>THIRD PARTY WATER RESOURCES</b>	<b>24.9</b>	<b>21.4</b>
└ fresh water (≤1000 mg/L of total dissolved solids)	24.9	21.4
└ other types of water (>1000 mg/l of total dissolved solids)	-	-
<b>Total water withdrawals</b>	<b>46.8</b>	<b>49.6</b>
└ fresh water (≤1000 mg/L of total dissolved solids)	45.3	47.6
└ other types of water (>1000 mg/l of total dissolved solids)	1.5	2.0

**WATER EFFLUENT<sup>7</sup> [MI]**

	GRI STANDARD 303-4	
	2019	2020
<b>SURFACE WATER</b>	<b>11.3</b>	<b>21.1</b>
└ fresh water (≤1000 mg/L of total dissolved solids)	11.3	21.1
└ other types of water (>1000 mg/l of total dissolved solids)	-	-
<b>UNDERGROUND WATER</b>	<b>0.5</b>	<b>0.5</b>
└ fresh water (≤1000 mg/L of total dissolved solids)	0.5	0.5
└ other types of water (>1000 mg/l of total dissolved solids)	-	-
<b>THIRD PARTY WATER RESOURCES</b>	<b>3.4</b>	<b>1.8</b>
└ fresh water (≤1000 mg/L of total dissolved solids)	3.3	1.7
└ other types of water (>1000 mg/l of total dissolved solids)	0.1	0.1
<b>Total water effluents</b>	<b>15.2</b>	<b>23.4</b>
└ fresh water (≤1000 mg/L of total dissolved solids)	15.1	23.3
└ other types of water (>1000 mg/l of total dissolved solids)	0.1	0.1

**WATER CONSUMPTION<sup>7</sup> [MI]**

	GRI STANDARD 303-5	
	2019	2020
<b>TOTAL WATER CONSUMPTION</b>	<b>31.6</b>	<b>26.2</b>
└ fresh water (≤1000 mg/L of total dissolved solids)	30.2	24.3
└ other types of water (>1000 mg/l of total dissolved solids)	1.4	1.9

<sup>7</sup> Note that the activities of Pietro Fiorentini Group, and therefore the respective water withdrawals and effluents, are not located in water stressed areas. Talamona Srl is excluded from the Group's perimeter for water withdraw-

al, effluent and consumption calculations as it does not have a precise data monitoring system.

**WASTE PRODUCED, RECOVERED AND DISPOSED OF BY WASTE TYPE<sup>8</sup> [t]**

	GRI STANDARD 306-3,4,5					
	2019			2020		
	Products	Recovered	Disposed	Products	Recovered	Disposed
↳ Organic chemical process waste	5.9	-	5.9	5.4	-	5.4
↳ Waste from production, formulation, supply and the use of coatings	59.1	17.9	41.2	60.3	14.1	46.2
↳ Photography industry waste	0.5	-	0.5	0.2	-	0.2
↳ Waste produced by thermal processes	-	-	-	11.4	-	11.4
↳ Waste produced by the processing and physical and mechanical surface treatment of metals and plastic	995.6	597.9	397.7	939.0	569.1	369.9
↳ Spent oils and residues of liquid fuels	0.9	0.9	-	2.5	2.5	-
↳ Organic solvents, coolants and waste propellants	15.0	-	15.0	4.9	-	4.9
↳ Packaging, absorbent, cloth, filtering materials and protective clothing waste	759.0	748.3	10.7	779.6	771.6	8.0
↳ Wastes not otherwise specified in the list	118.9	57.7	61.2	78.0	29.6	48.4
↳ Waste from construction and demolition operations	446.0	445.9	0.1	444.6	444.5	0.1
↳ Waste produced from off-site waste and wastewater treatment plants	-	-	-	0.1	-	0.1
↳ Urban waste	44.8	1.6	43.2	35.6	0.2	35.4
<b>Total</b>	<b>2,445.7</b>	<b>1,870.2</b>	<b>575.5</b>	<b>2,361.6</b>	<b>1,831.6</b>	<b>530.0</b>

**WASTE DIVERTED FROM DISPOSAL, BY RECOVERY TYPE<sup>8</sup> [t]**

	GRI STANDARD 306-4	
	2019	2020
<b>TOTAL WASTE SENT TO RECOVERY</b> of which	<b>1,870.2</b>	<b>1,831.6</b>
↳ Hazardous waste	72.8	72.2
↳ Non-hazardous waste	1,797.4	1,759.4

**WASTE SENT TO DISPOSAL, BY DISPOSAL TYPE<sup>8</sup> [t]**

	GRI STANDARD 306-5	
	2019	2020
<b>HAZARDOUS WASTE</b>	<b>462.7</b>	<b>439.7</b>
↳ Landfill disposal	-	-
↳ Incineration - with energy recovery	0.5	0.7
↳ Incineration - without energy recovery	5.5	4.9
↳ Other disposal operations	456.7	434.1
<b>NON-HAZARDOUS WASTE</b>	<b>112.8</b>	<b>90.3</b>
↳ Landfill disposal	-	-
↳ Incineration - with energy recovery	42.2	34.9
↳ Incineration - without energy recovery	4.1	3.7
↳ Other disposal operations	66.5	51.7
<b>Total waste destined for disposal</b>	<b>575.5</b>	<b>530.0</b>

<sup>8</sup> Pietro Fiorentini Inc. is excluded from the perimeter of the data on produced, disposed and recovered waste (informative GRI 306-3,4,5) as it does not currently have a precise data monitoring system.

# PERSONNEL MANAGEMENT

## EMPLOYEES BY CONTRACT TYPE AND GENDER [n]

	2019			2020			GRI STANDARD 102-8
	Men	Women	Total	Men	Women	Total	
<b>PERMANENT CONTRACT</b>	<b>738</b>	<b>244</b>	<b>982</b>	<b>817</b>	<b>269</b>	<b>1,086</b>	
└ Italy	669	207	876	730	226	956	
└ France	51	30	81	60	32	92	
└ USA	18	7	25	27	11	38	
<b>TEMPORARY CONTRACT</b>	<b>29</b>	<b>15</b>	<b>44</b>	<b>26</b>	<b>21</b>	<b>47</b>	
└ Italy	12	8	20	15	6	21	
└ France	17	7	24	11	15	26	
└ USA <sup>9</sup>	-	-	-	-	-	-	
<b>Total</b>	<b>767</b>	<b>259</b>	<b>1,026</b>	<b>843</b>	<b>290</b>	<b>1,133</b>	
└ Italy	681	215	896	745	232	977	
└ France	68	37	105	71	47	118	
└ USA	18	7	25	27	11	38	
% permanent contract	96%	94%	96%	97%	93%	96%	
% temporary contract	4%	6%	4%	3%	7%	4%	

## EXTERNAL WORKFORCE BY CONTRACT TYPE AND GENDER [n]

	2019			2020			GRI STANDARD 102-8
	Men	Women	Total	Men	Women	Total	
└ Self-employed workers	2	-	2	2	-	2	
└ Workers on agency staff leasing	245	183	428	269	251	520	
└ Interns	11	6	17	12	3	15	
└ Semi-subordinate employment contract workers (project-based contracts)	5	-	5	5	-	5	
<b>Total external workforce</b>	<b>263</b>	<b>189</b>	<b>452</b>	<b>288</b>	<b>254</b>	<b>542</b>	
<b>Total workforce</b>	<b>1,030</b>	<b>448</b>	<b>1,478</b>	<b>1,131</b>	<b>544</b>	<b>1,675</b>	
└ Relationship between directly and indirectly employed workforce	34%	73%	44%	34%	87%	48%	

## EMPLOYEES BY CATEGORY OF EMPLOYMENT [n]

	2019			2020			GRI STANDARD 102-8
	Men	Women	Total	Men	Women	Total	
└ Full-time	760	218	978	834	244	1,078	
└ Part-time	7	41	48	9	46	55	
<b>Total</b>	<b>767</b>	<b>259</b>	<b>1,026</b>	<b>843</b>	<b>290</b>	<b>1,133</b>	

## DIVERSITY OF EMPLOYEES BY PROFESSIONAL CATEGORY [n]

	2019			2020			GRI STANDARD 405-1
	Men	Women	Total	Men	Women	Total	
<b>TOP MANAGERS</b>	<b>26</b>	<b>2</b>	<b>28</b>	<b>27</b>	<b>2</b>	<b>29</b>	
└ Below 30 years	1	-	1	2	-	2	
└ Between 30 and 50	10	2	12	8	2	10	
└ Over 50 years	15	-	15	17	-	17	
<b>MIDDLE MANAGERS</b>	<b>45</b>	<b>3</b>	<b>48</b>	<b>54</b>	<b>5</b>	<b>59</b>	
└ Below 30 years	4	-	4	4	-	4	
└ Between 30 and 50	21	2	23	27	2	29	
└ Over 50 years	20	1	21	23	3	26	
<b>OFFICE WORKERS</b>	<b>360</b>	<b>151</b>	<b>511</b>	<b>410</b>	<b>171</b>	<b>581</b>	
└ Below 30 years	70	16	86	88	27	115	
└ Between 30 and 50	220	110	330	245	114	359	
└ Over 50 years	70	25	95	77	30	107	
<b>PRODUCTION WORKERS</b>	<b>336</b>	<b>103</b>	<b>439</b>	<b>352</b>	<b>112</b>	<b>464</b>	
└ Below 30 years	76	12	88	82	8	90	
└ Between 30 and 50	151	59	210	151	72	223	
└ Over 50 years	109	32	141	119	32	151	
<b>Total</b>	<b>767</b>	<b>259</b>	<b>1,026</b>	<b>843</b>	<b>290</b>	<b>1,133</b>	
└ Below 30 years	151	28	179	176	35	211	
└ Between 30 and 50	402	173	575	431	190	621	
└ Over 50 years	214	58	272	236	65	301	

<sup>9</sup> The definition of permanent contract is not applicable in the United States as collaborators are categorised according to the national legislation in force ("at-will em-

ployment") according to which both parties can withdraw from the relationship at any time.

## DIVERSITY OF EMPLOYEES BY CONTRACT TYPE [n]

	GRI STANDARD 405-1					
	2019			2020		
	Men	Women	Total	Men	Women	Total
<b>PERMANENT CONTRACT</b>	<b>742</b>	<b>247</b>	<b>989</b>	<b>817</b>	<b>269</b>	<b>1,086</b>
└ Below 30 years	141	25	<b>166</b>	169	226	<b>198</b>
└ Between 30 and 50	389	166	<b>555</b>	416	32	<b>595</b>
└ Over 50 years	212	56	<b>268</b>	232	11	<b>293</b>
<b>TEMPORARY CONTRACT</b>	<b>25</b>	<b>12</b>	<b>37</b>	<b>26</b>	<b>21</b>	<b>47</b>
└ Below 30 years	10	3	<b>13</b>	7	6	<b>13</b>
└ Between 30 and 50	13	7	<b>20</b>	15	15	<b>26</b>
└ Over 50 years	2	2	<b>4</b>	4	-	<b>8</b>
<b>Total</b>	<b>767</b>	<b>259</b>	<b>1,026</b>	<b>843</b>	<b>290</b>	<b>1,133</b>
└ Below 30 years	151	28	<b>179</b>	176	232	<b>211</b>
└ Between 30 and 50	402	173	<b>575</b>	431	47	<b>621</b>
└ Over 50 years	214	58	<b>272</b>	236	11	<b>301</b>

EMPLOYEES BELONGING TO PROTECTED GROUPS<sup>10</sup> [n]

	GRI STANDARD 405-1					
	2019			2020		
	Men	Women	Total	Men	Women	Total
└ Employees belonging to vulnerable groups	28	29	57	28	31	59

COLLECTIVE BARGAINING AGREEMENTS AND UNION REPRESENTATION<sup>11</sup>

	GRI STANDARD 102-41	
	2019	2020
└ Number of employees covered by collective bargaining agreements	<b>1,001</b>	<b>1,095</b>
└ % of employees covered by collective bargaining agreements	100%	100%
└ Number of employees represented by a union organisation	<b>217</b>	<b>227</b>
└ % of employees represented by a union organisation	22%	21%

NUMBER OF NEW HIRES<sup>12</sup> [n]

	GRI STANDARD 401-1					
	2019			2020		
	Men	Women	Total	Men	Women	Total
<b>PERMANENT CONTRACT</b>	<b>84</b>	<b>25</b>	<b>109</b>	<b>106</b>	<b>26</b>	<b>132</b>
└ Below 30 years	49	11	60	58	13	71
└ Between 30 and 50	25	10	35	44	12	56
└ Over 50 years	10	4	14	4	1	5
<b>TEMPORARY CONTRACT</b>	<b>37</b>	<b>24</b>	<b>61</b>	<b>36</b>	<b>21</b>	<b>57</b>
└ Below 30 years	16	14	30	15	7	22
└ Between 30 and 50	17	8	25	17	11	28
└ Over 50 years	4	2	6	4	3	7
<b>Total hires</b>	<b>121</b>	<b>49</b>	<b>170</b>	<b>142</b>	<b>47</b>	<b>189</b>
└ Below 30 years	65	25	90	73	20	93
└ Between 30 and 50	42	18	60	61	23	84
└ Over 50 years	14	6	20	8	4	12

ONBOARDING TURNOVER<sup>12</sup> [%]

	GRI STANDARD 401-1					
	2019			2020		
	Men	Women	Total	Men	Women	Total
<b>PERMANENT CONTRACT</b>	<b>12%</b>	<b>10%</b>	<b>11%</b>	<b>13%</b>	<b>10%</b>	<b>13%</b>
└ Below 30 years	36%	52%	38%	36%	50%	38%
└ Between 30 and 50	7%	6%	6%	11%	7%	10%
└ Over 50 years	5%	7%	5%	2%	2%	2%
<b>TEMPORARY CONTRACT</b>	<b>148%</b>	<b>200%</b>	<b>165%</b>	<b>138%</b>	<b>100%</b>	<b>121%</b>
└ Below 30 years	160%	467%	231%	214%	117%	169%
└ Between 30 and 50	131%	114%	125%	113%	100%	108%
└ Over 50 years	200%	100%	150%	100%	75%	88%
<b>Total hires</b>	<b>16%</b>	<b>19%</b>	<b>17%</b>	<b>17%</b>	<b>17%</b>	<b>17%</b>
└ Below 30 years	44%	104%	53%	43%	63%	46%
└ Between 30 and 50	11%	11%	11%	15%	13%	14%
└ Over 50 years	7%	11%	7%	4%	6%	4%

<sup>10</sup> For the United States, the information on employees belonging to protected categories is not available due to local regulations on privacy.

<sup>11</sup> The percentages of employees covered by collective bargaining agreements and represented by a union organisation refer to Countries where the employees of the Group are covered by collective bargaining agreements

and where there is active dialogue with the unions (Italy and France). The employees at Pietro Fiorentini Inc. USA are excluded from the perimeter.

<sup>12</sup> The data on onboarding, offboarding and turnover refer exclusively to Italy and France, as Pietro Fiorentini Inc. USA does not have a specific monitoring system for this information.

NUMBER OF OFFBOARDINGS<sup>12</sup> [n]

	2019			2020			GRI STANDARD 401-1
	Men	Women	Total	Men	Women	Total	
<b>PERMANENT CONTRACT</b>	<b>53</b>	<b>21</b>	<b>74</b>	<b>54</b>	<b>12</b>	<b>66</b>	
└ Below 30 years	12	4	<b>16</b>	14	4	<b>18</b>	
└ Between 30 and 50	29	11	<b>40</b>	23	5	<b>28</b>	
└ Over 50 years	12	6	<b>18</b>	17	3	<b>20</b>	
<b>TEMPORARY CONTRACT</b>	<b>18</b>	<b>13</b>	<b>31</b>	<b>25</b>	<b>10</b>	<b>35</b>	
└ Below 30 years	7	11	<b>18</b>	13	2	<b>15</b>	
└ Between 30 and 50	9	2	<b>11</b>	10	6	<b>16</b>	
└ Over 50 years	2	-	<b>2</b>	2	2	<b>4</b>	
<b>Total offboardings</b>	<b>71</b>	<b>34</b>	<b>105</b>	<b>79</b>	<b>22</b>	<b>101</b>	
└ Below 30 years	19	15	<b>34</b>	27	6	<b>33</b>	
└ Between 30 and 50	38	13	<b>51</b>	33	11	<b>44</b>	
└ Over 50 years	14	6	<b>20</b>	19	5	<b>24</b>	

OFFBOARDING TURNOVER<sup>12</sup> [%]

	2019			2020			GRI STANDARD 401-1
	Men	Women	Total	Men	Women	Total	
<b>PERMANENT CONTRACT</b>	<b>7%</b>	<b>9%</b>	<b>8%</b>	<b>7%</b>	<b>5%</b>	<b>6%</b>	
└ Below 30 years	9%	19%	<b>10%</b>	9%	15%	<b>10%</b>	
└ Between 30 and 50	8%	7%	<b>7%</b>	6%	3%	<b>5%</b>	
└ Over 50 years	6%	11%	<b>7%</b>	8%	5%	<b>7%</b>	
<b>TEMPORARY CONTRACT</b>	<b>72%</b>	<b>108%</b>	<b>84%</b>	<b>96%</b>	<b>48%</b>	<b>74%</b>	
└ Below 30 years	70%	367%	<b>138%</b>	186%	33%	<b>115%</b>	
└ Between 30 and 50	69%	29%	<b>55%</b>	67%	55%	<b>62%</b>	
└ Over 50 years	100%	0%	<b>50%</b>	50%	50%	<b>50%</b>	
<b>Total</b>	<b>9%</b>	<b>13%</b>	<b>10%</b>	<b>10%</b>	<b>8%</b>	<b>9%</b>	
└ Below 30 years	13%	63%	<b>20%</b>	16%	19%	<b>16%</b>	
└ Between 30 and 50	10%	8%	<b>9%</b>	8%	6%	<b>7%</b>	
└ Over 50 years	7%	11%	<b>7%</b>	8%	8%	<b>8%</b>	

<sup>12</sup> The data on onboarding, offboarding and turnover refer exclusively to Italy and France, as Pietro Fiorentini

Inc. USA does not have a specific monitoring system for this information.

AVERAGE HOURS OF TRAINING OF EMPLOYEES AND EXTERNAL COLLABORATORS BY EMPLOYEE CATEGORY<sup>13</sup> [h/n]

	2019		2020		GRI STANDARD 404-1
	Men	Women	Men	Women	
└ Top Managers	50		54		
└ Middle Managers	129		81		
└ Office workers	61		44		
└ Production workers	29		23		
<b>Total</b>	<b>45</b>		<b>33</b>		

## HOURS OF TRAINING BY TOPIC AND GEOGRAPHICAL AREA [h]

	2019				2020				GRI STANDARD 404-1
	Italy	France	USA	Total	Italy	France	USA	Total	
└ Health, Safety and Environment	13,170	623	105	<b>13,898</b>	15,027	410	273	<b>15,710</b>	
└ Lean and Agile	29,592	3,470	309	<b>33,211</b>	23,309	484	508	<b>23,803</b>	
└ Cross-cutting Skills	2,509	149	8	<b>2,517</b>	2,319	79	45	<b>2,364</b>	
└ Technical Skills	14,927	1,148	260	<b>16,644</b>	11,315	746	440	<b>13,078</b>	
└ Corporate Wellbeing	-	-	-	-	884	-	-	<b>884</b>	
<b>Total</b>	<b>60,198</b>	<b>5,390</b>	<b>682</b>	<b>66,270</b>	<b>52,854</b>	<b>1,719</b>	<b>1,266</b>	<b>55,839</b>	

## EMPLOYEES WHO RECEIVE A PERIODIC ASSESSMENT OF PERFORMANCE AND PROFESSIONAL DEVELOPMENT [%]

	2019			2020			GRI STANDARD 404-3
	Men	Women	Total	Men	Women	Total	
└ Top Managers	73%	50%	<b>71%</b>	85%	50%	<b>83%</b>	
└ Middle Managers	56%	67%	<b>56%</b>	69%	40%	<b>66%</b>	
└ Office workers	22%	13%	<b>19%</b>	23%	20%	<b>23%</b>	
└ Production workers	10%	17%	<b>12%</b>	13%	27%	<b>17%</b>	
<b>Total</b>	<b>20%</b>	<b>16%</b>	<b>19%</b>	<b>24%</b>	<b>23%</b>	<b>24%</b>	

<sup>13</sup> The calculation of average training hours by professional category is partially based on estimates.

# HEALTH AND SAFETY IN THE WORKPLACE

## WORKERS COVERED BY A MANAGEMENT SYSTEM OF HEALTH AND SAFETY IN THE WORKPLACE<sup>14</sup>

GRI STANDARD 403-8

	2019		2020	
<b>EMPLOYEES</b>				
↳ Number of workers covered by a health and safety management system	866		950	
↳ % of workers covered by a health and safety management system	84%		84%	
<b>NON-SALARIED WORKERS</b>				
↳ Number of non-salaried workers covered by a health and safety management system	388		449	
↳ % of non-salaried workers covered by a health and safety management system	86%		83%	

## EMPLOYEE ACCIDENTS

GRI STANDARD 403-9

	2019			2020		
	Men	Women	Total	Men	Women	Total
<b>ACCIDENTS IN THE WORKPLACE [n] 17</b>	<b>5</b>	<b>22</b>	<b>13</b>	<b>2</b>	<b>15</b>	<b>13</b>
<i>with serious consequences</i>	1	-	1	1	-	1
<b>Deaths following accidents in the workplace</b>	-	-	-	-	-	-
<b>Accidents en route from home to work</b>	-	-	-	-	-	-
<b>HOURS WORKED [n]</b>	1,277,905	396,579	1,674,484	1,314,571	411,039	1,725,610
<b>Accident rates of employees [%]</b>						
* Rate of recordable accidents in the workplace	13.30	12.61	13.14	9.89	4.87	8.69
** Rate of deaths following accidents in the workplace	0.00	0.00	0.00	0.00	0.00	0.00
*** Rate of accidents in the workplace with serious consequences (not including deaths)	0.78	0.00	0.60	0.76	0.00	0.58

## ACCIDENTS OF NON-SALARIED WORKERS, BUT WHOSE WORK AND/OR WORKPLACE IS UNDER THE CONTROL OF THE ORGANISATION<sup>15</sup>

GRI STANDARD 403-9

	2019			2020		
	Men	Women	Total	Men	Women	Total
<b>ACCIDENTS IN THE WORKPLACE [n] 8</b>	<b>1</b>	<b>9</b>	<b>10</b>	<b>2</b>	<b>12</b>	<b>10</b>
<i>with serious consequences</i>	-	-	-	-	-	-
<b>Deaths following accidents in the workplace</b>	-	-	-	-	-	-
<b>Accidents en route from home to work</b>	-	-	-	-	-	-
<b>HOURS WORKED [n]</b>	390,970	224,301	<b>615,271</b>	449,968	289,145	<b>849,662</b>
<b>Accident rates of non-salaried workers [%]</b>						
* Rate of recordable accidents in the workplace	20.46	4.46	14.63	22.05	6.01	15.26
** Rate of deaths following accidents in the workplace	0.00	0.00	0.00	0.00	0.00	0.00
*** Rate of accidents in the workplace with serious consequences (not including deaths)	0.00	0.00	0.00	0.00	0.00	0.00

For accident indices, the calculation of hours worked is partially based on estimates.

\* Rate of recordable accidents in the workplace: (total number of recordable accidents/total hours worked) x 1,000,000

\*\* Rate of deaths following accidents in the workplace: (total number of deaths/total hours worked) x 1,000,000

\*\*\* Rate of accidents in the workplace with serious consequences: (total number of accidents with serious consequences/total hours worked) x 1,000,000

<sup>14</sup> The management system covers all of the processes of the sites and production units spread throughout Italy.  
<sup>15</sup> The data on recordable accidents among the external workforce refers exclusively to the Group's Italian

companies, as the two foreign companies Gazfio SAS and Pietro Fiorentini Inc do not avail of a system for the close monitoring of this information.

# SUPPLY CHAIN MANAGEMENT

## DESCRIPTION OF THE SUPPLY CHAIN AND SUPPLIER TYPE

	GRI STANDARD 102-9															
	2019				2020											
	Italy	France	USA	Total	Italy	France	USA	Total								
<b>LOCAL SUPPLIERS</b>	<b>4,000</b>	<b>86%</b>	<b>374</b>	<b>91%</b>	<b>119</b>	<b>88%</b>	<b>4,493</b>	<b>86%</b>	<b>4,009</b>	<b>85%</b>	<b>373</b>	<b>88%</b>	<b>94</b>	<b>85%</b>	<b>4,476</b>	<b>85%</b>
└ Direct	916	313	31	1,260	930	303	29	1,262								
└ Indirect	3,084	61	88	3,233	3,079	70	65	3,214								
<b>SUPPLIERS IN THE REST OF THE WORLD</b>	<b>663</b>	<b>14%</b>	<b>39</b>	<b>9%</b>	<b>17</b>	<b>13%</b>	<b>719</b>	<b>14%</b>	<b>729</b>	<b>15%</b>	<b>49</b>	<b>12%</b>	<b>16</b>	<b>15%</b>	<b>794</b>	<b>15%</b>
└ Direct	139	31	8	178	133	42	9	184								
└ Indirect	524	8	9	541	596	7	7	610								
<b>TOTAL</b>	<b>4,663</b>	<b>413</b>	<b>136</b>	<b>5,212</b>	<b>4,738</b>	<b>422</b>	<b>110</b>	<b>5,270</b>								

## PERCENTAGE OF PURCHASES FROM LOCAL SUPPLIERS

	GRI STANDARD 204-1							
	2019				2020			
	Italy	France	USA	Total	Italy	France	USA	Total
└ Purchases from local suppliers [€] <sup>16</sup>	145,544,096	11,458,203	3,921,219	160,923,518	167,452,670	11,245,755	2,523,788	181,222,213
└ Total purchases [€]	192,928,109	21,195,919	15,160,086	229,284,114	234,227,444	22,946,306	8,808,327	265,982,077
<b>% OF PURCHASES FROM LOCAL SUPPLIERS</b>	<b>75%</b>	<b>54%</b>	<b>26%</b>	<b>70%</b>	<b>71%</b>	<b>49%</b>	<b>29%</b>	<b>68%</b>

<sup>16</sup> When referring to "purchases from local suppliers" we mean purchases made with suppliers whose headquarters are located in the same country as the Group's production plant that made the purchase (Italy for Pietro

Fiorentini SpA, TIV Srl and Talamona Srl; France for foreign company Gazfio SAS; United States for foreign company Pietro Fiorentini Inc).

# METHODOLOGICAL NOTE

The intentional nature of the edition of the Pietro Fiorentini (hereinafter, "Group") Sustainability Report represents a major step in the Group's journey towards sustainability. The document is the main reporting tool of Pietro Fiorentini's environmental and social performance and aims to provide a clear, complete and transparent representation of the activities, projects, commitments and results achieved in view of creating long-term value.

Approved on 28/06/2021 by the Board of Directors, the Sustainability Report (hereinafter, "Report") was prepared according to GRI Standards, published by the Global Reporting Initiative (GRI) in 2016, according to an "In accordance – Core" application level. In particular, the Report refers to the GRI Standards indicated in the GRI Content Index table shown at the end of the document, in which, for each relevant aspect ("material") for Pietro Fiorentini, the page of the Report or other corporate document is indicated, where you can find its content. To date, the GRI Standards are the most internationally recognised and spread standard on non-financial reporting. The reporting also considers the guidelines of the Sustainability Accounting Standards Board (SASB) Exploration & Production and the Sustainability reporting guidance for the Oil & Gas Industry provided by IPIECA.

The provided data and information refer to the financial year 1 January - 31 December 2020 unless stated otherwise. Where available, comparable data has been provided referring to previous financial years, in order to present the trend of the Group's performance over a longer period of time. Plus, in order to

provide a close representation of performance, the inclusion of directly measurable quality and quantity and measured indicators, only resorting to duly reported estimates in limited cases.

The breadth and quality of the reporting in particular reflect the principle of materiality, the characterising element of GRI Standards. The covered themes are in fact those which, after a close assessment, were considered significant as they are able to reflect the social and environmental impacts of the Company's activities and/or affect the decisions of its stakeholders (for further details, refer to chapter 3. Materiality Analysis, on page 49).

The reporting perimeter of the economic-financial data refers to the Consolidated Financial Reports of Fiorentini Group for the financial year ended 31 December 2020. The data and the social and environmental information refer to the Parent Company Pietro Fiorentini S.p.A. and consolidated subsidiaries Talamona S.r.l, TIV Valves S.r.l, Gazfio SAS and Pietro Fiorentini (USA) INC.

The Report was prepared with the technical-methodological assistance of KPMG Advisory S.p.A and is not subject to third party verification.

For more details on achieved objectives, indicators and results or for comments on this document, please send a request to: [sustainability@fiorentini.com](mailto:sustainability@fiorentini.com).

# GRI CONTENT INDEX

The correlation table below reports the index of the content required by the GRI Standard (published in 2016 and amended thereafter), according to the in accordance “core” option.

GRI STANDARD	DESCRIPTION	REFERENCE	OMISSIONS AND COMMENTS
<b>GENERAL STANDARDS</b>			
<b>102</b>	<b>General Disclosures</b>		
<b>Organisational Profile</b>			
102-1	Name of the organisation	We are Pietro Fiorentini p.12	
102-2	Main trademarks, products or services (Programmes of conformity to the law and voluntary codes relative to marketing activities)	Our supply chain p. 28-29; The qualifying factors for our energy transition p. 32-43; Products and services to respond to customer needs p. 100-101	
102-3	Location of the main site	Presence in the world p. 16-17	
102-4	Location of the operational sites	Presence in the world p. 16-17	
102-5	Proprietor set-up and legal format	We are Pietro Fiorentini p.12; Sociogram p. 18-19	
102-6	Served markets	Presence in the world p. 16-17; Our supply chain p. 28-29; The qualifying factors for our energy transition p. 32-43	
102-7	Dimension of the organisation	Presence in the world p. 16-17; Main income figures p. 20-21	
102-8	Employees by contract type, gender, geographical area, job classification	Our most important resource: human capital p. 72-74; Personnel management p. 126-131	
102-9	Description of the organisation of the supply chain	We create partnerships of value with our suppliers p. 94-95; A supply chain that creates value p. 96-97; Supply chain management p. 134	
102-10	Significant changes in the organisation and in the supply chain	Methodological Note p. 135	
102-11	Mode of application of the principle or prudential approach	Risk and opportunity management p. 114-116	
102-12	Adoption of external economic, social and environmental codes and principles	Systems of internal control p. 112; Management, organisation and control model p. 112-113; The management systems implemented for the operational activities p. 117; Methodological Note p. 135	
102-13	Participation in trade associations	The hydrogen-journey of Pietro Fiorentini p. 40; Territory and community p. 104-107	
<b>Strategy</b>			
102-14	Declaration of the Chairman	Letter to our stakeholders p. 5	

102-15	Main impacts, risks and opportunities	An integrated business strategy p. 30-31; Our priorities on sustainability and the materiality matrix p. 48-51; Risk and opportunity management p. 114-116
<b>Ethics and Integrity</b>		
102-16	Values, Principles, Standards and rules of conduct	Our Compass, Our Values p. 24-27; Code of Conduct p. 111
<b>Governance</b>		
102-18	Governance Structure	Governance and Organisation p. 110-111
102-22	Composition of the competent bodies of government and its commissions	Governance and Organisation p. 110-111
<b>Stakeholder Engagement</b>		
102-40	List of involved stakeholders	Stakeholder engagement and materiality p. 47
102-41	Employees covered by collective bargaining contracts	Trade union relationships p.87; Personnel management p. 126-131
102-42	Identification and selection process of which stakeholders to involve	Stakeholder engagement and materiality p. 47; Our priorities on sustainability and the materiality matrix p. 48-51
102-43	Stakeholder involvement approach	Our priorities on sustainability and the materiality matrix p. 48-51
102-44	Key aspects and criticalities emerging from the involvement of stakeholders and the relative actions	Stakeholder engagement and materiality p. 47; Our priorities on sustainability and the materiality matrix p. 48-51
<b>Reporting Practice</b>		
102-45	List of bodies included in the consolidated financial statement and those not included in the Sustainability Report	Methodological Note p. 135
102-46	Process for the definition of the content	Methodological Note p. 135
102-47	Identified material aspects	Our priorities on sustainability and the materiality matrix p. 48-51
102-48	Explanations of the effects of changes in information entered in the previous statements and the relative motivations	-
102-49	Significant changes in relation to the previous statement	-
102-50	Reporting period	Methodological Note p. 135
102-51	Publication date of the previous statement	-
102-52	Reporting frequency	Yearly
102-53	Contacts and addresses for information in the statement	sustainability@fiorentini.com
102-54	GRI content index and choice of “in accordance” option	In accordance Core option
102-55	GRI content index	GRI Content index
102-56	External certification	Methodological Note p. 135

**200 ECONOMIC**

**201 Economic Performance (2016)**

103-1	Explanation of material themes and any limitations	Our priorities on sustainability and the materiality matrix p. 48-51
103-2	Description of the components of the management approach	Main economic data p. 20-21; The management systems implemented for the operational activities p. 117
103-3	Management approach assessment	Main income figures p. 20-21
201-1	Economic value directly generated and distributed	Main income figures p. 20-21

**204 Procurement practices (2016)**

103-1	Explanation of material themes and any limitations	Our priorities on sustainability and the materiality matrix p. 48-51
103-2	Description of the components of the management approach	Supply chain management p. 134; The management systems implemented for the operational activities p. 117
103-3	Management approach assessment	We create partnerships of value with our suppliers p. 94-95; Supply chain management p. 134
204-1	Proportion of investments on local suppliers	A supply chain that creates value p. 96-97; Supply chain management p. 134

**205 Anti Corruption (2016)**

103-1	Explanation of material themes and any limitations	Our priorities on sustainability and the materiality matrix p. 48-51
103-2	Description of the components of the management approach	Systems of internal control p. 112; Management, organisation and control model p. 112-113; Our commitment to fighting corruption p. 113; The management systems implemented for the operational activities p. 117
103-3	Management approach assessment	Systems of internal control p. 112; Management, organisation and control model p. 112-113; Our commitment to fighting corruption p. 113
205-3	Episodes of anti-corruption and actions taken in response to cases of corruption	Over the course of 2020, through the implemented measures, there were no confirmed episodes of corruption.

**206 Anti-Competitive conduct (2016)**

103-1	Explanation of material themes and any limitations	Our priorities on sustainability and the materiality matrix p. 48-51
103-2	Description of the components of the management approach	Systems of internal control p. 112; Management, organisation and control model p. 112-113; The management systems implemented for the operational activities p. 117
103-3	Management approach assessment	Systems of internal control p. 112; Management, organisation and control model p. 112-113;

206-1	Legal actions taken for anti-competitive, anti-trust conduct and monopoly practices	In 2020, there are no reported legal actions (current or concluded) regarding anti-competitive behaviour and violations of antitrust regulations and relating to monopolistic practices, in which the organisation has been identified as a participant.
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**300 ENVIRONMENT**

**302 Energy (2016)**

103-1	Explanation of material themes and any limitations	Our priorities on sustainability and the materiality matrix p. 48-51	
103-2	Description of the components of the management approach	Our business at the service of the energy transition p. 56-57; Environmental management and energy efficiency improvement p. 58-59; Energy efficiency and emissions p. 60-63; The management systems implemented for the operational activities p. 117	
103-3	Management approach assessment	Energy efficiency and emissions p. 60-63; Management of environmental impacts p. 120-125	
302-1	Energy consumption within the organisation	Energy efficiency and emissions p. 60-63; Management of environmental impacts p. 120-125	
302-3	Energy intensity	Energy efficiency and emissions p. 60-63; Management of environmental impacts p. 120-125	
302-4	Reduced energy consumption obtained through specific activities and initiatives	Energy efficiency and emissions p. 60-63	The data refers only to the Arcugnano site of the Parent Company Pietro Fiorentini S.p.A.

**303 Water and water effluents (2018)**

103-1	Explanation of material themes and any limitations	Our priorities on sustainability and the materiality matrix p. 48-51
103-2	Description of the components of the management approach	Environmental management and energy efficiency improvement p. 58-59; Management of water resources and land protection p. 64-65; The management systems implemented for the operational activities p. 117
103-3	Management approach assessment	Management of water resources and land protection p. 64-65; Management of environmental impacts p. 120-125
303-1	Interaction with water as a shared resource	Water resource management and land protection p. 64-65
303-2	Management of impact connected to water effluent	Water resource management and land protection p. 64-65

303-3	Water withdrawal	Management of water resources and land protection p. 64-65; Management of environmental impacts p. 120-125	The activities of Pietro Fiorentini Group are not located in water stress areas.
303-4	Water effluent	Management of water resources and land protection p. 64-65; Management of environmental impacts p. 120-125	
303-5	Water consumption	Management of water resources and land protection p. 64-65; Management of environmental impacts p. 120-125	
<b>304</b>	<b>Biodiversity (2016)</b>		
103-1	Explanation of material themes and any limitations	Our priorities on sustainability and the materiality matrix p. 48-51	
103-2	Description of the components of the management approach	Environmental management and energy efficiency improvement p. 58-59; Management of water resources and land protection p. 64-65; The management systems implemented for the operational activities p. 117	
103-3	Management approach assessment	Management of water resources and land protection p. 64-65; Management of environmental impacts p. 120-125	
304-1	Operational sites owned, rented, managed by the organisation located within (or adjacent to) the protected areas and in areas with high value in terms of biodiversity outside of the protected areas	Water resource management and land protection p. 64-65	
<b>305</b>	<b>Emissions (2016)</b>		
103-1	Explanation of material themes and any limitations	Our priorities on sustainability and the materiality matrix p. 48-51	
103-2	Description of the components of the management approach	Our business at the service of the energy transition p. 56-57; Environmental management and energy efficiency improvement p. 58-59; Energy efficiency and emissions p. 60-63; The management systems implemented for the operational activities p. 117	
103-3	Management approach assessment	Energy efficiency and emissions p. 60-63; Management of environmental impacts p. 120-125	
305-1	Scope 1 emissions	Energy efficiency and emissions p. 60-63; Management of environmental impacts p. 120-125	
305-2	Scope 2 emissions	Energy efficiency and emissions p. 60-63; Management of environmental impacts p. 120-125	
305-3	Scope 3 emissions	Energy efficiency and emissions p. 60-63; Management of environmental impacts p. 120-125	For Scope 3 emissions only work trips are considered.
305-7	Nitrogen Oxide (Nox), Sulphur Oxide (Sox) and other significant emissions into the atmosphere	Energy efficiency and emissions p. 60-63; Management of environmental impacts p. 120-125	

<b>306</b>	<b>Waste (2020)</b>		
103-1	Explanation of material themes and any limitations	Our priorities on sustainability and the materiality matrix p. 48-51	
103-2	Description of the components of the management approach	Environmental management and energy efficiency improvement p. 58-59; Waste management p. 67-69; The management systems implemented for the operational activities p. 117	
103-3	Management approach assessment	Waste management p. 67-69; Management of environmental impacts p. 120-125	
306-1	Production of waste and significant waste-related impact	Waste management p. 67-69; Management of environmental impacts p. 120-125	
306-2	Management of significant waste-related impact	Waste management p. 67-69; Management of environmental impacts p. 120-125	
306-3	Produced waste	Waste management p. 67-69; Management of environmental impacts p. 120-125	
306-4	Waste not destined for disposal	Waste management p. 67-69; Management of environmental impacts p. 120-125	
306-5	Waste destined for disposal	Waste management p. 67-69; Management of environmental impacts p. 120-125	
<b>400</b>	<b>SOCIAL PERFORMANCE</b>		
<b>401</b>	<b>Occupation (2016)</b>		
103-1	Explanation of material themes and any limitations	Our priorities on sustainability and the materiality matrix p. 48-51	
103-2	Description of the components of the management approach	Our most important resource: human capital p. 72-74; We value talent p. 75-78; We promote People wellbeing p. 81-85; The management systems implemented for the operational activities p. 117	
103-3	Management approach assessment	Our most important resource: human capital p. 72-74; We value talent p. 75-78; Personnel management p. 126-131	
401-1	Total number and percentage of new hires and turnover, by age, gender and region	Our most important resource: human capital p. 72-74; We value talent p. 75-78; Personnel management p. 126-131	
<b>403</b>	<b>Health and Safety in the Workplace (2018)</b>		
103-1	Explanation of material themes and any limitations	Our priorities on sustainability and the materiality matrix p. 48-51	
103-2	Description of the components of the management approach	Our most important resource: human capital p. 72-74; We promote People wellbeing p. 81-85; We protect the health and safety of our people p. 88-93; The management systems implemented for the operational activities p. 117	
103-3	Management approach assessment	Our most important resource: human capital p. 72-74; We protect the health and safety of our people p. 88-93; Health and safety in the workplace p. 132-133	

403-1	Management system of health and safety in the workplace	We protect the health and safety of our people p. 88-93; The management systems implemented for the operational activities p. 117
403-2	Identification of hazards, risk assessment and investigations into accidents	We protect the health and safety of our people p. 88-93
403-3	Occupational medicine	We protect the health and safety of our people p. 88-93
403-4	Participation and consultation of workers and communication on health and safety in the workplace	We protect the health and safety of our people p. 88-93
403-5	Training of workers on health and safety on the workplace	We protect the health and safety of our people p. 88-93; We invest in the training of our people
403-6	Worker health promotion	We protect the health and safety of our people p. 88-93; We promote People wellbeing p. 81-85
403-7	Prevention and mitigation of impact on health and safety in the workplace within commercial relationships	We protect the health and safety of our people p. 88-93
403-8	Workers covered by a management system of health and safety in the workplace	We protect the health and safety of our people p. 88-93; The management systems implemented for the operational activities p. 117
403-9	Accidents in the workplace	We protect the health and safety of our people p. 88-93; Health and safety in the workplace p. 132-133  The data on accidents relative to external personnel are currently only available for the Italian companies. The Group agrees to assess the possibility of collecting information on the foreign companies over upcoming financial years.
403-10	Occupational diseases	We protect the health and safety of our people p. 88-93
<b>404 Training and Instruction (2016)</b>		
103-1	Explanation of material themes and any limitations	Our priorities on sustainability and the materiality matrix p. 48-51
103-2	Description of the components of the management approach	Environmental management and energy efficiency improvement p. 58-59; Our most important resource: human capital p. 72-74; We invest in the training of our people p. 79-81; Our commitment to fighting corruption p. 113
103-3	Management approach assessment	Our most important resource: human capital p. 72-74; We invest in the training of our people p. 79-81; Personnel management p. 126-131
404-1	Average annual hours of training per employee	We invest in the training of our people p. 79-81; Personnel management p. 126-131
404-3	Percentage of employees who regularly receive reports on the results and development of their career, by genre and by employee category	We value talent p. 75-78; Personnel management p. 126-131

<b>405 Diversity and Equal Opportunities (2016)</b>		
103-1	Explanation of material themes and any limitations	Our priorities on sustainability and the materiality matrix p. 48-51
103-2	Description of the components of the management approach	Our most important resource: human capital p. 72-74; We create inclusive environments that promote diversity p. 86-87
103-3	Management approach assessment	Our most important resource: human capital p. 72-74; We create inclusive environments that promote diversity p. 86-87; Personnel management p. 126-131
405-1	Composition of the governing bodies and division of personnel by employee category, gender, age, belonging to protected groups and other indicators of diversity	Governance and Organisation p. 110-111; We create inclusive environments that promote diversity p. 86-87; Personnel management p. 126-131
<b>418 Consumer privacy (2016)</b>		
103-1	Explanation of material themes and any limitations	Our priorities on sustainability and the materiality matrix p. 48-51
103-2	Description of the components of the management approach	Our most important resource: human capital p. 72-74; Customer-oriented, always p. 98-103; Management systems implemented for the operational activities p. 117
103-3	Management approach assessment	Our most important resource: human capital p. 72-74; Customer-oriented, always p. 98-103
418-1	Complaints relative to consumer privacy violations and relative data loss	In 2020, there were no recorded complaints relative to consumer privacy violations.

**BY**  
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