

# TOGETHER *to get there*

SUSTAINABILITY REPORT 2021



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



“Be the change  
you want to see in the world”

Mahatma Gandhi

## LETTER TO OUR STAKEHOLDERS

Dear Stakeholders,

2021 was a significant year, in that it confirmed the commitment of Pietro Fiorentini Group in developing **technology and solutions for a digital and sustainable world**, the new purpose that we set as the True North of our future.

We want to be the stars of a responsible use of resources, especially energy resources, thanks to the synergy between technology and human capital, placing the customer at the centre of a highly efficient model that can create sustainable value.

From an economic value point of view, **the positive results achieved in the last financial year give us great satisfaction**. We are extremely proud of the milestones reached, proof of the soundness of the strategic choices and of the efforts of all our collaborators, but we know that there are challenges ahead that will require our full focus.

The persistence of the health emergency, the consequences of climate change, and the international geopolitical scenarios require **increasingly high levels of collaboration among the multiple actors of the global panorama**: these challenges are too big to be handled by individual organisations. At the same time, each one of us must be prepared to do our own part in helping to build an economic, social, and environmental system that guarantees that future generations will be able to share its benefits.

Conscious of the skills and abilities required in this context, and, specifically, in the energy sector,

**Pietro Fiorentini Group knows that it must play a leading role** in the transition to a low-carbon emission economy and in reaching the climate neutrality goals of the European Commission.

This is why we have continued to develop our internal skills and means of production to create **new technological solutions with the ultimate goal of using cleaner energy**. The investments in the hydrogen sector, in the biomethane supply chain, and in power-to-gas projects are a concrete example of this commitment, which is going to increase further in the near future.

Moreover, thanks to the M&A operations, we have **expanded our expertise in the digitalisation of water networks** with the primary goal of increasing efficiency in the use of water, a precious resource for our planet which, all too often, we still take for granted.

In this new version of our Sustainability Statement we will present to you the projects, the collaborations, the efforts, and the objectives that we have set during 2021. A new chapter in a history of continuous innovation and evolution, which continues apace thanks to the benefits of Lean & Agile thinking and to the widespread diffusion of sustainability culture, an integral part of our collaborators' daily work.

Mahatma Gandhi said **“Be the change you wish to see in the world”**. Making the best use of the invaluable work of over 2,400 people, Pietro Fiorentini Group puts this mantra into practice every day, in search for ever more ambitious milestones.

**Mario, Cristiano and Paolo Nardi**

# HIGHLIGHTS 2021

## PIETRO FIORENTINI IN BRIEF



**+17%**  
REVENUES GROWTH  
COMPARED TO 2020



**€85.6 MLN**  
CONSOLIDATED EBITDA\*



**+2,400**  
COLLABORATORS  
AROUND THE WORLD



**€7.7 MLN**  
INVESTMENTS IN RESEARCH  
& DEVELOPMENT

We want to play a leading role in the responsible use of resources, especially energy resources, thanks to the synergy between technology and human capital, placing the customer at the centre of a highly efficient model that can create sustainable value.

\*In accordance with the calculation practices of the Italian banking system.

## OUR PERFORMANCE

# E

# S

# G



**-5%**  
ENERGY INTENSITY  
COMPARED TO 2020  
(-15% COMPARED  
TO 2019)



**72%**  
OF WASTE  
DIRECTED  
TO RECOVERY



**+31%**  
ELECTRIC VEHICLES  
IN THE CORPORATE  
FLEET COMPARED  
TO 2020



**100%**  
OF ITALIAN SITES  
COVERED BY THE  
CERTIFICATION  
ISO 14001 -  
ENVIRONMENTAL  
MANAGEMENT  
SYSTEM



**95%**  
OF PERMANENT  
CONTRACTS



**21%**  
OF EMPLOYEES  
UNDER 30



**+18%**  
NEW HIRES  
COMPARED TO 2020



**87%**  
LOCAL  
SUPPLIERS



**100%**  
OF ITALIAN SITE  
EMPLOYEES COVERED  
BY THE CERTIFICATION  
ISO 45001 -  
HEALTH AND SAFETY  
MANAGEMENT SYSTEM



**0**  
CONFIRMED CASES  
OF CORRUPTION



**74**  
INTERNAL AUDITS TO  
GUARANTEE THE  
CONSTANT  
EFFECTIVENESS  
OF MANAGEMENT  
SYSTEMS



**CERTIFICATION  
ISO 9001**  
QUALITY  
MANAGEMENT  
SYSTEM AT GROUP  
LEVEL\*\*

\*\*Group companies included in the current reporting scope fall under the certification's scope.

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# 1

## WE ARE PIETRO FIORENTINI

# OUR STRATEGY *to get there*

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**An Italian success story that was able to conquer the world: with over 80 years of history, today Pietro Fiorentini is a Group with over 2,400 collaborators and more than 30 sites around the world.**

WE ARE PIETRO FIORENTINI

WE ARE PIETRO FIORENTINI

## PIETRO FIORENTINI: ABOUT US

Founded in Bologna in 1940, today Pietro Fiorentini is a **leader in the production of a wide range of technologically-advanced solutions for the entire the multi-gas system supply chain.**

With a global distribution network that is active **in over 100 countries in all continents**, Pietro Fiorentini can provide solutions that range from components and services for transmission and distribution networks to engineered solutions that include valves, multi-phase meters, processing plants, substations, and reduction and metering units.

With its business, the Group is ideally placed to deal with some of the main challenges at global level, among which the most important are **energy transition, digitalisation and sustainability**. In fact, Pietro Fiorentini stands out thanks to the projects implemented in the field of **Smart Metering**, and, more in general, **Smart Grids**, and thanks to the growing investments in initiatives for the promotion of **eco-sustainable energy sources**, such as biomethane, hydrogen, and power-to-gas. Recently, the Group expanded its business to also include the **water sector** and the **re-use of waste** chain.

Furthermore, Pietro Fiorentini Group is one of the national and international points of reference with regard to the applications of **“Lean-thinking”** principles, whose incorporation in the business model, enabled a total transformation both in terms of production process and with regard to hierarchical relationships and the role of collaborators and work teams.

Consistently with the guidelines of the lean method, **the customer has always been at the centre of the Group’s entrepreneurial approach**: being able to listen to the customer’s needs is, in fact, the condition sine qua non for continuous improvement, leading to the establishment of trade relationships that are based on trust and on a shared ambition to pursue excellence.

The Group’s commitment to its customers takes tangible shape in offering high-quality, integrated, and technologically-advanced solutions, and in providing assistance in all stages of the collaboration: from technical support to maintenance services, from logistics to communication.

PIETRO FIORENTINI COMMITS DAILY TO DEVELOP  
**TECHNOLOGY AND SOLUTIONS FOR  
A DIGITAL AND SUSTAINABLE WORLD**

## OUR HISTORY

In its history, the Group has reached one important milestone after another; this has led to it **occupying a leading position in the constantly growing international market**, and the expansion to increasingly diversified sectors.

The roots of the Pietro Fiorentini company straddle the 1930s and 1940s, with the advent of the methanisation process in the Italian manufacturing industry. In fact, this is the exact context in which, in 1938, Pietro Fiorentini designed his first pressure regulator and, in 1940, established the company that is named after him.

Since then, the company has increasingly aspired to foreign markets, where it aims to be consolidated as a partner of companies that are taking care of the methanisation of their local areas of reference.

With the advent of the new century, thanks to the “contamination” by Lean Thinking principles, the company has gone through a true **organisational transformation** with a view to continuously improving its production and management processes. More recently, the Lean approach was supplemented with the introduction of the Agile methodology, which aims to strengthen the Group’s competitiveness in a global and increasingly complex context.

In the past few years, Pietro Fiorentini has placed greater emphasis on strategic acquisitions to review and expand its commercial offer and align with the growing demands of the market, especially in matters of **digitalisation and sustainability**.

Our history  
on [fiorentini.com](https://www.fiorentini.com)



During 2021, in continuity with previous years, the Group's journey on international paths continued thanks to **a series of acquisitions** that expanded the range of services and skills that Pietro Fiorentini can provide to its customers.

More specifically, in February Pietro Fiorentini took a decisive step forwards towards consolidating its leadership in the **Smart Metering** and **Smart Grids** sectors, thanks to the majority shareholding in **Fast**, a company that, since 1982, has supplied integrated automation and process control systems and solutions for industry and utility production, management, and distribution services. This operation also provided the company with an opportunity to accelerate its entry into the **water sector**; that will enable it to take advantage of potential synergies in the field of digitalisation and smart metering.

Conversely and with regard to the sector of renewable energies, in May the Group acquired a shareholding in **MicroPyros Bio-EnerTec**, a German startup that operates in the sector of bio-technologies and that is one of only three companies in the world that can develop **biological methanisation processes at industrial level**.

DURING 2021, THE CONTINUATION OF THE **M&A STRATEGY** MADE IT POSSIBLE FOR THE GROUP TO RECORD CONTINUED GROWTH



The expansion continued apace in early July with the acquisition of 60% of the shares in **SPI Consulting** (subsequently renamed **Hyter**), a startup based in Desenzano del Garda, founded in 2011, that produces electrolyzers for hydrogen generation. Lastly and again in July, the Group acquired 60% of the shares in **Biokomp**, a Vicenza-based company that is one of the more important producers, at international level, of compression and processing systems for methane, biogas, biomethane, and industrial processing gases.

In 2021, the Group consolidated its commitment **in favour of sustainability and transparency** with the publication of the **Sustainability Report 2020**, drafted voluntarily to present the main ESG (Environment, Social and Governance) performances and involving the main stakeholders in the definition of the most relevant material topics on which improvement projects should focus. In line with the Parent Company, 2021 also saw the publication of the first edition of the Sustainability Statement pertaining to the subsidiary **Terranova S.r.l.**

The new corporate site was launched in 2021; it contains an entire section dedicated to sustainability





# OUR PRESENCE IN ITALY AND AROUND THE WORLD

Over the years, the Group has widened its horizons by means of a gradual expansion and internationalisation process, responding to the needs of a vast customer base that includes natural gas and transmission, Oil & Gas, engineering, industry, and utilities com-

panies. As of 31 December 2021, the Group has approximately 30 offices (including the headquarters of Arcugnano, Vicenza) and employs around 2,400<sup>1</sup> collaborators around the world, with a distribution network that reaches over 100 countries in all continents.

**+30**

SITES AROUND THE WORLD

**+2,400<sup>1</sup>**

COLLABORATORS AROUND THE WORLD

**€466 MLN**

GROUP REVENUES IN 2021

**+100**

COUNTRIES SERVED BY THE COMMERCIAL NETWORK

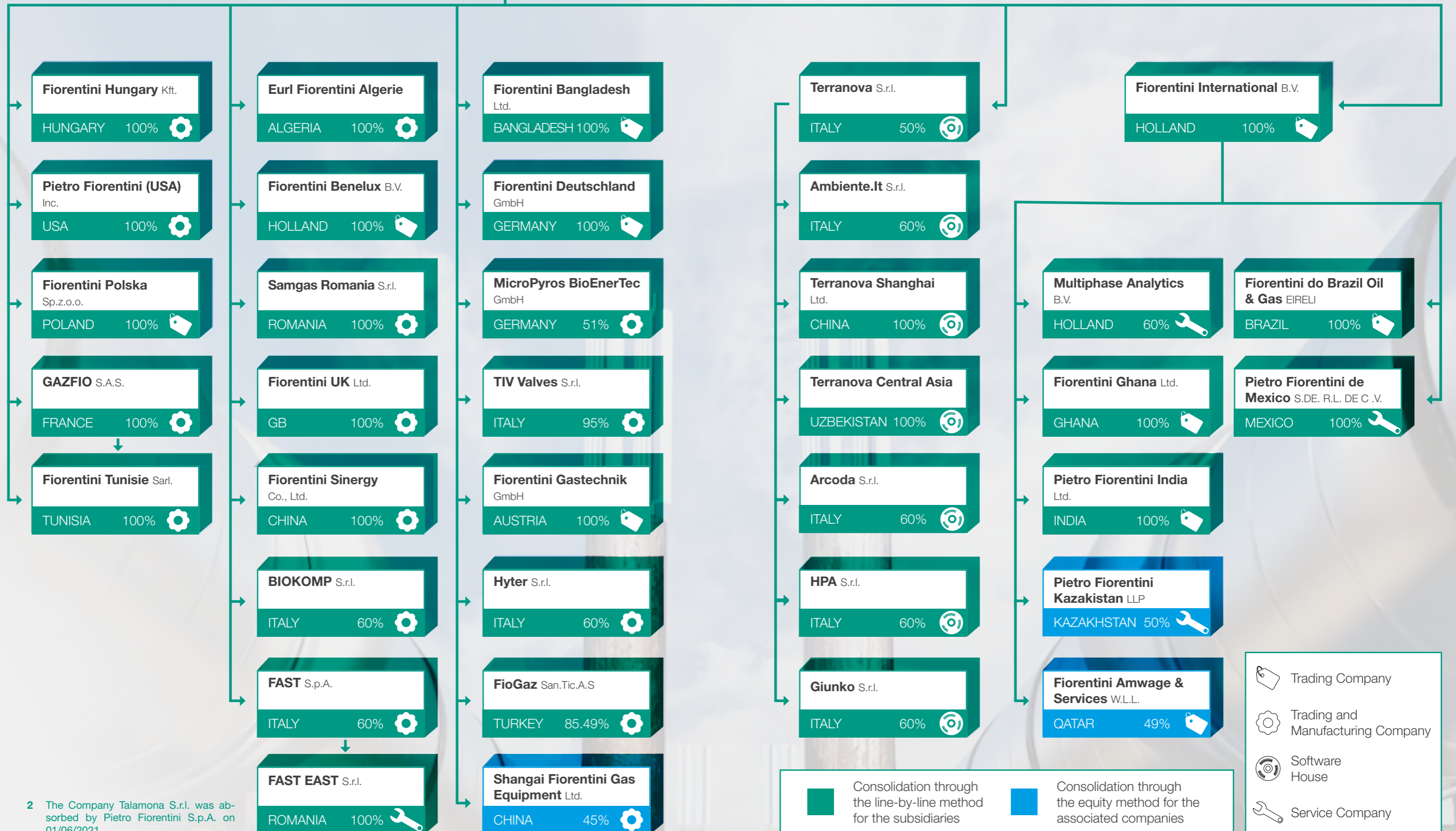
## PRODUCTION SITES IN ITALY

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

<sup>1</sup> The figure includes the employees of Group companies that fall within the scope of the Consolidated Financial Statements, and the external collaborators of the companies to which this document refers. The figure does not take into account the nearly 500 employees of the associated company Shanghai Fiorentini Gas Equipment Ltd.

# SOCIOGRAM

Updated as at 31/12/2021



2 The Company Talamona S.r.l. was absorbed by Pietro Fiorentini S.p.A. on 01/06/2021.

WE ARE PIETRO FIORENTINI

WE ARE PIETRO FIORENTINI

# OUR FUNDAMENTAL VALUES

The pursuit by the Group of ambitious business goals, the most ambitious of which is the goal related to making a contribution towards energy transition, is only possible thanks to the experience it has acquired in its history that spans more than 80 years. A history founded on innovation, research, and investments aiming to broaden internal skills and **create sustainable value** based on very specific strategic goals.

The value creation approach adopted by the Group is summarised in the **Business Compass**, a dynamic tool that contains the corporate values, the strategic goals, and the tools for the furtherance of these goals.

The corporate philosophy of Pietro Fiorentini is founded on two main tools, the Values Chart and the Code of Conduct. The **Values Chart**, laid down with the involvement of the Owner, the Executives, the Middle Managers and representative of all corporate categories, summarises the principles and values that inform the behaviours and decisions taken by the Group. The **Code of Conduct**, on the other hand, is the collection of all the Group's conduct rules, based on recognised and shared values. The Code forms the basis of the corporate culture which must guide all collaborators in their interactions with external interlocutors.



EVERY DAY WE MUST MAKE CHOICES THAT HAVE THE POWER TO SHAPE THE FUTURE OF OUR COMPANY. IN THESE DECISIONS, THE GROUP IS GUIDED BY THE THOUGHTS AND IDEAS FROM WHICH WE DRAW OUR INSPIRATION, WHICH ARE MADE REAL IN THE VALUES AND PRINCIPLES THAT FORM THE BASIS OF OUR **CORPORATE CULTURE**

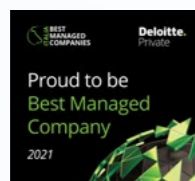
<p><b>PURPOSE</b></p> <p>TECHNOLOGY AND SOLUTIONS FOR A DIGITAL AND SUSTAINABLE WORLD</p>	<p><b>VISION</b></p> <p>WE AIM TO PLAY A LEADING ROLE IN SUSTAINABLE DEVELOPMENT AND PROMOTE A MORE RESPONSIBLE USE OF RESOURCES THROUGH THE SYNERGY BETWEEN TECHNOLOGY AND HUMAN CAPITAL</p>	<p><b>MISSION</b></p> <p>WE OPERATE ON AN INTERNATIONAL LEVEL WITH HIGH-TECH SOLUTIONS FOR ENERGY AND UTILITIES SECTORS, PUTTING THE CUSTOMER AT THE CENTRE OF A HIGHLY EFFICIENT MODEL ABLE TO CREATE SUSTAINABLE VALUE</p>
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## SUCCESS STORIES

## A YEAR OF IMPORTANT ACKNOWLEDGEMENTS

During 2021, Pietro Fiorentini Group was the recipient of many important acknowledgments that rewarded its results and management model.



The company was one of the **winners of the 4th edition of the Deloitte Private Best Managed Companies Award**. The recognition, which rewards Italian companies which excel in organisational ability, strategy, and performance, is an initiative supported by ALTIS Catholic University of Milan<sup>3</sup>, ELITE<sup>4</sup>, and Confindustria. The prize is awarded to Italian companies with an excellent management quality, innovative vision, ability to develop skills through strategic partnerships, and solid financial performance, as well as companies that possess an open and shared corporate culture which rewards virtuous conduct and can, therefore, attract, empower, and develop talent.



Based on a thorough analysis of the sector, the prestigious international consultancy company Frost & Sullivan<sup>5</sup> chose Pietro Fiorentini for the **2021 Global Smart Metering Company of the Year** award for unrivalled smart gas metering solutions.

A recognition that confirms the Group's role as a **leading supplier for the utilities sector**, with cutting-edge solutions that guarantee high levels of efficiency, safety, cost minimisation, and help advance the network digitalisation process.



In continuity with the past two years, in 2021 Pietro Fiorentini was once more mentioned in the Italian **1,000 Champion undertakings** list of the ItalyPost Study Centre. The company was ranked among the **"magnificent 200"**, i.e. the 200 best Italian companies with a turnover between 120 and 500 million.<sup>6</sup>

- <sup>3</sup> ALTIS - Graduate School Business and Society of Milan's Catholic University aims to favour, through research, training and strategic consultancy to companies, private and public, the diffusion of a responsible managerial culture, the reconciliation of competitiveness and corporate social responsibility, the interaction between profit and no-profit sector for the development of the Country, good governance, and a sustainable internationalisation.
- <sup>4</sup> Elite is the Programme of the London Stock Exchange Group that supports the development and growth of high-potential undertakings.



Pietro Fiorentini was the recipient of the **Sustainability Award**, a recognition reserved for Italian companies who stood out in fields related to sustainable development, social responsibility, and respect for the environment. Instituted by Credit Suisse<sup>7</sup> and Kon Group<sup>8</sup>, the recognition (announced by Forbes Italia<sup>9</sup>) was granted based on an **ESG rating** computed by ALTIS Catholic University of Milan and RepRisk<sup>10</sup>. The analysis model envisaged a questionnaire structured so as to survey the approaches adopted by undertakings with regard to topics relating to the environment, society, and governance.



In the context of the study on Italy's leading companies conducted in 2021 by the **Mediobanca Study Area**<sup>11</sup>, Pietro Fiorentini ranked **among the best dynamic companies**, i.e. manufacturing companies that achieved a **sales increase of at least 20%** over 2019 and no less than 5% on average over the previous three years. Another important acknowledgment by the economic/financial Institutions, that joins the many received by the company in the past year.



The new Pietro Fiorentini corporate website won first prize at the **NC Digital Awards** in the **best digital communication category in the B2B sector**, thanks to the full revamp of the graphics and of the user experience. Users of the new website can access its contents regardless of the IT tools they are using (browser, operating systems, etc.), making the site accessible also to users who, due to disabilities (physical, visual, hearing, or cognitive), require assistive technologies or specific configurations.

- <sup>5</sup> For over six decades, Frost & Sullivan has been famous the world over for its role in helping investors, corporate leaders, and governments to navigate economic changes, by identifying technological evolutions, sector mega-trends, and new business models, with the aim of guiding the future success of organisations.
- <sup>6</sup> The research, carried out by the ItalyPost Study Centre, examined the financial statements for the years 2013 to 2019 of undertakings with an annual turnover of between 20 and 500 million. The full list can be found on the ItalyPost website.
- <sup>7</sup> Credit Suisse is a financial services company that operates worldwide.
- <sup>8</sup> Kon Group is an Italian operator offering corporate and financial consultancy to undertakings.
- <sup>9</sup> For more details: These are the 100 leading Italian companies in the field of sustainability ([forbes.it](https://forbes.it)).
- <sup>10</sup> RepRisk is a research company specialising in risks related to the environment, social governance, corporations, and corporate conduct.
- <sup>11</sup> The Mediobanca Study Area presents the 56th edition of the study on Leading Italian Companies. The study examined the financial statements of 3,437 companies, divided based on the sector in which they operate. In detail: 2,573 industrial and services companies, 252 holding companies, 27 SIMs [stock broking companies], 29 leasing companies, 39 factoring and consumer credit companies, 403 banks, and 114 insurance companies. The full study can be found on the Mediobanca website.

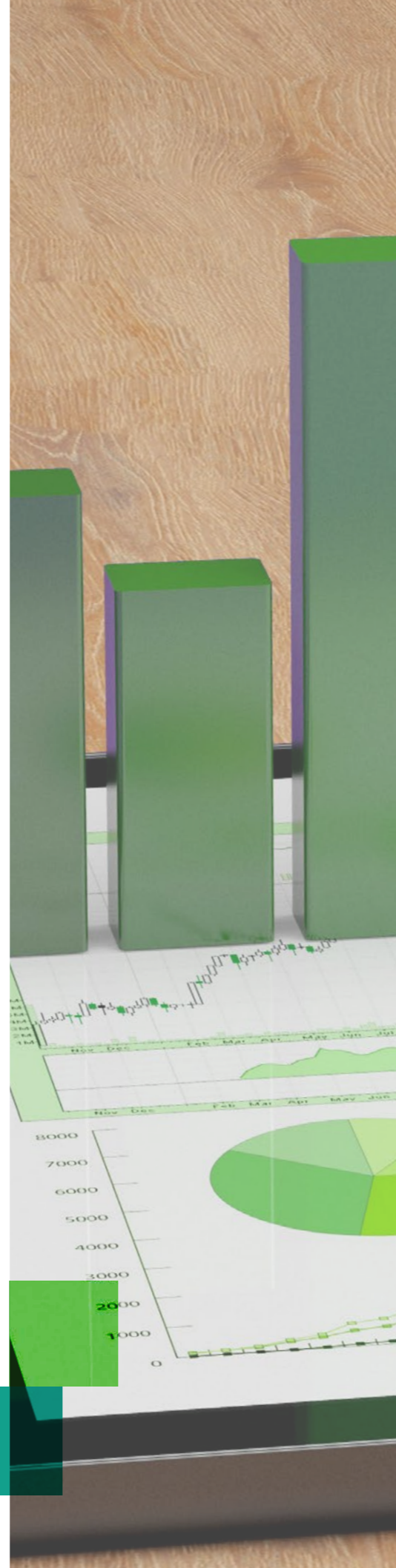
# THE ENABLING FACTORS OF OUR BUSINESS MODEL

Around the world, the use of energy is without question the main source of greenhouse gas emissions deriving from human activity.

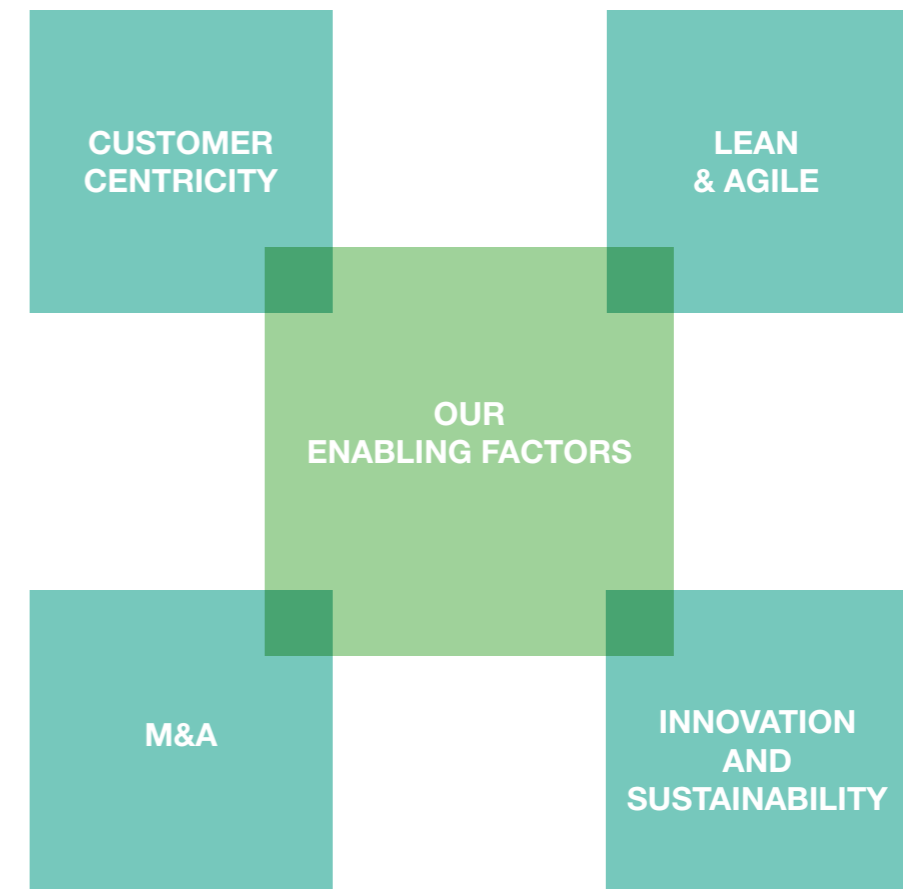
Conscious of the role that it can play in the current international panorama, Pietro Fiorentini Group is endeavouring to directly contribute towards the mitigation of the effects of climate change and reach the **zero emissions** goal set by the European Union for 2050. A commitment that translates into the development of new technologies and solutions based on greener procurement sources, such as **hydrogen, biomethane, and biogas**. This is the goal of the company's recent investments in Research and Development and a business approach that constantly strives for innovation.

Starting with the Business Compass, the Group has identified the main **strategic priorities for the medium/short term**. The aim is to consolidate the company's role as a **point of reference for the entire energy supply chain**, promoting the recourse to increasingly sustainable energy, as well as encouraging the activation of new projects and external partnerships, both within its own supply chain and with other strategic actors, such as banks, associations, and universities.

**PAVING THE WAY TO RENEWABLES, THIS IS ONE OF THE FUNDAMENTAL GOALS THAT PIETRO FIORENTINI PURSUES WITH ITS BUSINESS, ALSO THROUGH THE ACTIVATION OF PARTNERSHIPS WITH THE LEADING PLAYERS OF THE SECTOR**



The furtherance of these strategic goals, which increasingly incorporate ESG criteria, is founded on what can be said to be the **“enabling factors”** of the Group's business strategy.



## CUSTOMER CENTRICITY

**Customer centrality** has always been an **enabling factor for the furtherance of the strategic goals of Pietro Fiorentini**. In fact, the Group pursues the goal of general added value for its customer base, responding in the most effective way to medium/long-term needs (see also chapter 5, p.96-101).

In the current market context, which is characterised by a high degree of complexity and increasingly challenging timeframes, “putting the customer at the centre” is not achieved just by paying attention to product quality or to process optimisation, but must be also inextricably linked to all other elements (technical support, maintenance services, logistics, information, communication) that characterise the relationship and which, inevitably, have an impact on the perception of Pietro Fiorentini as a fully rounded company.



## A NEW CORPORATE ORGANISATION MODEL, THAT COMBINES RESILIENCE WITH INNOVATION

The scenario in which we live stands out due to its significant level of complexity, which it is possible to summarise with the acronym **VUCA**<sup>12</sup>: volatile, uncertain, complex, and ambiguous. This context, based on strong interconnections and continuous and ever-faster change, requires a change of paradigm in order to guarantee that undertakings can adapt to the new situations.

Armed with this awareness, Pietro Fiorentini Group has endeavoured to adopt an **ambidextrous organisation model**<sup>13</sup>, i.e. a model that can combine creativity, innovation, and speedy decision-making, on the one hand, with productivity and efficiency, on the other. This organisational approach is characterised by a solid ability to adapt to the external context, so as to effectively respond (where necessary) to potential opportunities and/or risks deriving from the environment in which the company finds itself operating.

To pursue this objective, Pietro Fiorentini has rethought its internal organisation, setting up **cross-functional teams**, made up of contact persons from various departments (such as, for example, Research and Development, Logistics, Quality and Production, etc.), and creating **agile and transversal networks** with a focus on the rapid development of products and/or innovative solutions for the market or on the launch of new business models, whose activities are planned to have a medium/long-term impact.

These teams are supported by the traditional hierarchical organisation, characterised by specific skills and responsible for the company's activities that have an impact in the short term. This structure supports more "traditional" projects and aims at incremental innovation, based on low risks and focused on finetuning the use of existing technologies and/or business models, with a view to increasing competitiveness on markets that are already being monitored.

The two souls, the cross-functional team network and the traditional hierarchical structure, complement each other and enable the Group to **guarantee the stability** of the organisation. A journey that implies a **constant transformation** process and is made possible by the daily contribution of all collaborators.

<sup>12</sup> The acronym VUCA (Volatility, Uncertainty, Complexity, Ambiguity) was coined by the military in the late 1990s to describe the increasingly uncertain and variable political framework that was created by the end of the Cold War and the fall of the Berlin wall. The concept has since been used in reference to leadership and entrepreneurship.

<sup>13</sup> The concept of ambidextrous derives from Latin: "ambi" means "both" and "dexter" means "right" or "favourable". Literally, however, "ambidextrous" means "both are right" or "both are favourable".

<sup>14</sup> The A3 are management and problem-solving spreadsheets internal to the Group, which make it possible to analyse the current situation, as well as to lay down specific improvement goals and concrete proposals for achieving them.

## LEAN & AGILE

At the start of the 21st century, the Group embarked on an internal reorganisation path inspired by the principles of **Lean Production**, that is to say pared-down production, and of **Kaizen** (a term that refers to the set of activities designed for continuous improvement). The adoption of this methodology aims to optimise, to the greatest degree possible, internal processes (be they related to production or not), avoiding all waste and contributing to a focus on projects and initiatives that can **truly generate added value for customers**.

The processes implemented during this journey are based on the **Hoshin Kanri** approach and on the A3<sup>14</sup> methodologies, tools that have made it possible to share information at all internal organisational levels, aligning the daily tasks with the medium/long-term strategic goals.

The Group has combined the Lean philosophy with the **Agile approach**, which, at Pietro Fiorentini, has been applied with the SCRUM method (literally referring to a rugby scrum), a framework that exalts the importance of team work to achieve **full end user satisfaction**.

The incorporation of the **Lean & Agile** methodologies has transformed the Group's business approach, guaranteeing **increasingly sustainable and competitive growth** and promoting a brand-new internal culture.

## INNOVATION AND SUSTAINABILITY

The Pietro Fiorentini business model is based on innovation and sustainability, two inextricably linked concepts that are of crucial importance in pursuing customer satisfaction and that of present and future generations.

Thanks to innovation processes (that do not just relate to products, but also to internal organisational flows) and to development activities related to digitalisation and solutions for renewable energies, the Group can directly contribute to the **de-carbonisation** process to counter climate change.

At Pietro Fiorentini, however, sustainability does not end with business, but it is taken into account in every single aspect of the company's activities, i.e. in terms of responsibility towards the whole of society. For this reason, the Group is endeavouring to ensure the **constant monitoring and improvement of its environmental** (for example by updating the vehicle fleet or by increasing the energy efficiency of buildings), **social** (think of the management of internal resources, the relationships with suppliers and with the local communities), and **governance** performance (to ensure, through the adoption of increasingly structured internal measures, full compliance with the values of integrity and transparency) of its activities.



## INTESA SANPAOLO INNOVATION CENTER AND PIETRO FIORENTINI: TOGETHER WE SELECT AND SUPPORT THE BEST STARTUPS IN THE FIELD OF ENERGY TRANSITION

Pietro Fiorentini Group and the **Intesa Sanpaolo Innovation Center** have launched a collaboration to **identify the best technologies and startups at international level**, with the ultimate goal of **accelerating projects related to the development of renewable energies and the reduction of CO<sub>2</sub> emissions**.

Through the Startup Initiative platform, the Innovation Center of Intesa Sanpaolo will support the Management of Pietro Fiorentini in **Open Innovation** activities in order to search for, select, and develop the best technological innovation projects in the field of energy, which can then support the Group's activities. The company's internal Management will also receive training on the right approach for managing innovative startups, so that it can make the best use of their potential.

The first months of 2022 saw the launch of the **Sustainable Energy Venture** programme, i.e. a tender open to all startups with specific technological characteristics in the context of a specific scope (i.e. that of technologies for capturing, valorising, and storing CO<sub>2</sub> and of other ancillary technologies related to the development of skills in the hydrogen sector), offering the winning startups the possibility of starting to collaborate immediately with Pietro Fiorentini, thanks to direct financing or through partnerships (see also chapter 3, p.62-63).

This is a **strategic initiative** that strengthens the existing synergy between Intesa Sanpaolo and Pietro Fiorentini Group, launching a new phase where companies and financial institutions (but not exclusively) will collaborate to support the **best talents of technological innovation**, acting as **enablers of energy transition** at the side of national and international bodies.

The operation for the concession by Intesa Sanpaolo of a **credit line aiming to facilitate reaching specific ESG targets<sup>15</sup>** can be seen in this light. The loan, whose value amounts to 30 million euros, will support the Group's plans to invest in support of its business, including the implementation of specific sustainability projects.

<sup>15</sup> In detail, the goals relating to the operation envisage, on the one hand, the reduction of CO<sub>2</sub> emissions thanks to actions on the entire company fleet and increased training pathways for the Group's personnel.

## M&A

The Group, especially in the first decade of the 21st century (also as a consequence of the internal restructuring in the key of Lean), has adopted a **strategic approach for external growth lines** which has led to the acquisition of various industrial and commercial companies (selected based on well-defined parameters), which have enabled it to respond more effectively and efficiently to the challenges of energy transition and digitalisation.

The Mergers & Acquisitions (M&A) strategy, therefore, aims to **intercept companies whose corporate purposes are consistent with the business** of Pietro Fiorentini, boosting, on the one hand, the Group's position as a supplier of solutions, and, on the other hand, especially in recent years, its role in sectors that are complementary to those it traditionally monitors.

The *modus operandi* is based on an in-depth analysis of the market with the aim of identifying promising niches and getting an idea of their potential future development, assessing possible virtuous synergies and the possibility of enhancing know-how. This activity is implemented and carried out by inter-functional teams that involve various corporate areas for the matters under their respective purview.

Pietro Fiorentini Group stands out from other companies on the market by the fact that it is not just a simple industrial investor, but it offers support and technical skills throughout the industrialisation process, as well as **supporting the companies acquired from an organisational, commercial, and marketing point of view**. The Group's incorporation process, however, does not discount the role of the previous owners, who keep playing a starring role aiming at continuous improvement and making the best use of all internal skills.

# 2

## AN EVER-GROWING COMMITMENT TO ESG TOPICS

- 30 **OUR SUSTAINABILITY PATH**
- 32 **THE INVOLVEMENT OF STAKEHOLDERS**
- 36 **BUILDING THE FUTURE: OUR PRIORITIES**

## OUR COMMITMENT *to get there*

**We wish to contribute to truly sustainable development that can generate positive impacts for the environment in which we live, for people and for society as a whole. This is why we are increasingly committed to promoting the integration of ESG topics in our business model.**



# OUR SUSTAINABILITY PATH

Pietro Fiorentini Group is endeavouring to pursue sustainable success, founded on the **protection of the environment**, on safeguarding the **human capital**, and on the **principles of business transparency and integrity**.

Sustainability has always been an integral part of the Group's business; during 2021, we carried out various activities aiming to promote a growing incorporation of ESG criteria in the business model, going beyond mere regulatory obligations. The ultimate goal is to draw a **structured and integrated path that can generate shared value for all stakeholders**, be they internal or external.

To pursue this ambitious goal, Pietro Fiorentini set up an **inter-functional ESG Team** dedicated to the management, coordination, and communication of sustainability initiatives. Moreover and in order to promote this culture at global level, the company identified certain **support Focal Points** in its subsidiaries that fall under the reporting scope.

THE ADOPTION OF AN **ESG STRATEGIC APPROACH** ENABLES THE GROUP TO DEVELOP AN **INTERNAL CULTURE** THAT IS INCREASINGLY SENSITIVE TO SUSTAINABILITY MATTERS



AN EVER-GROWING COMMITMENT ON ESG TOPICS

AN EVER-GROWING COMMITMENT ON ESG TOPICS

# THE INVOLVEMENT OF THE STAKEHOLDERS

In carrying out its activities, Pietro Fiorentini takes into account **the interests and expectations of all its main stakeholders**, with the aim of developing solid and long-lasting relationships, creating value in the long term.

This engagement process, in fact, plays a central role in transposing the needs of the various interlocutors with whom the Group interacts, thus making it possible to effectively and efficiently formulate responses. The management of the relationship, based on constant and multi-channel dialogue, is even more relevant in as complex a scenario as the current one, characterised by impor-

tant global challenges, the most pressing of which are energy transition and the Covid-19 pandemic.





After having identified the categories of stakeholders with the highest priority, the Group laid down the means of engagement and the most appropriate dialogue tools for incentivising participation. The 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.



AN EVER-GROWING COMMITMENT ON ESG TOPICS

AN EVER-GROWING COMMITMENT ON ESG TOPICS

STAKEHOLDER CATEGORY	THE COMMITMENT OF PIETRO FIORENTINI TO ITS STAKEHOLDERS	INVOLVEMENT ACTIVITY
<b>EMPLOYEES</b> 	Every day, Pietro Fiorentini endeavours to guarantee a fair and safe workplace environment that can facilitate collaboration and team work, promoting an inclusive culture, and open and constructive dialogue.	<ul style="list-style-type: none"> <li>- Identification of a People Strategy dedicated to the development of personnel</li> <li>- "People Fuel" corporate well-being programme</li> <li>- Periodic survey to measure the employees' satisfaction level and well-being</li> <li>- Internal communication through PF World, the corporate house organ, and daily newsletters</li> <li>- Continuous training, with particular focus on the Lean &amp; Agile area (e.g., Lean Academy)</li> <li>- Customised growth paths and periodic performance assessment</li> <li>- Structured mentoring programme for HiPo (High Potential) employees</li> <li>- Disbursement of benefits to the employees by means of corporate welfare</li> <li>- Internal workshop for the assessment of the material topics</li> </ul>
<b>CUSTOMERS</b> 	<p>The focus on the customer is the linchpin on which the success of the Pietro Fiorentini business model is founded.</p> <p>The Group endeavours to guarantee the reliability and safety of the activities carried out, in full compliance with the applicable rules and regulations and always paying greater attention to ESG factors.</p>	<ul style="list-style-type: none"> <li>- PFCcommerce portal, a B2B tool that makes it possible to configure the orders and monitor deliveries, in order to improve the customers' use experience</li> <li>- CRM (Customer Relationship Management) portal used to map the relationships with customers - both current and potential - in order to continuously improve the service provided</li> <li>- Customers are offered training activities on the use and maintenance of the products, as well as on the regulatory requirements</li> <li>- Distribution of questionnaires that aim to measure the customers' level of satisfaction (e.g., Net Promoter Score, EOC/VOC)</li> <li>- Active collaborations with certain customers (UK B.E.I.S., Hera Group, etc.)</li> </ul>
<b>LENDERS</b> 	The company endeavours to increase the attractiveness of its business model, by operating in collaboration with the main credit institutions.	<ul style="list-style-type: none"> <li>- Collaboration with Intesa Sanpaolo to select and support the best startups in the field of energy transition</li> <li>- Activation of an ESG loan with Intesa Sanpaolo in support of the implementation of specific sustainability projects</li> <li>- Participation in stakeholder engagement activities of the main lenders</li> </ul>

STAKEHOLDER CATEGORY	THE COMMITMENT OF PIETRO FIORENTINI TO ITS STAKEHOLDERS	INVOLVEMENT ACTIVITY
<b>TRADE ASSOCIATIONS</b> 	Pietro Fiorentini endeavours to maintain the relationships with the main trade associations, in order to share information and best practices on topics relevant to the sector in which it operates.	<ul style="list-style-type: none"> <li>- Participation in events and working tables of the national (e.g., CIB, H2IT) and international (e.g. Farecogaz) associations on topics relevant to the gas sector, such as the impact of energy transition</li> </ul>
<b>LEGAL AND REGULATORY AUTHORITIES</b> 	The Group interacts with the main national and international institutions to ensure the constant sharing of information and virtuous practices in terms of guidelines, corporate systems, policies, and principles.	<ul style="list-style-type: none"> <li>- Participation in consultations, working tables and technical meetings with Authorities (e.g., ARERA), government bodies (e.g., MISE, GSE), and national and international standard bodies (e.g., CEN)</li> </ul>
<b>SUBSIDIARIES</b> 	Pietro Fiorentini undertakes to disseminate the principles and values on which its business model is based also to its subsidiaries and their collaborators, promoting constant exchange and sharing.	<ul style="list-style-type: none"> <li>- Identification of support Focal Points for the subsidiaries, responsible for ESG data collection</li> <li>- Training in the field of ESG, provided to the Focal Points before the works for the Sustainability Statement 2021 begin</li> <li>- Organisation of joint sustainability projects or extension of programmes launched at Parent Company level</li> </ul>
<b>LOCAL COMMUNITIES</b> 	Pietro Fiorentini Group has always endeavoured to build relationships with the local areas and communities in which it operates.  This commitment translates into initiatives aiming to meet specific needs and requirements, in line with the Group's values and with the ultimate goal of pursuing truly sustainable development.	<ul style="list-style-type: none"> <li>- Initiatives to support local communities, in particular those near the Italian sites, thanks to money or goods donated</li> </ul>

STAKEHOLDER CATEGORY	THE COMMITMENT OF PIETRO FIORENTINI TO ITS STAKEHOLDERS	INVOLVEMENT ACTIVITY
<b>SUPPLIERS</b> 	With its partners along the supply chain, Pietro Fiorentini endeavours to build collaborations based on trust, loyalty, and respect.  This approach enables the Group to establish solid and long-lasting relationships. The goal is to further increase the involvement of its commercial partners, increasingly focusing on ESG factors.	<ul style="list-style-type: none"> <li>- Supplier HUB, an IT interface for the interaction of the company with its partners, which enables traceability in commercial relationships and the reduction of order and shipping times</li> <li>- Sharing internal and specific needs / purchase specifications before a commercial relationship is launched, to guarantee conformity and the health and safety of operators</li> <li>- Distribution of a first questionnaire dedicated to ESG topics to a significant sample of suppliers</li> </ul>
<b>TRAINING INSTITUTIONS</b> 	Pietro Fiorentini leads the development of partnerships and initiatives with Universities and research centres.  These collaborations are of fundamental importance for the Group, and aim to create spaces where to share skills and that make it possible to train the possible managers of the future.	<ul style="list-style-type: none"> <li>- Long-standing collaborations with Universities (Milan Polytechnic, Commercial University Luigi Bocconi, Universities of Padua, Vicenza, Brescia and Ferrara, CUOA Business School) and research centres</li> <li>- Participation of some employees in Masters and external Academies</li> <li>- Launch of the C-Learn Energy Academy, a training programme in collaboration with MIP Milan Polytechnic</li> <li>- Sharing of the case study on the Sustainability Statement 2020 in some training programmes (Master Sole24Ore, Academy Euronext Borsa Italiana)</li> </ul>
<b>TRADE UNIONS</b> 	The Group supports the freedom of association of its collaborators and the effective recognition of the right to collective bargaining, guaranteeing direct and frequent communication, with a view to full transparency.	<ul style="list-style-type: none"> <li>- Meetings with the trade unions at local level</li> <li>- Collaboration for the renewal of results bonuses and welfare plans</li> </ul>

# BUILDING THE FUTURE: OUR PRIORITIES

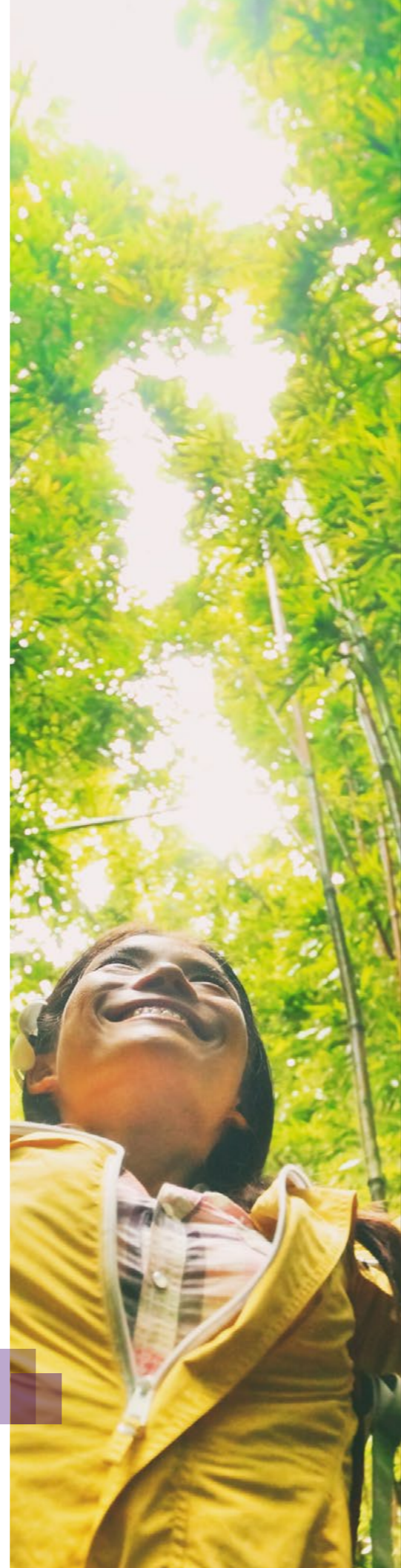
## THE MATERIALITY MATRIX OF PIETRO FIORENTINI GROUP

Before the publication of the Sustainability Statement 2020, the Group implemented a first **materiality analysis** process, involving both internal and external stakeholders (especially customers, trade associations, training institutions, lenders, suppliers, and legal and regulatory authorities).

This process, which took place in early 2021, in compliance with the requirements of the sustainability reporting standard used (GRI Standard), made it possible to draw up the **materiality matrix**, a tool that facilitates the classification and valorisation of the most relevant sustainability aspects for the Group and its stakeholders.

In order to update its matrix and finetune the main lines of action pertaining to sustainability, Pietro Fiorentini chose to **refresh the list of potentially relevant topics**. This list was drawn up based on the aspects identified as material in 2021 (i.e. 8 macro-topics, structured in 26 material sub-topics) and was then revised, during a dedicated workshop with the participation of the company's Management.

THE **MATERIALITY MATRIX** HAS HIGHLIGHTED WHAT ARE BELIEVED TO BE THE **MOST STRATEGICALLY IMPORTANT TOPICS FOR THE GROUP ON ESG MATTERS**



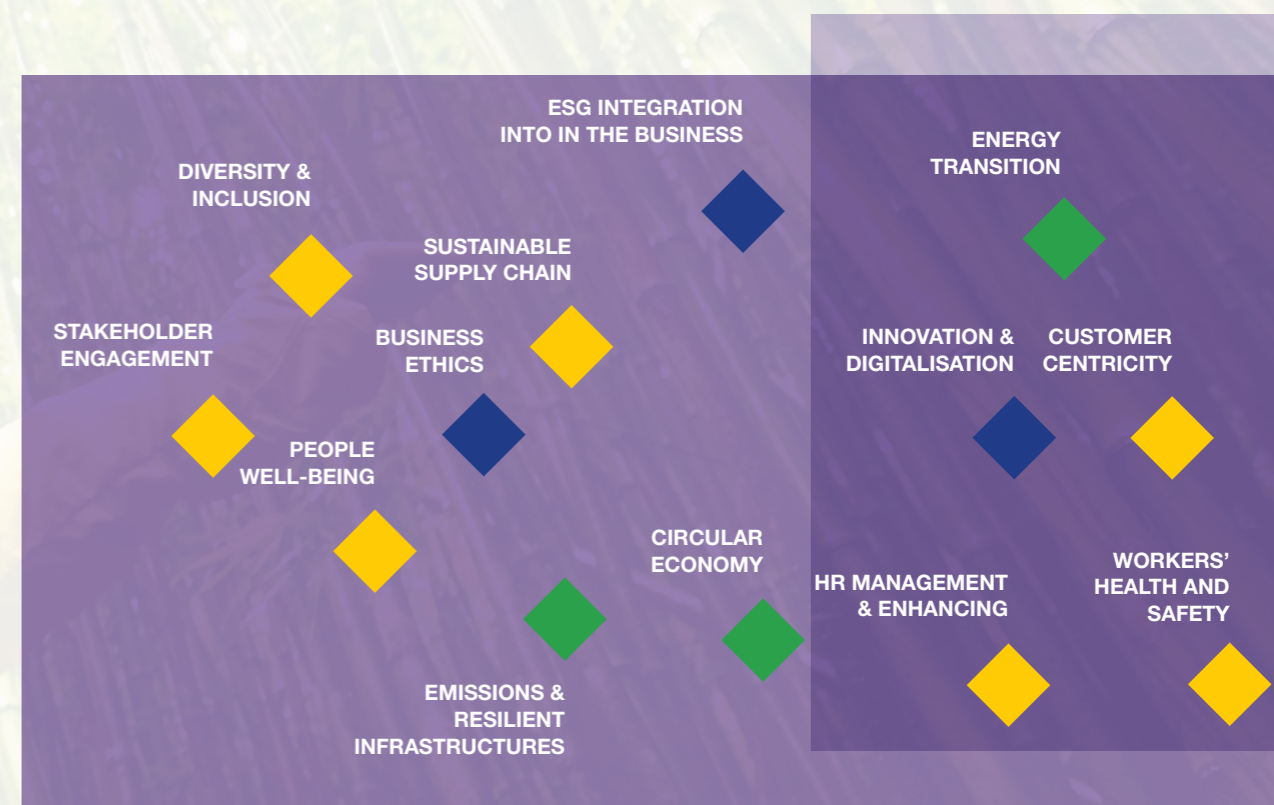
During the meeting, the participants voted for the relevance of each topic from the perspective of the business and of the internal stakeholders.

Moreover, the company's Management expressed its opinion with regard to the degree to which the Group currently monitors each aspect, so as to more effectively identify improvement areas and the related actions to be taken in the field of ESG. With regard to the external perspective, the meeting assessed the results of the engagement path on which the Group embarked in early 2021.

The matrix shown below summarises the **13 most relevant ("material") aspects**, divided into the three macro areas related to governance (which also includes economic performance), social, and environmental aspects. **Energy transition, Customer centricity, and Innovation & digitalisation** were found to be the three most strategic topics for the Group. The top right quadrant of the matrix also contains an additional two topics, both pertaining to the management of human resources, i.e. the topic of **empowerment and professional growth of collaborators** (HR management & enhancing) and the topic relating to the **promotion of personnel health and safety**.



RELEVANCE FOR EXTERNAL STAKEHOLDERS



RELEVANCE FOR PIETRO FIORENTINI

WE ARE PIETRO FIORENTINI

The table below shows the full list of the **material aspects of Pietro Fiorentini Group**, as defined following the process for the update of the materiality matrix which was carried out in late 2021. Each material aspect finds an explicit counterpart in the

wider framework of the **2030 Agenda** of the United Nations, with a precise reference to the **Sustainable Development Goals (SDGs)** that are more relevant to Pietro Fiorentini's business.

The process for the update of the materiality matrix also helped to identify specific goals, defined in a synergistic and shared manner, to be pursued over the next two years, consistently with the main strategic priorities of the Group.

ESG DIMENSION	MATERIAL TOPIC	DESCRIPTION	OUR MAIN GOALS	SDGs
	<b>ENERGY TRANSITION</b>	Strengthen and incorporate in the Group's operations the activities that accompany decarbonisation processes, such as biomethane, hydrogen, power-to-gas, and smart gas grids, also focusing on the efficiency of water management systems. Development of new collaborations with relevant partners in order to pursue this goal.	<ul style="list-style-type: none"> <li>- CREATION OF A POWER-TO-GAS PLANT USING ANION EXCHANGE ELECTROLYSIS AND BIOLOGICAL METHANATION TECHNOLOGIES<sup>1</sup></li> <li>- COMPATIBILITY OF 80% (IN TERMS OF TURNOVER) OF REGULATION AND METERING PRODUCTS WITH HYDROGEN MIXTURES UP TO 20%</li> </ul>	
	<b>CIRCULAR ECONOMY</b>	Promotion of circularity principles both in terms of waste management and in terms of new product development, also thanks to the collaboration with external partners.	<ul style="list-style-type: none"> <li>- PURCHASE AND DESIGN OF WOODEN AND PAPER PACKAGING JUST FROM SUSTAINABLE SUPPLY CHAINS</li> </ul>	
	<b>EMISSIONS &amp; RESILIENT INFRASTRUCTURES</b>	Promote the implementation of specific projects dedicated to monitoring and reducing greenhouse gases at Group level. Develop initiatives for energy efficiency and to monitor the resilience of infrastructures in terms of building management, energy and water consumption.	<ul style="list-style-type: none"> <li>- OBTAINING ISO 50001 CERTIFICATION – ENERGY MANAGEMENT SYSTEMS AND ASSESSMENT OF ENERGY SAVING INITIATIVES FOR THE SITE OF ARCUGNANO</li> </ul>	
	<b>WORKER'S HEALTH AND SAFETY</b>	Promotion of the "safety first" culture throughout the Group, to monitor and prevent all potential risks, taking into account both internal and external collaborators (customer, suppliers, etc.).	<ul style="list-style-type: none"> <li>- TRAINING AND AWARENESS RAISING FOR 60% OF HSE SUPERVISORS IN THE CONTEXT OF A FIRST APPLICATION OF THE BBS (BEHAVIOR BASED SAFETY) METHODOLOGY, IN ORDER TO IMPROVE THE MANAGEMENT OF CONCERNS AND REDUCE THE NUMBER OF ACCIDENTS<sup>2</sup></li> </ul>	
	<b>HR MANAGEMENT &amp; ENHANCING</b>	Improve the management of human resources and potential development programmes, to retain and attract new talent by means of training activities and by boosting the skills that contribute to personal progress.	<ul style="list-style-type: none"> <li>- DELIVERY OF AT LEAST 40 AVERAGE HOURS OF TRAINING PER EMPLOYEE<sup>3</sup></li> </ul>	
	<b>PEOPLE WELL-BEING</b>	Guarantee life/work balance through a well-being system that meets the needs of employees. Promote measures such as parental leave, medical benefits, personal well-being initiatives, and flexible work.	<ul style="list-style-type: none"> <li>- CARRY OUT CLIMATE ANALYSES IN PIETRO FIORENTINI, TIV VALVES, GAZFIO, AND PIETRO FIORENTINI (USA) ON ASPECTS OF CREDIBILITY, RESPECT, FAIRNESS, PRIDE, COHESION, IDENTITY AND TRUST</li> </ul>	
	<b>DIVERSITY &amp; INCLUSION</b>	Promote diversity, equal opportunities, and inclusion by sharing a non-discriminatory culture that finds value in various abilities, origins, experiences, and orientations.	<ul style="list-style-type: none"> <li>- IN-DEPTH EXAMINATION OF THE CLIMATE ANALYSIS RESULTS WITH SPECIFIC REFERENCE TO THE ISSUE OF DISCRIMINATION AT THE WORKPLACE</li> </ul>	

AN EVER-GROWING COMMITMENT ON ESG TOPICS

AN EVER-GROWING COMMITMENT ON ESG TOPICS

<sup>1</sup> See also chapter 3, p.56-57.  
<sup>2</sup> Goal that refers just to Pietro Fiorentini S.p.A.  
<sup>3</sup> The average hours are calculated as the ratio between the training hours and the number of employees as of 31/12, taking into account employees with an indefinite and fixed-time contract working for Pietro Fiorentini and TIV Valves.

AN EVER-GROWING COMMITMENT ON ESG TOPICS

AN EVER-GROWING COMMITMENT ON ESG TOPICS

ESG DIMENSION	MATERIAL TOPIC	DESCRIPTION	OUR MAIN GOALS	SDGs
	<b>STAKEHOLDER ENGAGEMENT</b>	Develop business activities in accordance with the needs and expectations of stakeholders, through transparent and collaborative communication with them, also on ESG topics. Manage industrial relations and promote projects and specific activities together with the local communities in which the company operates.	- INVOLVEMENT OF EXTERNAL STAKEHOLDERS TO UPDATE THE 2022 MATERIALITY MATRIX	 
	<b>CUSTOMER CENTRICITY</b>	Ensure the reliability of products and services in order to prevent and/or mitigate potential situations that can compromise business continuity and guarantee that customers receive safe and continuous service over time, in compliance with the rules and regulations. Manage the relationship with customers by providing constant support when needed and innovative and sustainable solutions that can meet the new requirements of consumers.	- REACH AN AVERAGE NET PROMOTER SCORE OF AT LEAST 80%, OBTAINED BY SENDING OUT SATISFACTION QUESTIONNAIRES TO A SIGNIFICANT SAMPLE OF CUSTOMERS, FOLLOWING THE CONCLUSION OF AN OFFER AND/OR FOLLOWING THE MANAGEMENT OF AN ISSUE	 
	<b>SUSTAINABLE SUPPLY CHAIN</b>	Adopt responsible and ethical procurement policies, that entail the selection of suppliers in consideration of their ESG performance.  Establish long-term relationships, also with the aim of developing innovative approaches to sustainability topics. Promote the stability and integrity of the entire supply chain.	- QUALIFICATION OF ALL NEW SUPPLIERS BY MEANS OF AN ASSESSMENT QUESTIONNAIRE INCLUDING ESG CRITERIA <sup>4</sup>	
	<b>INNOVATION &amp; DIGITALISATION</b>	Promote innovation, by increasing the effectiveness of the operations and services offered, to digitise and optimise the monitoring and management of infrastructures and to easily incorporate new opportunities related to renewable energies. Manage IT security, also taking into account the growing tendency to the digitalisation of processes and solutions.  Launch new collaborations to identify the next innovative technologies related to energy transition and to the reduction of CO <sub>2</sub> emissions.	- DEVELOPMENT OF SMART REDUCTION STATIONS, INCLUDING SENSORS FOR THE ANALYSIS OF GAS QUALITY AND THE MEASURE OF HYDROGEN % AND FLOW RATE, ACQUISITION SYSTEMS, REMOTE DATA MANAGEMENT AND REGULATION, THAT ENABLE ENERGY TRANSITION BY MEANS OF THE INJECTION IN THE NETWORK OF GASES ORIGINATING FROM GREEN ENERGY VECTORS	 
	<b>ESG INTEGRATION INTO THE BUSINESS</b>	Strengthen the commitment on ESG topics, incorporating them in the business model, in the strategy, and in the risk analysis.	- OBTAINING A CERTIFICATION IN THE FIELD OF SOCIAL RESPONSIBILITY <sup>4</sup>	 
	<b>BUSINESS ETHICS</b>	Carry out corporate activities with loyalty and fairness in compliance with the laws and regulations. Create adequate internal control systems and disseminate a corporate culture based on integrity, professional ethics, and honesty to build trust-based relationships with our stakeholders. Promote the training of employees on anti-corruption matters, in line with the values of transparency and responsibility. Ensure respect for human rights.	- INTRODUCTION OF A COMMITTEE - COMPOSED BY GENERAL MANAGEMENT, LEGAL OFFICE, AND RESEARCH & DEVELOPMENT - FOR THE PROTECTION OF THE GROUP'S INTELLECTUAL PROPERTY AND FOR THE ASSESSMENT OF POSSIBLE VIOLATIONS, ACTIVE AND PASSIVE, IN COMPLIANCE WITH FAIR COMPETITION	

<sup>4</sup> Goal that refers just to Pietro Fiorentini S.p.A.

## THE CONTRIBUTION OF PIETRO FIORENTINI GROUP TO THE 2030 AGENDA

In 2015, the 193 member states of the United Nations signed the **2030 Agenda for Sustainable Development**, an Action Plan based on 17 goals (**Sustainable Development Goals - SDGs**), supported by 169 specific targets to deal with and respond to the main global economic, social, and environmental challenges. The aim of the 2030 Agenda is to involve all stakeholders who can have a concrete impact in the furtherance of these goals (States, institutions, undertakings, civil society, and associations), thanks to a **shared and multi-stakeholder approach**.

In light of the numerous sectors in which it operates, Pietro Fiorentini is a leading actor in contributing to reach the Sustainable Development Goals. The Group endeavours daily to launch projects and concrete initiatives, in line with the business priorities and **that can be mainly associated with 10 of the 17 Sustainable Development Goals** of the United Nations.

PIETRO FIORENTINI CONTRIBUTES TO **10 SUSTAINABLE DEVELOPMENT GOALS** WHICH ARE MOSTLY IMPACTED BY ITS BUSINESS



- "PEOPLE FUEL" CORPORATE WELL-BEING PROGRAMME
- CORPORATE WELFARE SYSTEMS
- SUPPLEMENTARY HEALTH INSURANCE
- SUPPORT TO LOCAL ASSOCIATIONS (AVMAD AND BRAIN ONLUS)
- DONATION OF SANITARY EQUIPMENT TO HOSPITALS FOR THE MANAGEMENT OF THE COVID-19 PANDEMIC
- TRAINING AND AWARENESS CREATING OF COLLABORATORS ON HEALTH AND SAFETY



- FIRST EDITION OF THE C-LEAN ENERGY ACADEMY, IN COLLABORATION WITH THE MIP
- CONTINUOUS TRAINING, WITH PARTICULAR FOCUS ON THE LEAN & AGILE AREA (E.G., LEAN ACADEMY)
- PARTICIPATION IN TRAINING EVENTS AND CAREER DAYS WITH UNIVERSITIES AND BUSINESS SCHOOLS



- FOCUS ON EQUALITY AT WORK AND ON EQUAL OPPORTUNITIES
- INCREASE OF THE PERCENTAGE OF WOMEN AT WORK



- M&A: ACQUISITION OF COMPANIES THAT EXPAND THE GROUP'S OFFER IN THE FIELD OF RENEWABLE ENERGIES
- DEVELOPMENT OF SOLUTIONS FOR BIOMETHANE, HYDROGEN, AND POWER-TO-GAS



- ISO 45001-CERTIFIED HEALTH AND SAFETY MANAGEMENT SYSTEM (AT PIETRO FIORENTINI AND TIV VALVES)
- PRODUCT CERTIFICATIONS TO GUARANTEE THE END USER'S SAFETY
- LOCAL FOR LOCAL APPROACH



- INTERNAL WORK TEAMS FOCUSING ON THE DEVELOPMENT OF INNOVATIVE SOLUTIONS (E.G., SMART WATER METERS, NEXMETER)



- EXPERIMENTS IN THE USE OF RECYCLED MATERIALS IN THE PRODUCTS
- COLLABORATIONS WITH PARTNERS TO REDUCE SECONDARY PACKAGING



- ENERGY REQUALIFICATION OF BUILDINGS
- ELECTRICAL CONVERSION OF THE COMPANY FLEET
- TRAINING AND AWARENESS RAISING ON ESG TOPICS
- COLLABORATIONS WITH PARTNERS AIMING TO PROMOTE ENERGY TRANSITION



- TRAINING ON ANTI-CORRUPTION
- COLLABORATION WITH GOVERNMENT BODIES



- PARTNERSHIPS WITH NATIONAL AND INTERNATIONAL BODIES ON BUSINESS, RESEARCH, AND TRAINING

## THE MAIN STRATEGIC PRIORITIES OF THE GROUP

The update of the materiality matrix in 2021 enabled the Group to more clearly and explicitly identify the **main strategic priorities**, in the context of which the Group has laid down certain goals on which to focus attention over the next **two years**. The identification of the Group's priorities forms part of and takes into account also the mapping carried out in the context of the 2030 Agenda, with the intention of pursuing a systemic and integrated approach.

The four strategic priorities summarise and define the **action priorities** of the Group and of all its collaborators and are a concrete tool for the creation of a **sustainable business model**.

The furtherance of the main priorities of action (Innovation in favour of energy transition; People well-being and development; Creation of value for stakeholders, and ESG and ethical business Governance) is possible also thanks to the existence of four enabling factors (see chapter 1, p.22-27) that form the basis of the Pietro Fiorentini entrepreneurial model and of its business strategy.

**THE ENABLING FACTORS OF OUR BUSINESS MODEL** - CUSTOMER CENTRICITY, LEAN & AGILE, INNOVATION AND SUSTAINABILITY, M&A - ARE INCORPORATED SEAMLESSLY INTO OUR **STRATEGIC PRIORITIES IN THE ESG FIELD**





# 3

## INNOVATION AT THE SERVICE OF ENERGY TRANSITION

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## OUR INNOVATION *to get there*

**Pietro Fiorentini Group endeavours to develop digitalised innovative and high-tech solutions at the service of energy transition, with constant investments in R&D and a strong focus on improving environmental performance.**

INNOVATION AT THE SERVICE OF THE ENERGY TRANSITION

INNOVATION AT THE SERVICE OF THE ENERGY TRANSITION

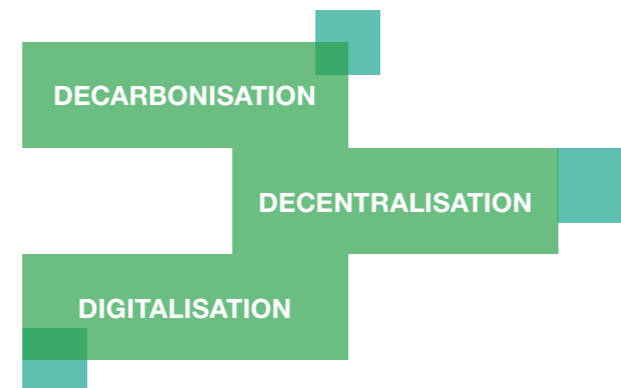
# PIETRO FIORENTINI: LEADING THE WAY TO ENERGY TRANSITION

The context of reference in which Pietro Fiorentini Group operates is characterised by **challenges of a global scope**. In particular, in the current context, the management of the Covid-19 pandemic and the aggravation of the climate crisis constitute the **main priorities**, requiring a common effort of all main actors in the field (governments, businesses, and civil society).

At international level, **the commitment to sustainability** shows remarkable growth, with the aim of combining the existence of a social-economic system that is more inclusive and focuses on the needs of all with the necessity to limit, to the maximum degree possible, the environmental impact of human activity on the planet's future.

In particular, the EU has set 2050 as the deadline for achieving **carbon neutrality**, which refers to achieving an overall balance between produced greenhouse gas emissions and reabsorbed emissions. To further this target, the Commission further enriched the Green Deal with a new package, the **"Fit for 55"**<sup>1</sup>, which updates regulations on matters relating to the climate, energy, and transport to align EU policies with the interim target of reducing greenhouse gas emissions by 55%, compared to 1990 levels, by 2030<sup>2</sup>. In this framework, **energy transition** is a key aspect for countering climate change. In fact,

consider that, at European level, the generation and use of energy are responsible for over **75%** of greenhouse gas emissions. Armed with this awareness, the European Commission has envisaged the furtherance of **three key principles for the energy sector**: guaranteeing safe and accessible procurement, developing a fully integrated, interconnected, and digitalised European market, and, lastly, prioritising efficiency by developing a mix that is largely based on renewable sources.



More in general, the future towards more sustainable energy will be based on the so-called **"three Ds"**: **decarbonisation**, which is the gradual shift from fossil fuels to renewables; **decentralisation**, which is the shift from centrally managed generation, transmission, and distribution to delocalised systems; and, finally, the **digitalisation** of network technologies and services.

- <sup>1</sup> The main proposals of this package focus on the revision of the Directive on renewable energies and of the Directive on energy efficiency, increasing the quota of renewable energy to 40% and the percentage of energy efficiency for the consumption of end and primary energy to between 36% and 39%, respectively, in 2030. Moreover, the proposals include the revision of the EU ETS, the electrification of transport and the development of support infrastructure, the introduction of a tax on imports of carbon-intensive products from non-EU countries, and the creation of a social fund for the climate with the objective of cushioning the social impact that will be generated by energy transition. In Italy, the consultations on Fit for 55 started in October 2021 at the Department for European Policies.
- <sup>2</sup> With these proposals, the Commission has presented the legislative instruments for reaching the climate goals set and radically transforming economy and society. The first approvals should arrive in the last quarter of 2022 and the first quarter of 2023.



## THE GLASGOW COP26 AND THE GLOBAL METHANE PLEDGE

The latest edition of the COP - **Conference of Parties**<sup>3</sup>-, also known as COP26, was held in Glasgow in late 2021 and attracted more business participants than ever, thus signalling a transition from the government-led **top-down** approach to **bottom-up action** by companies, investors, and NGOs. The negotiations concluded with the stipulation of the [Glasgow Climate Pact](#), which represents **the programme of reference for the next few years in terms of national and international policies for the protection of the planet and the ecosystems**. The Pact's main goals include:

- **cutting emissions**, with a target that aims to reduce emissions by 45% by 2030, aiming for carbon neutrality in 2050. With regard to methane, the agreements envisage restricting its emissions by 30% (compared to 2020) by 2030;
- the common commitment to **gradually reduce the use of coal and loans for fossil fuels**;
- the agreement on the regulation of the **carbon credit market**, to establish the system for CO<sub>2</sub> emission exchanges among countries;
- attention to **less developed countries**, with investments worth 100 billion in 2023 in support of energy transition and the commitment to double them from 2025 to 2030. Moreover, the end agreement recognises the right to losses and damage deriving from the climate crisis, albeit without envisaging specific economic compensation;
- developing and sharing, during the COP27, **anticipated and reinforced National Plans**<sup>4</sup>, which must present the enhanced climate strategies of the various countries.

Furthermore, COP26 saw the launch of the **Global Methane Pledge**, with the aim of rapidly reducing methane emissions as a decisive and extremely urgent action to limit global warming. Methane, in fact, is a climate pollutant responsible for nearly half of the net increase in global temperature compared to the pre-industrial age, representing 17% of global emissions.

The Pledge, subscribed by over 100 countries responsible for almost 50% of methane emissions and that represent over two-thirds of the global GDP, **aims to boost support to existing international initiatives for reducing methane emissions by at least 30% (compared to 2020) by 2030**, in order to eliminate over 0.2°C of warming by 2050.

- <sup>3</sup> The COP brings together the 196 countries that have signed the United Nations Framework Convention on Climate Change (UNFCCC).
- <sup>4</sup> Nationally Determined Contributions – NDCs are the mitigation actions at national level, to be presented every five years.



## THE IMPACT OF AN INTEGRATED ENERGY SYSTEM

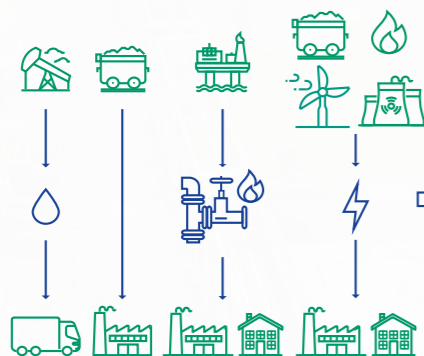
To pursue the goal of energy transition, the European Commission has developed specific documents, including those relating to the **European strategy for hydrogen**<sup>5</sup> and the [strategy for the integration of the energy system](#). The latter, presented in September 2020, contains the **concrete political and legislative measures** to build a new integrated energy system, which takes into account the various starting points of the member states.

To reach this objective, it is of fundamental importance that we rethink the current European energy system, founded on a system of silos in which **various, parallel and vertical, values chains** co-exist, rigidly linked to specific energy resources and sectors, in addition supported by sector-specific market rules.

In this sense, the **integrated energy system** represents the possibility to build a circular system, founded on energy efficiency, on the injection into the network of a **growing quota of renewable energies** (geographically distributed), and on the **integration of various energy sectors**, which at the same time aim to use resources more efficiently, thus reducing pollution.

Aside from that, it is envisaged that this journey will reduce internal gross consumption by 2050 by one-third, at the same time promoting a growth of the GDP by two-thirds<sup>6</sup>. At the same time, new investments will be launched and new jobs will be created, strengthening the EU's industrial leadership at global level.

**THE ENERGY SYSTEM TODAY:**  
linear and in one direction, with wasteful and poorly efficient energy flows



**FUTURE EU INTEGRATED ENERGY SYSTEM:**  
bi-directional energy flows, with less waste of resources and money



<sup>5</sup> The strategy for hydrogen uses green hydrogen as the foundation for the decarbonisation of hard-to-abate sectors, envisaging an increase in the energy mix of 14% by 2050, with an installed electrolyser capacity of approximately 40GW in 2030.

<sup>6</sup> Source: "In-depth analysis in support of the Commission communication COM (2018) 773 - A clean planet for all. European long-term strategic vision for a prosperous, modern, competitive, and climate neutral economy."

Aware of the central role played by the energy system in the path to the zero emissions milestone, **Pietro Fiorentini has structured its business model consistently with the "three Ds"**, by expanding the range of technological solutions for the renewable energies sector.

More specifically, the commitment of Pietro Fiorentini to energy transition finds tangible expression in the development of **new solutions for power-to-gas, hydrogen and biomethane**, in ever-higher investments related to the **digitalisation of energy networks** and in the definition of a consistent **M&A strategy** (see also chapter 1, 12-13 and 27).

## LEADING THE WAY IN THE PROMOTION OF RENEWABLE ENERGIES

In line with the Agile principles, the company has created two transversal working groups tasked with exploring new business related to the world of renewable energies: Green Gas Value Chains and Green Gas Network.

The **Green Gas Value Chains** working group aims to consolidate Pietro Fiorentini's position in the production and promotion and in the efficient use of new renewable energy sources so as to **extend the value chain outside the perimeter of the natural gas in-**

**frastructure**. In particular, the team's operations focus on technologies related to the production of new green molecules (such as biomethane, syngas, and hydrogen), on making the best of the role played by gas in the energy system (e.g., power-to-gas) and on rendering the use of fossil fuels, in cases where they are still indispensable, sustainable (such as CCUS, Carbon Capture, Utilization & Storage solutions)<sup>8</sup>.

Conversely, the **Green Gas Network** working group handles areas that relate to the **upgrade and improved efficiency of gas networks**. More specifically, the team focuses on three main areas. The first pertains to **systems for the injection, transmission, and distribution of gas other than methane**, which include, for example, hydrogen pressure reduction and metering stations and natural gas - hydrogen blending stations. The second relates to the reduction and measurement of **grid readiness**, i.e. **analysing and understanding how much hydrogen can be currently injected in the networks**, so as to support the infrastructure operators and make it possible to use hydrogen efficiently and safely. Lastly, the third activity segment refers to the **network's efficiency**, in order to propose solutions that increase the optimal use of resources, reducing the energy-related and environmental impact of the processes.



## ENERGY TRANSITION

- Green Gas Value Chains:**
- Creation of a power-to-gas plant using anion exchange electrolysis<sup>9</sup> and biological methanation<sup>10</sup> technologies
- Green Gas Network:**
- Compatibility of 80% (in terms of turnover) of regulation and metering products with hydrogen mixtures up to 20%

<sup>7</sup> Source: [https://ec.europa.eu/commission/presscorner/detail/en/fs\\_20\\_1295](https://ec.europa.eu/commission/presscorner/detail/en/fs_20_1295).

<sup>8</sup> CCS (Carbon Capture and Storage) is the general term for a set of technologies and techniques that make it possible to reduce the emissions of CO<sub>2</sub> into the atmosphere originating from large stationary sources fed with fossil fuels, by means of its capture and subsequent storage, usually in an underground geological formation. This technique makes it possible to use fossil fuels with significantly lower CO<sub>2</sub> emissions. Carbon Capture and Utilization (CCU), on the other hand, combines the capture of CO<sub>2</sub> with its use as a technological fluid and as reagent for the production of chemical, plastic, or combustible substances. The main advantage of this technology is that it makes it possible to obtain a product with a commercial value that can balance the costs required for the capture of CO<sub>2</sub>.

<sup>9</sup> For more details, see the box "Hyter: pioneers in hydrogen generation", p.56.

<sup>10</sup> For more details, see the box "MicroPyros: biology at the service of energy transition", p.57.

# OUR SUPPLY CHAIN: SERVICES AND SOLUTIONS FOR OUR CUSTOMERS

The global challenges that characterise the context of reference will influence the market trends over the next ten years, guiding customer choices and creating new needs to which Pietro Fiorentini wishes to respond with the solutions that are already available and with investments in innovative projects.

Today, Pietro Fiorentini represents one of the main points of reference in the field of **transformation that is taking place in the energy industry**, thanks to monitoring the entire supply chain. The **company's range** extends from the extraction of oil and natural gas to the distribution of high, medium and low pressure gas, all the way to the **production of renewable energies**.



## HIGH PRESSURE GAS TRANSMISSION

The Group supplies the tools needed to guarantee the correct transmission of gas in all its stages, from liquefaction to dehydration plants, from processing and regulation of pressure to assure the quality of the liquefied gas to monitoring services to guarantee the safety and correct procurement of the network.



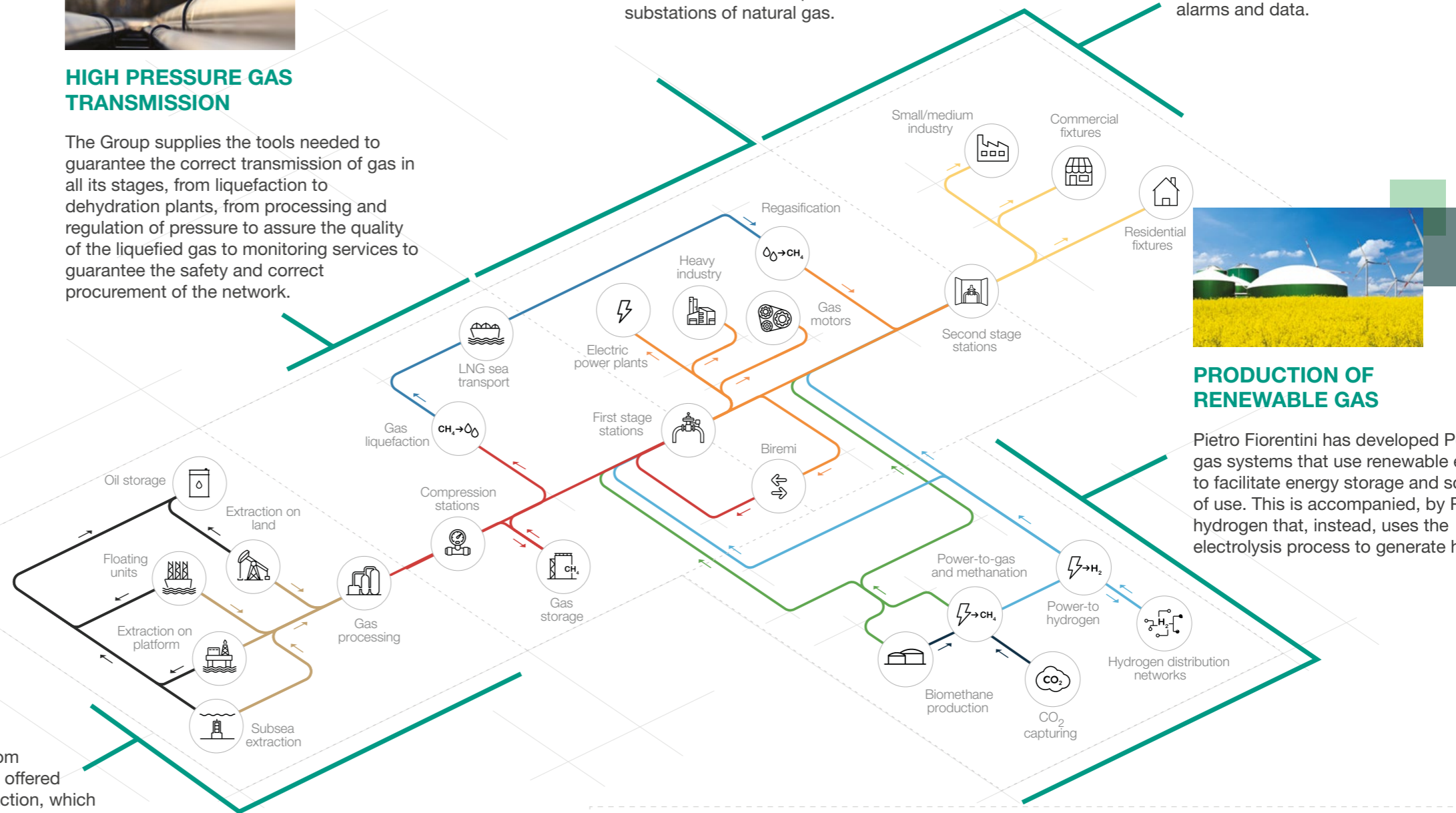
## GAS DISTRIBUTION AT MEDIUM PRESSURE

The Group supplies pressure regulators, valves, and filters developed *ad hoc* for the end user, as well as complete systems for reducing, measuring, filtering and heating gas, so that the flow of the fuel is safe and uninterrupted. 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 the regulation of the flow, counters and volume correctors for metering specifically designed for industrial use, as well as services dedicated to the management of alarms and data.



## 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 (in particular, water resources, such as seas and lakes), all the way to the management of the physical and chemical separations, gas softening and filtering.

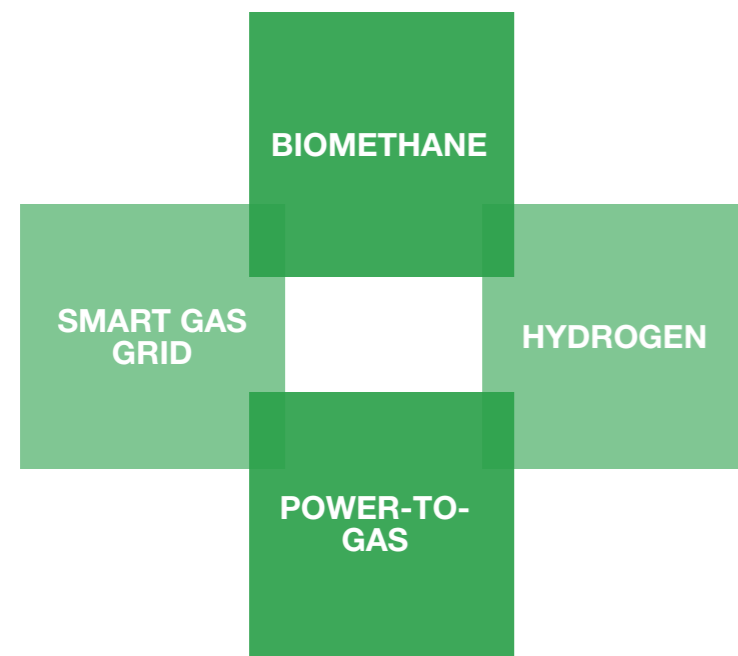


## PRODUCTION OF RENEWABLE GAS

Pietro Fiorentini has developed Power-to-gas systems that use renewable energy to facilitate energy storage and scheduling of use. This is accompanied, by Power-to-hydrogen that, instead, 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

In promoting energy transition, Pietro Fiorentini focuses its efforts on various topics:



## BIOMETHANE

Pietro Fiorentini offers integrated services that range from the **treatment and conversion of raw biogas to the injection of the biomethane into the network or its liquefaction**, in order to respond to the customer's needs in all stages. The technological solutions are paired with commissioning, verification, supervision, and remote control services, for predictive maintenance and data analysis.

Pietro Fiorentini's experience in this field began in Lyon, France, with a station to inject biomethane into the network, which was built thanks to the **synergy between the Arcugnano headquarters and Gazfio**, a French Group company with extensive experience in this sector.

This collaboration formed the basis of the Group's progress in the Italian and French market, where today the company boasts **participation in over 100 projects**, including injection solutions and biogas upgrading systems.

Moreover, certain projects for **improving and increasing the efficiency of the current gas networks** are ongoing, to develop them into key enablers of the new renewable gases, with the aim of promoting the economic sustainability of these new supply chains and contributing to the formulation of future regulations.



## HYDROGEN

Pietro Fiorentini aims to play a leading role in the hydrogen business, thanks to the **development of a series of innovative technological solutions** to make the very best use of this energy vector, going beyond current limits and making it possible for the traditional network to receive increasingly higher percentages of this green molecule.

The Group proactively participates in the response to the market's demands in the field of **power-to-hydrogen (P2H)**, guaranteeing continuous investment in research and development to identify and develop technologies that are sustainable, reliable, and safe.

The hydrogen journey of Pietro Fiorentini started in 2018 with the participation in the **Hy4Heat** project, promoted by the Govern-

ment of the United Kingdom, for the development of a new domestic meter and related complementary systems to be used for 100% hydrogen applications. This enabled the Group to progressively acquire specific skills, to confirm its presence in the newly-minted market, and to launch collaborations with leasing representatives of the supply chain (universities, laboratories, and research centres). During 2021, in the context of the **H21 project** of the city of Leeds, Pietro Fiorentini supplied the first pressure reduction station for a line supplied with 100% hydrogen.

At the Pietro Fiorentini headquarters in Arcugnano, the company has nearly finished building a **laboratory** exclusively dedicated to the study of and experimentation with technologies and products that will make the use of hydrogen possible.



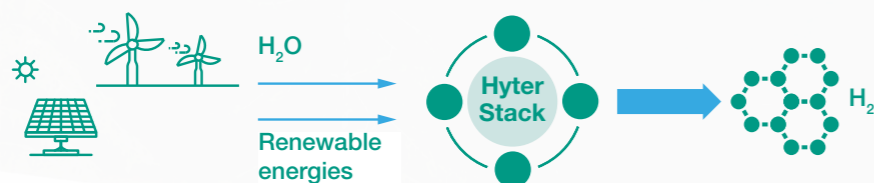


## HYTER: PIONEERS IN HYDROGEN GENERATION



The entry of Pietro Fiorentini in the share capital of SPI Consulting was followed by the launch of a process aiming to redefine the company's corporate identity, which led to a name change: the union of the English term hydrogen and of the Latin iter gave us **Hyter**, the start-up that promotes new paths towards the use of hydrogen. Hyter aims to bring about an increased awareness of the use of hydrogen, through awareness-raising and dissemination of content on the website and on social media, involving the various stakeholders along the supply chain.

**Hyter extracts hydrogen from the water by means of the chemical process of electrolysis, taking advantage of the AEMWE technology**



The **electrolysers for the generation of hydrogen** constitute the core business of Hyter, which produces modular and customised projects to meet the needs of various sectors (such as industry, mobility, or isolated network systems). Specifically, Hyter offers several solutions for the generation of green hydrogen, i.e. hydrogen generated from renewable energy, through a water electrolysis process<sup>11</sup>, using an innovative process based on **anion exchange membranes (AEMWE<sup>12</sup>)** instead of through an alkaline process or proton exchange membranes. The technology used by Hyter is supremely effective, makes it possible to greatly reduce the investment costs, and has a **lower environmental impact**.

The electrolysers meet more than one needs, including the need to stabilise the variability of the generation of electricity from renewable sources, making it possible to **store and consume the hydrogen produced** to generate electricity when needed.

Thanks to the technical reliability of its solution, to Pietro Fiorentini's engineering abilities, and to the synergy with MicroPyros BioEnerTec, Hyter aims to become the point of reference at international level for the **generation of green hydrogen**, offering a range of solutions that can be applied to power-to-gas, to industrial and residential supply, and to heavy and civil vehicles.

<sup>11</sup> Electrolysis is a process whereby the passage of electrical current causes the breakdown of water into oxygen and hydrogen gas. From an etymological point of view, the term electrolysis is composed of the prefix electro- (electricity) and of lysis (separation).

<sup>12</sup> AEMWE is a technology perfected by Hyter, in which the electrolyte solution is in an alkaline type of liquid form with a concentration equal to a percentage ranging between 1 and 5%. Hyter electrolytic cells use catalysts to speed up the splitting process made from much smaller amounts of PGM (Platinum Group Materials) than other technologies. Ionic exchange occurs through a polymer membrane, produced by Hyter and containing electrolytic substances that improve the splitting performance of the water and also has the function of separating the two gases, hydrogen and oxygen, during production



## MICROPYROS: BIOLOGY AT THE SERVICE OF ENERGY TRANSITION



MicroPyros BioEnerTec operates in the sector of biotechnologies applied to energy, in particular with regard to biological methanation, i.e. the transformation of renewable hydrogen in green methane. The German startup is today one of the few companies in the world to have developed, at an industrial level, the **microorganisms** on which **biological methanation** is based: the Archaea, some of the oldest life forms on our planet.

Biomethanation is a process that, in an oxygen-less environment, makes it possible for specific microorganisms to metabolise hydrogen and carbon dioxide producing methane (and water), and is one of the most promising sources for the **transformation in methane of the surplus electricity generated from renewable sources**. A totally "green" process that has the advantage that the carbon dioxide is reused to overcome the technical limitations of the gas infrastructure (transforming the renewable hydrogen back into a gas that meets network specifications) or can be liquefied in bio-LNG.

The German startup is in the process of creating a **pilot plant to develop and optimise high-efficiency microbiological reactors, whose commissioning is envisaged for late 2022**. This plant will make it possible to also face the challenge of how to convert carbon monoxide, making it possible to also apply the technology to the transformation of biomasses or solid organic waste into next-generation methane. Moreover and with a view to circular economy, the materials used for the plant's construction will be fully recyclable.

The creation of a **new microbiological laboratory** is also envisaged, which will be a fundamental space for carrying out studies and research on the topic of biological methanation.



## POWER-TO-GAS

The commitment to decarbonisation and the long experience in the gas supply chain makes it possible for the Group to take on a leading role in strengthening the energy infrastructure, placing the **gas system at the service of a wider diffusion of electrical renewable energies**. Pietro Fiorentini's power-to-gas solutions make it possible to transform unpredictable solar and wind energy into an energy vector, gas, which can be stored and transported from the generation point to the consumption point.

Today, power-to-gas is one of the most promising technologies for facilitating energy transition and aligning with the European objectives for reducing and zeroing climate-altering emissions, increasing the system's resilience to respond to the new needs to balance energy offer and demand.

## SMART GAS GRID

For years Pietro Fiorentini has been working on the development of **new systems for the digitalisation of gas networks**, with the aim of maintaining the balance between decentralised networks and bi-directional flows.

Smart Grids are an ambitious project thanks to which, in the near future, energy will be distributed through **networks that can instantly manage and regulate multiple, discontinuous, and bi-directional flows**, thanks to active systems that will integrate energies of various types acting autonomously to optimise distribution.

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. To meet these needs, Pietro Fiorentini has designed and developed **BiRemi™**, a primary bi-directional station that can **maximise the capacity of the distribution network to receive gas produced from renewable sources** also through the reinjection of any overproduction on the transmission network.



## RESEARCH, DEVELOPMENT AND INNOVATION

In carrying out its commitment as a leader of the green revolution, Pietro Fiorentini earmarks significant investments for **research and development activities**, that are fundamental if we are to handle the difficult challenges of the context. Innovation is inextricably woven into the Group's very essence: in fact, in all areas of expertise, Pietro Fiorentini is constantly endeavouring to promote and implement sustainable and innovative solutions. To tap into and promote the topic of innovation, the Group's internal organisation is structured with a dedicated **R&D department**, which works closely with various corporate Divisions and promotes virtuous collaborations with external partners.

In particular, last year, the Group combined the development of solutions in the field of renewable energies with intensive efforts in favour of a **more efficient and sustainable management of the water supply chain**, which today finds concrete expression in a complete offer for water metering. This effort is joined by projects dedicated to **innovating the products supplied to the Group's customers**, with an eye on growing circularity and sustainability.

## INNOVATION FOR THE SUSTAINABLE MANAGEMENT OF WATER RESOURCES

Water is a primary resource that is renewable but not unlimited: **increasing the efficiency of the water network** makes it possible to prevent waste, and represents an economically advantageous choice, as well as a responsibility to the planet.

The water service contains a large number of different and complex plants, which require thousands of control points and the installation of valves or sensors. The automation tools and the remote control systems must, therefore, be integrated and work together for the efficient management of the service. The strategic goal that the Group has set in this field consists precisely in automating the process by means of **network digitalisation**, in order to achieve the optimisation of resources and investments, and an efficient management of the data collected.

Pietro Fiorentini  
for the water supply chain



Pietro Fiorentini Group, also through its subsidiaries, offers integrated **hardware and software** solutions **for the full control of water networks** at all stages of the process, preventing overlap issues that tend to emerge when several partners are involved.

In particular, the synergy between the solutions created by FAST and those of the subsidiaries Terranova<sup>13</sup> and Arcoda boosts the overall offer with regard to the **digitalisation of the water cycle**. This is a crucial intervention area, also in light of the Italian context, which is characterised by an obsolete network that results in significant leaks around the country.

Pietro Fiorentini recently introduced to the market a new series of **ultrasound smart water meters**, that represent a **choice with multiple advantages**: on the one hand, they reduce the error margin in terms of consumption readings, making for an effective measurement of the water's temperature and make it possible to take remote readings; on the other hand, their life cycle and resistance to wear and tear are higher and they can detect leaks, breakages, flow inversions, and damage to the network more effectively.

## INNOVATION AND SUSTAINABILITY IN OUR PRODUCTS

During 2021, Pietro Fiorentini reached a new milestone with the **NexMeter** project, the gas meter 4.0 created for **Hera Group**, a multi-utility leader in environmental, water, and energy services based in Bologna.

The new version of **NexMeter** is a unique product in its category at international level thanks to cutting-edge technologies and security functions, also in terms of reducing the release of gas in the atmosphere. The smart meter, **manufactured using 68% materials made from recycled plastic**, is compatible for the **distribution of hydrogen in the network** up to a maximum of 20%.

The first experimental use of NexMeter in the field has already been launched, in the wider scope of activities aiming to certify the entire Hera Group supply chain as enabled for the use of green gas. This is the **first experience of this type in Italy** when it comes to the domestic distribution of gas, with the aim of studying innovative solutions to make a contribution towards the local areas' decarbonisation needs.

<sup>13</sup> Specifically, Terranova offers TAMM, a multi-service software designed to automate the remote metering and management systems of water (or electrical or gas) meters. The TAMM application was conceived to support distribution companies in remote metering and management processes, in conformity with the functional, efficiency and security standards that apply to the various contexts (industrial, commercial, and residential).



The advanced functions of NexMeter **offer numerous benefits on both the environmental and on the economic front**. The elimination of leaks makes it possible to significantly reduce the dispersion of methane; the entire process by which the management of the gas network is optimised has a positive impact on the performance and on the emissions of the user devices, starting with boilers.

Moreover, the ability to intercept and report to users even the tiniest gas leaks helps contain the costs that the end users need to pay. The manuals are also green and smart, with the introduction of a **QR code on the meter** that replaces the classic instruction manual to avoid paper consumption; the very packaging will be made from recycled cardboard.



## INNOVATION & DIGITALISATION



Development of smart reduction stations, including sensors for the analysis of gas quality and the measure of hydrogen % and flow rate, acquisition systems, remote data management and regulation, that enable energy transition by means of the injection in the network of gases originating from green energy vectors

The project's success speaks to the commitment of Pietro Fiorentini to enter into a **continuous and constructive dialogue with its partners** aimed at the joint creation of technologically advanced solutions that are competitive and fully respect the environment.

Moreover, during 2021, Pietro Fiorentini directed its efforts towards **enhancing material circularity** by focusing on seeking recyclable components and on the disposal and recovery of products that have reached the end of their life cycle. This was possible also thanks to the important collaborations entered into, both with the **Milan Polytechnic** and with other leading European partners, which support the Group in its studies and

experiments by means of tests on materials to better understand their specific features.

Pietro Fiorentini is also evaluating the possibility of developing a **Life Cycle Assessment** project **of the main products**, as well as obtaining certain specific certifications that are not limited to just emissions but that also take into account every single aspect of the product's production process, from logistics to the localisation of productions and packaging. Lastly, the Group focused on experiments in favour of the **structured replacement of materials containing lead**, to fall into line with the increasingly strict requirements of the regulatory frameworks.



## VALUE PARTNERSHIPS: TOGETHER TOWARDS ENERGY TRANSITION

In a sector such as energy, with important growth prospects and with a strategic role in the furtherance of the decarbonisation goal, the activation of partnerships that can create **added value** and **stimulate a process based on innovation and engagement**, with a view to the **medium/long term**, is of fundamental importance.

The collaboration between Pietro Fiorentini Group and the Intesa Sanpaolo Innovation Center resulted in the launch of **Sustainable Energy Venture**, the programme born in order to **identify the best technologies in the field of renewable energies, at international level**, speeding up the implementation of projects relating to the development of the hydrogen supply chain and the reduction of CO<sub>2</sub> emissions (see also chapter 1, p.26). The project, which was officially launched in early 2022, will make it possible for startups and SMEs selected in the context of the “call for startups” to embark on a growth path with Pietro Fiorentini Group that aims to reduce the time-to-market of technological innovations and to develop potential synergies in production, management, and finance.

It is a **strategic industrial collaboration project**, which assigns a leading role to Pietro Fiorentini with the aim of identifying companies that can respond - thanks to new solutions and technologies - to the challenges relating to the reduction of CO<sub>2</sub> emissions by means of CCUS (Carbon Capture, Utilization & Storage), to the development of the hydrogen supply chain and of the ancillary services.

**Sustainable  
Energy Venture**



WE WANT TO OPEN THE DOORS  
TO EXTERNAL CONTAMINATIONS  
WITH AN **OPEN INNOVATION**  
APPROACH, SEEKING THE  
MOST BRILLIANT IDEAS AT NATIONAL  
AND INTERNATIONAL LEVEL



Pietro Fiorentini confirms its commitment in favour of the sector's development, also through the sector associations. In fact, during 2021, the Group continued its participation to **working tables with various bodies** at both national (H2IT<sup>14</sup> and CIB<sup>15</sup>) and international level (e.g., Farecogaz<sup>16</sup> and DLMS<sup>17</sup>). These working sessions offer an **opportunity to exchange ideas and experiences among various interlocutors of the supply chain** and are occasions of debate with regard to the challenges and the potential impact of the energy transition. Moreover, Pietro Fiorentini is a member of the **European Clean Hydrogen Alliance**, that brings together companies, public authorities, and all other interested stakeholders with the aim of promoting investments and stimulating the production and use of clean hydrogen.

Last but by no means least, as far as Pietro Fiorentini Group is concerned, technological innovation and energy transition depend on the **consolidation of collaborations with various educational institutions**, universities, and research centres first and foremost.

The first edition of the **C-Lean Energy Academy** kicked off in September 2021: it is a training programme organised in collaboration with **MIP Milan Polytechnic**, which addresses issues related to energy transition, Lean & Agile Management and sustainability. The programme has been specifically designed for young graduates to offer them skills and knowledge that are currently not available nationally, and thereby contribute to training professionals who will play a major role in the future of the energy sector. In the context of this programme, the selected students also had the opportunity to visit three of the Italian sites: the headquarters of Arcugnano and the establishments of Rosate and Rescaldina (seat of TIV Valves).

Moreover, the Group continues its collaboration with other Italian universities, including the commercial Luigi Bocconi University, the University of Padua, and the Universities of Vicenza, Brescia and Ferrara, CUOA Business School.



- <sup>14</sup> H2IT is the Italian Hydrogen and Fuel Cell Association, which promotes the progress of knowledge and the study of fields pertaining to technologies and systems for the generation and use of hydrogen.
- <sup>15</sup> CIB is the Italian Biogas Consortium, which brings together, among others, agricultural holdings that generate biogas and biomethane from renewable sources and industrial companies that supply systems, technologies, and services for the generation of biogas and biomethane.
- <sup>16</sup> Farecogaz is the European association of manufacturers dealing with the gas metering chain, gas pressure regulators with associated safety devices and relevant stations.
- <sup>17</sup> DLMS is the no-profit Organisation that develops, maintains, supports, and promotes the DLMS/COSEM specifications for the exchange of data among the smart devices distributed in the electricity, gas, heating infrastructures and the distribution services operators.

# OUR EFFORTS TO PROMOTE CIRCULAR ECONOMY

Circular economy is an opportunity for companies **to improve the productivity of resources**, and, at the same time, to **contribute towards preserving the planet**.

Circular economy, as a regenerative economic model that can maintain the value of natural resources thanks to the implementation of innovative business models that can promote the circularity of such resources (and therefore of the products), also plays a crucial role in the strategies adopted at European and international level to counter climate change.

According to the 2020 edition of The Circularity Gap Report<sup>18</sup>, circularity strategies are fundamental if we are to contain the increase in the earth's temperature at below 2°C, as envisaged by the 2015 Paris climate agreement. The positive effect linked to the implementation of circularity strategies is estimated in a **reduction of CO<sub>2</sub> by around 22.8 billion tonnes**. In addition, the adoption of structured approaches to circular economy could increase

the percentage of reused materials from the current 8.6% to approximately 17%, **almost doubling the circularity degree of global economy**.

Pietro Fiorentini's commitment in this direction finds concrete expression in the development of new eco-sustainable products conceived by the Group's **Research and Development** area, in collaboration with certain external partners.

With regard to the **Group's internal performance in matters pertaining to waste management**, Pietro Fiorentini increasingly focuses on issues related to the management and recovery of the waste generated. Such waste, in particular, amounted to approximately **2,825 tonnes** in 2021, an increase of 20% over 2020<sup>19</sup>: the growth trend is due both to the extension of the data collection scope (which, for 2021, also takes into account the Group's companies in the United States and in Hungary) and the growth of production activities.

Of this waste, **72% is directed to recovery**, with the aim of giving new life to these materials preventing them from being incinerated. The waste generated in 2021 stems mainly from the processing and the physical and mechanical surface treatment of metals and plastics (40%), from packaging, absorbents, cloths, filtering materials and protective clothing (29%) and from waste form construction and demolition work (17%).

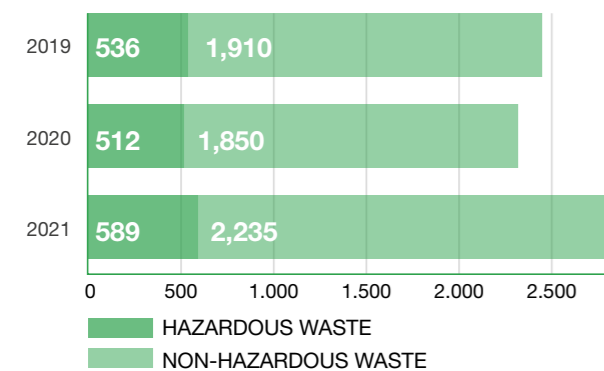
Waste management is the responsibility of the individual production sites, under the general coordination of the **HSE Department** (Health, Safety and Environment) and in line with a specific procedure, as laid down by the **ISO 14001:2015 certification**.

Over the course of 2021 no particular waste-related criticalities were recorded, also thanks to the existence of a **standard production process** that facilitates overall management. The Parent Company has put in place a procedure for the management of any special situations<sup>21</sup>: in case of accidental spillage, there are emergency teams who have received specific training and education in order to reduce the possible pollution of the soil or the subsoil. When it comes to the transport, the recovery, and the disposal of waste, Pietro Fiorentini tasks companies who are authorised and specialise in its management and treatment.

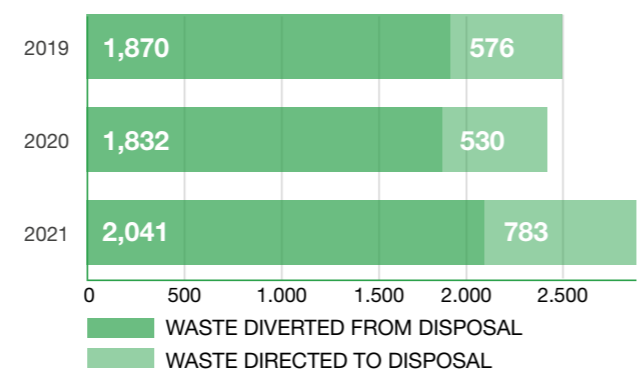
INNOVATION AT THE SERVICE OF THE ENERGY TRANSITION

INNOVATION AT THE SERVICE OF THE ENERGY TRANSITION

**WASTE BY TYPE<sup>20</sup> [t]**



**WASTE BY DESTINATION [t]**



**TOTAL**

**2,446**  
**2,362**  
**2,825**

<sup>18</sup> The Circularity Gap Report, based on the initiative taken by Circle Economy (a non-governmental Organisation whose mission is to accelerate and render the implementation of circular economy models scalable), aims to measure the circularity level globally, in order to monitor the available data and the progress made through the years. Currently, the efforts made to measure circular economy have further grown, in the context of what is defined as the Circularity Gap Reporting Initiative, which brings together, at global level, stakeholders from the world of academia, undertakings, NGOs, and governments. Every year, the Circularity Gap Reporting Initiative provides certain circularity metrics, identifying the key levers for transition to global circularity.

<sup>19</sup> Please note that, compared to last year, the reporting scope has been expanded and this year the report also considers Fiorentini Hungary and includes Pietro Fiorentini Inc., a company established in the United States.

<sup>20</sup> The data that refer to 2019 and 2020 published in this edition of the statement, compared to the 2020 edition, also include the waste produced by Fiorentini Hungary, included in the reporting scope since 2021. Moreover, the 2021 data also refer to Pietro Fiorentini Inc.

<sup>21</sup> The waste is located inside the temporary storage. The floors of the departments are impermeable and there are no drains or manholes.

During 2021, the HSE department, in collaboration with the colleagues of the Learning & Development department, organised and promoted various **training sessions aiming to raise the awareness of the corporate population on the reuse of waste**. Personnel directly involved in the management of waste were provided with the tools (with the purchase of a new software program) required for the coordination and monitoring of the entire process, from the production of waste to its delivery to recovery facilities.



### CIRCULAR ECONOMY<sup>22</sup>

Purchase and design of wooden and paper packaging just from sustainable supply chains

Furthermore, in the context of its activities, the Group endeavours to promote the principles of circular economy also with regard to the use of **secondary packaging**, especially during the transport and distribution of the products. To pursue this goal, the Group collaborates with its partners along the supply chain, with the aim of **reducing the quantities of packaging** used, lightening and **using materials that are increasingly more sustainable and easily recyclable**. Also in this field, the lean philosophy adopted by the Group helps optimise the internal processes. The logistics between Pietro Fiorentini and its suppliers are in fact based on what are known as **kanban** and **“milk run”**, i.e. systems that make it possible to continuously reuse the same standard containers (boxes, pallets), preventing recourse to “new” packaging and the generation of unnecessary packaging.

<sup>22</sup> Goal that refers just to Pietro Fiorentini S.p.A.

## OUR ENVIRONMENTAL PERFORMANCE

Pietro Fiorentini pays great attention to monitoring and **improving its sustainability performance**, especially in terms of energy efficiency, management of water resources, and with regard to the reuse of waste.

The commitment to promote renewable energies and energy efficiency also applies to the Group’s internal organisation and goes through a **thorough and constant evaluation of the operation and sustainability levels of the machinery and plants**. A fundamental role is also played by the training and awareness-raising activities for employees on energy sustainability, on the importance of adopting solutions and behaviours that can limit energy consumption and promote the recourse to clean energy.

The **Environmental Manager**, identified by the Board of Directors of Pietro Fiorentini

S.p.A., is tasked with ensuring **compliance with environmental protection regulations**. The operational activities are entrusted to the **Environmental Delegate**, who promotes the adjustment of the corporate infrastructures to both the regulatory and technological evolution, and handles personnel training on environmental topics.

The management and monitoring of environmental performance, on the other hand, are coordinated by the HSE department, in collaboration with an **Energy Specialist** as reference for the reduction of energy consumption and energy efficiency. Moreover, the personnel of the Parent Company supports the subsidiaries both with regard to the monitoring energy consumption and with regard to the assessment of the energy impact linked to the purchase of machinery or to the upgrade of buildings and systems.



### EMISSIONS & RESILIENT INFRASTRUCTURES

Obtaining ISO 50001 certification - Energy management systems and assessment of energy saving initiatives for the site of Arcugnano

RESPECT FOR THE ENVIRONMENT AND A CONSTANT ENGAGEMENT TO ACHIEVE THE **LOWEST POSSIBLE IMPACT FROM OUR PRODUCTION** AIM TO CREATE BUSINESS GROWTH THAT DOES NOT HARM THE WORLD IN WHICH WE LIVE

## ENERGY EFFICIENCY AND EMISSIONS

Pietro Fiorentini is constantly monitoring its energy performance, assessing the impact, both direct and indirect, stemming from its business activities. The energy requirement to implement said performance requires the Group to carefully **plan efficiency improvement initiatives**, for the purpose of reducing its climate-altering emissions.

In 2021, **consumption of direct energy deriving from non-renewable sources represented 62% of the total energy consumption** of the Group (for a total of approximately 46,229 GJ), an increase of +14% over the previous year<sup>23</sup>. Such consumption is largely attributable to the combustion of natural gas to heat the sites and establishments (with a share of 70%), the result of increased production and therefore of the hours during which heating systems were operational.

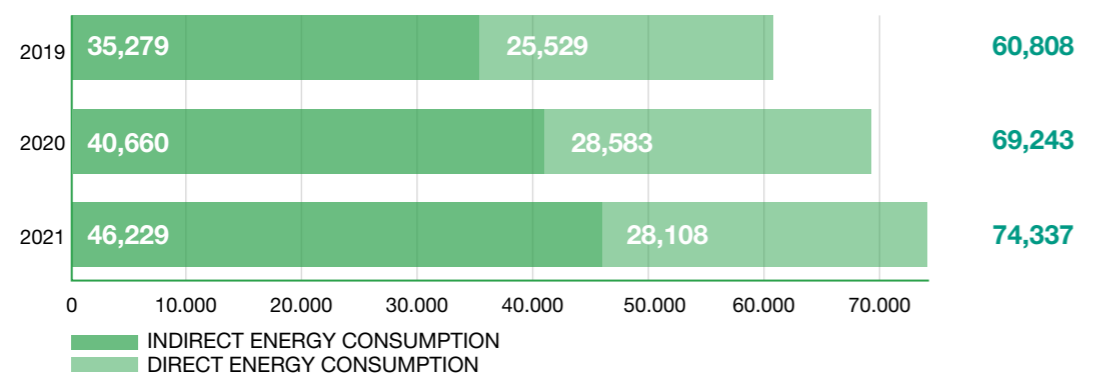
The remaining 38% of the Group's energy consumption is due to **consumption of indirect energy** due to the purchase of electricity,

for a total of approximately 28,108 GJ, down compared to the consumption of the previous year despite the expansion of the scope, which, in 2021, also includes the consumption of Fiorentini Hungary and the implementation of charging points for electric cars in the establishments.

Moreover, for the year 2022, the Group has already taken action for the supply of **100% certified electricity from renewable sources** at the Pietro Fiorentini and TIV Valves sites.

The consumption of direct energy also includes the use of fuels (diesel and petrol) for the **corporate fleet**: regarding this last aspect, Pietro Fiorentini has already launched a sustainable mobility project aimed at converting its fleet to electricity to guarantee better performance in terms of CO<sub>2</sub> emissions and pollutants, allowing the total elimination of nitrogen oxides and particulate while driving. As proof of this commitment, **in 2021 the number of electric cars of the corporate fleet increased by 31%**; the Group also purchased hybrid vehicles (6) and vehicles supplied with methane (1).

### ENERGY CONSUMPTION [GJ]



<sup>23</sup> Please note that, compared to last year, the reporting scope has been expanded and this year the report also considers Fiorentini Hungary for both 2020 and 2021.

With regard to 2020, the companies Pietro Fiorentini Inc. and Gazfio SAS are not included in the scope of the calculation of the car fleet's consumption, as the figure is not tracked. The same scope limitations are subsequently also reflected in the direct Scope 1 and indirect Scope 2 GHG emissions calculation.

For 2019, both Pietro Fiorentini Inc. and Fiorentini Hungary are excluded from the scope of the direct and indirect energy consumption calculation as they did not have a precise data monitoring system. The same scope limitations are subsequently also reflected in the direct Scope 1 and indirect Scope 2 GHG emissions calculation.



## PIETRO FIORENTINI FOR SUSTAINABLE MOBILITY

The commitment of Pietro Fiorentini in favour of sustainable mobility continues in the context of environmental sustainability. The **e-Mobility** project, launched in 2020 with the introduction of the first Volkswagen up! and the installation of charging stations in various Italian Group sites, has led to the supply of **23 new electric cars** (Volkswagen ID.3) in 2021. Pooling cars are used by the company's employees to travel tens of thousands of kilometres every year. The transition to the new electric fleet will bring about **an annual reduction of CO<sub>2</sub> emissions estimated at over 64 tonnes**, i.e. the carbon dioxide absorbed in twelve months by more than **2,140 trees**.

Now the Group aims to **convert to the electrical systems also vehicles assigned as a fringe benefit to employees**. To pursue this goal, the Group organised long test drives (i.e. test periods of about twenty days) to make it possible for employees who have the car as a fringe benefit to test the ID.3 in persons and understand if these vehicles meet their needs.

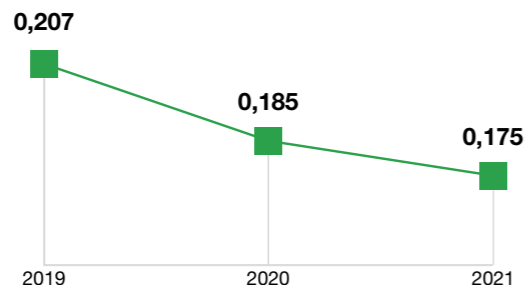
The Pietro Fiorentini e-Mobility project, one of very few of its kind among industrial companies in Italy, represents a green turn linked to a new vision of mobility and to the desire to make a **concrete contribution to the protection of the environment**.



Overall, **comparing the total energy consumption with the turnover** of the companies taken into account in the reporting scope of this document, we obtain an **energy intensity indicator of 0.175 GJ/ml €** for 2021, a decrease by

approximately **15%** compared to 2019 (trend in line with the decrease in previous years), as proof of the Group's ability to increase the efficiency of its processes, with benefits in terms of a lower impact on the environment.

### ENERGY INTENSITY



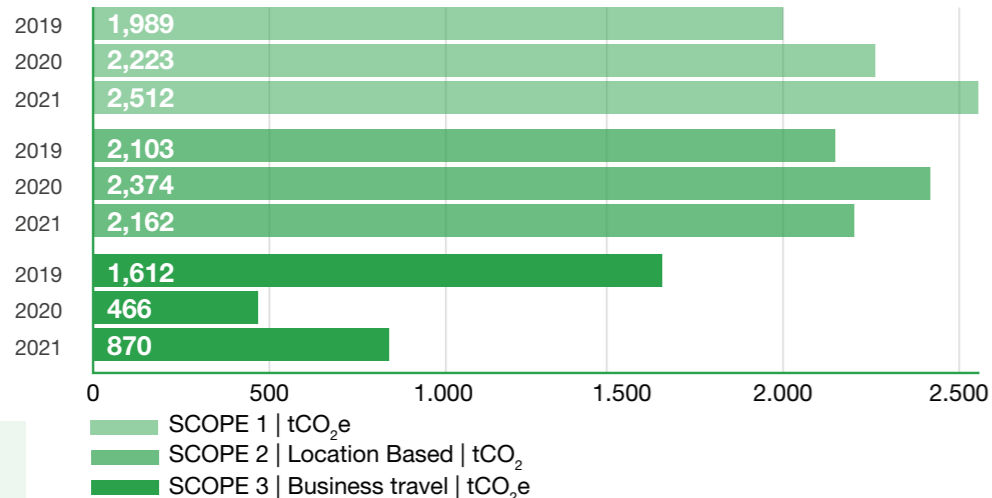
This consumption translates in a quantity of direct emissions (**Scope 1**) of approximately 2,512 tonnes of CO<sub>2</sub>e, a increase compared to 2020 (+13%), in line with the increased energy consumption, while indirect emissions (**Scope 2**) correspond to approximately 2,162 tonnes of CO<sub>2</sub><sup>24</sup>, down compared to 2020 by approximately 10%.

ing 2020 due to the lockdown aiming to contain the Covid-19 pandemic and the mass introduction of remote working. As proof of this, if we compare the current figure to 2019, we see a net decrease (46%) of the emissions in question.

**Scope 3** indirect emissions, deriving from Group employee business trips, on the other hand, amount to approximately 870 tonnes of CO<sub>2</sub>e, up by approximately 87% compared to 2020. A figure that appears to be negative but is the consequence of the resumption of work in person, which was much limited dur-

Continuous **analyses are carried out on the flues present in the establishments** of the Italian sites, especially with regard to the sites of Desenzano, Arcugnano<sup>25</sup> and Rescaldina: the main pollutants monitored are total dust, volatile organic compounds, and filtering systems; the latter are subject to period maintenance and no anomalies in emissions have emerged **through the years**<sup>26</sup>.

### CO<sub>2</sub> EMISSIONS



<sup>24</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, p.125.

Over the 2019-2020 two-year period, at various Italian sites, **buildings were renovated** for the aim of improving their energy efficiency and at the same time increasing the well-being of collaborators in the workplace. During 2021, new high-efficiency and fully electrical air-conditioning systems were inaugurated at the establishment of Desenzano.

### WATER RESOURCE MANAGEMENT AND LAND PROTECTION

Pietro Fiorentini pays attention to safeguarding **water resources**, through the correct and adequate management of consumption, made possible thanks to the periodic monitoring of all Group sites<sup>27</sup>. This aspect is believed to be of crucial importance for ensuring the all-round improvement of environmental performance, although the Group does not manage production processes that consume large quantities of water.

The water supply comes mainly from **underground waters**, i.e. the groundwater layer, about **58%** of the total withdrawal, and from local water lines (42% of the total withdrawal). In 2021, the **total water withdrawal** was equal to about **62.3 mega-litres**<sup>28</sup>, almost (98%) entirely fresh water. In 2021 the Group recorded **total water consumption of approximately 48.6 mega-litres**, an increase of 87% compared to 2020<sup>29</sup>.

The majority of water consumption is attributable mainly to certain specific production stages: the water, mixed with oil, is used for cooling during certain mechanical processes (at the end of which the emulsified water is disposed of as waste), for tests and trial runs, which use the resource until it is finished, for the power supply of refrigerators, and for the meters' hydraulic leak tests.

As for the management of **waste water**, i.e. of the total water effluents, it amounts to about **13.7 mega litres** (down by **45%** in comparison to 2020), intended for the out-flow of most of the surface water. The French company Gazfio has paid particular attention to improving water management, thanks to the closed-circuit press cooling process, which was implemented in the third quarter of 2021, making it possible to reduce water consumption by over 40% compared to 2020.

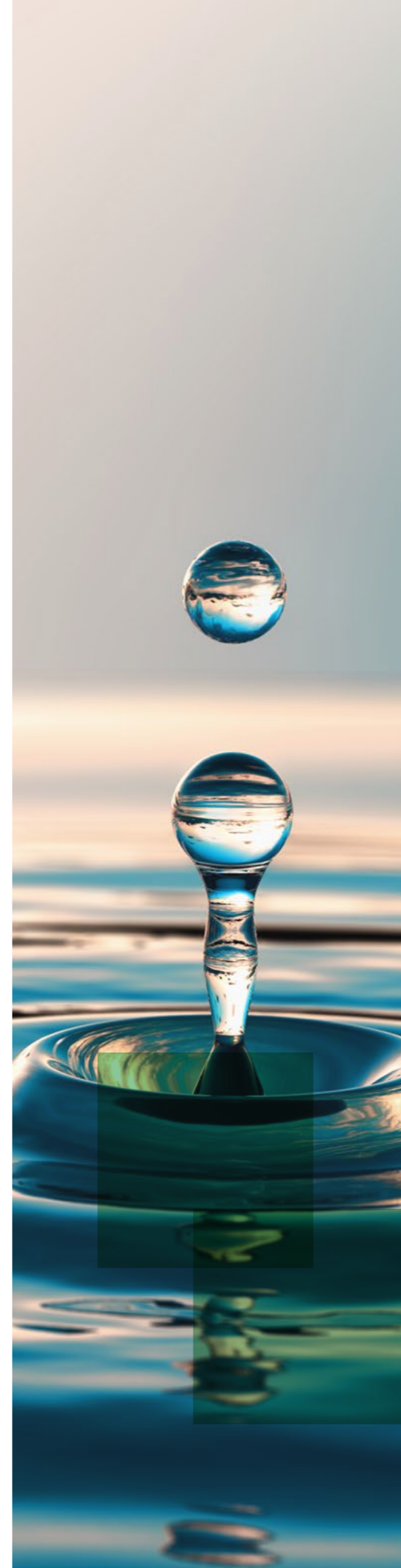
<sup>25</sup> There are no significant emissions into the atmosphere for the Rosate, San Vito al Tagliamento, and Talamona sites.

<sup>26</sup> For the complete calculation refer to the tables in the "Social and environmental performance" section, p.125.

<sup>27</sup> The Group does not have any production sites located in water stressed areas.

<sup>28</sup> In line with the other environmental data, the data on water withdrawal, discharges, and consumption were also updated over the three years, also taking into account the company Fiorentini Hungary.

<sup>29</sup> Please note that the increased water consumption level was mainly due to the evaluation of the data pertaining to the Talamona site, which was not considered in the previous reporting year. Every day, the site uses heat pumps with well waters to cool the condenser of the testing room (with subsequent withdrawal of over 1,000 cubic metres per month). This heat pump will be decommissioned in 2022.



# 4

## WELL-BEING AND DEVELOPMENT OF OUR COLLABORATORS

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## OUR COMMUNITY *to get there*

**All our successes have been possible only thanks to the commitment and the tenacity of our collaborators. For this reason, the Group aims to guarantee their well-being by assuring the required measures on health and safety and by investing into developing their talent.**

# PEOPLE STRATEGY AND HUMAN CAPITAL

Pietro Fiorentini sees its collaborators as the most important resource when it comes to making the corporate purpose - i.e. **playing a leading role in the change** towards a more digital and sustainable world - a reality.

In order to handle the complexity that characterises the current context, the Group is experimenting with a dynamic internal organisational model, founded on what is known as **ambidextrous organisation** (see also chapter 1, p.24), which brings together the traditional hierarchical structure with the creation of innovative and inter-departmental teams. This is possible thanks to all those who work for Pietro Fiorentini, who are the foundation of the Group, who embody its values and support its growth, thanks to the work they do every day.

Consistently with its values, Pietro Fiorentini promotes a workplace environment based on respect, team work, and commitment. **Managing resources**, starting from their selection, is a **priority for the Group** with the ultimate goal of ensuring that **everyone can reach their maximum potential**.

Armed with this awareness, the Group has drawn up a **People Strategy** conceived to include and make the best use of all projects dedicated to empowering the human capital.

This strategy is founded on the following **pillars**:

## INCREASING THE INTENSITY OF TALENT

in terms of quality and quantity of internal skills

## VALUING INTELLECTUAL CAPITAL

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

## ENCOURAGING A SUPPORTIVE STYLE OF LEADERSHIP

to ensure adequate training to all Group managers



**100%**  
EMPLOYEES COVERED  
BY COLLECTIVE BARGAINING  
CONTRACTS<sup>1</sup>

The Group's People Strategy is promoted and pursued by internal departments dedicated to the management, growth, and empowerment of people: in particular, the **Human Resources** department is supported by the departments of **Learning & Development** and **Employer Branding** (the latter was set up during 2021).

Pietro Fiorentini encourages a **constant and transparent dialogue with union representatives**, with the aim of always harmonising workers' rights with business priorities. The Group operates in full compliance with the applicable rules and regulations, as well as with the collective bargaining agreements, periodically meeting the trade unions of reference, sharing the progress made in the working conditions, the quality of the workplace environment, and ensuring constant exchange of ideas and opinions on topics relating to socio-economic aspects and occupational safety.

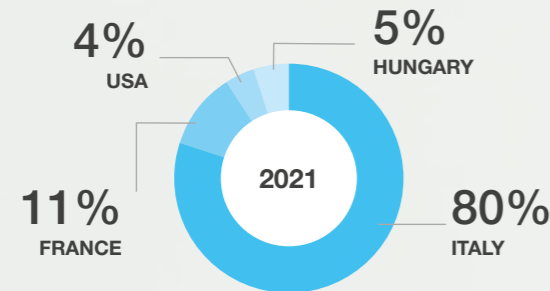
Internationally and taking into account the majority of the corporate sites distributed around the world, **the Group counts a total of 2,416<sup>2</sup> collaborators**. Conversely, if we look at the number of employees and collaborators working for the companies that fall under the reporting scope of this document<sup>3</sup>, their number stands at **1,843** (figure updated as of 31.12.2021): **69%** are **employees** (a value that increased by 12% compared to 2020<sup>4</sup>), while the remaining (**31%**) is composed of **external collaborators**.

If, more specifically, we focus on the **employees**, **73%** are **men** and the rest are women. This disproportion is mostly due to the prevailing **need for specific technical skills** related to the world of precision mechanics, chemistry, electronics, and welding technologies, where women are few, also in education. The employment relationship is guaranteed continuously, with approximately **95%** of employees being hired on a **permanent contract**. With regard to the **type of employment**, the majority of the corporate population is hired with a **full-time contract (96%)**, although part-time policies are granted for certain tasks.

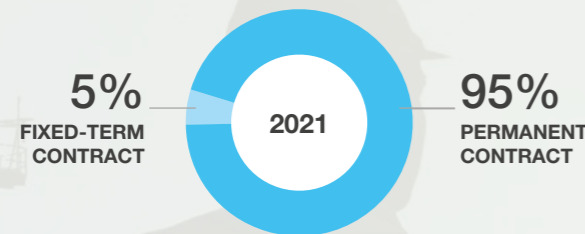
- <sup>1</sup> The percentage refers to countries where the employees of the Group are covered by collective bargaining agreements (Italy - Pietro Fiorentini and TIV Valves, France, and Hungary). The employees at Pietro Fiorentini (USA) Inc. are excluded from the perimeter.
- <sup>2</sup> The figure includes the employees of Group companies that fall within the scope of the Consolidated Financial Statements, and the external collaborators of the companies to which this document refers. The figure does not take into account the nearly 500 employees of the associated company Shanghai Fiorentini Gas Equipment Ltd.
- <sup>3</sup> Here we take into account the employees of the companies in Italy (Pietro Fiorentini and TIV Valves), in France (Gazfio), in Hungary (Fiorentini Hungary), and in the United States (Pietro Fiorentini USA). The Company Fiorentini Hungary was not included in the scope of the Sustainability Statement 2020.
- <sup>4</sup> Starting with the report for 2021, the scope of employees for the three years includes the Company Fiorentini Hungary, while for external collaborators the information is available only for 2021. If we do not take into account the expansion of the perimeter, the number of employees has however increased by approximately 6% compared to 2020.

In terms of the **geographical distribution of employees**, the majority of them (approximately 80%) work at the Italian sites (Parent Company and TIV Valves), with a significant quota in France at the Gazfio site (11%).

**EMPLOYEES BY GEOGRAPHICAL AREA**



**EMPLOYEES BY CONTRACT TYPE**



At the end of 2021, there are 573 **external collaborators**, of whom **96%** in the capacity of **temporary workers and workers on agency staff leasing** and 3% as interns, who, for the Group, represent future talent on whom to invest with a view to professional growth and development. A large part of **internships** consists in students in the last years of their course who are writing their dissertation on the company and are hired as trainees once they have obtained their degree. The considerable recourse to external personnel, mainly at the Parent Company (which employs approximately 89% of the total external collaborators) is mainly due to production flexibility needs.

**EMPLOYEES AND EXTERNAL COLLABORATORS**

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total employees <sup>5</sup>	818	263	<b>1,081</b>	901	294	<b>1,195</b>	931	339	<b>1,270</b>
Total external workforce <sup>6</sup>	256	174	<b>430</b>	305	266	<b>571</b>	290	283	<b>573</b>
<b>Total workforce</b>	<b>1,074</b>	<b>437</b>	<b>1,511</b>	<b>1,206</b>	<b>560</b>	<b>1,766</b>	<b>1,221</b>	<b>622</b>	<b>1,843</b>

<sup>5</sup> Starting from the report for 2021, the scope of employees for the three years includes the Company Fiorentini Hungary.  
<sup>6</sup> The data on the external workforce were modified in 2019-20 with reference to the Parent Company, as the data collection method was finetuned. Moreover and always with regard to external collaborators, the data on Fiorentini Hungary are only included for 2021.

The professional category recording the greatest number of employees is **white-collar workers (52%)**, up by 14% in comparison to 2020, followed by **blue-collar workers (41%)**. In percentage terms and compared to the previous year, the most rapidly growing category is the **managerial staff (+21% in comparison to 2020)**, 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.

The majority of Group employees is confirmed in the **30 to 50 years age bracket**, which is **54%** of the population, up by 10% in comparison to 2020. The bracket of employees **below the age of 30** is also growing (**+24% in comparison to 2020** and 21% of the company population), also thanks to professional growth and development policies applied by the Group.

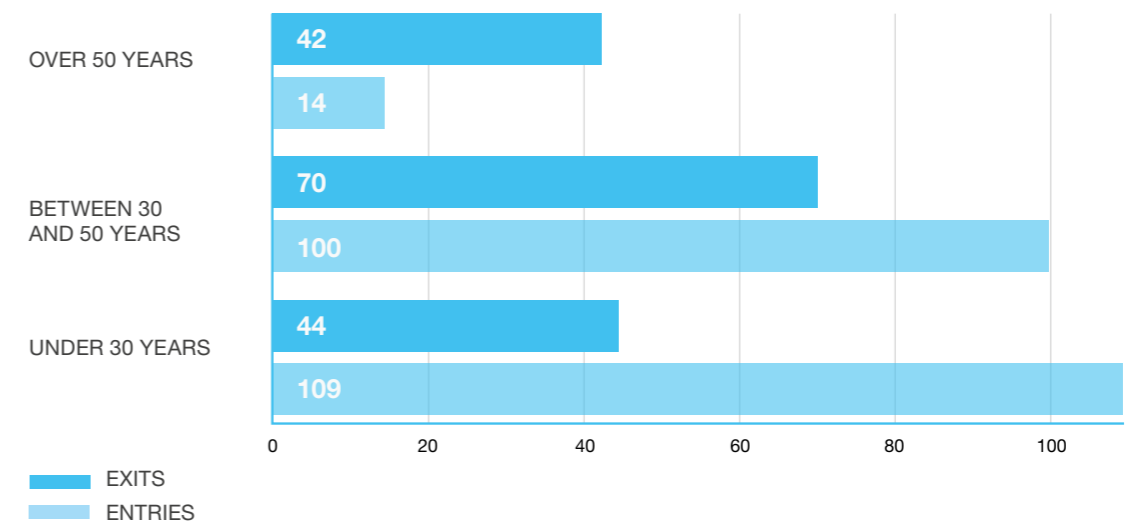
**EMPLOYEES BY PROFESSIONAL CATEGORY**

	2019				2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Top managers	1	12	15	<b>28</b>	2	10	17	<b>29</b>	1	17	17	<b>35</b>
Middle managers	4	23	21	<b>48</b>	4	29	26	<b>59</b>	4	30	22	<b>56</b>
Office workers	86	330	95	<b>511</b>	115	359	107	<b>581</b>	156	390	115	<b>661</b>
Production workers	88	210	141	<b>439</b>	90	223	151	<b>464</b>	101	247	170	<b>518</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>	<b>262</b>	<b>684</b>	<b>324</b>	<b>1,270</b>

A total of **223 entries** were recorded in 2021 (+18% compared to 2020), of whom approximately 71% on a permanent contract. Of the new hires, approximately **49%** consists of **young talent** aged under thirty. On the other hand, 156 people left, of whom 19 for retire-

ment and 50 for the end of their contract. There is a slight decrease in the figure of resignations compared to the previous year, also due to the reopening of the labour market, and therefore to an increased demand for technical and highly qualified professionals.

**ENTRIES AND EXITS BY AGE GROUP**





# SAFETY FIRST, AT ALL TIMES

Pietro Fiorentini sees the topic of health and safety as having priority for the **protection of its collaborators and of all external stakeholders** with whom the company interacts. For this reason, the Group endeavours to promote a culture of prevention and protection of health consistently with the provisions, especially, of **(It.) Legislative Decree 81/08**, as subsequently amended and supplemented, assuring constant risk analysis and assessment activities, as well as the monitoring of corporate performance that has an impact on aspects of occupational health and safety. The Group's focus on these issues has been further strengthened in recent years in the context of the **global pandemic**, which made it necessary to adopt **ad hoc** measures aiming to limit the spread of the disease as much as possible, thus guaranteeing the well-being of people and business continuity.

This approach to occupational health and safety management is made possible thanks

to a **clear and well-defined internal organisation** in this area, consistently also with the provisions of **ISO 45001** (Health and Safety Management System - HSMS). The management system covers all processes of production sites and units located in Italian territory. Special attention is paid in this sense to the activities carried out by the operational service units that operate nationally and internationally.

**HSE (Health, Safety and Environment) teams** have been identified at Group level, dedicated to each production site, with precise management and coordination roles and responsibilities. These teams identify the risk factors and support the organisation in the preparation of the specific assessments. Based on the specific responsibilities, they may at times be supported by external professionals, especially in cases where it is necessary to effect measurements and provide tools in support of the risk analysis.

THE GROUP'S FOCUS ON SAFETY HAS BEEN STRENGTHENED DURING THE **PANDEMIC**, TO **GUARANTEE PEOPLE'S WELL-BEING AND BUSINESS CONTINUITY**

Consistently with the provisions of (It.) Decree 81/08, as subsequently amended and supplemented, the Group has identified a Health and Safety Officer (**RSPP** - also tasked with organising and managing the risk prevention and protection system) and a **representative of the Employer for Health and Safety**. As well as the RSPP, each site has Members of the Prevention and Protection Service (**ASPP**), who support the RSPP in the constant and effective control and management of issues pertaining to occupational health and safety. The Group's workers have then identified their Worker Safety Representatives (**RLS**) tasked with reporting worker requests to the Prevention and Protection Service (**SPP**), to the company doctor or to the employer (or his representative), guaranteeing the anonymity of the individual worker making the request.

Particular attention with regard to **health and safety** is also paid in relation to external stakeholders. In managing the **supply chain**, the Group has promoted specific surveys and the preparation of dedicated questionnaires with the aim of collecting in-depth information on the HSE criteria of whoever provides work or services to Pietro Fiorentini. With regard to **customers**, the development of solutions and services always takes into account health and safety topics, which are also safeguarded with specific product certifications.

The management of issues pertaining to health and safety also finds concrete expression in **health control and surveillance interventions**. The company has an **occupational health service** made up of various professionals for the many production sites. Preventive and periodic inspections identify the main hazards to health that workers may face at each one of these sites. In the context of the occupational health service, each worker can request, at any time, further checks by interacting directly with the dedicated department.

## PERIODIC HEALTH SURVEILLANCE<sup>7</sup>

	2019	2020	2021
Medical examinations	757	846	1,002
Periodic medical examinations	623	693	517
Diagnostic exams	4,603	4,862	5,143
Environmental investigations	23	16	16

<sup>7</sup> For the United States, the information on periodic health surveillance services is not available due to local regulations on privacy. Moreover, where the company Fiorentini Hungary is concerned, interventions to monitor issues pertaining to the health and safety of its collaborators are implemented periodically; nevertheless, at the moment there is no precise monitoring of the measures adopted.



### WORKER'S HEALTH AND SAFETY<sup>8</sup>



Training and awareness raising for 60% of HSE supervisors in the context of a first application of the BBS (Behavior Based Safety) methodology, in order to improve the management of concerns and reduce the number of accidents

The promotion of the occupational health and safety culture is possible thanks to **monitoring activities**, founded on specific internal procedures and on a constant and widespread activity that entails **training and raising awareness in employees and external collaborators**. In matters of specific training, the Group envisages *ad hoc* pathways for those who carry out high- or low-risk activities and who, in the performance of their daily activities, use specific equipment (e.g., lifting systems, mobile platforms, etc.). Training sessions are also envisaged for everyone who performs specific tasks related to health and safety, such as **prevention managers, supervisors and members of emergency man-**

**agement teams** (fire prevention, first aid, and environmental emergency). Specific training to first aiders is also provided for the use of the AED (Semi-automated External Defibrillator).

Overall, if we look at the Group as a whole, the **total number of accidents suffered by employees** in 2021 stands at **15**, a figure that is identical with that reported in 2020. Accidents have always been minor and have occurred at the workplace, mostly due to incorrect behaviours and distraction by production operators. On the other hand, concerning **external personnel<sup>9</sup>**, the number of accidents was **10**, down by about 17% compared to the previous year.

#### EMPLOYEE ACCIDENTS IN THE WORKPLACE <sup>10</sup>

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Accidents in the workplace	17	5	22	13	2	15	13	2	15
of which with serious consequences	1	-	1	1	-	1	-	-	-
Rate of recordable accidents in the workplace*	13.3%	12.6%	13.1%	9.9%	4.9%	8.7%	8.2%	4.0%	7.2%
Rate of accidents in the workplace with serious consequences**	0.8%	-	0.6%	0.8%	-	0.6%	-	-	-

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

<sup>8</sup> Goal that refers just to Pietro Fiorentini S.p.A.

<sup>9</sup> The figure on recordable accidents among the external workforce refers exclusively to the Group's Italian companies and to the French company Gazfio, as Pietro Fiorentini (USA) and Fiorentini Hungary do not avail of a system for the close monitoring of this information.

<sup>10</sup> The data for 2021 include Fiorentini Hungary, following the extension of the reporting perimeter of the Sustainability Statement 2021. Moreover, there was 1 accident en route from home to work in 2021.



52.5%

MONITORING THE NEAR MISS FREQUENCY RATE<sup>11</sup> MAKES POSSIBLE TO PREVENT POTENTIAL ACCIDENTS

Once more in 2021, in line with the previous financial year, **there were no cases of occupational diseases**, which is why no specific corrective actions were implemented. This was possible also thanks to a dedicated risk assessment process and specific analyses, in line with the regulatory framework of reference.

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. The site's HSE department takes care of the monitoring activities and of support to Divisions for the identification of any corrective or improvement actions. The same HSE department also supports the workers of the various Divisions with regard

to any possible report of a hazard (**concern**) and **near misses**.

The other Group companies, in Italy and abroad, also constantly monitor topics relating to the management of health and safety, endeavouring to update and structure their internal processes in light of the Parent Company's actions. Overall and with reference to the companies included in the reporting scope, **81%** of employees are covered by a **health and safety management system** (ISO 45001). This cover applies to **100%** of employees of the Group's **Italian sites**.

<sup>11</sup> The figure does not include the Company Fiorentini Hungary in the perimeter, as it does not avail of an accurate information collection method. The near-miss frequency rate is calculated as (total number of near misses / total hours worked) x 1,000,000. The hours worked include both those of employees and of external collaborators.

## WE INVEST IN OUR RESOURCES

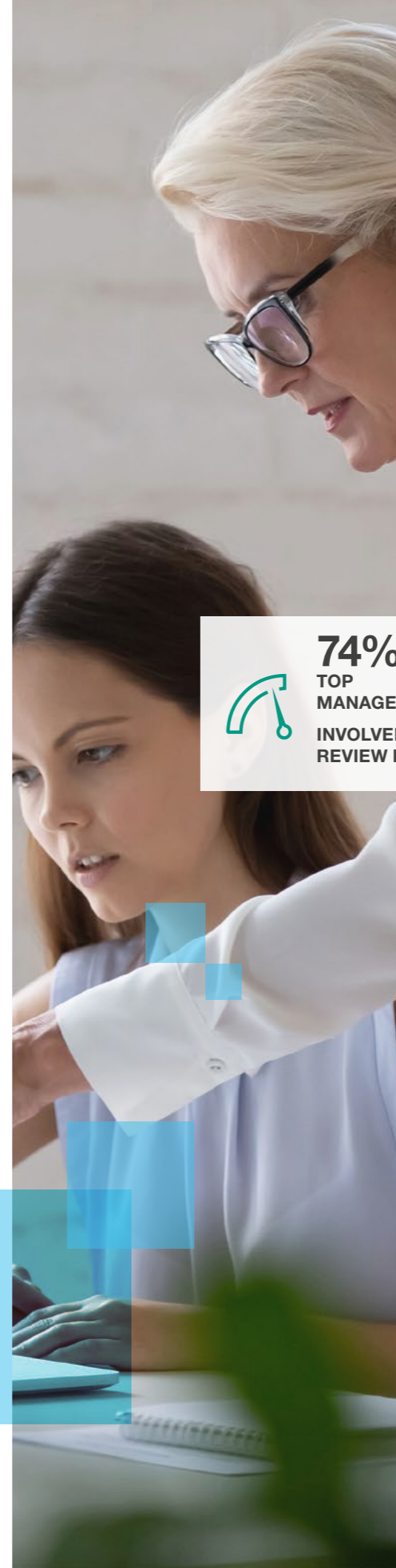
Training and skill updates are indispensable for a company's success and competitiveness, in the same way that the growth of each person is of fundamental importance to **guarantee corporate growth that is sustainable** and long-term. For this reason, Pietro Fiorentini endeavours every day to develop the abilities, the skills, and the attitudes of its employees, by offering each one of them opportunities for professional growth and development.

To guarantee adequate personnel management, the company has adopted policies and procedures relating to the introduction of new roles or to collaborator growth and training pathways. At Pietro Fiorentini each person is assessed exclusively as to the added value that he/she brings: **growth opportunities** are reserved to all collaborators equally, based on **results, experience and skill**, which are the sole parameters in also determining the wage bracket.

The culture of continuous improvement is also built through **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, respectively, and through **periodic performance assessments** on the basis of project progress.

The Annual Review assesses the development of managerial skills, which is based on specific objectives identified on a business and Individual Development Plan level. Moreover, for certain specific roles, the Group has implemented an **MBO system**, i.e. a Management by Objectives system, which envisages variable incentive forms depending on the management level, and goes as far as to include multi-annual forms of incentives (**Long Term Incentives**) that promote the creation of value in the long term.

**TRAINING AND UPDATE OF SKILLS ARE ESSENTIAL FOR THE SUCCESS AND COMPETITIVITY OF THE COMPANY**



**74%**  
TOP MANAGERS  
INVOLVED IN PERFORMANCE REVIEW PROGRAMMES

**61%**  
MIDDLE MANAGERS

In 2021, the total number of **employees assessed** stands at 405, **up by 49% compared to 2020**. In particular, performance review activities increased by 72% for white collar workers and by 56% for blue collar workers. With the goal of **extending the performance assessment process to all employees**, the management software of reference will be updated in 2022.

With regard to more qualified professional figures, Pietro Fiorentini has put in place specific procedures for professional growth. Since 2019, the Group has adopted a structured approach to the management of people and retention, known as IDR, i.e. the **Risk Index**, which, other than performance and compliance with the company's values, assesses the impact of the post inside the organisation, the coverage of skills, the risk of turnover, the succession plan, and the possibility of developing the individual.

During the **selection of the resources**, the company focuses on seeking people who have the right skills and who are aligned with the corporate values. All open positions are published in the "**Working@PF**" section of the corporate website, where it is also possible to spontaneously submit an application. The profiles collected are then involved in a selection procedure, informed by transparency and the **protection of equal opportunities**, to promote mutual awareness in order to ensure that the abilities, skills, and experiences of the candidates are in line with what is sought. **Interviews** are the main tool for allowing the candidate to get more in-depth information on the tasks, to ask questions, to get to know their future colleagues, and visit the workplace, in a **climate that fosters openness and mutual dialogue**. Pietro Fiorentini also values the personal development of its internal employees, who may participate in the selection process alongside external candidates.

[Working in Pietro Fiorentini](#)





### PIETRO FIORENTINI COMMITS TO TRAIN TOMORROW'S LEADERS

One of the key elements to ensuring that the company has the knowledge and skills it needs to set itself apart in the market is to attract **new resources and talent**. This is why Pietro Fiorentini undertakes, on a daily basis, to **empower young talent** with a twin goal: on the one hand, the goal of providing work opportunities that can renew the corporate context, and, on the other, launching young people on their career path, guaranteeing the acquisition of the best skills, in particular skills related to the digital and green world.

It is with this intention that, every year, several Pietro Fiorentini professional figures enter the classroom to share the Group's entrepreneurial model with the students and to collaborate with the teachers, in order to promote the **development of business knowledge that can set the Group apart**. The company promotes several meetings with the aim of identifying and selecting new resources with specific academic profiles so that they may join the workforce. In this light, Pietro Fiorentini **collaborates continuously with various Universities in Italy** (UniPd, UniVi, UniBs, UniFe, PoliMi), participating in the Career Days organised by them, and participating as speakers and endorsers at the programmes of various business schools (CUOA, Sole 24 Ore Business School, Euronext Academy of the Italian Stock Exchange).

Every event in which the company takes part is a **fundamental occasion for the students**, who are thus given the opportunity to meet companies on which to project their future professional careers.

Starting with the entry process, Pietro Fiorentini endeavours to handle the management of its resources thanks to a **programme dedicated to onboarding**: this initiative is managed at Parent Company level, in order to offer all new recruits in all Group offices a positive experience, both prior to joining the company and during the first months of their recruitment. Materials, such as guides, information documents, brochures, gadgets and welcome training, have already been prepared in the context of the programme and on issues concerning personnel administration, safety, communication, the legal aspects, the culture, the products, and the corporate processes. A dedicated section for managers is then envisaged, to raise awareness on how to best welcome the new resources.



**2,267**  
TRAINING HOURS IN  
THE ONBOARDING PHASE

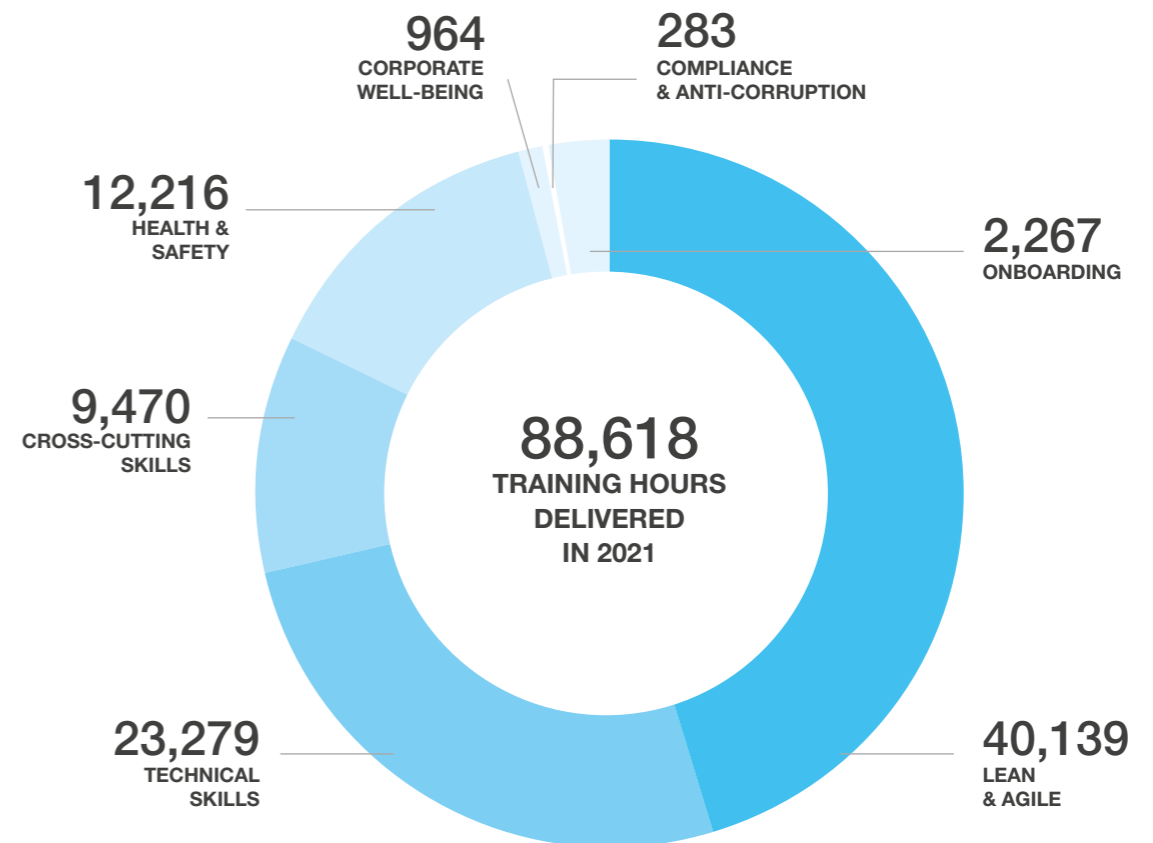
### A LEARNING ORGANISATION FOR CONTINUOUS GROWTH

Continuous learning is part of the company's culture, which encourages all collaborators to constantly improve their knowledge and skills, thanks to an **integrated development model that combines learning by means of training on the job and theory-based training** (in a classroom or virtually). Employees have the company library available to them where more than 250 texts are collected and accessible for consultation and study, on numerous themes pertaining to both technical matters and the development of soft skills.

The **analysis of the training requirements of each collaborator**, which is carried out by means of a dedicated procedure at Parent Company level, is updated periodically (for example, on the occasion of professional update,

change of role, handling of non-conformities found, as well as based on possible requests submitted directly by the employee him/herself). This approach makes it possible to draw up **training programmes that are designed to expand the skills of each collaborator, in line with the corporate strategy**.

The **effectiveness of training activities** is assessed to prove the skills acquired and to measure the quality of the training event and gather elements to improve it. The **level of approval** of the training activities is seen as a useful performance indicator, in order to monitor the employee's satisfaction, the internal effectiveness of the teaching pathway, and the quality of the training offered. For this purpose, the survey is made following the conclusion of the training pathway, by means of answers to a standard **questionnaire** (in hard copy or digital form, depending on the case).



The year **2021**, thanks to the Learning & Development team, saw the implementation of important innovations, both in terms of **training contents** and in terms of the **channels** through which to diffuse them.

Face-to-face modules were accompanied by virtual courses that can be accessed remotely from the various Group sites; the **e-learning platform** is constantly updated and access is guaranteed also to those who do not have a corporate account. In terms of contents, traditional content relating to technical skills (26%), Lean & Agile (45%), and Health and Safety (14%) has been supplemented by new courses related to topics concerning balanced nutrition, correct posture, physical movement, and stress management. The employees of companies involved in the sustainability reporting were also given a **course dedicated to ESG topics**.

The third edition of the **PF Academy Lean Base International** took place in 2021. Fifteen employees from our foreign offices attended the course, which was held entirely in English. The Academy ended with participants taking part in one of the *Kaizen Weeks* organised at the Italian establishment. A fourth edition has already been scheduled for 2022.

The natural evolution of the dedicated Academies is to structure the training offer as a **Corporate University**, i.e. a knowledge management tool that consists of a material and of an immaterial part, such as networking, the exchange of knowledge, the creation of a culture and of shared values. In order to empower its intellectual capital, the company is therefore enhancing existing training activities and creating necessary ones that are not yet available.

A total of **88,618 hours of training** were provided in 2021, up by 59% compared to 2020, and which translate into an average of about **48<sup>12</sup> hours per collaborator per year**.

The development and enhancement of skills are an integral and fundamental part of the Group's strategy in order to create shared value, retain and attract talent, and increase the sense of belonging. As proof of this strong commitment of the Group, **94% of the training provided in 2021 was financed internally**, while the remainder was financed by Fondimpresa and Fondirigenti funds at the Group's disposal.

<sup>12</sup> The figure on the training hours, which records a significant increase compared to 2020, is influenced by the high number of hours provided in the field of machine safety, a mandatory training activity that was postponed due to the pandemic. The average hours are calculated as the ratio between the total training hours and the number of employees and external collaborators as of 31/12 of the companies to which this report refers.



**48**  
AVERAGE HOURS  
OF TRAINING  
PER PERSON



**€ 992,400**  
INVESTMENTS IN  
TRAINING IN 2021



## HR MANAGEMENT & ENHANCING



Delivery of at least 40 average hours<sup>13</sup> of training per employee

### EMPLOYER BRANDING

A number of initiatives were launched in the last year that intend to make the Company capable of retaining talent and attracting resources with new skills and experience. With this goal in mind, Pietro Fiorentini has chosen to invest in all **activities that make it possible to communicate what it means to work at the organization**, especially thanks to the establishment of the new Employer Branding department.

The new version of the **fiorentini.com** website, online since April 2021, includes a dedicated section (Working@PF) which contains periodically updated information that aims to introduce the company and its organisation, the benefits offered, the colleagues' success stories, and the training paths. The contents published were conceived by taking into consider-

ation the most important and current trends in the field of employer branding, as well as in the light of generational trends and the large amounts of feedback received. Moreover, different types of communications were used (news, videos, photos, interviews, etc.) to make the page more dynamic and attractive.

Always with an eye on employer branding, the Group has for years participated in various **recruiting events** with the aim of identifying profiles other than those that originate exclusively from the academic world and of **diffusing knowledge of the brand** in the various local areas in which the company operates. In addition, since 2021, greater attention has been paid to the identification of new recruiting and attraction events, monitoring the effects on the recruitment of new figures and implementing any improvement actions.



<sup>13</sup> The average hours are calculated as the ratio between the training hours and the number of employees as of 31/12, taking into account employees with an indefinite and fixed-time contract working for Pietro Fiorentini and TIV Valves.

# A CONSTANT COMMITMENT FOR THE WELL-BEING OF OUR COLLABORATORS

Pietro Fiorentini starts from the assumption that investing in the human capital, also and especially in terms of well-being, is of fundamental importance for the prosperity of the undertaking and the consolidation of its role. **Well-being, development, and motivation** are the drivers that guide the Group in the management and personnel valuing choices and policies.

Pietro Fiorentini, with the aid of some external consultants, has, for several years, activated a **Corporate Wellbeing Programme**, i.e. the promotion of collaborator well-being with the objective of improving health, balance, motivation, and involvement.

These areas are the fruit of a **first survey for measuring the collaborators' personal and organisational well-being**, that was first carried out in 2017 and was then updated in 2019<sup>14</sup>. A **third climate survey will be carried out among the company population** in

spring 2022 to redefine priorities, gather new requirements, and receive opinions on the activities carried out.

The efforts of Pietro Fiorentini in coming years will be directed towards the objective of extending the programmes already tested and structured in the main national offices to all facilities and branches, both in Italy and abroad. This extension process has already involved the French company Gazfio, where similar programmes as those used in Italy are ongoing, and the Italian subsidiary TIV Valves (see the dedicated box).

During 2021, the US company **Pietro Fiorentini (USA) also promoted a climate survey** to its employees, in order to evaluate the level of well-being perceived. The results confirmed a decidedly high average level of satisfaction (4 out of 5) but the company is working to activate improvement programmes that aim to further increase it.

## FOR PIETRO FIORENTINI PROMOTING THE WELL-BEING OF COLLABORATORS MEANS:



<sup>14</sup> The analysis, which is repeated every two/three years, first involved the collaborators of the Italian sites and was extended, in 2019, also to the collaborators of the French company Gazfio.



## PEOPLE WELL-BEING

Carry out climate analyses in Pietro Fiorentini, TIV Valves, Gazfio, and Pietro Fiorentini (USA) on aspects of credibility, respect, fairness, pride, cohesion, identity and trust



## SURVEY ON THE ORGANISATIONAL AND PERSONAL WELL-BEING OF TIV VALVES

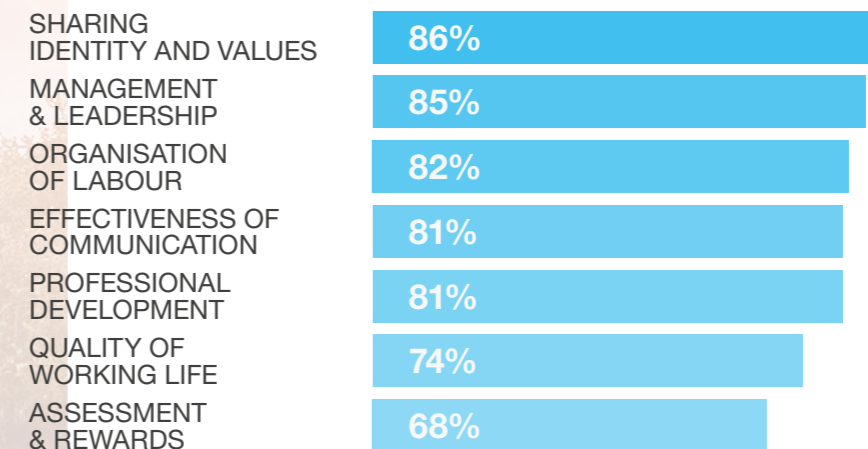
The survey, carried out in 2021, involved all direct employees, with a **participation rate of 91%** (a figure up by over 20% compared to the average of the reference sector), collecting over 100 pieces of feedback and suggestions. On the one hand, the survey measured **organisational well-being** and, on the other hand, the **people's well-being**.

On the first point, the survey was structured in 7 areas and the **level of satisfaction was 79%**, markedly higher than the average figure of the sector (which stands at 66%), as proof of the real efforts that the Group has expended in the field of organisational well-being.

Among the main actions to be implemented, the survey identified the need to develop procedures for flexible work; the improvement of the break areas and of vehicle parking areas; the development of well-being courses, team work, and communication; the renewal of the performance review process; the implementation of digital bulletin boards and quarterly communications.

Moreover, the survey ascertained the level of **trust** that the participants have in the **concrete implementation of the actions that emerged in the near future**, which stands at **83%**.

### LEVELS OF SATISFACTION (ORGANISATIONAL WELL-BEING)



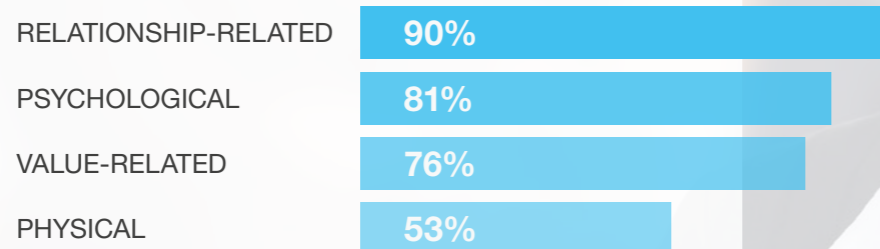
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With reference to the 4 areas that relate to **people's well-being**, the overall well-being level was confirmed at **70%**, an increased value compared to the findings of the latest survey of the Parent Company and to the benchmark of reference (64% in both cases). The main action to be implemented in this sense concerns the **creation of the corporate canteen**, also with a view to better focus on topics pertaining to a balanced nutrition.

Lastly, an additional in-depth investigation was dedicated to Covid-19 and to the methods used by the company to manage the pandemic: the 98% score shows a very high level of satisfaction among participants.

**LEVELS OF SATISFACTION (PERSONAL WELL-BEING)**



The **“People Fuel”** brand collects the initiatives dedicated to the development, engagement, and well-being of Pietro Fiorentini collaborators. This brand combines, on the one hand, the topic of people energy, understood as the result of a healthy lifestyle, of the perceived climate at the workplace, and of the level of motivation; on the other hand, it alludes to reference sector of Pietro Fiorentini’s business, placing emphasis on the “corporate” nature of the programme.



Of the initiatives that fall under the umbrella of “People Fuel”, the **health, balance and energy campaign** continued throughout 2021, with the aim of training the greatest possible number of people on the themes of correct posture, healthy diet, and exercise, with new courses dedicated to stress management.

The Corporate Well-being programme is supplemented by Pietro Fiorentini by also placing at the disposal of its collaborators **corporate welfare systems**, through the funds that employees can use in various areas, and **supplementary health insurance** (as envisaged by the Collective Labour Bargaining Agreement for workers in the Metal Mechanical industry).

## DIVERSITY AND INCLUSION

Pietro Fiorentini aims to guarantee better and higher cultural and gender inclusion. The Group constantly endeavours to guarantee **equality at the workplace and equal opportunities of professional development and growth** without considering race, skin colour, religion, sex, age, physical abilities, nationality, sexual orientation, political orientation, civil status, etc. This approach becomes even more relevant if we take into account the multitude of cultures present at the Group: with over 30 sites around the world, Pietro Fiorentini **collaborators represent over 20 nationalities**.

A **corporate agreement** was signed in 2019 at the French company Gazfio with the aim of promoting **gender equality**, with an action plan that aims to guarantee equality in all areas, from remuneration and salary raises to access to training. For this purpose, a **gender equality index** is calculated every year: the data monitored to date show that, with regard to remuneration, there are no significant differences between men and women, while the worst-performing area is the one that relates to the number of women in management posts.

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 different cultures and contexts**. This is where 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 come in: they represent a unique opportunity for concretely promoting cultural diversity at every Group site.

The Group’s **female population**, at the end of 2021, counted 339 resources (+27%), **up by 17%** compared to 2020. The gender gap is mainly due to the special features of the sector, which mainly attracts male professionals, even though the Group proactively promotes equal opportunities. Of the Group’s female resources, 17% are under 30 (+60% compared to 2020) and 61% are in the 30 to 50 age group (+8 compared to 2020). Among top management, in 2021 women managers or in managerial positions represent 11% of the respective categories.



**DIVERSITY & INCLUSION**

In-depth examination of the climate analysis results with specific reference to the issue of discrimination at the workplace

**EMPLOYEES BY PROFESSIONAL CATEGORY<sup>15</sup>**

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Top managers	26	2	28	27	2	29	32	3	35
Middle managers	45	3	48	54	5	59	49	7	56
Office workers	360	151	511	410	171	581	454	207	661
Production workers	336	103	439	352	112	464	396	122	518
<b>Total</b>	<b>767</b>	<b>259</b>	<b>1,026</b>	<b>843</b>	<b>290</b>	<b>1,133</b>	<b>931</b>	<b>339</b>	<b>1,270</b>

<sup>15</sup> The division of employees by professional category and age group is not available for the two years 2019-20 for the Company Fiorentini Hungary.

# 5

## WE CREATE VALUE FOR OUR STAKEHOLDERS

## OUR PARTNERSHIPS *to get there*

- 94 THE CREATION OF VALUE IN PIETRO FIORENTINI
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- 106 WE WORK TOGETHER WITH LOCAL COMMUNITIES

**We wish to build long-term collaborations, first with our customers, but also with suppliers, research bodies, and institutional partners, along the entire value creation chain.**

WE CREATE VALUE FOR OUR STAKEHOLDERS

WE CREATE VALUE FOR OUR STAKEHOLDERS



# THE CREATION OF VALUE IN PIETRO FIORENTINI

The goal of Pietro Fiorentini is to generate value for its business and for its main stakeholders, in a medium/long-term perspective.

In fact, the Group's responsibility is not limited to the supply of innovative solutions, characterised by high quality standards, but takes into account **the impact generated for its partners (both customers and suppliers) along the value creation chain**, its employees and collaborators, in terms of well-being and professional development, and the local communities and local areas in which it operates. The creation of value by the Group, therefore, represents the condition sine qua non at the base of all projects and initiatives implemented and described in the following paragraphs.

During 2021, in economic terms, the Group's consolidated turnover stands at approximately 466 million euros, a significant increase compared to the previous year (+17%).



**€466 MLN**  
CONSOLIDATED REVENUES IN 2021



**+17.1%**  
IN COMPARISON TO 2020



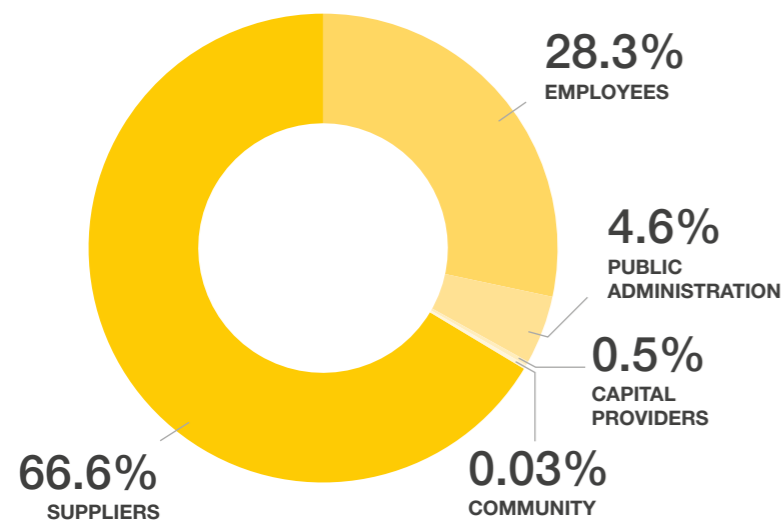
**€85.6 MLN**  
CONSOLIDATED EBITDA\*



**+10.6%**  
IN COMPARISON TO 2020

\* In accordance with the calculation practices of the Italian banking system.

## DISTRIBUTED ECONOMIC VALUE IN 2021 [k€]



## GENERATED AND DISTRIBUTED ECONOMIC VALUE [k€]

	2019	2020	2021
<b>GENERATED ECONOMIC VALUE</b>	<b>342,594</b>	<b>411,970</b>	<b>466,220</b>
<b>DISTRIBUTED ECONOMIC VALUE</b>	<b>294,916</b>	<b>343,964</b>	<b>398,519</b>
└ OPERATING COSTS	196,602	228,831	265,518
└ VALUE DISTRIBUTED TO EMPLOYEES	84,723	100,193	112,720
└ VALUE DISTRIBUTED TO CAPITAL PROVIDERS	1,418	1,347	1,889
└ VALUE DISTRIBUTED TO THE PUBLIC ADMINISTRATION	12,112	13,492	18,292
└ VALUE DISTRIBUTED TO THE COMMUNITY	60	100	100
<b>WITHHELD ECONOMIC VALUE</b>	<b>47,679</b>	<b>68,006</b>	<b>67,701</b>

Creating long-term value also means knowing how to **listen to our stakeholders** and entering into a dialogue with them. The engagement process makes it possible to consider the stakeholders' point of view and helps understand their expectations, **both with regard to the contents of the reporting and to the ESG strategic priorities**. In the context of the materiality matrix update, therefore, engagement is of fundamental importance so that the material topics identified can be consistent with the needs and expectations of the stakeholders (see also the Pietro Fiorentini Group materiality matrix, p.36-37)

**+16%**

OF DISTRIBUTED ECONOMIC VALUE COMPARED TO 2020



## STAKEHOLDER ENGAGEMENT

Involvement of external stakeholders to update the 2022 materiality matrix

# A BUSINESS MODEL BASED ON CUSTOMER CENTRICITY

In the context of the Pietro Fiorentini business model, the creation of value is informed by the customers' needs, to which the Group's internal structure aims to ensure effective and efficient responses. The topic of **customer centrality**, in fact, is one of the pillars on which the Group's strategic vision is founded.

This approach requires constant efforts with the goal of **listening to and interpreting customer needs** in a complex and dynamic context, and proposing **innovative, safe solutions that are in line with the regulatory provisions**. The adoption of Lean & Agile Management at Pietro Fiorentini has contributed to strengthen this *modus operandi*: the elimination of all possible waste aims, in fact, to optimise internal processes as much as possible, so as to focus attention on activities that can actually create added value for the end customer.

Customer satisfaction is pursued and guaranteed to ensure the **continuity and safety of the services and products offered**; this is made possible also thanks to the fair and transparent management by the Group of the relationships with its commercial partners along the entire value chain.

## MARKETS AND CUSTOMERS SERVED

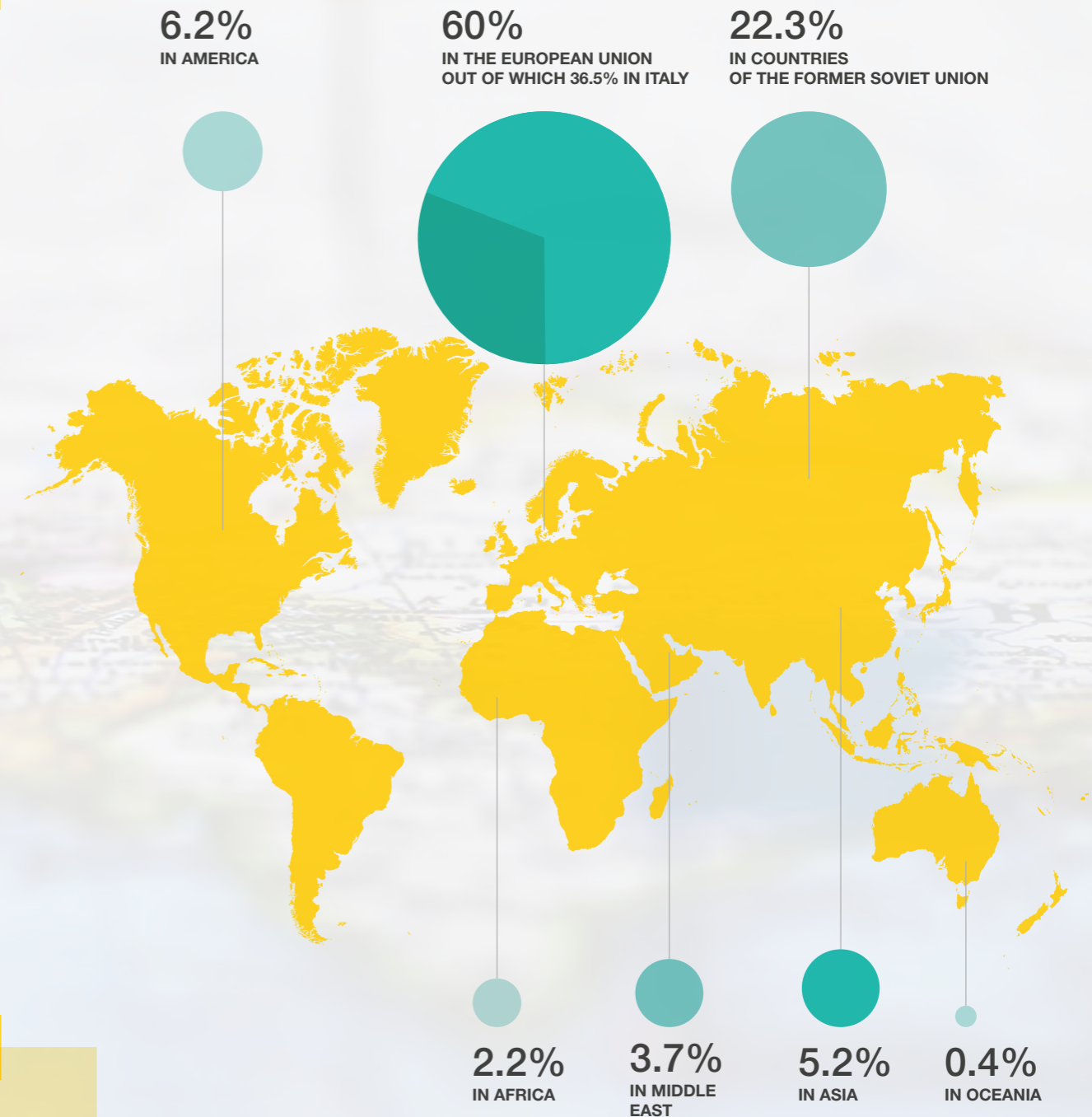
Pietro Fiorentini is a leader in the **supply of devices for the entire natural gas supply chain**, including the supply of pressure regulators, valves, traditional and smart meters, electronic devices that support the digitalisation of the gas networks, that can be supplied as components or already integrated in systems. The Group's customers include natural gas extraction, transmission, and distribution companies, as well as engineering, industry, and utilities companies.

In particular, during 2021, Pietro Fiorentini supplied its solutions to **customers located in over 100 countries around the world**, confirming the significant internationalisation of the Group. Expressed as a percentage, **the most important turnover quota of Pietro Fiorentini S.p.A. originates from the "Metering" business segment with approximately 50% of total turnover**, followed by "Components" (25%), "Systems" (18%) and "Services" (7%).

As can be seen in the image below, from a geographical point of view, **the highest turnover quota was recorded inside the European Union, with approximately 60%**, followed by the area that corresponds to the

Countries of the former Soviet Union (22% - in particular thanks to the ongoing collaboration with the company Texnopark - see Box "A partnership that creates value").

## THE GEOGRAPHICAL DISTRIBUTION OF REVENUES OF PIETRO FIORENTINI GROUP





**SUCCESS STORIES**

**A PARTNERSHIP THAT CREATES VALUE**

The collaboration, launched in mid-2019, between Pietro Fiorentini Group and the Uzbek company **Texnopark** for the supply of metering kits, i.e. components for smart gas consumption meters (including licence, machinery for assembly, and transfer of know-how), of fundamental importance for the production of smart meters for natural gas metering in the capital of Uzbekistan and in the neighbouring provinces, was strengthened in 2021.

The project is a success story for the **development of Italian technology exports in countries with a high growth rate**, just like **Uzbekistan**, and ambitiously aims to improve energy efficiency and to reduce the environmental impact.

The first positive effects can already be seen: in the last year, the widespread installation of smart meters reduced natural gas leaks and made it possible to restrict by a significant margin the quantity of noxious emissions into the atmosphere (just consider that, just in the region of Tashkent, gas combustion was reduced by 7.3 million cubic metres).

Moreover, the project contributes towards the goal of promoting the **digitalisation of the infrastructure** of the gas network, with the aim of improving the quality of the service provided to the customer and ensuring the continuity of supplies. It is, therefore, a partnership with a high added value, which consolidates the leading position of Pietro Fiorentini in the global panorama of smart meter manufacturers.

With the aim of responding to the growing requests of its customers and to some of the main **megatrends** that characterise the current international scenario, i.e. those of **decarbonisation**, **digitalisation**, and **decentralisation** (see also chapter 3, p.48), Pietro Fiorentini has promoted and implemented a series of projects to accompany, in the development of new solutions for the more traditional sector, **innovation initiatives dedicated to renewable energies**, such as the MicroPyros biological gas treatments, the new Hyter electrolyser cells, and the ZOE system for the treatment of zero-emission biogas, patented by the French subsidiary Gazfio.

The table on the right summarises the main solutions that Pietro Fiorentini places at the disposal of its customers, also in the light of the megatrends mentioned above, in the field of **transmission and distribution** of natural gas for industrial, commercial, and residential use:

**DECARBONISATION**

**CUSTOMER NEEDS**

- Management of renewable gases in transmission and distribution networks
- Solutions compatible with increasing hydrogen mixtures up to 100%
- Reducing methane emissions into the atmosphere

**PIETRO FIORENTINI SOLUTIONS**

- Biomethane and hydrogen injection substations
- BiRemi: systems for the management of bi-directional injection and withdrawal flows
- Flow and quality meters
- Adjustment of regulators, meters, and valves
- Zero leak directional control valves
- Double membrane regulators

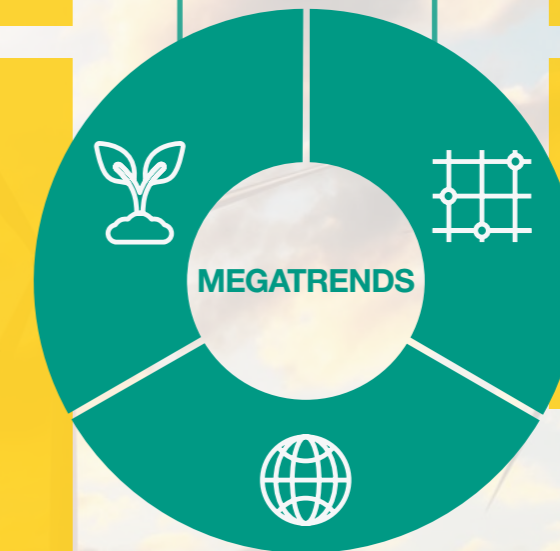
**DIGITALISATION**

**CUSTOMER NEEDS**

- Remote control and information exchange even in the absence of power supply

**PIETRO FIORENTINI SOLUTIONS**

- Pressure and/or flow control systems
- Cutting-edge sensors
- Predictive maintenance systems



**DECENTRALISATION**

**CUSTOMER NEEDS**

- Increased level of service
- Local content of products / services
- Competitive solutions for emerging markets

**PIETRO FIORENTINI SOLUTIONS**

- Setting up new local operational units
- Sale of product kits for on-site assembly
- Search for suppliers in the local area of reference

WE CREATE VALUE FOR OUR STAKEHOLDERS

WE CREATE VALUE FOR OUR STAKEHOLDERS

## SOLID RELATIONSHIPS BASED ON SATISFACTION

To guarantee dialogue and a constant exchange of ideas and opinions with its customers, Pietro Fiorentini's internal organisation includes **departments dedicated to handling the relationships with the customer at all stages of the collaboration:** from sales activities to Marketing, all the way to Quality. The fact that it is a Group with a global presence (also thanks to the companies that belong to the Group and to the existence of an extensive distributor network), makes it possible to also ensure close geographical proximity to the customers, consistently with the **"Local for Local"** principle.

Piero Fiorentini is implementing a specific **CRM (Customer Relationship Management) platform** that makes it possible to make the best use of information relating to the market and to the customers. The CRM includes an **issue management** function, which collects reports on any complaints, to which the company can then respond promptly. Currently, the CRM is used by the Pietro Fiorentini S.p.A. business areas, but the aim is to extend its use to the foreign branches and to the subsidiaries, for single and centralised management of the relationships with customers by all Group companies.



### CUSTOMER CENTRICITY



Reach an average Net Promoter Score of at least 80%, obtained by sending out satisfaction questionnaires to a significant sample of customers, following the conclusion of an offer and/or following the management of an issue.

## CUSTOMER SATISFACTION IS THE PRIMARY OBJECTIVE OF ALL OUR ACTIVITIES



## CONSTANT AND ALL-ROUND MONITORING OF CUSTOMER NEEDS

Monitoring satisfaction plays a central role in ascertaining compliance with the customers' expectations. The **analysis categories** refer to various aspects, that range from product reliability to personnel's promptness in providing the required responses; or even, from the suitability of engineering resources (software and reporting) up to the assessment about the overall perceived quality, considering the entire scope of the supply (products and services).

**Various specific instruments** have been put in place to collect and analyse such aspects. In particular, they include the **NPS (Net Promoter Score) questionnaires** that show the degree of satisfaction with regard to the offer of the Group's companies and the degree to which the customer is prepared to give an "active reference" of the purchasing experience.

Overall, customer satisfaction is very high (90% and up) with regard to the high **quality of the products purchased** and to **customer service and support during the sale**. Moreover, in 2021 the company Pietro Fiorentini USA sent a questionnaire to a sample of its customers: approximately 82% of them declared that they were "very satisfied" with the performance of Pietro Fiorentini, confirming a high level of satisfaction with the brand's reliability.

## QUALITY, SAFETY, AND CONTINUOUS IMPROVEMENT

Propensity to continuous improvement constitutes a necessary element for guaranteeing customer satisfaction, that the Group pursues thanks to an internal organisation founded on **Total Quality Management**, i.e. on a culture of **quality diffused at corporate level** among all collaborators of the various departments.

Pietro Fiorentini has set up a dedicated department, known with the self-explanatory name of **"Quality Assurance"**, which aims to promote the incorporation of the concept of quality in all corporate processes and to raise awareness in all Group collaborators on this

aspect. The diffusion of the culture of quality also passes through the implementation of an internal management system founded on both the international **ISO 9001** certification and on a series of **certifications of the product or service offered**.

All solutions offered by Pietro Fiorentini are always conceived and developed putting priority on **safety**, combined with the guarantee of **high-quality and constant performance**.

In the energy sector, **service continuity** is, in fact, a crucial aspect, to which the Group has committed both with regard to its internal production processes (by means of careful management of the possible risks) and with regard to the performance of the commercial partners with whom it interacts.

## WE BUILD TRUST-BASED RELATIONSHIPS WITH OUR SUPPLIERS

The Group's ability to always ensure high-quality, safe, and reliable products and solutions is also made possible thanks to the **constant management of the supply chain**. In fact, the relationship with the suppliers is a fundamental aspect for Pietro Fiorentini's business, especially if we consider the context of reference, which is characterised by difficulties in procuring specific components and materials, the increase in the prices of raw materials, and the tensions related to international geopolitical crises and to the challenge of energy transition.

### THE SUPPLY CHAIN

In 2021, the Pietro Fiorentini supplier list counts approximately **5,400 commercial partners**: of those, approximately 26% consists of **direct suppliers**, from whom the company purchases goods and/or services that are directly incorporated in the production process, while the most important quota (74%) is represented by **indirect suppliers** who mainly provide investment goods, ancillary goods, and production and staff department support services.

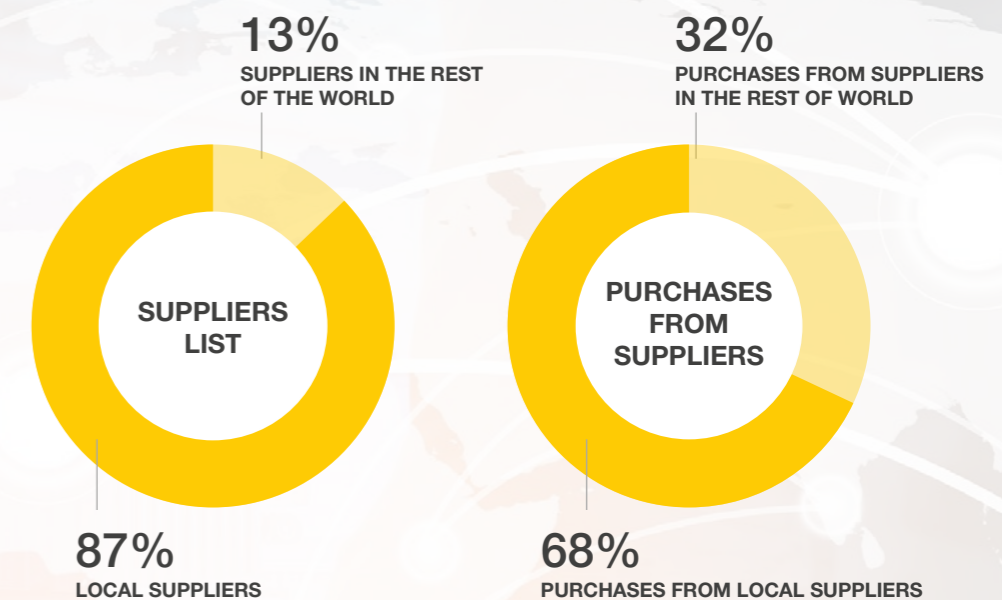
The approach to the management of the supply chain is inspired by the principle of **Local for Local**, in order to render all Group companies independent in the management of

The Group adopts a **fair and transparent approach** towards its suppliers, that aims to ensure equal treatment and that the same information is shared, with the ultimate goal of working to find shared solutions and generate value in the medium/long term. In line with the Group's value and in light of the global scenario, the relationship is founded on **constant dialogue** which is guided by the True North of trust, transparency, and continuous improvement.

the collaborations with their respective suppliers, thus ensuring solutions that are geographically close (to the extent that this is possible) to their market of reference and, consequently, to the end customer. As proof of this commitment, the overall figure of **local suppliers** stands at **87%** of the total.

Also taking into account **the proportion of purchases with regard to local suppliers**<sup>1</sup>, it is obvious that the Group endeavours to prioritise collaboration with suppliers located near the Group's site, as much as possible: in 2021 this proportion stands overall at approximately **68%**<sup>2</sup> and is particularly important for some Group companies, such as those located in Italy (76%) and in Hungary (85%).

- <sup>1</sup> The term "purchases from local suppliers" means purchases made from suppliers whose headquarters are located in the same country as the Group's production plant that made the purchase (Italy for Pietro Fiorentini S.p.A. and TIV Valves; France for Gazfio; the United States for Pietro Fiorentini (USA); Hungary for Fiorentini Hungary).
- <sup>2</sup> With regard to the calculation of the purchases made by Pietro Fiorentini (USA), we converted the economic value from US dollars to euros, based on the conversion rate made available by the Bank of Italy on 31.12.2021.
- <sup>3</sup> Goal that refers just to Pietro Fiorentini S.p.A.



The Local for Local criterion makes for **benefits** from several points of view, for example in terms of reduced delivery times, warehouse management, and optimised logistics, with consequent positive impacts also with regard to environmental sustainability (in reference to the decrease in CO<sub>2</sub> emissions related to transport).

With the twin objective of guaranteeing constant and transparent communication to its partners and of facilitating and speeding up the mutual exchange of information and documents, Pietro Fiorentini has put in place **Supplier HUB**, a portal that makes possible and promotes a digital information flow to the extended supply chain. The platform has been put in place to increase process efficiency, markedly reducing the times of management, receipt, acceptance, and shipping of orders and limiting the recourse to e-mails or phone calls which, by their nature, are not structured and are not tracked.

Moreover, the adequate management of the supply chain falls under the scope of the areas analysed and monitored with a view to **risk management**, with the aim of identifying possible at-risk areas and implementing dedicated mitigation plans. The box on the next page shows an overview of the main critical issues in the management of the supply chain and of the countermeasures adopted by Pietro Fiorentini.



## MAIN RISKS AND CRITICAL ISSUES IN THE MANAGEMENT OF THE SUPPLY CHAIN

Among other things, the COVID-19 pandemic resulted in a **strong distortion of international supply chains**, shining a light on certain global imbalances in global procurement. In fact, the pandemic interrupted long tracts of “low-cost” supply (especially from the East towards the West), making the purchase of strategic stocks necessary (i.e. purchase of larger quantities of materials than needed, so that lines would not stop) and creating “closer and more flexible” supply chains.

These elements forced a **necessary review of global supply chains**, towards a more resilient and Local for Local system: this is an opportunity to create and implement a **dynamic supply chain model**, that can contribute to increased performance and the identification of short-, medium- and long-term risks well in advance. This new approach results in a **reorganisation of procurement / production / distribution activities** with the aim of rendering organisations more adaptable to change to guarantee **business continuity** in an increasingly connected and unpredictable scenario.

This challenge joins the no less strategic challenge of **digital transformation**, which must be supported by strong relationships with partners and suppliers to guide operational performance, identify new digital revenue flows, and create adequate digital experiences for the customers. Digitalisation promotes a sped-up change, but, at the same time, must be adequately monitored to mitigate risks to IT security.

For this reason, Pietro Fiorentini has, since 2018, been certified in accordance with the standard **ISO 27001**, with the aim of protecting information and ensuring higher levels of trust by its stakeholders, particularly suppliers and customers.

With an eye to the management of risks along the value chain, in 2021 the company continued and reinforced the **policies of reshoring** aiming to identify and select suppliers in the country where the company is present, replacing some suppliers located in low-cost countries. Moreover, the management of the supply chain is increasingly based on a **dual sourcing** approach: procurement has thus been arranged in a manner that will allow the Group to procure the same product from commercial partners whose establishments are distributed around the world. These measures are necessary especially in light of the current international context, which is characterised by a growing increase in transport costs, and by difficulties in obtaining certain raw materials.



## SUSTAINABLE SUPPLY CHAIN<sup>3</sup>

Qualification of all new suppliers by means of an assessment questionnaire including ESG criteria

## QUALIFICATION AND SELECTION

Pietro Fiorentini takes great care with regard to the relationships it entertains with its partners, always trying to cultivate and develop **relationships that can generate added value and ensure business stability**.

For this very reason, the company pays a lot of attention as early as the preliminary stages of the relationship's launch, assessing the suitability of the partners with whom it will collaborate. The **qualification process**, which is based on criteria of objectivity, transparency, and traceability of the assessments made, aims to ascertain the **actual abilities** of the supplier and their **future potential**. The elements analysed are many: technical and managerial skills, economic and financial reliability, product quality and safety. They also include certain **aspects that are more relevant to ESG topics**, among which specific requests in the field of health and safety, and environmental management.

The most relevant direct suppliers are subject to a **selection and evaluation process that envisages on-site** audits, carried out by the Purchasing and Quality Assurance 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.

## WE WORK TOGETHER WITH LOCAL COMMUNITIES

Pietro Fiorentini has always seen the interaction with the local area as a fundamental topic. In fact, aside from the indirect impact that the company manages to generate on the communities thanks to the provision of safe and high-quality solutions and services, the Group contributes to the creation of **direct impacts for the benefit of the communities** in which it operates, in synergy with local bodies and associations.

The Group's social responsibility finds concrete expression in specific initiatives for the creation of value and support to **local companies**, as well as in **training activities dedicated to the future generations** on issues relating to its business, which however have a strong and more widespread impact, in terms of sharing of skills with regard to the challenges pertaining to the development of renewable energies and the furtherance of energy transition.

### AT THE SIDE OF LOCAL ASSOCIATIONS

Among the main causes supported in 2021, the company chose to **provide economic support** to two Vicenza-based associations which, for a long time, have been active in projects with an important social value, i.e. **AVMAD** and **Brain Onlus**. The first supports the families of people suffering from Alzheimer's and degenerative dementias, while the second one helps victims of head trauma and brain injuries. These initiatives are proof of the focus on the communities in which the Group operates and on the people who, each day, dedicate their time and energy for the common good.

THE GROUP PROMOTES **DIALOGUE WITH LOCAL ENTITIES**, SUCH AS LOCAL ASSOCIATIONS OR EDUCATIONAL INSTITUTIONS, IN ORDER TO SUPPORT SPECIFIC INITIATIVES



Consistently with what was done in 2020, also during last year the Group promoted certain initiatives in support of the management of the **health emergency** caused by the Covid-19 pandemic. In late 2021, the company delivered to the social health unit of the province of Vicenza **125,000 pairs of disposable gloves**, earmarked for the local hospitals and the area's social health operators.

Once more at Christmas of this year, Pietro Fiorentini chose to collect all gifts and gift packages received by the sites from suppli-

### OUR COMMITMENT TO TRAIN FUTURE GENERATIONS

Various projects fall under the Group's commitment to corporate social responsibility, implemented in **collaboration with academic partners** (see also chapter 3, p.62-63), with the aim of helping to train the next generations of leaders on the topics that are central to the Group's business model.

In particular, the first edition of the **C-Lean Energy Academy** was launched in September 2021. It is a training pathway focusing on matters pertaining to energy transition, sustainable innovation, and the application of Lean & Agile Management in organisations.

ers and consultants and donate them to charity in favour of people finding it hard to cope. Thus, these goods were **delivered to the Caritas of the local area**, i.e. the Diocesan Caritas of Vicenza, the Caritas Ambrosiana of Milan, the Caritas of San Domenico in Legnano, and the Caritas of Rivoltella in Desenzano di Garda. Other staple goods were instead taken to the **Community of Sant'Egidio in Padua**, to be shared during the Christmas lunch organised every year by the volunteers for disadvantaged people.

The course is **addressed to young university students, who will be the main actors called upon to build the future of energy**, to contribute to the development of fundamental professional skills, and tangibly support the furtherance of the goal of decarbonisation.

Inspired by the same priorities, the Group continues to support the partnership with **UniSMART**, the foundation of the University of Padua created to promote technological transfer and postgraduate training. This collaboration has resulted in numerous meetings with professors and researchers on topics that are of particular technological interest, research projects, and several training courses organised for the university students.



# 6

## GOVERNANCE AND TRANSPARENCY

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## OUR INTEGRITY *to get there*

Integrity and transparency are the foundations of Pietro Fiorentini business model, in order to assure the correct management of possible risks and opportunities and a solid relationship with the stakeholders.

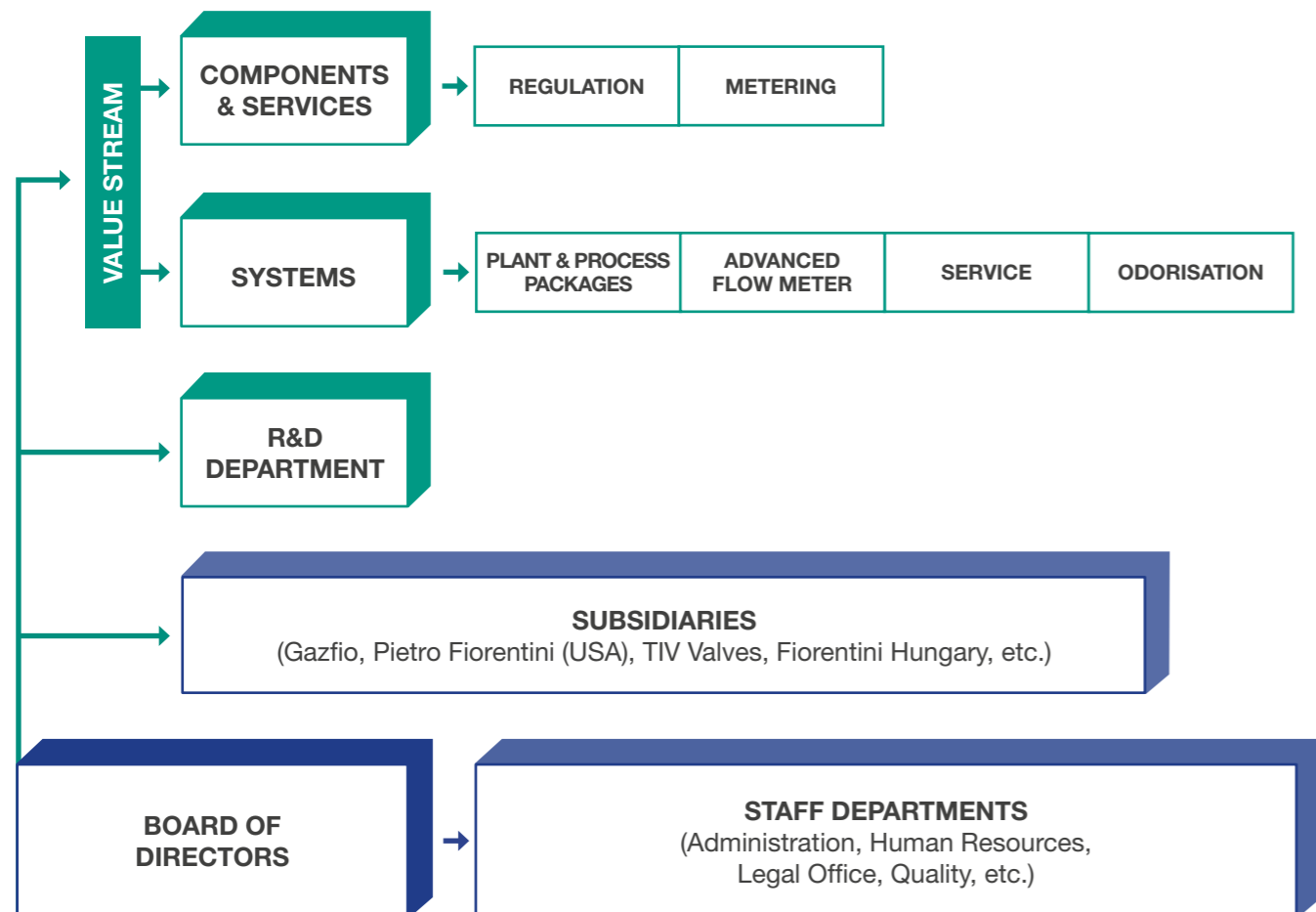


# GOVERNANCE AND CONTROL SYSTEMS

Pietro Fiorentini Group bases its business model on principles of ethics, fairness, and transparency. The incorporation of these values in the Group's activities is assured by the existence of a well-defined **governance system**, which is fundamental for maintaining clear and ethical relationships with all main stakeholders and for guaranteeing the proper monitoring of risks and opportunities along the value creation chain. Pietro Fiorentini's internal organisational structure stands out by two main business units responsible for

producing and selling solutions for its market segments, i.e. the **"Value Stream Systems"** and the **"Value Stream Components & Services"**.

Guiding innovation projects for both Values Streams is the task of the **R&D Department**, a division composed of various working teams divided by business areas (Regulation, Metering, Electronics and Integrated Systems, Advanced Technologies, Water Metering, Advanced FlowMeter).



The organisation is headed by **General Management**, to which certain strategic staff departments (Marketing, Quality, etc.) report; the other departments (Administration, Human Resources, Legal Office, IT, HSE, etc.), instead, report directly to the Board of Directors.

The Group's individual companies, in Italy and abroad, are organised independently and with structures that may vary depending on their size. The strategic functions of the Parent Company, however, always retain their coordination and support role for all these companies.

The Group's **corporate governance** system is **traditional**: it entails the establishment of two bodies, the Board of Directors and the Board of Statutory Auditors, both appointed by the Shareholders' Meeting. The first is an ordinary and extraordinary administration body, while the second has legal and accounting control responsibilities.

## ADMINISTRATION AND CONTROL BODIES

BOARD OF DIRECTORS		BOARD OF STATUTORY AUDITORS	
CRISTIANO NARDI	Chairman	FABIO MARIA VENEGONI	Chairman of the Board of Statutory Auditors
MARIO PIETRO NARDI	Chief Executive Officer	PAOLO GUALTIERO TARGA	Statutory Auditor
PAOLO NARDI	Managing Director	STEFANO CERNUSCHI	Statutory Auditor
SILVANA FIORENTINI	Director	DANIELE FOSSATI	Acting Statutory Auditor
SUPERVISORY BODY			
ASCENSIONATO RAFFAELLO CARNÀ	President of the Supervisory Body		

The Group's corporate governance model is inspired by the values of loyalty, compliance with the regulatory frameworks and the principles of **fair competition, fairness, honesty, diligence, and independence**. This approach is applied to any and all activities implemented along the value creation chain and, therefore, also pertains to the relationships that the Group entertains with all its stakeholders.



## ESG GOVERNANCE IN PIETRO FIORENTINI GROUP

The Group's governing body, i.e. the Board of Directors, is responsible for monitoring ESG topics with growing attention, with the objective of incorporating them to an ever greater degree along the entire value creation chain.

In managing sustainability matters, the Managing Director periodically interacts with the **ESG Team**, which brings together the contact persons of various strategic Departments of the organisation, especially "ESG, Risk and Insurance Management"; "Administration, Treasury, Management Control" and "Marketing & Communication". The ESG Team is tasked with supporting the **incorporation of ESG topics in Pietro Fiorentini's business strategy** and with enabling the promotion of the Group's sustainability culture, interacting in particular with the support Focal Points set up in the Group's companies.



### ESG INTEGRATION INTO THE BUSINESS<sup>1</sup>

Obtaining a certification in the field of social responsibility



## CONTROL MEASURES AND MANAGEMENT SYSTEMS

The Group's **internal control system** is the responsibility of the Board of Directors, which establishes and sets the guidelines and periodically ascertains their adequacy and actual functioning, ensuring that the company's main risks are identified and managed correctly. The internal control system is founded on an **internal procedural structure**, which makes it possible to govern the relevant processes clearly and effectively and to provide operating modes and control measures to perform company activities.

The internal management system is based on a consolidated organisation that is consistent for all Group companies, which is founded on the company's **Values Chart** and **Code of Conduct**.

<sup>1</sup> Goal that refers just to Pietro Fiorentini S.p.A.

There are also various **external control bodies** appointed directly by the Board of Directors: the Board of Statutory Auditors, the **Supervisory Body** (appointed pursuant to (It.) Leg. Decree 231/2001), and the auditing firm.

In 2021, 15 dedicated meetings were held with the Board of Directors, 9 with the Supervisory Body, and 5 with the Board of Statutory Auditors.

The main subsidiaries, in Italy and abroad, use the services of **auditing firms** for the preparation of the financial statements and the services of other control bodies, according to what is laid down in the local regulations.

Furthermore, monitoring of the Group's internal activities is assured by the adoption and update of a series of **certifications of the management systems** (see the table below), specifically with regard to quality (UNI ISO 9001), the environment (UNI ISO 14001), health and safety (UNI ISO 45001), and information management (UNI ISO 27001): these certifications confirm the Group's commitment to promoting **continuous improvement**, not just in relation to the solutions offered to its customers, but also on matters pertaining to the internal processes (in terms of policies, procedures, and organisational systems).

## COMPANIES AND SCOPE OF CERTIFICATION

<b>Pietro Fiorentini Group<sup>2</sup></b>	UNI ISO 9001:2015 - Quality management system
<b>Pietro Fiorentini S.p.A.</b>	UNI ISO 14001:2015 - Environmental management system UNI ISO 45001:2018 - Health and safety management system ISO/IEC 27001:2013 - Information management system
<b>TIV Valves S.r.l.</b>	UNI ISO 14001:2015 - Environmental management system UNI ISO 45001:2018 - Health and safety management system

The Group's companies that do not have a management system that is formalised in accordance with specific international Standards have, however, adopted policies and procedures that are consistent with those of the Parent Company.

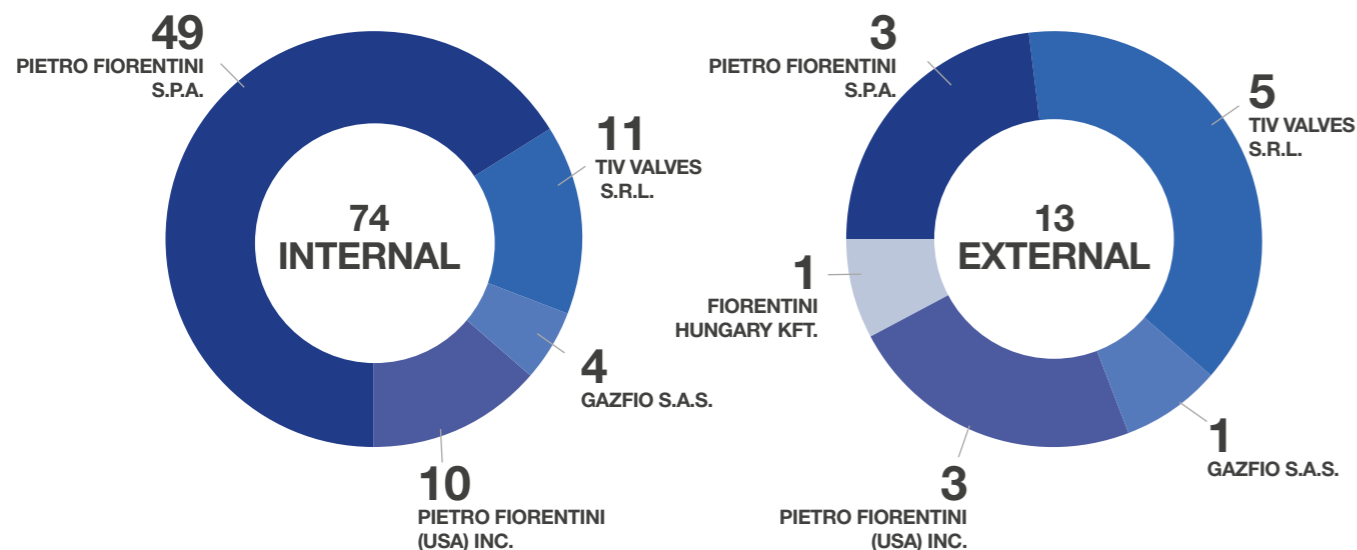
The constant efficacy of the management systems is assured by the **implementation**

**of both internal audits**, managed by dedicated teams in the various Divisions or subsidiaries, **and external audits**, carried out by third-party accredited bodies.

The charts on the following page do not contain the audits carried out internally and performed by external bodies to verify and maintain the various product certifications.

<sup>2</sup> The scope of the international Certification ISO 9001, therefore, includes all Group Companies included in the current reporting scope.

## AUDITS CONDUCTED IN 2021



## THE COMMITMENT TO FIGHT CORRUPTION

Consistently with **Goal 16** of the United Nations' 2030 Agenda, which focuses intently on the topic of building responsible and transparent institutions, Pietro Fiorentini Group is constantly endeavouring to **prevent and fight corruption**.

The initiatives aiming to prevent and counter crimes of corruption (both public and private) are assured based on the provisions of the **Code of Conduct** and consistently with what is indicated by the **Management, Organisation and Control Model**, which envisages the implementation of a structured system of guidelines, procedures, and internal measures addressed to those who operate in the name and on behalf of the organisation itself or who entertain collaboration relationships with the organisation (see also box on the following page). More specifically, the Model explicitly requires a procedure dedicated to behaviours that must be adopted to prevent possible crimes of corruption.

Based on these instruments, the Administration Department and the Legal Office are busy with activities that pertain to **controlling and monitoring the relationships with all the Group's main interlocutors**. In particular and in the context of the Supervisory Body's control programme, which envisages the involvement of the Administration and, separately, of the Supervisory Body itself, random checks are carried out on payments made. Furthermore and with regard to the relations to external partners, a due diligence process is in place, which makes it possible to obtain detailed and specific information on persons and entities subject to restrictions or involved in proceedings or investigations. With reference to partners active in countries assessed as being at higher risk, the **due diligence process** is even more detailed and is implemented also with the support of external consultants, specialising in compliance with the local regulatory frameworks.



## MANAGEMENT, ORGANISATION AND CONTROL MODEL

(It.) Legislative Decree of 8 June 2001, no. 231 (Leg. D. 231/2001) introduced the administrative liability of legal persons and of companies in case of commission of administrative offences and crimes to the advantage of the Company by anyone who operates in the name and on behalf of the organisation itself or who entertains collaboration relationships with the organisation. Pietro Fiorentini S.p.A. has adopted its own Organisation, Management and Control Model (hereinafter referred to simply as "Model"), which is updated on the occasion of corporate and organisational changes and by virtue of amendments to the regulatory context, in line with the Decree.

The Model lays down an **organic and structured system of guidelines, operating procedures, and specific control measures**, with the aim of adopting correct and linear behaviours that can prevent the risk of commission of the offences envisaged by the Decree. The Model dictates the provision of a dedicated inbox to allow 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 Body**. This board takes into consideration the reports received and adopts the consequent necessary measures, always assuring the protection of the person making the report from all types of retaliation, in line with the provisions of the regulatory framework.

Pietro Fiorentini promotes the knowledge and awareness of the Model's principles among all Group companies<sup>3</sup>. More specifically, the other Italian subsidiaries must 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, the foreign companies are incentivised to adopt the guidelines that are based on the general principles and control procedures set forth by the Model, especially with regard to offences of corruption of public and private subjects.



## BUSINESS ETHICS

Introduction of a Committee - composed by General Management, Legal Office, and Research & Development - for the protection of the Group's intellectual property and for the assessment of possible violations, active and passive, in compliance with fair competition

<sup>3</sup> In compliance with the "Guidelines for building Organisation, Management and Control Models" issued by Confindustria.

The Group has communicated the corporate anti-corruption policies and procedures (always based on the provisions of the Model) to 100% of the partners with whom it interacted in 2021 (during the stipulation or renewal of contracts).

In its relationships with suppliers, the Group adopts the procedures envisaged by the Procurement Code and **requires that they are included in the “white lists”<sup>4</sup>**. The Group also requires declarations and supporting materials in order to ascertain the existence or otherwise of investigations concerning them on matters of corruption, safety, and environmental crimes.

In 2021, the monitoring activities resulted in the detection of three activities that are vulnerable to risks related to corruption, at Pietro Fiorentini, Fiorentini Hungary, and TIV Valves, respectively. Following in-depth checks, none of the three activities were found to have entailed the commission of an offence.

The activities of control and **engagement on topics pertaining to ethics and integrity** relate not just to external interlocutors, but also to the Group’s employees. The aim is to increase the awareness and sensitivity of all collaborators, so that **corruption can be prevented and recognised** more effectively in the context of the various business activities. A total of 46 persons were trained on and made aware of matters pertaining to the fight against corruption (divided among 7 executives, 4 middle managers, 34 office workers, and 1 production worker). With more specific reference to governing bodies, all members have received dedicated communication on corporate anti-corruption policies and procedures and 75% of them received *ad hoc* training on these topics.

DURING THE LAST YEAR, THANKS TO THE MEASURES IMPLEMENTED AND CONSISTENTLY WITH WHAT WAS REPORTED IN 2020, **NO CORRUPTION EPISODES WERE ASCERTAINED AT GROUP LEVEL**

<sup>4</sup> Lists kept at the Prefecture that aim to certify the absence of threats relating to the fight against the mafia and that help to render the controls more effective, in particular for entrepreneurial activities that are at greater risk.

## TAX STRATEGY

When interpreting laws and principles, the Group operates in a way that makes it possible to **manage the risks connected to the tax variable responsibly**, promoting, at all levels, awareness regarding the importance that Pietro Fiorentini assigns to the values of honesty, fairness, and lawfulness.

The personnel of the Administration and Finance Department are tasked with managing tax obligations, in close and continuous collaboration with two external firms specialising in national and international taxation, ensuring that **the adequacy of the internal procedures and processes is monitored**. Despite the fact that the company has not yet adopted a formalised Tax Control Framework (TCF), and that it has not adhered to the cooperative compliance regime given its current size, risks of tax non-conformity are analysed and monitored in a structured manner, by identify-

ing procedures aiming to keep an eye on the risks and adopting any corrective measures. This analysis is shared with the Board of Directors and the Board of Statutory Auditors on an annual basis.

Overall, on a strategic and operational level, Pietro Fiorentini adopts a **prudential tax strategy** based on which all M&A operations are conducted, in line with market regulatory standards, also favouring, to the extent that this is possible, “local-for-local” production and distribution and thereby avoiding any type of delocalisation practices. The approach to the management of taxes is also applied to the Group’s extraordinary operations, which are only carried out with companies that have a solid industrial base. All subsidiaries are responsible for their respective national taxation, while topics such as transfer pricing are managed by the Parent Company in compliance with local and international regulatory frameworks.



# RISK AND OPPORTUNITY MANAGEMENT

Pietro Fiorentini Group has adopted an **integrated risk management system**, in order to identify, analyse, assess, and monitor risks - be they real or potential - and to seize any possible opportunities in the short, medium, and long term.

The **internal Risk Management department**, established at Parent Company level and reporting to the Board of Directors, is tasked with incorporating risk management into the company's business. In the short/medium term, the goal is to develop the current **ERM (Enterprise Risk Management)** model thanks to the increasing integration of ESG risks.

The Risk Management department periodically performs the risk mapping for the companies Pietro Fiorentini and TIV Valves, in collaboration with the managers and the operational contact persons of each Division of the Parent Company (Metering, Regulation, etc.).

The **process of risk assessment** is structured in three stages: **identification, assessment, and monitoring of risks** over time. The mitigation plans, drawn up for each Division and updated annually, take into account priority risks that are of greater relevance for the business, with which they associate mitigation actions with related indicators and targets to be monitored with a quarterly frequency, in collaboration with the contact persons of each Division.

A series of interviews were carried out throughout 2021, involving all Division Leaders and the main operational contact persons, with the objective of updating this mapping. Constant control makes it possible to identify, measure, and control the level of exposure of the organisation to the various risk factors, as well as to implement the control measures and procedures to highlight anomalous situations.

More specifically, Pietro Fiorentini Group recognises **four macro-categories of risk**: external, strategic, operational, and financial.

**THE MITIGATION PLANS TAKE INTO ACCOUNT THE MOST RELEVANT RISKS AND THE RELATED MITIGATION ACTIONS, WITH TARGETS TO BE MONITORED ON A QUARTERLY BASIS**



## EXTERNAL RISKS

This category includes risks relating to the **macroeconomic context** to which the Group is exposed. In particular, the Group identifies the risks (as well as any opportunities) relating to **climate change** and to the consequent **energy transition**, also in consideration of the strategic objectives set forth by Pietro Fiorentini and of the **evolution of the regulatory framework** of the sector of reference.



## STRATEGIC RISKS

Strategic risks relate to the creation of value linked to the business model and to the market in which the Group operates. They include the **adequacy of the organisational structure** to support corporate growth (in terms of number of resources and skills), also from a local-for-local point of view, the **development of business deals** related to renewable energies, and the **marketing of new products**.



## OPERATIONAL RISKS

Operational risks include those relating to the **environment** and to **health and safety**, such as the possibility of the occurrence of accidents, malfunctions, failures with harm to people, the quality of the products, and the environment, with important repercussions in both reputational and economic/financial terms. They are joined by the risks relating to **innovation**, attributable to the need to promptly meet the market's requests with regard to the **development of solutions** that accommodate the changes happening to the sector scenario (renewable energies, digitalisation, etc.) and those relating to the **management of relationships with the customers**, with a view to managing complaints and implementing corrective actions. This category also includes the risks relating to the **human capital**, i.e. to the Group's ability to **attract and retain talent**. Lastly, this category includes the risks relating to **business interruption** in situations of corporate crisis (e.g., weather events, factory closure, various emergencies, etc.) and to **information security** (the latter are constantly updated in compliance with ISO 27001).



## FINANCIAL RISKS

Financial risks mainly relate to present and future financial capacity. During the ordinary performance of its activities, the Group is exposed to risks of a financial nature, such as: the **credit risk** (i.e. the risk that a counterparty will become insolvent, the **exchange risk** (mainly deriving from the geographical distribution of the markets in which the Group is present), the **interest rate risk** (in terms of possible fluctuations), the **liquidity risk**, and the risk of **financial flow variation**.



## DIGITALISATION AND MANAGEMENT OF CYBER RISKS

One of the main megatrends of the current global scenario is that of **digitalisation**, which has constituted a true revolution in our way of living and doing business, made even more obvious with the advent of the Covid-19 pandemic.

In the context of Pietro Fiorentini's business model, **digitalisation is a challenge and an opportunity to rethink some of its services**, first and foremost those related to the development of smart gas distribution networks (known as Smart Grids) with the aim of responding in an increasingly effective manner to the demands of its customers.

The central role played by digitalisation in society, as a whole, and for the business of Pietro Fiorentini, more specifically, imposes, on the other hand, **increasing attention to risk management**. In this regard, we speak of **cyber risks**, i.e. risks related to the use of IT systems that can cause financial losses, compliance issues, interruptions of operational continuity, or reputational damage. According to a recent survey, CEOs at international level consider **IT security to be one of the three main risks to growth over the next three years**.

Since 2018, the Parent Company has been certified according to the international standard **ISO/IEC 27001**, that lays down the requirements for an Information Security Management System (ISMS). The objective of the standard, which is periodically reviewed by third-party auditing, is to **protect information and ensure greater trust by the Group's stakeholders**, especially its customers.

Pietro Fiorentini has introduced 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.

Pietro Fiorentini has drawn up a **strategy to constantly monitor new potential threats and vulnerabilities and to act promptly**, thanks to specific mitigation initiatives. The company carries out **regular internal checks and analyses** with periodic "penetration tests" by third parties aiming to ascertain the systems' level of adequacy and the ability to react in case of an incident. The Group has also launched projects aiming to reduce the risk of unauthorised accesses, by means of multi-factor authentication technologies, and to reduce the risk of distribution of malware with network segmentation.

Lastly, it has set **specific security objectives**, updated in consideration of the new requirements and of the development of the business, the 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.

Also in this case, the approach of Pietro Fiorentini aims to create the conditions for **involving and raising awareness among all its stakeholders**, starting with its collaborators: in fact, all personnel are systematically involved in training sessions in the classroom and in e-learning mode. In addition, **attack simulations** are organised by means of "phishing campaigns", thus exploiting one of the most common channels used by hackers, to increase awareness with regard to potential situations that place the Group's IT assets at risk.

The ultimate goal is to create a **Zero Trust security model**, able to guarantee the protection of the company's data both inside and outside the organisation. The goal set by the company for the future is to amend its defence strategies based on the evolution of cyber threats, to guarantee a constant level of protection with regard to privacy and the data of collaborators and customers.

# 7

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Umsatzstatistik/Umsatzstatistik nach Sparten Gesamt.qrp

# ENVIRONMENTAL AND SOCIAL PERFORMANCE

## MANAGEMENT OF ENVIRONMENTAL IMPACT

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

GRI STANDARD 302-1

	2019	2020	2021
<b>ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES</b>			
<b>DIRECT ENERGY CONSUMPTION</b>			
└ Natural gas [m <sup>3</sup> ]	609,612	722,283	820,183
└ Fuel oil (for heating) [l]	2,000	2,500	2,000
└ Fuels used for the car fleet (corporate fleet) [l]	287,000	296,420	337,989
└ Diesel (for car fleet) [l]	287,000	294,200	332,144
└ Petrol [l]	-	2,200	5,845
<b>INDIRECT ENERGY CONSUMPTION</b>			
└ Electricity [kWh]	6,695,651	7,539,606	7,807,698
└ Thermal energy (from district heating) [kWh]	395,742	345,980	-
<b>ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES [GJ]</b>			
<b>DIRECT ENERGY CONSUMPTION</b>			
└ Natural gas	35,279	40,660	46,229
└ Fuel oil (for heating)	85	107	85
└ Fuels used for the car fleet (corporate fleet)	10,949	11,931	13,571
└ Diesel (for car fleet)	10,949	11,210	12,683
└ Petrol	-	722	888
<b>INDIRECT ENERGY CONSUMPTION</b>			
└ Electricity	25,529	28,583	28,108
└ Thermal energy (from district heating)	1,425	1,246	-
<b>Total energy consumption</b>	<b>60,808</b>	<b>69,243</b>	<b>74,337</b>

### ENERGY INTENSITY<sup>2</sup>

GRI STANDARD 302-3

	2019	2020	2021
ENERGY INTENSITY [GJ / ml €]	0.207	0.185	0.175

<sup>1</sup> Please note that, compared to last year, the reporting scope has been expanded and the report also considers Fiorentini Hungary for both 2020 and 2021. With regard to 2020, the companies Pietro Fiorentini (USA) and Gazfio are not included in the scope of the calculation of the car fleet's consumption, as the figure is not tracked. The same scope limitations are subsequently also reflected in the direct Scope 1 and indirect Scope 2 GHG emissions calculation. For 2019, both Pietro Fiorentini (USA) and Fiorentini Hungary are excluded from the scope of the direct and indirect energy consumption calculation as they did not have a precise data monitoring system. The same scope limitations are subsequently also reflected in the direct Scope 1 and indirect Scope 2 GHG emissions calculation.

### DIRECT EMISSIONS (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	2021
<b>SCOPE 1 EMISSIONS [t CO<sub>2</sub>e]</b>			
└ Natural gas	1,238	1,461	1,658
└ Fuel oil (for heating)	6	8	6
└ Diesel (for car fleet)	745	749	835
└ Petrol (for car fleet)	-	5	13
<b>Total Scope 1 emissions</b>	<b>1,989</b>	<b>2,223</b>	<b>2,512</b>
<b>SCOPE 2 EMISSIONS [t CO<sub>2</sub>]</b>			
└ Electricity – Location based	2,021	2,302	2,162
└ Electricity – Market based	2,744	3,054	3,048
└ Thermal energy (from district heating)	82	72	-
<b>SCOPE 3 EMISSIONS [t CO<sub>2</sub>e]</b>			
└ Work trips by plane	1,590	456	841
└ Work trips by train	2	1	1
└ Work trips with rented car	20	9	28
<b>Total Scope 3 emissions from work trips</b>	<b>1,612</b>	<b>466</b>	<b>870</b>

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

GRI STANDARD 305-7

	2019	2020	2021
<b>SIGNIFICANT AIR EMISSIONS [kg]</b>			
└ Volatile organic compounds (VOC)	9,222	6,057	5,458
└ Total dust	342	184	135
<b>Total</b>	<b>9,564</b>	<b>6,241</b>	<b>5,593</b>

- 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 (USA) and Fiorentini Hungary).
- 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, 2020, 2021.
- 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 (according to the data of 2019 and 2020, by TERNA 2018, and for the data of 2021 by TERNA 2019). The Scope 2 emissions calculated in accordance with the "Market Based" methodology use the conversion factors present in AIB Residual Mixes 2020 for Italy, France, and Hungary, while for the USA we used the emission factors in TERNA 2018 for the 2020 data and in TERNA 2019 for the 2021 data. 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.
- Scope 3 indirect emissions referring to work trips by plane, train and rented car are calculated using the emission factors published by BEIS in the 2019, 2020, 2021 editions. For emissions relative to rented cars, the data (referring to Pietro Fiorentini only) was considered entirely as diesel as it was not possible to make the distinction between mileage in diesel and in petrol fuelled cars.
- The data only refer to Pietro Fiorentini and TIV Valves. Moreover, a restatement was made on the figure for 2019 due to the finetuning of the data collection methodology.



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

	GRI STANDARD 302-1								
	2019			2020			2021		
	Property	Rental / Leasing	Total	Property	Rental / Leasing	Total	Property	Rental / Leasing	Total
└ Trucks	19	64	<b>83</b>	16	66	<b>82</b>	15	78	<b>93</b>
└ Cars	12	112	<b>124</b>	7	124	<b>131</b>	7	121	<b>128</b>
└ Public works vehicles	1	-	<b>1</b>	2	-	<b>2</b>	3	-	<b>3</b>
└ Mechanical equipment	22	34	<b>56</b>	31	35	<b>66</b>	34	31	<b>65</b>
<b>Total vehicles of which</b>	<b>54</b>	<b>210</b>	<b>264</b>	<b>56</b>	<b>225</b>	<b>281</b>	<b>59</b>	<b>230</b>	<b>289</b>
└ petrol fuelled	6	3	<b>9</b>	7	3	<b>10</b>	3	2	<b>5</b>
└ diesel fuelled	27	173	<b>200</b>	19	187	<b>206</b>	20	172	<b>192</b>
└ methane/GPL fuelled	-	-	-	-	-	-	1	-	<b>1</b>
└ hybrid	-	-	-	-	-	-	1	5	<b>6</b>
└ electric	21	34	<b>55</b>	30	35	<b>65</b>	34	51	<b>85</b>

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

	GRI STANDARD 303-3		
	2019	2020	2021
<b>UNDERGROUND WATER</b>	<b>21.9</b>	<b>28.2</b>	<b>36.0</b>
└ fresh water (≤1,000 mg/l of total dissolved solids)	20.4	26.2	34.5
└ other types of water (>1000 mg/l of total dissolved solids)	1.5	2.0	1.5
<b>THIRD PARTY WATER RESOURCES</b>	<b>25.8</b>	<b>22.3</b>	<b>26.3</b>
└ fresh water (≤1,000 mg/l of total dissolved solids)	25.8	22.3	26.3
└ other types of water (>1000 mg/l of total dissolved solids)	-	-	-
<b>Total water withdrawals</b>	<b>47.7</b>	<b>50.5</b>	<b>62.3</b>
└ fresh water (≤1,000 mg/l of total dissolved solids)	46.2	48.5	60.8
└ other types of water (>1000 mg/l of total dissolved solids)	1.5	2.0	1.5

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

	GRI STANDARD 303-4		
	2019	2020	2021
<b>SURFACE WATER</b>	<b>11.3</b>	<b>21.1</b>	<b>12.0</b>
└ fresh water (≤1,000 mg/l of total dissolved solids)	11.3	21.1	12.0
└ 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 (≤1,000 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>4.3</b>	<b>2.8</b>	<b>1.7</b>
└ fresh water (≤1,000 mg/l of total dissolved solids)	4.1	2.7	1.4
└ other types of water (>1000 mg/l of total dissolved solids)	0.1	0.1	0.3
<b>Total water effluents</b>	<b>16.1</b>	<b>24.4</b>	<b>13.7</b>
└ fresh water (≤1,000 mg/l of total dissolved solids)	16.0	24.3	13.5
└ other types of water (>1000 mg/l of total dissolved solids)	0.1	0.1	0.3

**WATER CONSUMPTION<sup>8</sup> [MI]**

	GRI STANDARD 303-5		
	2019	2020	2021
<b>TOTAL WATER CONSUMPTION</b>	<b>31.6</b>	<b>26.1</b>	<b>48.6</b>
└ fresh water (≤1,000 mg/l of total dissolved solids)	30.2	24.2	47.3
└ other types of water (>1000 mg/l of total dissolved solids)	1.4	1.9	1.2

<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. In line with the other environmental data, the data on water withdrawal, discharges, and consumption were also updated over the three years, also taking into account the company Fiorentini Hungary.

<sup>8</sup> Please note that the increased water consumption level was mainly due to the evaluation of the data pertaining to the Talamona site, which was not considered in the previous reporting year. Every day, the site uses heat pumps with well waters to cool the condenser of the testing room (with subsequent withdrawal of over 1,000 cubic metres per month). This heat pump will be decommissioned in 2022.

**PRODUCED, RECOVERED, AND DISPOSED WASTE, BY TYPE OF WASTE<sup>9</sup> [t]****GRI STANDARD 306-3,4,5**

EWC code	2019			2020			2021		
	Products	Recovered	Disposed	Products	Recovered	Disposed	Products	Recovered	Disposed
L 07 00 00	5.9	-	5.9	5.4	-	5.4	4.8	0.3	4.5
L 08 00 00	59.1	17.9	41.2	60.6	14.3	46.3	51.8	9.3	42.5
L 09 00 00	0.5	-	0.5	0.2	-	0.2	0.4	0.4	-
L 10 00 00	-	-	-	11.4	-	11.4	15.8	-	15.8
L 11 00 00	-	-	-	-	-	-	0.1	-	0.1
L 12 00 00	995.6	597.9	397.7	939.0	569.1	369.9	1,124.7	704.6	420.1
L 13 00 00	0.9	0.9	-	2.5	2.5	-	1.3	1.3	-
L 14 00 00	15.0	-	15.0	4.9	-	4.9	5.4	5.4	-
L 15 00 00	759.3	748.3	11.0	779.6	771.6	8.0	814.6	814.3	0.3
L 16 00 00	118.8	57.7	61.1	78.0	29.7	48.3	196.8	45.1	151.7
L 17 00 00	446.0	445.9	0.1	444.6	444.5	0.1	484.4	421.0	63.4
L 19 00 00	-	-	-	0.1	-	0.1	0.1	0.1	-
L 20 00 00	44.6	1.6	43.0	35.7	0.3	35.4	124.5	39.6	84.9
<b>Total</b>	<b>2,445.7</b>	<b>1,870.2</b>	<b>575.5</b>	<b>2,362.0</b>	<b>1,832.0</b>	<b>530.0</b>	<b>2,824.6</b>	<b>2,041.3</b>	<b>783.3</b>

In order to better identify the types of waste produced, below please find a brief description of each EWC code:

EWC code	Description
L 07 00 00	Organic chemical process waste
L 08 00 00	Waste from production, formulation, supply and the use of coatings
L 09 00 00	Photography industry waste
L 10 00 00	Waste produced by thermal processes
L 11 00 00	Waste from chemical surface treatment and coating of metals and other materials; non-ferrous hydrometallurgy
L 12 00 00	Waste produced by the processing and physical and mechanical surface treatment of metals and plastic
L 13 00 00	Spent oils and residues of liquid fuels
L 14 00 00	Organic solvents, coolants and waste propellants
L 15 00 00	Packaging, absorbent, cloth, filtering materials and protective clothing waste
L 16 00 00	Waste not otherwise specified in the list
L 17 00 00	Waste from construction and demolition operations
L 19 00 00	Waste produced from off-site waste and wastewater treatment plants
L 20 00 00	Urban waste

**WASTE DIVERTED FROM FOR DISPOSAL, BY TYPE OF RECOVERY<sup>9</sup> [t]****GRI STANDARD 306-4**

	2019	2020	2021
<b>TOTAL WASTE DIRECTED TO RECOVERY</b>	<b>1,870.2</b>	<b>1,832.0</b>	<b>2,041.3</b>
L Hazardous waste	72.8	72.2	80.7
L Non-hazardous waste	1,797.4	1,759.8	1,960.6

**WASTE DIRECTED TO DISPOSAL, BY TYPE OF DISPOSAL<sup>9</sup> [t]****GRI STANDARD 306-5**

	2019	2020	2021
<b>HAZARDOUS WASTE</b>	<b>462.7</b>	<b>439.7</b>	<b>508.7</b>
L Landfill disposal	-	-	-
L Incineration - with energy recovery	0.5	0.7	1.2
L Incineration - without energy recovery	5.5	4.9	3.8
L Other disposal operations	456.7	434.1	503.7
<b>NON-HAZARDOUS WASTE</b>	<b>112.8</b>	<b>90.3</b>	<b>274.6</b>
L Landfill disposal	-	-	34.2
L Incineration - with energy recovery	42.2	34.9	50.5
L Incineration - without energy recovery	4.1	3.7	3.9
L Other disposal operations	66.5	51.7	186.0
<b>Total waste destined for disposal</b>	<b>575.5</b>	<b>530.0</b>	<b>783.3</b>

<sup>9</sup> The data that refer to 2019 and 2020 published in this edition of the statement, compared to the 2020 edition, also include the waste produced by Fiorentini Hungary, included in the reporting scope since 2021. Moreover, the 2021 data also refer to Pietro Fiorentini (USA).

## PERSONNEL MANAGEMENT

EMPLOYEES BY CONTRACT TYPE AND GENDER<sup>10</sup> [n]

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>PERMANENT CONTRACT</b>	<b>789</b>	<b>248</b>	<b>1,037</b>	<b>875</b>	<b>273</b>	<b>1,086</b>	<b>902</b>	<b>305</b>	<b>1,207</b>
└ Italy	669	207	876	730	226	956	748	241	989
└ France	51	30	81	60	32	92	63	41	104
└ USA	18	7	25	27	11	38	32	17	49
└ Hungary	51	4	55	58	4	62	59	6	65
<b>FIXED-TIME CONTRACT</b>	<b>29</b>	<b>15</b>	<b>44</b>	<b>26</b>	<b>21</b>	<b>47</b>	<b>29</b>	<b>34</b>	<b>63</b>
└ Italy	12	8	20	15	6	21	15	15	30
└ France	17	7	24	11	15	26	13	19	32
└ USA <sup>11</sup>	-	-	-	-	-	-	-	-	-
└ Hungary	-	-	-	-	-	-	1	-	1
<b>Total</b>	<b>818</b>	<b>263</b>	<b>1,081</b>	<b>901</b>	<b>294</b>	<b>1,195</b>	<b>931</b>	<b>339</b>	<b>1,270</b>
└ Italy	681	215	896	745	232	977	763	256	1,019
└ France	68	37	105	71	47	118	76	60	136
└ USA	18	7	25	27	11	38	32	17	49
└ Hungary	51	4	55	58	4	62	60	6	66
% permanent contract	96%	94%	96%	97%	93%	96%	97%	90%	95%
% fixed-term contract	4%	6%	4%	3%	7%	4%	3%	10%	5%

EXTERNAL WORKFORCE BY CONTRACT TYPE AND GENDER<sup>12</sup> [n]

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
└ Self-employed workers	2	-	2	2	-	2	2	-	2
└ Workers on agency staff leasing	238	171	409	288	261	549	269	280	549
└ Interns	11	3	14	10	5	15	14	3	17
└ Semi-subordinate employment contract workers (project-based contracts)	5	-	5	5	-	5	5	-	5
<b>Total external workforce</b>	<b>256</b>	<b>174</b>	<b>430</b>	<b>305</b>	<b>266</b>	<b>571</b>	<b>290</b>	<b>283</b>	<b>573</b>
<b>Total workforce</b>	<b>1,074</b>	<b>437</b>	<b>1,511</b>	<b>1,206</b>	<b>560</b>	<b>1,766</b>	<b>1,221</b>	<b>622</b>	<b>1,843</b>
└ Ratio between directly and indirectly employed workforce	33%	67%	42%	36%	92%	50%	31%	83%	45%

<sup>10</sup> Starting from the report for 2021, the scope of employees for the three years includes the Company Fiorentini Hungary.

<sup>11</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 employment") according to which both parties can withdraw from the relationship at any time.

WORLDWIDE EMPLOYEES BY CONTRACT TYPE<sup>13</sup> [n]

## GRI STANDARD 102-8

	2020			2021		
	Men	Women	Total	Men	Women	Total
<b>PERMANENT CONTRACT</b>	<b>1,253</b>	<b>385</b>	<b>1,638</b>	<b>1,402</b>	<b>451</b>	<b>1,853</b>
└ Pietro Fiorentini S.p.A.	665	209	874	711	223	934
└ TIV Valves S.r.l.	41	14	55	37	18	55
└ Gazfio S.A.S.	60	32	92	63	41	104
└ Pietro Fiorentini (USA) Inc.	27	11	38	32	17	49
└ Fiorentini Hungary Kft.	58	4	62	59	6	65
└ FioGaz San.Tic.A.S.	35	11	46	35	8	43
└ Fiorentini Deutschland GmbH	8	4	12	8	4	12
└ Fiorentini UK Ltd.	9	3	12	8	4	12
└ Fiorentini Polska Sp.z o.o.	10	2	12	12	2	14
└ Fiorentini Benelux B.V.	1	-	1	1	-	1
└ Samgas Romania S.r.l.	12	2	14	13	2	15
└ Fiorentini Gastechnik GmbH	2	-	2	2	1	3
└ Eurl Fiorentini Algerie	1	3	4	2	4	6
└ Pietro Fiorentini de Mexico	1	-	1	-	-	-
└ Pietro Fiorentini India Pvt. Ltd	2	-	2	2	-	2
└ Fast S.p.A.	-	-	-	57	12	69
└ Fast East S.r.l.	-	-	-	11	3	14
└ MicroPyros BioEnerTec GmbH	-	-	-	4	4	8
└ Hyter S.r.l.	-	-	-	-	1	1
└ Biokomp S.r.l.	-	-	-	4	1	5
└ Terranova Group	248	68	316	269	80	349
└ Shanghai Fiorentini Gas Equipment Ltd.	73	22	95	71	21	92
<b>FIXED-TERM CONTRACT</b>	<b>351</b>	<b>101</b>	<b>452</b>	<b>359</b>	<b>117</b>	<b>476</b>
└ Pietro Fiorentini S.p.A.	13	5	18	15	14	29
└ TIV Valves S.r.l.	2	1	3	-	1	1
└ Gazfio S.A.S.	11	15	26	13	19	32
└ Fiorentini Hungary Kft.	-	-	-	1	-	1
└ FioGaz San.Tic.A.S.	-	-	-	1	-	1
└ Fiorentini Deutschland GmbH	1	-	1	1	1	2
└ Fiorentini Polska Sp.z o.o.	1	-	1	-	-	-
└ Eurl Fiorentini Algerie	1	-	1	2	-	2
└ Fast S.p.A.	-	-	-	4	2	6
└ Biokomp S.r.l.	-	-	-	-	1	1
└ Terranova Group	2	1	3	5	2	7
└ Shanghai Fiorentini Gas Equipment Ltd.	320	79	399	317	77	394
<b>Total</b>	<b>1,604</b>	<b>486</b>	<b>2,090</b>	<b>1,761</b>	<b>568</b>	<b>2,329</b>
% permanent contract	78%	79%	78%	80%	79%	80%
% fixed-term contract	22%	21%	22%	20%	21%	20%

<sup>12</sup> The data on the external workforce were modified in 2019-20 with reference to the Parent Company, as the data collection method was finetuned. Moreover and always with regard to external collaborators, the data on Fiorentini Hungary are only included for 2021.

<sup>13</sup> The following table considers all Group subsidiaries that are included in the Consolidated Financial Statements and the Associated Company Shanghai Fiorentini Gas Equipment Ltd. It does not contain the 2020 data for the Companies Fast, Fast East, MicroPyros BioEnerTec, Hyter, and Biokomp, as they were acquired in 2021.

WORLDWIDE EMPLOYEES BY EMPLOYMENT TYPE<sup>14</sup> [n]

## GRI STANDARD 102-8

	2020			2021		
	Men	Women	Total	Men	Women	Total
<b>FULL-TIME</b>	<b>1,593</b>	<b>426</b>	<b>2,019</b>	<b>1,748</b>	<b>496</b>	<b>2,244</b>
└ Pietro Fiorentini S.p.A.	671	172	843	720	196	916
└ TIV Valves S.r.l.	43	14	57	37	18	55
└ Gazfio S.A.S.	70	44	114	75	56	131
└ Pietro Fiorentini (USA) Inc.	27	11	38	32	17	49
└ Fiorentini Hungary Kft.	57	3	60	59	5	64
└ FioGaz San.Tic.A.S.	35	11	46	36	8	44
└ Fiorentini Deutschland GmbH	9	2	11	9	2	11
└ Fiorentini UK Ltd.	9	2	11	9	2	11
└ Fiorentini Polska Sp.z o.o.	10	2	12	11	2	13
└ Fiorentini Benelux B.V.	1	-	1	1	-	1
└ Samgas Romania S.r.l.	12	1	13	13	1	14
└ Fiorentini Gastechnik GmbH	2	-	2	2	1	3
└ Eurl Fiorentini Algerie	2	3	5	4	4	8
└ Pietro Fiorentini de Mexico	1	-	1	-	-	-
└ Pietro Fiorentini India Pvt. Ltd	2	-	2	2	-	2
└ Fast S.p.A.	-	-	-	59	6	65
└ Fast East S.r.l.	-	-	-	11	2	13
└ MicroPyros BioEnerTec GmbH	-	-	-	4	3	7
└ Biokomp S.r.l.	-	-	-	4	2	6
└ Terranova Group	249	60	309	272	73	345
└ Shanghai Fiorentini Gas Equipment Ltd.	393	101	494	338	98	486
<b>PART-TIME</b>	<b>11</b>	<b>60</b>	<b>71</b>	<b>13</b>	<b>72</b>	<b>85</b>
└ Pietro Fiorentini S.p.A.	7	42	49	6	41	47
└ TIV Valves S.r.l.	-	1	1	-	1	1
└ Gazfio S.A.S.	1	3	4	1	4	5
└ Fiorentini Hungary Kft.	1	1	2	1	1	2
└ Fiorentini Deutschland GmbH	-	2	2	-	3	3
└ Fiorentini UK Ltd.	-	1	1	1	-	1
└ Fiorentini Polska Sp.z o.o.	-	1	1	-	-	-
└ Samgas Romania S.r.l.	-	1	1	-	1	1
└ Fast S.p.A.	-	-	-	2	8	10
└ Fast East S.r.l.	-	-	-	-	1	1
└ MicroPyros BioEnerTec GmbH	-	-	-	-	1	1
└ Hyter S.r.l.	-	-	-	-	1	1
└ Terranova Group	1	9	10	2	9	11
<b>Total</b>	<b>1,604</b>	<b>486</b>	<b>2,090</b>	<b>1,761</b>	<b>568</b>	<b>2,329</b>
% full-time	99%	88%	97%	99%	87%	96%
% part-time	1%	12%	3%	1%	13%	4%

EMPLOYEES BY EMPLOYMENT TYPE<sup>15</sup> [n]

## GRI STANDARD 102-8

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
└ Full-time	760	218	978	834	244	1,078	923	292	1,215
└ Part-time	7	41	48	9	46	55	8	47	55
<b>Total</b>	<b>767</b>	<b>259</b>	<b>1,026</b>	<b>843</b>	<b>290</b>	<b>1,133</b>	<b>931</b>	<b>339</b>	<b>1,270</b>

EMPLOYEE DIVERSITY  
BY PROFESSIONAL CATEGORY<sup>16</sup> [n]

## GRI STANDARD 405-1

	2019			2020			2021		
	Men	Women	Total	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>	<b>32</b>	<b>3</b>	<b>35</b>
└ Below 30 years	1	-	1	2	-	2	1	-	1
└ Between 30 and 50	10	2	12	8	2	10	15	2	17
└ Over 50 years	15	-	15	17	-	17	16	1	17
<b>MIDDLE MANAGERS</b>	<b>45</b>	<b>3</b>	<b>48</b>	<b>54</b>	<b>5</b>	<b>59</b>	<b>49</b>	<b>7</b>	<b>56</b>
└ Below 30 years	4	-	4	4	-	4	4	-	4
└ Between 30 and 50	21	2	23	27	2	29	27	3	30
└ Over 50 years	20	1	21	23	3	26	18	4	22
<b>OFFICE WORKERS</b>	<b>360</b>	<b>151</b>	<b>511</b>	<b>410</b>	<b>171</b>	<b>581</b>	<b>454</b>	<b>207</b>	<b>661</b>
└ Below 30 years	70	16	86	88	27	115	112	44	156
└ Between 30 and 50	220	110	330	245	114	359	259	131	390
└ Over 50 years	70	25	95	77	30	107	83	32	115
<b>PRODUCTION WORKERS</b>	<b>336</b>	<b>103</b>	<b>439</b>	<b>352</b>	<b>112</b>	<b>464</b>	<b>396</b>	<b>122</b>	<b>518</b>
└ Below 30 years	76	12	88	82	8	90	89	12	101
└ Between 30 and 50	151	59	210	151	72	223	177	70	247
└ Over 50 years	109	32	141	119	32	151	130	40	170
<b>Total</b>	<b>767</b>	<b>259</b>	<b>1,026</b>	<b>843</b>	<b>290</b>	<b>1,133</b>	<b>931</b>	<b>339</b>	<b>1,270</b>
└ Below 30 years	151	28	179	176	35	211	206	56	262
└ Between 30 and 50	402	173	575	431	190	621	478	206	684
└ Over 50 years	214	58	272	236	65	301	247	77	324

<sup>14</sup> The following table considers all Group subsidiaries that are included in the Consolidated Financial Statements and the Associated Company Shanghai Fiorentini Gas Equipment Ltd. It does not contain the 2020 data for the Companies Fast, Fast East, MicroPyros BioEnerTec, Hyter, and Biokomp, as they were acquired in 2021.

<sup>15</sup> The division of employees by full-time / part-time is not available for the two years 2019-20 for the Company Fiorentini Hungary.

<sup>16</sup> The division of employees by professional category and age group is not available for the two years 2019-20 for the Company Fiorentini Hungary.

**EMPLOYEE DIVERSITY  
BY PROFESSIONAL CATEGORY<sup>17</sup> [%]**

GRI STANDARD 405-1

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>TOP MANAGERS</b>	<b>93%</b>	<b>7%</b>	<b>100%</b>	<b>93%</b>	<b>7%</b>	<b>100%</b>	<b>91%</b>	<b>9%</b>	<b>100%</b>
└ Below 30 years	4%	-	<b>4%</b>	7%	-	<b>7%</b>	3%	-	<b>3%</b>
└ Between 30 and 50	36%	7%	<b>43%</b>	28%	7%	<b>35%</b>	43%	6%	<b>49%</b>
└ Over 50 years	53%	-	<b>53%</b>	58%	-	<b>58%</b>	45%	3%	<b>48%</b>
<b>MIDDLE MANAGERS</b>	<b>94%</b>	<b>6%</b>	<b>100%</b>	<b>92%</b>	<b>8%</b>	<b>100%</b>	<b>87%</b>	<b>13%</b>	<b>100%</b>
└ Below 30 years	8%	-	<b>8%</b>	7%	-	<b>7%</b>	7%	-	<b>7%</b>
└ Between 30 and 50	44%	4%	<b>48%</b>	46%	3%	<b>49%</b>	48%	6%	<b>54%</b>
└ Over 50 years	42%	2%	<b>44%</b>	39%	5%	<b>44%</b>	32%	7%	<b>39%</b>
<b>OFFICE WORKERS</b>	<b>71%</b>	<b>29%</b>	<b>100%</b>	<b>70%</b>	<b>30%</b>	<b>100%</b>	<b>69%</b>	<b>31%</b>	<b>100%</b>
└ Below 30 years	14%	3%	<b>17%</b>	15%	5%	<b>20%</b>	17%	6%	<b>23%</b>
└ Between 30 and 50	43%	21%	<b>64%</b>	42%	20%	<b>62%</b>	39%	20%	<b>59%</b>
└ Over 50 years	14%	5%	<b>19%</b>	13%	5%	<b>18%</b>	13%	5%	<b>18%</b>
<b>PRODUCTION WORKERS</b>	<b>76%</b>	<b>24%</b>	<b>100%</b>	<b>76%</b>	<b>24%</b>	<b>100%</b>	<b>76%</b>	<b>24%</b>	<b>100%</b>
└ Below 30 years	17%	3%	<b>20%</b>	17%	2%	<b>19%</b>	17%	2%	<b>19%</b>
└ Between 30 and 50	34%	14%	<b>48%</b>	33%	16%	<b>48%</b>	34%	14%	<b>48%</b>
└ Over 50 years	25%	7%	<b>32%</b>	26%	7%	<b>33%</b>	25%	8%	<b>33%</b>
<b>Total</b>	<b>75%</b>	<b>25%</b>	<b>100%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>	<b>73%</b>	<b>27%</b>	<b>100%</b>
└ Below 30 years	15%	2%	<b>17%</b>	15%	3%	<b>18%</b>	16%	5%	<b>21%</b>
└ Between 30 and 50	39%	17%	<b>56%</b>	38%	17%	<b>55%</b>	38%	16%	<b>54%</b>
└ Over 50 years	21%	6%	<b>27%</b>	21%	6%	<b>27%</b>	19%	6%	<b>26%</b>

**EMPLOYEE DIVERSITY  
BY CONTRACT TYPE<sup>18</sup> [n]**

GRI STANDARD 405-1

	2019			2020			2021		
	Men	Women	Total	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>	<b>902</b>	<b>305</b>	<b>1,207</b>
└ Below 30 years	141	25	<b>166</b>	169	29	<b>198</b>	192	39	<b>231</b>
└ Between 30 and 50	389	166	<b>555</b>	416	179	<b>595</b>	465	190	<b>655</b>
└ Over 50 years	212	56	<b>268</b>	232	61	<b>293</b>	245	76	<b>321</b>
<b>FIXED-TERM CONTRACT</b>	<b>25</b>	<b>12</b>	<b>37</b>	<b>26</b>	<b>21</b>	<b>47</b>	<b>29</b>	<b>34</b>	<b>63</b>
└ Below 30 years	10	3	<b>13</b>	7	6	<b>13</b>	14	17	<b>31</b>
└ Between 30 and 50	13	7	<b>20</b>	15	11	<b>26</b>	13	16	<b>29</b>
└ Over 50 years	2	2	<b>4</b>	4	4	<b>8</b>	2	1	<b>3</b>
<b>Total</b>	<b>767</b>	<b>259</b>	<b>1,026</b>	<b>843</b>	<b>290</b>	<b>1,133</b>	<b>931</b>	<b>339</b>	<b>1,270</b>
└ Below 30 years	151	28	<b>179</b>	176	35	<b>211</b>	206	56	<b>262</b>
└ Between 30 and 50	402	173	<b>575</b>	431	190	<b>621</b>	478	206	<b>684</b>
└ Over 50 years	214	58	<b>272</b>	236	65	<b>301</b>	247	77	<b>324</b>

**EMPLOYEE DIVERSITY  
BY CONTRACT TYPE<sup>19</sup> [%]**

GRI STANDARD 405-1

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>PERMANENT CONTRACT</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>	<b>75%</b>	<b>25%</b>	<b>100%</b>
└ Below 30 years	14%	3%	<b>17%</b>	15%	3%	<b>18%</b>	16%	3%	<b>19%</b>
└ Between 30 and 50	39%	17%	<b>56%</b>	38%	17%	<b>55%</b>	39%	16%	<b>55%</b>
└ Over 50 years	21%	6%	<b>27%</b>	21%	6%	<b>27%</b>	20%	6%	<b>26%</b>
<b>FIXED-TERM CONTRACT</b>	<b>67%</b>	<b>33%</b>	<b>100%</b>	<b>56%</b>	<b>44%</b>	<b>100%</b>	<b>46%</b>	<b>54%</b>	<b>100%</b>
└ Below 30 years	27%	8%	<b>35%</b>	15%	13%	<b>28%</b>	22%	27%	<b>49%</b>
└ Between 30 and 50	35%	19%	<b>54%</b>	32%	23%	<b>55%</b>	21%	25%	<b>46%</b>
└ Over 50 years	5%	6%	<b>11%</b>	9%	8%	<b>17%</b>	3%	2%	<b>5%</b>
<b>Total</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>	<b>73%</b>	<b>27%</b>	<b>100%</b>
└ Below 30 years	14%	3%	<b>17%</b>	15%	3%	<b>18%</b>	16%	4%	<b>20%</b>
└ Between 30 and 50	39%	17%	<b>56%</b>	38%	17%	<b>55%</b>	38%	16%	<b>54%</b>
└ Over 50 years	21%	6%	<b>27%</b>	21%	6%	<b>27%</b>	19%	6%	<b>26%</b>

<sup>17</sup> The percentages are calculated by dividing the number of employees by professional category, gender, and age group on the total number of employees of the same professional category as of 31/12 of each reporting year.

<sup>18</sup> The division of employees by contract type and age group is not available for the two years 2019-20 for the Company Fiorentini Hungary.

<sup>19</sup> The percentages are calculated by dividing the number of employees by contract type gender, and age group on the total number of employees of the same contract type as of 31/12 of each reporting year.

**EMPLOYEES BELONGING TO PROTECTED GROUPS<sup>20</sup>****GRI STANDARD 405-1**

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
↳ Employees belonging to vulnerable categories	28	29	<b>57</b>	28	31	<b>59</b>	35	28	<b>63</b>
↳ % of employees belonging to vulnerable categories	4%	11%	<b>6%</b>	3%	11%	<b>5%</b>	4%	8%	<b>5%</b>

**COLLECTIVE BARGAINING CONTRACTS AND TRADE UNION REPRESENTATION<sup>21</sup>****GRI STANDARD 102-41**

	2019	2020	2021
↳ Employees covered by collective bargaining contracts	<b>1,056</b>	<b>1,157</b>	<b>1,221</b>
↳ % of employees covered by collective bargaining contracts	100%	100%	100%
↳ Employees represented by a trade union	<b>217</b>	<b>227</b>	<b>240</b>
↳ % of employees represented by a trade union	21%	20%	20%

<sup>20</sup> For the United States, the information on employees belonging to protected categories is not available due to local regulations on privacy.

<sup>21</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, France, and Hungary). The employees at Pietro Fiorentini (USA) are excluded from the perimeter.

<sup>22</sup> The "Abroad" category includes the data relating to Gazfio S.A.S., Pietro Fiorentini (USA) Inc., and Fiorentini Hungary Kft. This information is not available for the two years 2019-20 for the Companies Pietro Fiorentini (USA) and Fiorentini Hungary.

**NUMBER OF NEW HIRES<sup>22</sup> [n]****GRI STANDARD 401-1**

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>89</b>	<b>33</b>	<b>122</b>	<b>120</b>	<b>30</b>	<b>150</b>	<b>92</b>	<b>35</b>	<b>127</b>
↳ Below 30 years	48	14	<b>62</b>	65	14	<b>79</b>	54	18	<b>72</b>
↳ Between 30 and 50	30	15	<b>45</b>	49	15	<b>64</b>	36	16	<b>52</b>
↳ Over 50 years	11	4	<b>15</b>	6	1	<b>7</b>	2	1	<b>3</b>
<b>ABROAD</b>	<b>32</b>	<b>16</b>	<b>48</b>	<b>22</b>	<b>17</b>	<b>39</b>	<b>60</b>	<b>36</b>	<b>96</b>
↳ Below 30 years	17	11	<b>28</b>	8	6	<b>14</b>	26	11	<b>37</b>
↳ Between 30 and 50	12	3	<b>15</b>	12	8	<b>20</b>	27	21	<b>48</b>
↳ Over 50 years	3	2	<b>5</b>	2	3	<b>5</b>	7	4	<b>11</b>
<b>Total hires</b>	<b>121</b>	<b>49</b>	<b>170</b>	<b>142</b>	<b>47</b>	<b>189</b>	<b>152</b>	<b>71</b>	<b>223</b>
↳ Below 30 years	65	25	<b>90</b>	73	20	<b>93</b>	80	29	<b>109</b>
↳ Between 30 and 50	42	18	<b>60</b>	61	23	<b>84</b>	63	37	<b>100</b>
↳ Over 50 years	14	6	<b>20</b>	8	4	<b>12</b>	9	5	<b>14</b>

**ONBOARDING TURNOVER<sup>22</sup> [%]****GRI STANDARD 401-1**

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>13%</b>	<b>15%</b>	<b>14%</b>	<b>16%</b>	<b>13%</b>	<b>15%</b>	<b>12%</b>	<b>14%</b>	<b>12%</b>
↳ Below 30 years	40%	78%	<b>45%</b>	44%	56%	<b>45%</b>	34%	49%	<b>37%</b>
↳ Between 30 and 50	8%	9%	<b>9%</b>	13%	9%	<b>12%</b>	9%	9%	<b>9%</b>
↳ Over 50 years	6%	11%	<b>7%</b>	3%	2%	<b>3%</b>	1%	2%	<b>1%</b>
<b>ABROAD</b>	<b>47%</b>	<b>43%</b>	<b>46%</b>	<b>31%</b>	<b>36%</b>	<b>33%</b>	<b>36%</b>	<b>43%</b>	<b>38%</b>
↳ Below 30 years	63%	183%	<b>85%</b>	40%	86%	<b>52%</b>	57%	58%	<b>57%</b>
↳ Between 30 and 50	55%	25%	<b>44%</b>	38%	42%	<b>39%</b>	35%	57%	<b>42%</b>
↳ Over 50 years	16%	11%	<b>13%</b>	11%	14%	<b>13%</b>	16%	15%	<b>15%</b>
<b>Total hires</b>	<b>16%</b>	<b>19%</b>	<b>17%</b>	<b>17%</b>	<b>17%</b>	<b>17%</b>	<b>16%</b>	<b>21%</b>	<b>18%</b>
↳ Below 30 years	44%	104%	<b>53%</b>	43%	63%	<b>46%</b>	39%	52%	<b>42%</b>
↳ Between 30 and 50	11%	11%	<b>11%</b>	15%	13%	<b>14%</b>	13%	18%	<b>15%</b>
↳ Over 50 years	7%	11%	<b>7%</b>	4%	6%	<b>4%</b>	4%	6%	<b>4%</b>

NUMBER OF CESSATIONS<sup>23</sup> [n]

## GRI STANDARD 401-1

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>54</b>	<b>21</b>	<b>75</b>	<b>61</b>	<b>14</b>	<b>75</b>	<b>72</b>	<b>12</b>	<b>84</b>
└ Below 30 years	14	7	21	16	4	20	21	1	22
└ Between 30 and 50	29	9	38	29	8	37	29	7	36
└ Over 50 years	11	5	16	16	2	18	22	4	26
<b>ABROAD</b>	<b>17</b>	<b>13</b>	<b>30</b>	<b>18</b>	<b>8</b>	<b>26</b>	<b>55</b>	<b>17</b>	<b>72</b>
└ Below 30 years	5	8	13	11	2	13	18	4	22
└ Between 30 and 50	9	4	13	4	3	7	24	10	34
└ Over 50 years	3	1	4	3	3	6	13	3	16
<b>Total cessations</b>	<b>71</b>	<b>34</b>	<b>105</b>	<b>79</b>	<b>22</b>	<b>101</b>	<b>127</b>	<b>29</b>	<b>156</b>
└ Below 30 years	19	15	34	27	6	33	39	5	44
└ Between 30 and 50	38	13	51	33	11	44	53	17	70
└ Over 50 years	14	6	20	19	5	24	35	7	42

OFFBOARDING TURNOVER<sup>23</sup> [%]

## GRI STANDARD 401-1

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>8%</b>	<b>10%</b>	<b>8%</b>	<b>8%</b>	<b>6%</b>	<b>8%</b>	<b>9%</b>	<b>5%</b>	<b>8%</b>
└ Below 30 years	12%	39%	15%	11%	16%	11%	13%	3%	11%
└ Between 30 and 50	8%	6%	7%	7%	5%	7%	7%	4%	6%
└ Over 50 years	6%	13%	7%	8%	5%	7%	11%	8%	10%
<b>ABROAD</b>	<b>25%</b>	<b>35%</b>	<b>29%</b>	<b>25%</b>	<b>17%</b>	<b>22%</b>	<b>33%</b>	<b>20%</b>	<b>29%</b>
└ Below 30 years	19%	133%	39%	55%	29%	48%	39%	21%	34%
└ Between 30 and 50	41%	33%	38%	13%	16%	14%	31%	27%	30%
└ Over 50 years	16%	5%	11%	16%	14%	15%	30%	11%	23%
<b>Total</b>	<b>9%</b>	<b>13%</b>	<b>10%</b>	<b>10%</b>	<b>8%</b>	<b>9%</b>	<b>14%</b>	<b>9%</b>	<b>12%</b>
└ Below 30 years	13%	63%	20%	16%	19%	16%	19%	9%	17%
└ Between 30 and 50	10%	8%	9%	8%	6%	7%	11%	8%	10%
└ Over 50 years	7%	11%	7%	8%	8%	8%	14%	9%	13%

<sup>23</sup> The category "Abroad" includes the data relating to Gazfio S.A.S., Pietro Fiorentini (USA) Inc., and Fiorentini Hungary Kft. This information is not available for the two years 2019-20 for the Companies Pietro Fiorentini (USA) and Fiorentini Hungary.

<sup>24</sup> The calculation of average training hours by professional category is partially based on estimates for the two years 2019-20. Starting from the 2021 report, thanks to an improvement of the data collection process, it is possible to also provide division by gender. Moreover, starting from the report for 2021, the scope includes the Company Fiorentini Hungary.

<sup>25</sup> The "Abroad" category includes the data relating to Gazfio S.A.S., Pietro Fiorentini (USA) Inc., and Fiorentini Hungary Kft.

<sup>26</sup> The data for the two years 2019-20 included under this item also the training provided on the environment, which, starting from 2021, is included in the technical skills item.

AVERAGE HOURS OF TRAINING OF EMPLOYEES AND EXTERNAL COLLABORATORS BY EMPLOYEE CATEGORY<sup>24</sup> [h]

## GRI STANDARD 404-1

	2019		2020		2021		
	Total		Total		Men	Women	Total
└ Top Managers	50		54		59	34	57
└ Middle Managers	129		81		44	78	48
└ Office workers	61		44		73	65	71
└ Production workers	29		23		33	32	33
<b>Total</b>	<b>45</b>		<b>33</b>		<b>50</b>	<b>44</b>	<b>48</b>

HOURS OF TRAINING BY TOPIC AND GEOGRAPHICAL AREA<sup>25</sup> [h]

## GRI STANDARD 404-1

	2019			2020			2021		
	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
└ Health & Safety <sup>26</sup>	13,170	728	13,898	15,027	683	15,710	11,474	742	12,216
└ Lean & Agile	29,592	3,779	33,371	23,309	552	23,861	38,300	1,839	40,139
└ Cross-cutting Skills	2,509	157	2,666	2,319	124	2,443	8,159	1,311	9,470
└ Technical Skills	14,927	1,408	16,335	11,315	1,186	12,500	20,387	2,892	23,279
└ Corporate Well-being	-	-	-	884	-	884	964	-	964
└ Onboarding <sup>27</sup>	-	-	-	-	-	-	1,732	535	2,267
└ Compliance & Anti-corruption <sup>27</sup>	-	-	-	-	-	-	136	147	283
<b>Total</b>	<b>60,198</b>	<b>5,390</b>	<b>66,270</b>	<b>52,854</b>	<b>1,719</b>	<b>55,839</b>	<b>81,152</b>	<b>7,466</b>	<b>88,618</b>

EMPLOYEES WHO RECEIVE A PERIODIC ASSESSMENT OF PERFORMANCE AND PROFESSIONAL DEVELOPMENT<sup>28</sup> [%]

## GRI STANDARD 404-3

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
└ Top Managers	73%	50%	71%	85%	50%	83%	72%	100%	74%
└ Middle Managers	56%	67%	56%	69%	40%	66%	67%	14%	61%
└ Office workers	22%	13%	19%	23%	20%	23%	35%	32%	34%
└ Production workers	10%	17%	12%	13%	27%	17%	20%	34%	23%
<b>Total</b>	<b>20%</b>	<b>16%</b>	<b>19%</b>	<b>24%</b>	<b>23%</b>	<b>24%</b>	<b>31%</b>	<b>33%</b>	<b>32%</b>

<sup>27</sup> This item was added starting from the 2021 report to improve the details of the disclosure.

<sup>28</sup> The percentage of employees assessed on results and on career development is not available for the two years 2019-20 for the Company Fiorentini Hungary

## HEALTH AND SAFETY IN THE WORKPLACE

WORKERS COVERED BY A SYSTEM FOR THE MANAGEMENT OF HEALTH AND SAFETY IN THE WORKPLACE<sup>29</sup>

## GRI STANDARD 403-8

	2019	2020	2021
<b>EMPLOYEES</b>			
└ Employees covered by a system for the management of health and safety	896	977	1,019
└ % of employees covered by a system for the management of health and safety	87%	86%	80%
<b>NON-SALARIED WORKERS</b>			
└ Number of non-salaried workers covered by a system for the management of health and safety	405	490	514
└ % of non-salaried workers covered by a system for the management of health and safety	90%	90%	90%

EMPLOYEE ACCIDENTS<sup>30</sup>

## GRI STANDARD 403-9

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>ACCIDENTS IN THE WORKPLACE [n]</b>	17	5	<b>22</b>	13	2	<b>15</b>	13	2	<b>15</b>
<i>of which with serious consequences</i>	1	-	<b>1</b>	1	-	<b>1</b>	-	-	-
<b>Deaths following accidents</b>	-	-	-	-	-	-	-	-	-
<b>HOURS WORKED [thousand h]</b>	1,278	397	<b>1,674</b>	1,315	411	<b>1,726</b>	1,578	496	<b>2,074</b>
<b>Accident indexes of employees [%]</b>									
Rate of recordable accidents*	13.3%	12.6%	<b>13.1%</b>	9.9%	4.9%	<b>8.7%</b>	8.2%	4.0%	<b>7.2%</b>
Rate of deaths following accidents**	0.8%	-	<b>0.6%</b>	0.8%	-	<b>0.6%</b>	-	-	-
Rate of accidents with serious consequences (excluding deaths)***	0.8%	-	<b>0.6%</b>	0.8%	-	<b>0.6%</b>	-	-	-

<sup>29</sup> The management system covers all of the processes of the sites and production units spread across the country.

ACCIDENTS OF NON-SALARIED WORKERS, BUT WHOSE WORK AND/OR WORKPLACE IS UNDER THE CONTROL OF THE ORGANISATION<sup>31</sup>

## GRI STANDARD 403-9

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>ACCIDENTS IN THE WORKPLACE [n]</b>	8	1	<b>9</b>	10	2	<b>12</b>	8	2	<b>10</b>
<i>of which with serious consequences</i>	-	-	-	-	-	-	-	-	-
<b>Deaths following accidents</b>	-	-	-	-	-	-	-	-	-
<b>HOURS WORKED [thousand h]</b>	391	224	<b>615</b>	450	289	<b>850</b>	440	479	<b>918</b>
<b>Accident indexes of non-salaried workers [%]</b>									
Rate of recordable accidents*	20.5%	4.5%	<b>14.6%</b>	22.1%	6.0%	<b>15.3%</b>	18.2%	4.2%	<b>10.9%</b>
Rate of deaths following accidents**	-	-	-	-	-	-	-	-	-
Rate of accidents with serious consequences (excluding deaths)***	-	-	-	-	-	-	-	-	-

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>30</sup> The data for 2021 include Fiorentini Hungary, following the extension of the reporting perimeter of the Sustainability Statement 2021. Moreover, there was 1 accident en route from home to work in 2021.

<sup>31</sup> The figure on recordable accidents among the external workforce refers exclusively to the Group's Italian companies and to the French company Gazfio for 2021 only, as the other two foreign companies Pietro Fiorentini (USA) and Fiorentini Hungary do not avail of a system for the close monitoring of this information. Moreover, there was 1 accident en route from home to work in 2021.



## SUPPLY CHAIN MANAGEMENT

DESCRIPTION OF THE SUPPLY CHAIN AND SUPPLIER TYPE<sup>32</sup>

	2019			2020			2021		
	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
<b>LOCAL SUPPLIERS [n]</b>	<b>4,000</b>	<b>809</b>	<b>4,809</b>	<b>4,071</b>	<b>817</b>	<b>4,888</b>	<b>3,797</b>	<b>880</b>	<b>4,677</b>
<b>[%]</b>	<b>86%</b>	<b>82%</b>	<b>85%</b>	<b>85%</b>	<b>83%</b>	<b>84%</b>	<b>87%</b>	<b>85%</b>	<b>87%</b>
└ Direct [n]	916	408	<b>1,324</b>	920	400	<b>1,320</b>	960	253	<b>1,213</b>
<b>[%]</b>	<b>23%</b>	<b>50%</b>	<b>28%</b>	<b>23%</b>	<b>49%</b>	<b>27%</b>	<b>25%</b>	<b>29%</b>	<b>26%</b>
└ Indirect [n]	3,084	401	<b>3,485</b>	3,151	417	<b>3,568</b>	2,837	627	<b>3,464</b>
<b>[%]</b>	<b>77%</b>	<b>50%</b>	<b>72%</b>	<b>77%</b>	<b>51%</b>	<b>73%</b>	<b>75%</b>	<b>71%</b>	<b>74%</b>
<b>SUPPLIERS IN THE REST OF THE WORLD [n]</b>	<b>663</b>	<b>179</b>	<b>842</b>	<b>732</b>	<b>172</b>	<b>904</b>	<b>567</b>	<b>154</b>	<b>721</b>
<b>[%]</b>	<b>14%</b>	<b>18%</b>	<b>15%</b>	<b>15%</b>	<b>17%</b>	<b>16%</b>	<b>13%</b>	<b>15%</b>	<b>13%</b>
└ Direct [n]	139	98	<b>237</b>	134	114	<b>248</b>	103	83	<b>186</b>
<b>[%]</b>	<b>21%</b>	<b>55%</b>	<b>28%</b>	<b>18%</b>	<b>66%</b>	<b>27%</b>	<b>18%</b>	<b>54%</b>	<b>26%</b>
└ Indirect [n]	524	81	<b>605</b>	598	58	<b>656</b>	464	71	<b>535</b>
<b>[%]</b>	<b>79%</b>	<b>45%</b>	<b>72%</b>	<b>82%</b>	<b>34%</b>	<b>73%</b>	<b>82%</b>	<b>46%</b>	<b>74%</b>
<b>Total</b>	<b>4,663</b>	<b>988</b>	<b>5,651</b>	<b>4,803</b>	<b>989</b>	<b>5,792</b>	<b>4,364</b>	<b>1,034</b>	<b>5,398</b>

PERCENTAGE OF PURCHASES FROM LOCAL SUPPLIERS<sup>33</sup> [M€]

	2019			2020			2021		
	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
└ Purchases from local suppliers <sup>34</sup>	145.5	17.5	<b>163.0</b>	167.0	16.8	<b>183.8</b>	185.1	19.3	<b>204.4</b>
└ Total purchases	192.9	39.2	<b>232.2</b>	233.5	36.7	<b>270.3</b>	244.4	54.3	<b>298.7</b>
<b>% of purchases from local suppliers</b>	<b>75%</b>	<b>45%</b>	<b>70%</b>	<b>72%</b>	<b>46%</b>	<b>68%</b>	<b>76%</b>	<b>35%</b>	<b>68%</b>

<sup>32</sup> The “Abroad” category includes the data relating to Gazfio S.A.S., Pietro Fiorentini (USA) Inc., and Fiorentini Hungary Kft. Starting from 2021, the scope includes Fiorentini Hungary. Moreover, a restatement was made of the 2020 data for the Company TIV Valves as the data collection methods were finetuned.

<sup>33</sup> Starting from 2021, the scope includes Fiorentini Hungary. Moreover, a restatement was made of the 2020 data for the Company TIV Valves as the data collection methods were finetuned.

<sup>34</sup> The term “purchases from local suppliers” means purchases made from suppliers whose headquarters are located in the same country as the Group’s production plant that made the purchase (Italy for Pietro Fiorentini and TIV Valves; France for Gazfio; the United States for Pietro Fiorentini (USA); Hungary for Fiorentini Hungary).

## METHODOLOGICAL NOTE

This Sustainability Statement of Pietro Fiorentini (hereinafter, “the Group”) is the second edition of the document, drafted voluntarily in order to report with ever-increasing accuracy on ESG (Environment, Social and Governance) performance. It forms part of a wider path embarked on by the Group towards total and concrete incorporation of sustainability in its business model (for more information, please see chapter 2, Our sustainability path, p.30-31). The document aims to provide all stakeholders with the clearest, more complete and transparent image possible of the short/medium-term activities, projects, commitments, goals, and the results achieved in view of creating long-term value.

Approved on 29/04/2022 by the Board of Directors, the Sustainability Statement (hereinafter, “Statement”) was prepared in accordance with the GRI Standards (2016 and subsequent additions) following an “In accordance – Core” application level. In particular, the Statement refers to the GRI Standards indicated in the GRI Content Index table shown at the end of the document, in which, for each relevant (“material”) aspect, the page of the Statement or other corporate document is indicated, where you can find its content. 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 2021, unless stated otherwise. Where available, comparable data has been provided referring to previous financial years over the three years from 2019 to 2021, in order to present the trend of the Group’s performance over a longer period of time. In order to pro-

vide a close representation of performance, we prioritised the inclusion of directly measurable quality and quantity and measured indicators, only resorting to duly reported estimates in limited cases. In rare cases of corrections of what was published in the previous version of the Statement, such corrections are always precisely reported in the notes, next to the data.

The breadth and quality of the non-financial reporting reflect the principle of materiality, the characterising element of the GRI Standards. The covered themes are in fact those which, after a workshop on materiality held by the management, 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, see refer to chapter 2, The materiality matrix of Pietro Fiorentini Group, on p.36-37).

The reporting perimeter of the economic-financial data refers to the Consolidated Financial Statements of the Group as at 31 December 2021. The data and the social and environmental information refer to the Parent Company Pietro Fiorentini S.p.A., which, since 1st June 2021, includes Talamona S.r.l., and the entirely consolidated subsidiaries TIV Valves S.r.l, Gazfio S.A.S., Fiorentini (USA) Inc., and Fiorentini Hungary Kft.

The Statement 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.

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102-3	Location of the main site	Our presence in Italy and around the world p.14-15
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102-10	Significant changes in the organisation and in the supply chain	Our presence in Italy and around the world p.14-15; We build trust-based relationships with our suppliers p.102-105; Methodological note p.143
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<b>Material Topic: Sustainable Supply Chain</b>		
103-1	Explanation of material themes and any limitations	Building the future: our priorities p.36-41
103-2	Description of the components of the management approach	We build trust-based relationships with our suppliers p.102-105; Control measures and management systems p.112-114
103-3	Assessment of the means of management	We build trust-based relationships with our suppliers p.102-105
<b>204</b>	<b>Procurement practices (2016)</b>	
204-1	Proportion of purchases from local suppliers	We build trust-based relationships with our suppliers p.102-105; Environmental and social performance p.142
<b>Material Topic: Business Ethics</b>		
103-1	Explanation of material themes and any limitations	Building the future: our priorities p.36-41
103-2	Description of the components of the management approach	Pietro Fiorentini: leading the way to energy transition p.48-51; Our environmental performance p.67-71; Our efforts to promote circular economy p.64-66; Control measures and management systems p.112-114; The commitment to fight corruption p.114-116; Management, Organisation and Control model p.115
103-3	Assessment of the means of management	Pietro Fiorentini: leading the way to energy transition p.48-51; Our environmental performance p.67-71; Our efforts to promote circular economy p.64-66; The commitment to fight corruption p.114-116; Management, Organisation and Control model p.115
<b>205</b>	<b>Anti Corruption (2016)</b>	
205-1	Operations assessed for risks related to corruption	The commitment to fight corruption p.114-116
205-2	Communication and training on anti-corruption policies and procedures	A learning organisation for continuous growth p.85-87; The commitment to fight corruption p.114-116
205-3	Episodes of anti-corruption and actions taken in response to cases of corruption	The commitment to fight corruption p.114-116  <i>On 6 November 2019, the Court of Cassation (section II no. 45599/2018 G.R.) rejected the appeal of Pietro Fiorentini S.p.A. against the sentence issued by the Milan Court of Appeal, Third Penal Section, Gen. App.Reg. 004285/2016 on data 28.11.2017 which confirmed the sentence issued at first instance by the court of Milan (sent. No. 10088 of 20/09/2011). The judgment sentences the Company to an administrative sanction of €50,000.00, as well as the seizure of assets for the amount of EUR 166,962.00, because it did not adopt and effectively implement, before the commission of the crimes ascribed to it, organisation and management models that can prevent crimes similar to that attributed to the top management (art. 110, 321, 319, 319bis of the (It.) Penal Code). The facts in issue date back to the period 2000-2004. No episodes of corruption were recorded during 2021.</i>
<b>206</b>	<b>Anti-Competitive conduct (2016)</b>	
206-1	Legal actions taken for anti-competitive, anti-trust conduct and monopoly practices	In 2021, 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.
<b>307</b>	<b>Environmental Compliance (2016)</b>	
307-1	Sanctions for failure to comply with laws and regulations on the environment	No significant non-conformities to laws and regulations were recorded during 2021.

INDICATOR	DESCRIPTION	PARAGRAPH - NOTES
<b>419</b>	<b>Socioeconomic Compliance (2016)</b>	
419-1	Significant monetary and non-monetary sanctions for non-conformity to laws or regulations on socioeconomic matters	No significant non-conformities to laws and regulations were recorded during 2021.
<b>ENVIRONMENTAL PERFORMANCE: TOPIC SPECIFIC STANDARDS</b>		
<b>Material Topic: Emissions &amp; Resilient Infrastructures / Energy transition</b>		
103-1	Explanation of material themes and any limitations	Building the future: our priorities p.36-41
103-2	Description of the components of the management approach	Pietro Fiorentini: leading the way to energy transition p.48-51; Leading the way in the promotion of renewable energies p.51; Our environmental performance p.67-71; Control measures and management systems p.112-114
103-3	Assessment of the means of management	Our environmental performance p.67-71
<b>302</b>	<b>Energy (2016)</b>	
302-1	Energy consumption within the organisation	Energy efficiency and emissions p.68-71; Environmental and social performance p.124; 126
302-3	Energy intensity	Energy efficiency and emissions p.68-71; Environmental and social performance p.124
<b>303</b>	<b>Water and water effluents (2018)</b>	
303-1	Interaction with water as a shared resource	Water resource management and land protection p.71
303-2	Management of impact connected to water effluent	Water resource management and land protection p.71
303-3	Water withdrawal	Water resource management and land protection p.71; Environmental and social performance p.126-127
303-4	Water effluent	Water resource management and land protection p.71; Environmental and social performance p.126-127
303-5	Water Consumed	Water resource management and land protection p.71; Environmental and social performance p.126-127
<b>305</b>	<b>Emissions (2016)</b>	
305-1	Scope 1 emissions	Energy efficiency and emissions p.68-71; Environmental and social performance p.125-126
305-2	Scope 2 emissions	Energy efficiency and emissions p.68-71; Environmental and social performance p.125-126
305-3	Scope 3 emissions	Energy efficiency and emissions p.68-71; Environmental and social performance p.125-126  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.68-71; Environmental and social performance p.125  This figure refers just to Pietro Fiorentini and TIV Valves.
<b>Material Topic: Circular Economy</b>		
103-1	Explanation of material themes and any limitations	Building the future: our priorities p.36-41
103-2	Description of the components of the management approach	Our efforts to promote circular economy p.64-66; Control measures and management systems p.112-114

INDICATOR	DESCRIPTION	PARAGRAPH - NOTES
103-3	Assessment of the means of management	Our history p.11-13; Our efforts to promote circular economy p.64-66
<b>306</b>	<b>Waste (2020)</b>	
306-1	Production of waste and significant waste-related impact	Our efforts to promote circular economy p.64-66
306-2	Management of significant waste-related impact	Our efforts to promote circular economy p.64-66
306-3	Produced waste	Our efforts to promote circular economy p.64-66; Environmental and social performance p.128-129
306-4	Waste not destined for disposal	Our efforts to promote circular economy p.64-66; Environmental and social performance p.128-129
306-5	Waste destined for disposal	Our efforts to promote circular economy p.64-66; Environmental and social performance p.128-129
<b>SOCIAL PERFORMANCE: TOPIC SPECIFIC STANDARDS</b>		
<b>Material Topic: People Well-Being</b>		
103-1	Explanation of material themes and any limitations	Building the future: our priorities p.36-41
103-2	Description of the components of the management approach	People Strategy and human capital p.74-77; Control measures and management systems p.112-114
103-3	Assessment of the means of management	People Strategy and human capital p.74-77
<b>401</b>	<b>Occupation (2016)</b>	
401-1	Total number and percentage of new hires and turnover, by age, gender and region	People Strategy and human capital p.74-77; Environmental and social performance p.137-138
<b>Material Topic: Worker's Health and Safety</b>		
103-1	Explanation of material themes and any limitations	Building the future: our priorities p.36-41
103-2	Description of the components of the management approach	People Strategy and human capital p.74-77; Safety first, at all times p.78-81; A constant commitment for the well-being of our collaborators p.88-90; Control measures and management systems p.112-114
103-3	Assessment of the means of management	Safety first, at all times p.78-81
<b>403</b>	<b>Health and Safety in the Workplace (2018)</b>	
403-1	Management system of health and safety in the workplace	Safety first, at all times p.78-81; Environmental and social performance p.140-141
403-2	Identification of hazards, risk assessment and investigations into accidents	Safety first, at all times p.78-81
403-3	Occupational medicine	Safety first, at all times p.78-81
403-4	Participation and consultation of workers and communication on health and safety in the workplace	Safety first, at all times p.78-81
403-5	Training of workers on health and safety on the workplace	Safety first, at all times p.78-81; A constant commitment for the well-being of our collaborators p.85-87
403-6	Worker health promotion	Safety first, at all times p.78-81; A constant endeavour for the well-being of our collaborators p.88-90

INDICATOR	DESCRIPTION	PARAGRAPH - NOTES
403-7	Prevention and mitigation of impact on health and safety in the workplace within commercial relationships	Safety first, at all times p.78-81
403-8	Workers covered by a system for the management of health and safety in the workplace	Safety first, at all times p.78-81; Environmental and social performance p.140-141
403-9	Accidents in the workplace	Safety first, at all times p.78-81; Environmental and social performance p.140-141 The data on accidents relative to external personnel are currently only available for the Italian companies and the French company.
403-10	Occupational diseases	Safety first, at all times p.78-81; Environmental and social performance p.140-141
<b>Material Topic: HR Management &amp; enhancing</b>		
103-1	Explanation of material themes and any limitations	Building the future: our priorities p.36-41
103-2	Description of the components of the management approach	People Strategy and human capital p.74-77; We invest in our resources p.82-84; Control measures and management systems p.112-114
103-3	Assessment of the means of management	We invest in our resources p.82-84; A learning organisation for continuous growth p.85-87
<b>404</b>	<b>Training and Instruction (2016)</b>	
404-1	Average annual hours of training per employee	A learning organisation for continuous growth p.85-87; Environmental and social performance p.139
404-2	Percentage of employees who regularly receive reports on the results and development of their career, by genre and by employee category	A learning organisation for continuous growth p.85-87; Environmental and social performance p.139
<b>Material Topic: Diversity &amp; Inclusion</b>		
103-1	Explanation of material themes and any limitations	Building the future: our priorities p.36-41
103-2	Description of the components of the management approach	People Strategy and human capital p.74-77; Diversity and Inclusion p.91; Control measures and management systems p.112-114
103-3	Assessment of the means of management	Diversity and Inclusion p.91
<b>405</b>	<b>Diversity and Equal Opportunities (2016)</b>	
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	Diversity and Inclusion p.91; Environmental and social performance p.133-135
<b>Material Topic: Customer Centricity</b>		
103-1	Explanation of material themes and any limitations	Building the future: our priorities p.36-41
103-2	Description of the components of the management approach	The enabling factors of our business model (Customer centricity) p.23-24; A business model based on customer centricity p.96-101; Control measures and management systems p.112-114; Digitalisation and management of cyber risks p.120-121
103-3	Assessment of the means of management	The enabling factors of our business model (Customer centricity) p.23-24; A business model based on customer centricity p.96-101; Digitalisation and management of cyber risks p.120-121

INDICATOR	DESCRIPTION	PARAGRAPH - NOTES
<b>418</b>	<b>Consumer privacy (2016)</b>	
418-1	Complaints relative to consumer privacy violations and related data loss	A business model based on customer centricity p.96-101; Digitalisation and management of cyber risks p.120-121  In 2021, there were no recorded complaints relative to consumer privacy violations.
<b>Material Topic: Innovation &amp; Digitalisation</b>		
103-1	Explanation of material themes and any limitations	Building the future: our priorities p.36-41
103-2	Description of the components of the management approach	The enabling factors of our business model p.22-27; leading the way in the promotion of renewable energies p.51; Our supply chain: services and solutions for our customers p.52-58; Research, development, and innovation p.59-61; Innovation for the sustainable management of water resources p.59-60; Innovation and sustainability in our products p.60-61; A business model based on customer centricity p.96-101; Digitalisation and management of cyber risks p.120-121
103-3	Assessment of the means of management	The enabling factors of our business model p.22-27; leading the way in the promotion of renewable energies p.51; Our supply chain: services and solutions for our customers p.52-58; Research, development, and innovation p.59-61; Innovation for the sustainable management of water resources p.59-60; Innovation and sustainability in our products p.60-61; A business model based on customer centricity p.96-101; Digitalisation and management of cyber risks p.120-121
<b>Material Topic: ESG integration into the Business</b>		
103-1	Explanation of material themes and any limitations	Building the future: our priorities p.36-41
103-2	Description of the components of the management approach	The enabling factors of our business model p.22-27; Our sustainability path p.30-31; Building the future: our priorities p.36-41; The contribution of Pietro Fiorentini Group to the 2030 Agenda p.42-43; Pietro Fiorentini: leading the way to energy transition p.48-51; ESG Governance in Pietro Fiorentini Group p.112
103-3	Assessment of the means of management	The enabling factors of our business model p.22-27; Our sustainability path p.30-31; Building the future: our priorities p.36-41; The contribution of Pietro Fiorentini Group to the 2030 Agenda p.42-43; Pietro Fiorentini: leading the way to energy transition p.48-51; ESG Governance in Pietro Fiorentini Group p.112

APPENDIX

APPENDIX

**BY**

Pietro Fiorentini Group

**CONCEPT & DESIGN**

Visualmade, Milan

**FOR INFORMATION**

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