

SUSTAINABILITY

REPORT

Our everyday commitment to make
our corporate footprint ever lighter

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ARCHIVIO NOTARILE DISTRETTOLE DI NOVARA

N. 1008 di repertorio.
N. 1008 di repertorio.
VITTORIO EMANUELE IRRE
OSTITUZIONI DI SOCIETA' IN NOME COLLETTIVO.
per grazia di Dio e per volontà della Nazione
RE D'ITALIA S. D'ALBANIA
IMPERATORE DI ETIOPIA
2 agosto 1948.

In Borgomaso e nel mio studio del mese
Il del Corso Cavour e Vercelli, senza
di agosto dell'anno millenovecentoquarantatre.
2 agosto 1948.
Avvoti di me dottor Battista RICCA Notaro
e sottoscrittore inscritto nel ruolo del 10
stretti riuniti di Novara e Vercelli, senza
assistenza di testimoni per espresse rinun-
cie che fra di loro d'accordo e col mio con-
senso ne fanno i comparanti infradicevoli e
terziosi dell'art. 48 della legge 16 febbraio
1913 N. 89.

Sono presenti gli egregi signori:
PATTIMAROLI Giuseppe e Mario di Giulio fra-
telli nati in comune di San Maurizio
Castelli Cusani, nella frazione San Mauri-
zio d'Opaglio, cittadini italiani di razza
I quali signori, delle cui identi-



Table with columns: Spett. N., Specifica, Data, etc.

Handwritten notes and signatures in the right margin.

INTRODUCTION

LETTER



OUR COMPANY IS A FAMILY BUSINESS, DEEPLY ROOTED IN THE LOCAL AREA WHERE WE WERE BORN AND GROWN, WHERE OUR HEAD OFFICE IS STILL LOCATED.

This deep connection to our land is the reason why **protecting the environment** around us has always been a priority to us, equally essential for **the growth of our company and our Group**. Their existence is mutually dependent. Over the years we have carried out various initiatives to **reduce our environmental impact** and try and leave a positive footprint on this area, rich in wildlife and fragile ecosystems.

The companies within our Group, operating in various countries in Europe and worldwide, have shared the same commitment to the dimensions they interact with on a daily basis.

First and foremost to our staff. The people who work for and with us are **the core of our business** and their welfare, protection and satisfaction in

Since 1938 we have been manufacturing valves and heating and air conditioning components in San Maurizio d'Opaglio, in the heart of the Lake Orta area.

being at our side, often literally for a lifetime, are **our top priorities**, both by seeking to improve the quality of their working life and the relevant benefits and resources, and by protecting their living environment.

However, we believe that our own products should play a major role in **reducing emissions, consumption and the carbon footprint** of end users. Our products are used in systems, installations, homes, with water and with gas – resources that are more precious than ever, and also expensive due to the energy crisis in the past few years.

Our innovative product lines make it possible to avoid forgoing home and usage comfort, while maintaining the highest possible **energy efficiency**. We have also worked hard to adopt alloys with an increasingly lower lead and HM content, thus significantly reducing the emission of these substances both during use and disposal.

And, as always, **our products are made to last**: they are provided with

a lifelong warranty in some countries. This is crucial to generate less waste and reduce wastage. But this is no longer enough for us. We decided **to start reporting on a voluntary basis** by drafting a sustainability report on our current situation and initiatives, with a view to **a more regular, consistent and global improvement plan**.

We assessed the material issues in our company, as you may read in the following pages, and started laying out proposals and plans to be implemented in the short, medium and long term.

We are just setting out on **a path to be pursued** with an orderly and careful strategy, so that it is not just a statement of intent or a snapshot of the current situation, but **a useful tool** for us and for all prospective readers.

Over the past few months we have involved some of you in this process and will continue to do so. We thank you for your cooperation, for the input you gave and will give us in order **to improve together and even draw mutual inspiration** to reach a truly sustainable production chain.

HIGHLIGHTS

A FEW KEY FIGURES TO RECAP OUR COMPANY ACTIVITIES IN 2022

2022 turned out to be a record year for Fratelli Pettinaroli S.p.A. for several reasons. Although the company achieved **impressive results**, it did not just reap the rewards of its painstaking work, but went above and beyond by investing in various areas in order to create an increasingly virtuous cycle.

The following page shows a few **key figures** summarising some of the results achieved in the year, classified according to the relevant areas as per **ESG (Environmental, Social, Governance) classification criteria**.

Albeit partially, these figures portray a situation where all three aspects of **Corporate Social Responsibility** are enhanced and improved within the scope of constant positive development.

These topics will then be expounded on and evidenced in this report through texts, diagrams and tables containing all the useful details to better understand **the scope of the activities carried out by Fratelli Pettinaroli S.p.A.** during the year being reported.

The numbers in the side graph refer to the following ESG classification criteria:



€ 60+ MLN
TURNOVER

Up +19% over 2021
and +68% over 2020

85%
**RECYCLED
RAW MATERIAL**

Used in
Production

1.380
**HOURS OF
TRAINING**

Provided by the
company during 2022

100%
**ELECTRICITY FROM
RENEWABLE SOURCES**

Purchased by the
San Giulio Consortium

11
**PETTINAROLI GROUP
BRANCHES**

Located across Europe
and North America

98%
RECOVERED WASTE

Sulle 82,6 tonnellate prodotte
(23% in meno del 2021)

82,7%
**CUSTOMER
SATISFACTION**

Overall score achieved
during the year 2022

5
**MEMBERS INVOLVED IN
TERRITORIAL INSTITUTIONS**

Representing Fratelli
Pettinaroli S.p.A.

€ 230.000+
CERTIFICATIONS

24 product certifications obtained
from 21 different bodies in addition
to multiple system certifications

€ 4+ MLN
INVESTMENTS

Deployed in production to improve
products and processes

METHODOLOGICAL BASIS

OUR REPORTING
PRINCIPLES

GRI 1 SEZ.4

In preparing Fratelli Pettinaroli S.p.A.'s Sustainability Report for **2022** we referred to **GRI standards**, the guidelines published by the Global Sustainability Standards Board (GSSB) in 2021, in short, GRI Standards 2021.

As for both report contents and quality, the company adopted the **Reporting Principles of GRI 1 Sect. 4**, namely:



ACCURACY

We employed all our best resources to ensure the utmost accuracy and detail of the reported information in order to allow an appropriate assessment of the company's impacts.



BALANCE

All negative and positive facts concerning company performance were reported in an unbiased way, providing a fair representation without any omissions.



CLARITY

The report presented information in a way that is accessible and understandable by all users.



COMPARABILITY

We reported data and information consistently to enable an analysis of changes in the company's impacts over time and compared to other organisations.



COMPLETENESS

Information was collected, recorded, compiled, analysed, reported and processed in such a way as to ensure its utmost completeness, in order to enable an assessment of impacts during the reporting period.



STAKEHOLDERS

The Company accurately identified its stakeholders (please refer to the following paragraph).



SUSTAINABILITY CONTEXT

The Company included the widest number of activities and performance indicators which may have an impact, to provide transparency on how it contributes or aims to contribute to sustainable development.

REFERENCE DATA AND INFORMATION

The company performed a materiality analysis of all significant material issues included in the report (please refer to the following paragraph), considering **all economic, environmental and social issues** as well as any other aspects that may affect stakeholders' assessment and decisions (completeness).

While taking up the option of reporting by reference, the company considers it essential to report the information set out in GRI Standard 2, paragraphs 2-1, 2-2, 2-3, 2-4, 2-5, 2-6, 2-7, 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-22, 2-23, 2-24, 2-27, 2-28, 2-29 e 2-30 for the sake of completeness in the Report, and the relevant data were therefore reported.

The information and data contained in **this Sustainability Report refer to the company Fratelli Pettinaroli S.p.A.**, having its registered office in San Maurizio d'Opaglio, and the activities developed in the year 2022, namely, from 01 January 2022 to 31 December 2022, unless otherwise stated and duly justified.

Where possible, the quantitative data reported in **this Sustainability Report consider a three-year time** span to allow for an assessment of their trend over time. The business and financial figures are drawn from the audited company report. Where included, figures for the years 2021 and 2020 are provided for comparative purposes only. Any estimated data included in the report were duly noted.

REPORTING PERIOD

Fratelli Pettinaroli S.p.A. is a joint-stock company, with a €3,000,000 share capital, directly and indirectly held by the Pettinaroli family.

Its registered office and manufacturing site is located at 38, Via Pianelli, in San Maurizio d'Opaglio, Italy. It is the parent company of the **Pettinaroli Group**, which includes:

- a) a manufacturing subsidiary, T.S.M. Galvanocromo S.r.l., located in Gozzano, Italy
- b) two distribution subsidiaries, Jomar Group Ltd and Hydronic Components Inc., and a property subsidiary, M&P Capital Llc, located in Michigan, the USA
- c) a distribution subsidiary, Pettinaroli A/S N.E., and a property subsidiary, Pettinaroli Logistic A/S, located in Denmark
- d) a distribution subsidiary, Pettinaroli Sas, located in France
- e) a distribution subsidiary, Pettinaroli Suisse Sa, located in Switzerland
- f) a distribution subsidiary, Pettinaroli UK Limited, located in the UK
- g) an international business desk (IBD) located in Dubai-UAE to coordinate business in the Middle East area
- h) an IBD located in Spain, coordinating Spanish and Latin America markets.

Fratelli Pettinaroli S.p.A. operates in the **engineering sector**; specifically, the Company produces valves and components for heating and air conditioning systems. All the above-mentioned business units are included in this Sustainability Report.

Since this is the first year of reporting, the Company did not conduct any reviews on the information contained in previous reporting periods. The company decided to forgo external assurance for this report. However, it conducted **accurate and systematic** data collection, recording, compilation and analysis in order to easily examine information and **establish its quality** (verifiability). The company is committed to **publishing its Sustainability Report annually** (timeliness). Responsibility for reviewing and approving the information contained in the Sustainability Report, including material issues, is vested in the company's Board of Directors, who will record the review and approval of the Sustainability Report at a regular Board Meeting.

For any further information or queries on this Sustainability Report please contact the Company by e-mail at the address sustainability@pettinaroli.com.

HISTORY

Set up in **1938**, Fratelli Pettinaroli S.p.A. has always stood for quality, reliability and innovation in the manufacturing of components for engineering system applications.

The corporate strategic vision is more and more **focused on R&D** in various business areas – heating, conditioning, plumbing equipment and renewable energy.

To establish its position on foreign markets, the company began an **internationalisation** process in the 1990s that led it to be a Group including eight companies, operating in over 60 countries worldwide.

Despite its constant growth over **nearly 85 years**, the Company is still family-owned with a continuous improvement policy.



TIMELINE

1938

COMPANY SET UP

Giuseppe and Mario Pettinaroli founded a small family business, Fratelli Pettinaroli, in San Maurizio d'Opaglio, producing taps for gas systems in a modest workshop.

1950

EXPANSION AND FIRST FOREIGN CONTRACTS

After the end of the World War II, business resumed and gained momentum. The company gradually expanded, until its headcount reached around 80 workers, and obtained its first international contracts in the United States and Russia

1970

FURTHER EXTENSION OF PREMISES

Company premises were extended and refurbished, thus kick-starting the production of water, gas and steam valves. In these years Pettinaroli second-generation joined the company, which then obtained its first major certification from BSI

1980

ACQUISITION OF THE FIRST SUBSIDIARY

After their long-standing, solid cooperation as an external supplier, Pettinaroli acquired TSM Galvanocromo S.r.l. (a company specialising in electroplating metal surface treatment.)



CERTIFIED QUALITY

Ensuring product quality and compliance with international standards have been an endorsed corporate feature for years: therefore, the Fratelli Pettinaroli quality system has been certified by the **British Standard Institute** since 1975 and approved (and constantly updated) according to the latest revision of ISO 9001. The company also holds **ISO 14001** (2015) and **ISO 50001** (2018)

certifications, renewing its commitment to produce while protecting the environment and the surrounding area, based on a long-standing deeply rooted connection to the territory. The products are approved by **numerous authoritative institutions**, thanks to our high-quality standards, rigorous testing and production monitoring as well as the top quality of the raw materials

being used. Fratelli Pettinaroli S.p.A is also the first company that obtained the renowned **OQC** registration from **NSF**, a certification that provides proof of the true origin of all components of its products, to further guarantee and support the company's proud claim that its entire production is **100% Made in Italy**.

1990

STRENGTHENING THE BUSINESS NETWORK

Heavy investments are made in new technologies and foreign logistics centres are created to manage the distribution of Pettinaroli products throughout the world. A process of internationalisation begins

2000

A FOOHOLD ON INTERNATIONAL MARKETS

The death of the founders does not stop the growth of the company, which, by acquiring branches in Switzerland, France, Denmark and the United States, becomes an international Group to all intents and purposes

2010

HVAC BECOMES OUR CORE BUSINESS

After years of investment in research and development, the company enters a new market, the HVAC market. The success of its innovative solutions is immediate to the point of making the company's core business

OGGI

PETTINAROLI IS A MULTINATIONAL GROUP

Today, over 80 years after its foundation, and still a family business in its third generation, Pettinaroli has become a constantly growing multinational Group involving more than 60 countries all over the world

THE PETTINAROLI GROUP



Fratelli Pettinaroli S.p.A. is the parent company of a multinational Group which includes several subsidiaries spanning two continents

The Group includes a manufacturing subsidiary, **T.S.M. Galvanocromo S.r.l.**, located in Gozzano, Italy; two distribution subsidiaries, **Jomar Group Ltd** and **Hydronic Components Inc.**, and a property subsidiary, **M&P Capital Llc**, located in Michigan, the USA; a distribution subsidiary, **Pettinaroli A/S N.E.**, and a property subsidiary, **Pettinaroli Logistic A/S**, located in Denmark; a distribution subsidiary, **Pettinaroli Sas**, located in France; a distribution subsidiary, **Pettinaroli Suisse Sa**, located in Switzerland; a distribution subsidiary, **Pettinaroli UK Limited**, located in the UK; an IBD located in Dubai-UAE to coordinate the Middle East area; an IBD located in Spain, coordinating Spanish and Latin America markets.



Jomar is a leading brand for plumbing, industrial, natural and liquid propane gas business across the US and Canada. Located in Warren, Michigan, the company manages the distribution of Pettinaroli products all over the North American territories, ensuring the supply of prime quality products with approvals and technical support



Located in Middelfart, Denmark, Pettinaroli A/S has been dealing with the distribution of Pettinaroli products in Northern European Countries for over 20 years. The company also focuses on developing cutting-edge home automation systems for energy saving.



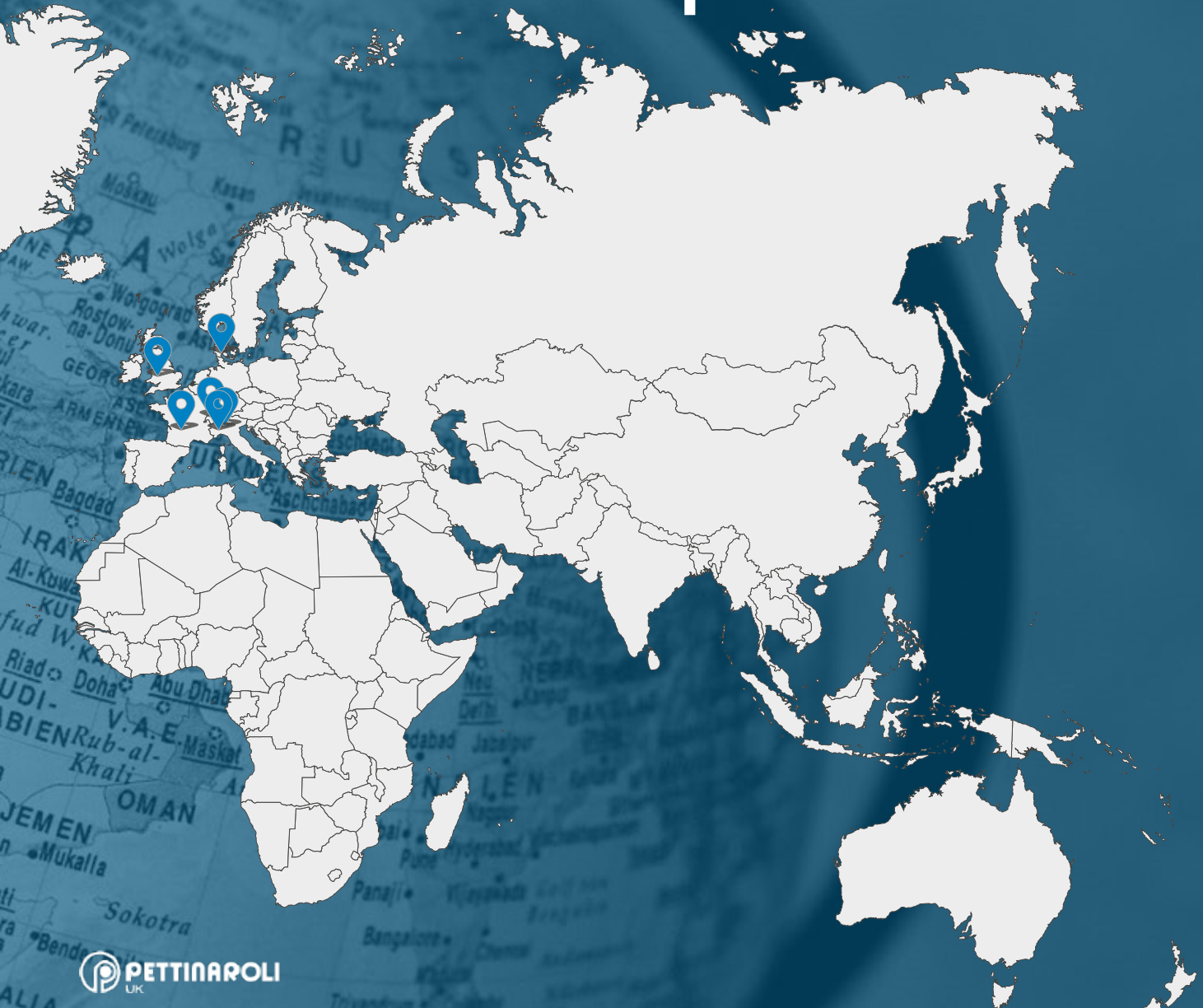
Hydronic Components Incorporation (HCI), based in Madison Heights, Michigan, has been a leader in the North American balancing and plumbing market for more than 25 years. HCI has introduced quality valve kits to minimize the time and space required to install hydronic terminal units.



Headquartered in Carmaux, Pettinaroli France relies on an efficient network to deal with the logistics and distribution of Pettinaroli products all over France. The long-standing experience and fast delivery services of its warehouse makes it a perfect partner for any projects across the country, especially in the Paris metropolitan area.



A global presence



Drawing upon its long-standing field experience acquired in its previous activities as Marflow Hydronics, Pettinaroli UK is currently recognised in the UK as a leading manufacturer and distributor for advanced HVAC systems. Located in Birmingham, the company operates throughout the country with a focus on new construction projects in the London area.



Pettinaroli Suisse S.A. was the first foreign subsidiary of the Pettinaroli Group. Located in Montreux, it distributes Pettinaroli products all over the Swiss market, providing HVAC solutions with full technical assistance.



Belonging to the Pettinaroli Group since 1982, TSM Galvanocromo is located in Gozzano (Italy). The company specialises in electroplating surface treatment for taps and valves components. Over the years, TSM has developed environmentally-friendly treatments such as TEA[®]+ and White P Bronze and recently implemented a PVD-process dedicated system.

VISION

DESIGNING AND DEVELOPING DEVICES THAT MAKE BUILDING SYSTEMS MORE RELIABLE, EFFICIENT AND SUSTAINABLE

We believe that through continuous research and development it is possible to obtain products with an ever increasing level of energy saving and efficiency. For this reason we constantly invest in quality testing, process innovation and training of human resources.

MISSION

PROVIDING OUR CUSTOMERS WITH THE BEST SOLUTIONS FOR SYSTEM APPLICATIONS

To do so, we work daily to create systems that integrate with plants and manage them, constantly improving their performance.

VALUES

ROOTS

Pettinaroli stands for "Roots", deeply connected to a family history that started in the early 20th century and reaches far into the future, more solidly than ever. A success story, the result of commitment, respect and loyalty, preserving its founders' values and eagerly welcoming the tomorrow's challenges.

INNOVATION

Pettinaroli stands for "Innovation", because research and development are the driving force behind our constant progress. From our first products, through pioneering inventions, to cutting-edge solutions, we are never content with applying the best existing technologies, but we always go above and beyond, to invent new and revolutionary ones.

QUALITY

Pettinaroli stands for "Quality". Quality of an all-Italian production, guaranteed by highly qualified personnel working in safe, state-of-the-art plants and facilities. Quality in service, which each of us is committed to providing every day, to guarantee the best possible support to each of our partners.

GROUP

Pettinaroli stands for "Group", geographically distributed in offices around the world, but working together as one team. Whether in the United States, France, Switzerland, Denmark, the United Kingdom or Italy, where the Group's headquarters and manufacturing facilities are located, each subsidiary represents a single tile in one big mosaic.

KNOWLEDGE

Pettinaroli stands for "Knowledge", because by drawing upon our expertise we can manufacture products with increasingly higher performance, and by disseminating our knowledge we can train professionals to fully exploit the potential of our solutions, helping them to create a positive impact in the world we live in.

SUSTAINABILITY

Pettinaroli stands for "Sustainability", because our commitment to protecting the environment and supporting our community is unwavering. We believe that there is no valuable business activity that can disregard the safeguard of the Earth and the society where it is performed. We believe that there is no entrepreneurial success without respect for one's own land and roots.

PEOPLE

Above all, Pettinaroli stands for "People", because people are the beating heart of the company and the key to its success. Hundreds of professionals cooperate side by side on a daily basis, creating a stimulating and engaging environment, and making each of our offices around the world an inclusive, people-friendly place to meet.



POLICY

WHERE DOES THE NEED FOR A DOCUMENT SUMMARIZING ALL THE ACTIVITIES THAT MAKE FRATELLI PETTINAROLI S.P.A. A SUSTAINABLE COMPANY COME FROM?

Sustainability is one of the latest trend topics. But like all highly contemporary issues, its core concept risks becoming misused.

This report aims to demonstrate how attention to sustainability had been a priority to Fratelli Pettinaroli long before it became a widely shared trend topic.

Policy on Quality, the Environment, Energy, Occupational Health and Safety and Human Rights

Relying on its 80-plus years' business experience, Fratelli Pettinaroli S.p.A. company has grown into a domestic and international leader for its economic, production and quality competitiveness. Fratelli Pettinaroli S.p.A. wishes to qualify as a key partner among Manufacturers of taps and fittings, water, gas and heating valves as well as electroplating treatment.

The Top Management intends to continue pursuing company goals with full commitment, fulfilling both product engineering and energy, environmental and regulatory requirements.

The objectives imposed by this policy are as follows: **compliance with the currently applicable law**, constant improvement in customer satisfaction, constant quality improvement, the **sensible usage of energy sources** and reduction in the relevant costs, a **reduction in the environmental impact** of processing, activities and products, **accident prevention** and workers' health protection.

In order to achieve the set objectives the following essential requirements must be met: complying with design project specifications in production activities; using resources so as to obtain product compliance with quality requirements and contract specifications as well as the applicable standards; auditing **the effectiveness of company management systems** (Quality, Energy, Environment); measuring the performance of company processes in order to assess their constant improvement; measuring supplier performance; examining the feedback from existing and prospective customers; considering and assessing all the environmental, energy and

safety standards when designing and developing new products or processes; raising awareness among personnel, suppliers and customers about environmental and energy issues; establishing personnel training programmes; consider potential risks to company business and processes, and plan all the activities required to mitigate their negative effects.

The key concept of **customer satisfaction** with a view to quality must be applied to all business units at Fratelli Pettinaroli S.p.A., in order to influence the mind-set of company personnel as well as all the parties involved. As the parties involved affect quality, the environment and energy performance, they must ensure **the utmost effectiveness and efficiency**, as far as the contribution of each party is concerned, within the scope of the supplied products, materials, services or performance.

Fratelli Pettinaroli S.p.A. is committed to adopting the following principles: pursuing constant improvement in **environmental and energy performance**, promoting and **respecting human rights** and avoiding any direct or indirect involvement in abuse or any instances of forced or compulsory labour, striving to effectively eradicate child labour, supporting workers' freedom of association, acknowledging the right to collective negotiations, opposing any forms of labour and professional discrimination, opposing any forms of corruption, including bribing and blackmailing, constantly monitoring production facilities and the activities performed therein in order to promptly locate any impact sources and prevent any subsequent environmental incidents, making the adopted policy available and known to the general public.

The value of a choice

Operating while protecting the surrounding environment

Choosing to draft a report on all the activities that make Fratelli Pettinaroli S.p.A. a sustainable company was both a **challenging and exciting feat**. It was challenging, certainly not because of a lack of topics, but rather for the intention to ensure that each line will convey **the company's commitment to making the footprint of its activities increasingly light**. It was exciting because, when scrolling through the list of social and ecological initiatives that we have been carrying out for years – many of which have been going on for over a decade – we realized that the elements for preparing a meaningful report were really all there, even too many for a single document. Around here, **ethics has always been a shared value** rather than a mere

norm. Therefore, **“operating while protecting the surrounding environment”** has become an increasingly meaningful statement that best represents a concept that we deeply feel is ours. There is no entrepreneurial success without respect for one's own land and roots. **There is no valuable business that can ignore the safeguard of the environment and the community** where a company operates. For all these reasons, actually showing you examples of what we have often told you just with words is not mere boasting. Indeed, this Report was developed with a specific intent: **to give value to a choice**, your choice, the responsible and sustainable choice that you make every time you decide to buy a Pettinaroli product.

GOVERNANCE

Fratelli Pettinaroli S.p.A. adopts a governance and supervisory system based on a traditional model and including:

BOARD OF DIRECTORS

Consisting of four independent executive Directors (two men and two women), in office for three financial years with a re-election option.

The Board is vested with the following powers:

- ordinary and extraordinary company governance
- establishing company policies and objectives
- appropriateness of the organisational, administrative and accounting structure
- management performance and ensuring the creation of economic value
- ensuring that the commercial benefit of the company is pursued in compliance with the decisions of the Shareholders' Meeting

BOARD OF AUDITORS

The Supervisory Body consists of three auditors appointed for three years (two men and one woman).

The Board of Auditors supervises the management of company operations as to:

- compliance with the law
- compliance with the Articles of Association
- compliance with financial principles

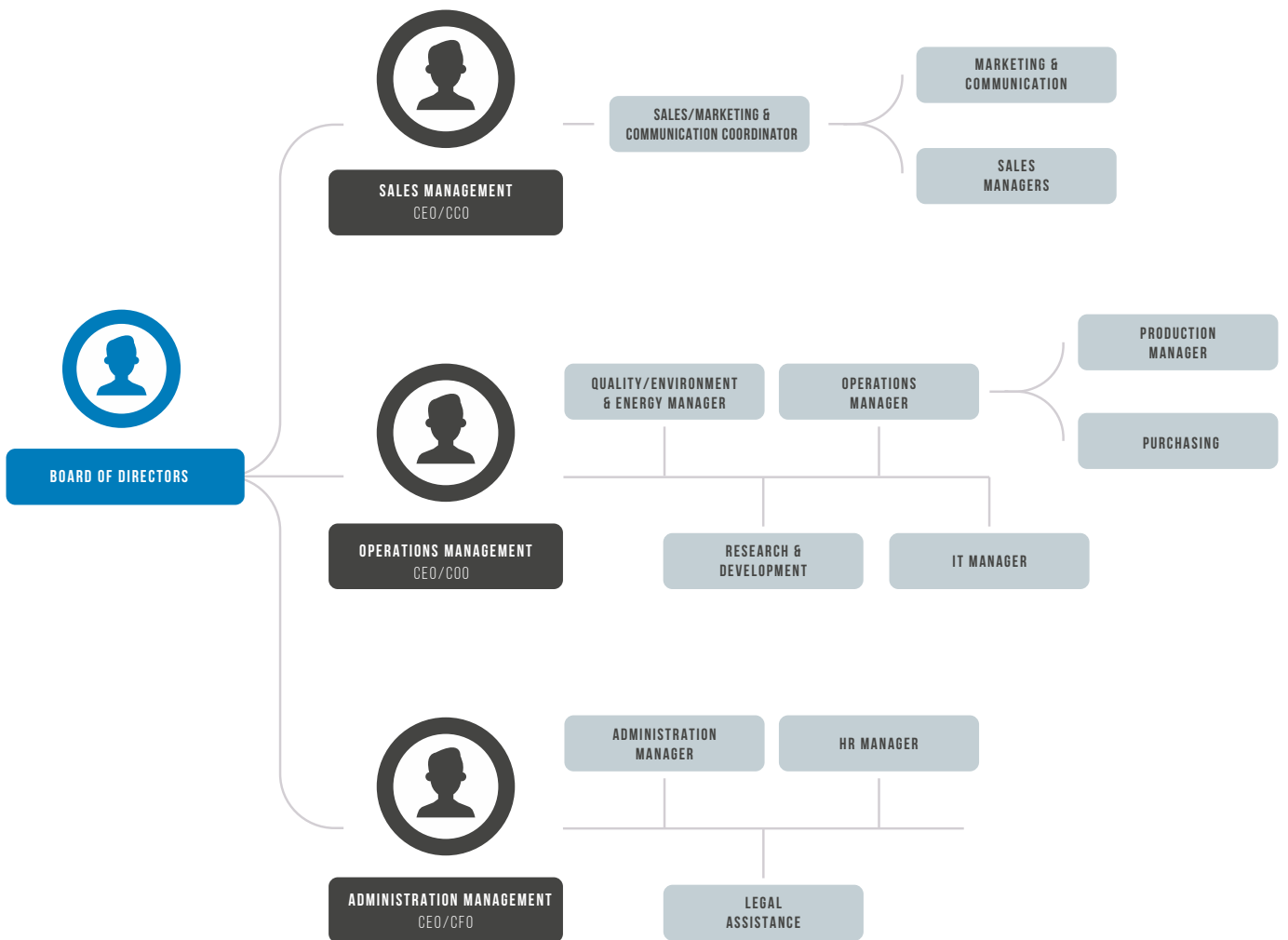
STATUTORY AUDITOR

The auditing firm, in office for three financial years, carries out periodic audits in order to verify:

- compliance with national and international accounting standards
- correct tax calculation
- compliance with national regulations and tax obligations

Within the scope of Sustainability issues, Fratelli Pettinaroli S.p.A. has set up a team entrusted with the following tasks: proposing initiatives on ESG issues, monitoring company compliance with current regulations and preparing annual sustainability reports that will be submitted to the Board of Directors for approval.

ORGANISATION CHART



CERTIFICATION

Fratelli Pettinaroli S.p.A. holds System certifications (ISO 9001, ISO 14001, ISO 50001), several product certifications, both for the water and gas sector, and other voluntary certifications (EcoVadis and OQC).

In addition, the **QC Department**, cooperating with R&D and Administration Departments, constantly monitors the development of standards, regulations and sector Directives in order to **continuously guarantee the conformity and compliance of products and materials**.

Fratelli Pettinaroli S.p.A. adopts a **systematic approach** to the management of processes, controls, monitoring and training.

Product certifications are essential in order to market products in foreign countries where the company holds its core business.

Maintaining product and system certifications involves a wide range of **third-party audits**. On average, **Fratelli Pettinaroli S.p.A.**

is subject to 25 to 30 audits per year.

Company investments to maintain existing certifications and obtain new ones are **constantly increasing**.

In addition to standard production controls, **products undergo rigorous checks** in accordance with the applicable technical regulations in order to ensure their conformity.

The test laboratory is equipped with all the equipment required to conduct flow tests as well as tightness, hydraulic resistance, impact, torsion, bending tests.

We can also verify the chemical composition of brass, and perform SCC testing.



SYSTEM CERTIFICATIONS

Voluntary **ISO system certifications** are proof of the high level of our company organisation. **ISO 9001** refers to the implementation, monitoring and constant updating of our company's internal quality system. **ISO 14001** certifies that the company has a system for controlling the environmental impact of its activities, and systematically seeks its improvement. **ISO 50001** certifies that an energy management system (EnMS) is in place, to improve its energy performance and optimal use of energy.

VOLUNTARY CERTIFICATIONS

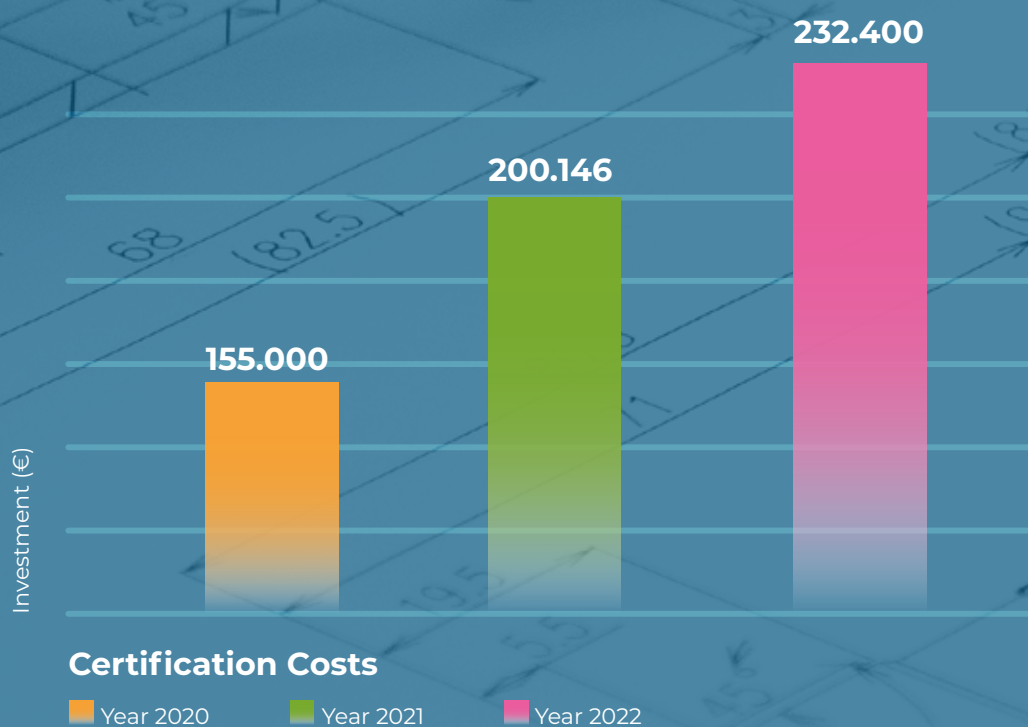
EcoVadis certification assigns a score that allows the company to provide material evidence of the sustainability level of its supply chain to its prospective customers, increasingly interested in purchasing from responsible suppliers.

OQC certification issued by **NSF International** certifies that production in the Company is 100% Made in Italy.



24 Product Certifications

Total awarded by 21 different bodies in the year 2022



PRODUCT

Fratelli Pettinaroli S.p.A. is a manufacturing company specialising in thermal-hydraulic components. Our product range can be divided into four main categories:



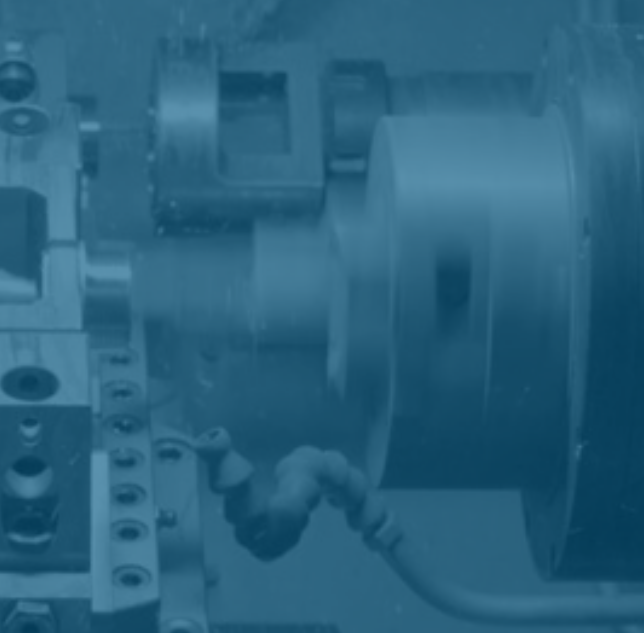
Balancing valves

Our product range includes a complete set of balancing valves and kits, designed to adjust the flow rate within a system. These valves are essential to ensure correct flow balancing in thermal-hydraulic systems, and are especially used in HVAC applications.

Manifolds

Manifolds are essential components in underfloor heating systems. The company provides a full range of manifolds and kits including pumps. These manifolds are made of three materials: steel, brass and plastic. They are designed to ensure even heat distribution in the home.





Gas and water ball valves

Ball valves made in brass designed as gas and water flow control devices, our brass ball valves come in different sizes ranging from 1/2" to 4".

Radiator valves

Our catalogue includes a range of valves specially designed for use with radiators and thermostatic heads. Combined with a thermostatic head, these valves ensure effective control effective water flow control in radiator heating systems, ensuring thermal comfort.



PROCESS

The production process can be outlined in 6 separate steps:

BRASS BAR DRAWING



Melt material mainly consists of production swarf, recovered materials such as turning chips and moulding burrs, as well as copper scrap. The swarf is melted in electric furnaces according to the specifications for the various alloys. Molten metal is poured from melting furnaces to holding furnaces, to be then loaded into continuous casting furnaces. After water spray cooling, the metal solidifies into cylinders, also known as billets. Cut billets are conveyed to the extrusion department, where they are heated and extruded into rods or coils.

MACHINING BY REMOVAL



This step involves removing material from the bar or blank to make threading and bores in accordance with drawing specifications. Machining is essential to obtain components with dimensional and geometrical accuracy.

HOT PRESS MOULDING



The rods are cut and the resulting billets are heated and pressed, using specially designed moulds. After moulding, the resulting parts are shorn and sandblasted to obtain surface smoothness and evenness.

NOTE:

- Outsourced process
- In-house process

ASSEMBLY AND COMMISSIONING



The machined and surface-treated products are then conveyed to the assembly area. There they are assembled and undergo 100% rigorous testing to ensure compliance with specifications and final product quality.

SURFACE TREATMENT



Many machined components undergo surface treatments such as chrome plating, nickel plating, annealing or any other treatments as required to improve quality and physical properties. These treatments may increase the corrosion resistance, hardness or durability of our products.

PACKING AND SHIPMENT



Finally, the completed products are carefully packaged according to the required specifications and then dispatched to customers. This step is crucial to ensure safe product delivery and compliance with customer dispatch requirements.



STAKEHOLDERS

Identifying stakeholders

During the preliminary steps in drafting this report, Fratelli Pettinaroli S.p.A. summoned the various company department managers to meet and discuss several key issues, including pinpointing our stakeholders.

Appropriate two-way communication channels were selected for each stakeholder.

Based on business type, the fact that shareholders are also managers and actively participate in company management, as well as funding and investment methods, the following categories were identified:

-  **SUPPLIERS**
-  **CUSTOMERS**
-  **PERSONNEL**
-  **COMMUNITY**
(local area, schools, sports, culture)
-  **INSTITUTIONS**
-  **TRADE ASSOCIATIONS**
-  **BANKING COMPANIES**
-  **TRADE UNIONS**



MATERIALITY

ANALYSIS

During the preliminary steps in drafting this report, Fratelli Pettinaroli S.p.A. summoned the various company department managers to meet and pinpoint the material issues on:

- Governance
- Environment
- Social issues

For each material issue, we also proceeded to understand how it affects company operations and how the company impacts on that specific issue, as well as how to report on the current situation, also in order to start setting future improvement objectives.

Based on this assessment, the material issues for Fratelli Pettinaroli S.p.A. are as follows:

Governance



1. PROCESS AND PRODUCT INNOVATION

Improving business processes, making them more efficient and effective, in order to have a positive impact on all aspects of business sustainability.

2. ECONOMIC PERFORMANCE

Creating and redistributing economic value.

3. MANAGING THE SUPPLY CHAIN

Leading and supporting suppliers to a sustainability pathway. Selecting new suppliers considering ESG issues as well.

4. ETHICS AND TRANSPARENCY

Managing and disseminating our Code of Conduct.

5. PRIVACY PROTECTION

Management system and recorded incidents.

Environment



6. PRESERVATION OF RESOURCES (RAW MATERIALS)

Effective and efficient management of raw materials.

7. PRESERVATION OF RESOURCES (WASTE)

Waste reusing and repurposing.

8. PRESERVATION OF ENERGY RESOURCES

Using energy from renewable sources.

9. EMISSIONS

Greenhouse gas emissions.

10. BIODIVERSITY

Restoring the natural habitat of Lake Orta.

Social issues



11. HEALTH & SAFETY

Preserving workplace health and safety, reducing accident and near-miss rates.

12. PERSONNEL WELFARE

Integrating, supporting through corporate welfare, union agreements, sense of belonging.

13. EQUAL OPPORTUNITIES AND PROTECTION OF DIVERSITY

Removing gaps and discrimination to protect diversity and equal opportunities.

14. PERSONNEL MANAGEMENT

Recruitment process, performance management, training plans.

15. SUPPORT TO COMMUNITY AND TERRITORY

Supporting the community and local bodies with initiatives and grants.

16. CUSTOMER SATISFACTION

Customer Satisfaction Indicators.



PRODUCT AND PROCESS INNOVATION

GRI 203-1 | PRODUCT AND PROCESS INNOVATIONS

INVESTMENTS AND CHOICES AIMING AT CONTINUOUS IMPROVEMENT

Over the past few years, Fratelli Pettinaroli S.p.A. has increased the production of **components made of brass alloys with low lead content**, in order to meet the demands of major markets and customers. The company has invested in the purchase of **new machinery** for the processing of “special” brass alloys, as well as the management of different types of scrap.

The company is gradually replacing older machinery with cutting-edge equipment. Besides **improving the production process**, processing cycles and internal logistics, the new systems **ensure a higher safety level** for operators.

Fratelli Pettinaroli S.p.A. has also strengthened its Quality Control staff in the Production and Incoming Goods departments.

In 2022, Fratelli Pettinaroli S.p.A. implemented a **new Microsoft Business Central management system**. The quality control of incoming goods is managed via the new ERP system, which allowed speeding up or automating some management operations. Finally, the new software helped improve the component traceability process.





In 2022, major projects were started in order to improve several issues, including sustainability:

CONSTRUCTION OF AN AUTOMATED WAREHOUSE

The new warehouse will make it possible to rearrange production premises, improving internal logistics and the workspace.

NEW PHOTOVOLTAIC SYSTEM

The new photovoltaic system will be installed above the existing warehouse. The rated power of the system will be approximately 600 kW. Our estimate is that the electrical energy produced by the new system, added to the existing power system (about 400 kW), will raise the value of self-produced and self-consumed energy to about 20% of our total power requirements.

NEW HEATING SYSTEM

The new natural gas heating system will replace the existing heating stations. The project involves the construction of a single heating plant (equipped with no. 9 540 kW condensing boilers) that will supply all the production areas and offices. This will imply several benefits, both as to the environmental impact (reduction of atmospheric emissions and hazards of accidental spills) and energy carrier costs.

ECONOMIC VALUE

GENERATED AND DISTRIBUTED

ECONOMIC
PERFORMANCE

GRI 201-1

In a complex year such as 2022, due to the rising costs of energy, raw materials and all production components, Fratelli Pettinaroli S.p.A. again proved its strong resilience.

The results of the previous years, which had already been encouraging, were even increased.

The reclassified Financial Position Statement in the next page shows the Net Invested Capital and the relevant sources of financing – from capital contributions (Shareholders' Equity) and financial debt.

Working Capital remained more than satisfactory in relation to the amount

of current payables, whereas the 0.74% **debt to equity ratio** attests to the company's constant low level of third-party indebtedness.

The short-term Net Financial Position was positive by about €23.5 million, showing a €11.5m increase compared to the previous year.

	2020	2021	2022
NON-CURRENT ASSETS:			
Net intangible fixed assets	64,725	447,958	440,642
Net tangible fixed assets	14,487,757	13,946,338	15,042,030
Financial fixed assets	26,578,887	27,412,220	28,853,019
Receivables due beyond 12 months	2,048	239,955	1,034,204
Long-term accrued income and prepaid expenses	6,785	5,392	2,959
TOTAL NON-CURRENT ASSETS	41,140,202	42,051,863	45,372,854
CURRENT ASSETS:			
Cash Value:			
Inventories	10,626,571	14,928,786	19,324,052
Prepaid expenses due within 12 months	35,296	60,298	82,085
Total Cash Value	10,661,867	14,989,084	19,406,137
Deferred liquidity:			
Receivables due within 12 months	17,095,797	22,722,297	24,977,368
Financial assets not held as fixed assets	23,137	0	9,984,413
Accrued income within 12 months	45,082	120,147	162,991
Total Deferred Liquidity	17,164,016	22,842,444	35,124,772
Immediate liquidity:			
Cash & cash equivalents	12,132,181	13,094,804	15,670,326
Total immediate liquidity	12,132,181	13,094,804	15,670,326
TOTAL CURRENT ASSETS	39,958,064	50,926,332	70,201,235
TOTAL COMMITMENT (or CAPITAL INVESTED)	81,098,266	92,978,195	115,574,089
NET CAPITAL:			
Share capital	3,000,000	3,000,000	3,000,000
Reserves and Profits (Losses)	57,200,510	67,347,346	82,809,253
TOTAL NET CAPITAL	60,200,510	70,347,346	85,809,253
CONSOLIDATED LIABILITIES:			
Provisions for risks and charges due beyond 12 months	9,628	15,192	0
Employee severance indemnities	1,371,025	1,270,676	1,280,123
Payables due beyond 12 months	8,918,848	6,623,557	9,474,081
Long-term accrued expenses and deferred income	1,536	193,343	562,906
TOTAL CONSOLIDATED LIABILITIES	10,301,037	8,102,768	11,317,110
CURRENT LIABILITIES:			
Provisions for risks and charges due within 12 months	39,310	85,713	40,293
Payables due within 12 months	9,790,564	13,412,609	17,893,324
Accrued expenses and deferred income within 12 months	766,845	1,029,759	514,109
TOTAL CURRENT LIABILITIES	10,596,719	14,528,081	18,447,726
TOTAL REVENUES	81,098,266	92,978,195	115,574,089

In 2022, Fratelli Pettinaroli S.p.A. sold assets worth over €60 million, which attests to its strong growth: 19% against 2021 and 68% against 2020.

EBITDA amounted to €9 million, that is, 14.88% of revenue, significantly increasing compared to company expectations.

EBIT, amounting to around €6 million, and the €16m Net Operating Income highlight the company's excellent performance.

Reclassified Income Statement

	2020	2021	2022
REALISED PRODUCTION VALUE:			
Revenues from sales and services	36,149,637	51,136,151	60,963,530
Change in inventories of semi-finished and finished products	(764,498)	2,838,953	4,100,504
TOTAL REALISED PRODUCTION VALUE	35,385,139	53,975,104	65,064,034
EXTERNAL OPERATING EXPENSES:			
Raw and ancillary materials and consumables	16,347,232	30,145,437	32,883,126
Services	7,319,465	10,133,373	12,173,261
Leased assets	207,835	216,525	194,650
Change in raw and ancillary materials and consumables	(356,564)	(1,463,262)	(294,763)
TOTAL EXTERNAL OPERATING EXPENSES	23,517,968	39,032,073	44,956,274
VALUE ADDED	11,867,171	14,943,031	20,107,760
LABOUR COSTS:			
Personnel	7,774,204	9,357,451	10,290,186
Sundry operating expenses	423,132	985,505	745,087
TOTAL LABOUR COSTS	8,197,336	10,342,956	11,035,273
EBITDA	3,669,835	4,600,075	9,072,487
DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES:			
Depreciation, amortisation and impairment	2,121,701	2,700,777	3,134,351
Provisions for risks	0	0	0
Other provisions	0	0	0
TOTAL AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES	2,121,701	2,700,777	3,134,351
EBIT	1,548,134	1,899,298	5,938,136
INCOME FROM FINANCIAL ASSETS-FAIR VALUE	3,520,073	8,341,740	10,699,088
Other revenues and gains	266,389	805,389	1,202,756
INCOME FROM ANCILLARY ACTIVITIES	266,389	805,389	1,202,756
EARNINGS BEFORE TAX	5,334,596	11,046,427	17,839,980
Income tax for the year	167,729	376,455	1,778,073
PROFIT (LOSS) FOR THE YEAR	5,166,867	10,669,972	16,061,907

GRI 201-1 Economic Value Generated and Distributed

Revenue from the sale of products and services, and from ancillary income (holdings and other financial assets), represents the **economic value generated by the company**, which is mostly distributed among the stakeholders Fratelli Pettinaroli S.p.A. deals with on a daily basis.

The remaining economic value is retained by the company, with an **allocation to reserves** required for company development and prospective business.

The table below shows a breakdown of the direct economic value generated and distributed, as per GRI Standard, whose data arise from the financial statements:

Economic Value Generated and Distributed

	2020	2021	2022
Direct economic value generated	39,208,602	63,149,948	77,248,531
Revenues	39,208,602	63,149,948	77,248,531
Economic value distributed	34,541,735	53,079,976	62,186,624
Payments to suppliers	26,322,021	43,116,118	49,141,824
Employee salaries and benefits	7,127,022	8,471,830	9,070,817
Payments to lenders and dividends to shareholders	537,001	627,715	1,282,653
Payments to Public Authorities	480,089	832,613	2,643,048
Community Investment	75,602	31,700	48,282
Economic value retained	4,666,867	10,069,972	15,061,907





SUPPLIERS

SUPPLY CHAIN
MANAGEMENT

GRI 204-1 GRI 308-1 GRI 414-1

INTRODUCTION

Fratelli Pettinaroli S.p.A. does not consider suppliers as mere third parties entering into contracts with the company for the latter to purchase goods and services. They are always regarded as actual **strategic partners**, with a view to mutual cooperation and exchange, with the aim of mutual growth.

Indeed, suppliers are involved in the production process of Fratelli Pettinaroli S.p.A., and not only that, on a daily basis. Our business relationships are based on **human relationships** with them.

All suppliers are also assessed annually based on their performance, through specific internal procedures. This assessment is then shared with them, with a view to continuous sharing and improvement. Thus, even new suppliers are visited and assessed in accordance with **rigorous company procedures**, before starting a business relationship with Fratelli Pettinaroli.

EXPENDITURE SHARE ON LOCAL PROCUREMENT

Fratelli Pettinaroli mostly purchases essential goods and services from **Italian suppliers** (around 90%) for its product manufacturing activities.

Non-Italian suppliers are mainly **located within the EU** (around 7%), and only about 3% in non-EU countries.

In 2022 – the year under review – the total expenditure incurred by Fratelli Pettinaroli for the **procurement of goods and services from its suppliers amounts to €49,925,574.**

Expenditure incurred for the procurement of **goods and services from Italian suppliers amounts to €46,633,287**, i.e. 93.4% of the total expenditure, against 6.6% purchased **from foreign suppliers, totalling €3,292,287.**

Most Italian suppliers are located in Northern Italy. Therefore, any suppliers located in the Novara and VCO districts are considered **“Local Suppliers”** to Fratelli Pettinaroli.

Similarly, **“Key Business Sites”** for our suppliers are located according to the same geographical distribution criteria as above.





NEW SUPPLIERS ASSESSED AGAINST ENVIRONMENTAL AND SOCIAL CRITERIA

In 2022, no new suppliers were **assessed against environmental and/or social performance parameters**. The company intends to start moving along this course in the coming years, as reported in the following paragraphs.

2023 SUPPLIER ACTIVITIES

For the year 2023, our goal is to send a **specific questionnaire** to all selected suppliers on the topic of sustainability, **which will address all three ESG topic areas** (Environmental, Social and Governance). They will also be requested to provide records to prove what they stated in their questionnaires.

2022 SUPPLIER TEACH-IN

On 15 December 2022, on the occasion of our customary **“End of the Year Summit”** at the Company headquarters in San Maurizio d’Opaglio, a **sustainability training event** was held, involving all the main suppliers of Fratelli Pettinaroli.

As a matter of fact, 13 strategic suppliers were involved and awarded, one for each product category. With a view to selecting these suppliers, **their 2021-2022 performance was evaluated**, based on their score (as to product quality and delivery time) and turnover.

The teach-in schedule focused on sustainability. In the morning, a training meeting was held, to present the **“Sustainability Manifesto”**, previously published by Fratelli Pettinaroli on the occasion of MCE (Mostra Convegno Expocomfort) trade fair in Milan in June 2022.

Then, **the Company presented the new CSR policy (Corporate Social Responsibility Directive)** and the reporting obligation by certain categories of companies, as well as the main objectives of the aforesaid Directive.

Furthermore, the EcoVadis platform, which Fratelli Pettinaroli joined in 2020, was presented and expounded on. **EcoVadis** addressed all issues on Corporate Social Responsibility (CSR). In addition, the Company presented **EPD (Environmental Product Declaration)** certification, as well as a **LCA (Life Cycle Assessment)** study, designed to assess and monitor the environmental impact of a product throughout its life cycle. The process for Fratelli Pettinaroli to obtain EPD certification will begin in 2023, and the Company aims at obtaining it in the period around late 2023 and the early 2024.

At the end of the morning we held a social luncheon with all the suppliers, who then enjoyed a **“Factory Tour”** of Fratelli Pettinaroli’s production facilities in the afternoon.

ETHICS AND TRANSPARENCY

GRI 205-1-2-3 | MANAGEMENT AND DISSEMINATION
OF OUR CODE OF CONDUCT

PETTINAROLI CSR

The company believes that drafting a **Code of Conduct** is a key tool to disseminate Corporate Social Responsibility (CSR) Policy among its employees, suppliers, contractors and customers and express its commitment to social, regulatory, environmental and ethical issues.

Fratelli Pettinaroli S.p.A. operates **in compliance with the applicable laws and regulations** on environmental, energy and social issues. The company planned its processes by thoroughly assessing its geographical, social and economic scope, in order **to constantly ensure the regulatory compliance of its products and processes**, and minimise its environmental impacts.

The adoption of this approach by all Fratelli Pettinaroli S.p.A. stakeholders is essential in order to ensure **increased environmental, social and energy sustainability of its business**.

The policies already applied to our daily operations will be formalised in a **Code of Conduct** to be published in 2023.

PRIVACY

PROTECTION

GRI 418-1 | STAKEHOLDERS | PRIVACY

DATA PROTECTION

It is an essential principle for Fratelli Pettinaroli S.p.A. **to guarantee the confidentiality of its stakeholders**, whose data, including personal data, are processed in compliance with current regulations.

IT infrastructures, appropriate and constantly updated to meet company requirements, are a key tool for maintaining a high performance and consistency level in company and Group activities. Their consistency is also ensured by the adopted **security measures**.

The security measures in place can **effectively counter** IT system service disruptions, unauthorised access attempts with potential data loss and general IT-related operational risks.

As to **privacy protection**, Fratelli Pettinaroli processes the personal data of all data subjects in compliance with the law and with full correctness and transparency, by implementing all the necessary technical and control measures **to protect their rights and personal data against unauthorised access**, potentially causing data destruction, loss, alteration and dissemination, including sensitive data.

During 2022, **there were no incidents of theft or loss of data** of customers or other data subjects and no data privacy infringement complaints were reported.



PRESERVATION OF RESOURCES

GRI 301-1-2 GRI 306-3-4-5 | STREAMLINING RAW MATERIAL AND WASTE MANAGEMENT

STREAMLINING RAW MATERIAL MANAGEMENT

Fratelli Pettinaroli S.p.A. mostly employs brass, cast iron, steel, polymer, rubber, plastics, paper and cardboard as raw materials.

Our core raw material, brass bars, are produced by Italian wire drawing mills. The company purchased 3,118t in 2022. This raw material is made up of approximately 70% pre-consumer recycled material (i.e., all material collected from the recovery of production waste and materials generated from product manufacturing process), and the remainder is post-consumer material (collected from product EoL recovery/recycling).

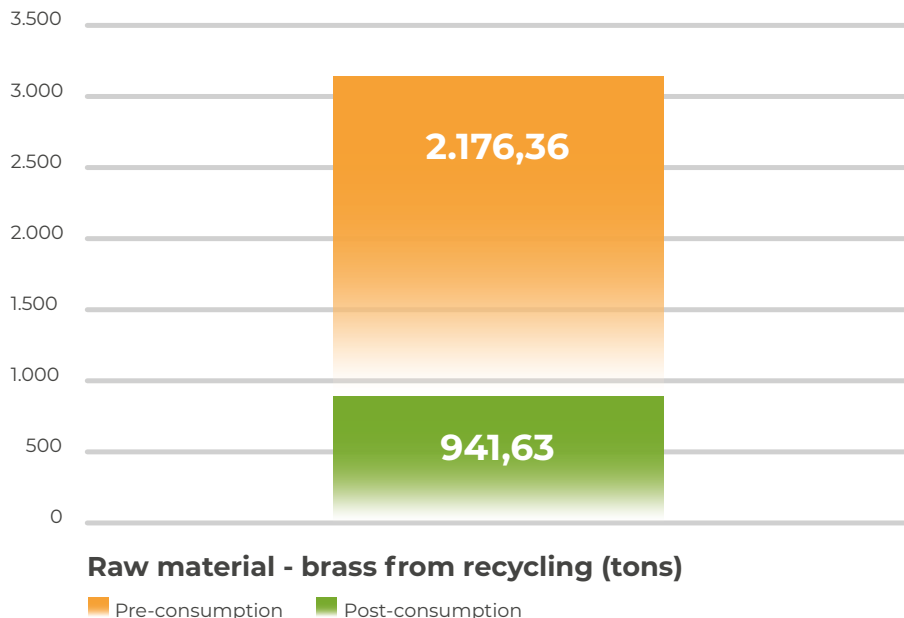
The product EoL recyclability of brass raw material nears 100%. Around 2,070t materials were recovered as swarf and chips from the machining process. A further 10t as scrap consisting of discontinued items, i.e., material delivered to drawing mills and re-employed as pre-consumer recycled material.

In 2022, 66% of purchased raw materials, turned into scrap after processing, was totally reused by wire drawing plants to produce new bars.

Additional materials are used in the production process, such as:

- Brass (purchased products and components): 291.94 tons
- Steel (AISI 303, AISI 316): 131.57 tons
- Cast iron: 26.53 tons
- Other metals: 19.88 tons
- Elastomers (EPDM/NBR/HNBR/FKM): 6.56 tons
- Plastics (PA, ABS, PSU, PVC): 54.19 tons
- Fibre for seals: 0.55 tons
- Multi-material components: 31.65 tons
- Polyurethane foam: 1.24 tons
- Ancillary packaging materials: 1.44 tons
- Labels: 1.8 tons
- Paper (package inserts, etc.): 3.6 tons (renewable materials)

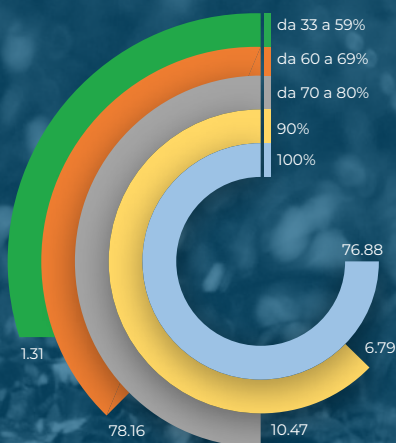
The following chart shows the quantity by weight of materials collected from pre-/post-consumption recycling:



In 2022, 9.7 tonnes of ancillary materials (materials and substances used in the production process) were purchased, broken down as follows:

Material/Substance	Use	Quantity (tons)
Emulsifiable oil	Machining	2.48
Cutting oil	Machining	5.1
Metal-cleaning alcohol	Washing	0.54
Adhesives / glues	Assembly	1.33
Assembly lubricants	Assembly	0.08
PTFE-based sealant	Assembly	0.1
Pad Printing Ink	Pad printing	0.02

The following chart shows the weight of packaging, broken down according to the relevant recycled material percentage:



Weight of packaging purchased with recycled material 2022 (tons)

The total amount of non-renewable materials used in our 2022 production was approximately 3,695 tons.

Renewable materials are used in final product packaging. The weight of package inserts and cardboard packaging (boxes, partitions, etc.) purchased in 2022 totalled 177 tons.

The cardboard packaging purchased during the year was produced using a variable amount of recycled raw materials.

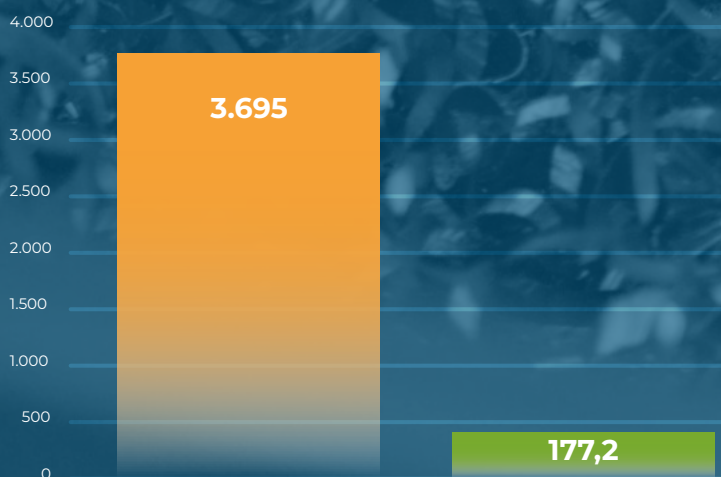
73% of all the packaging we purchased was entirely made of recycled materials.

In 2022, the company disposed of about 16 tons of paper and cardboard from:

- Packaging used in the production process
- Packaging used for procured components
- Offices (records, etc....)

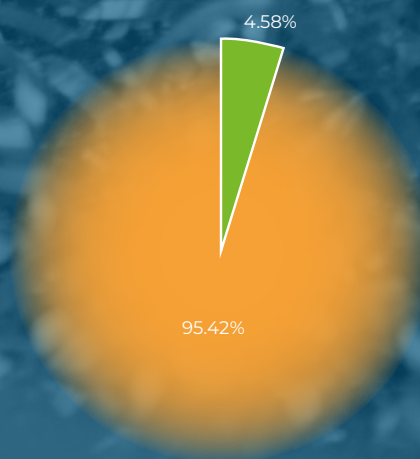
The ratio of renewable to non-renewable materials used in production in 2022 is shown below:

As shown in the chart, most materials being used are non-renewable. However, this figure should be assessed together with the percentage of recycled raw materials (85%), whereby the use of non-renewable virgin raw materials drops to around a mere 10%.



Non-renewable and renewable material (tons)

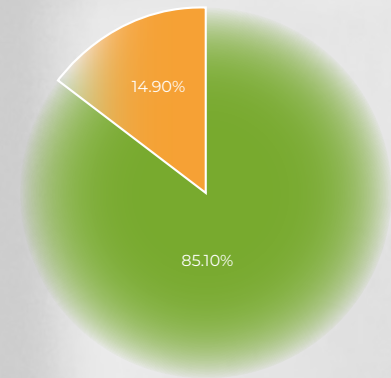
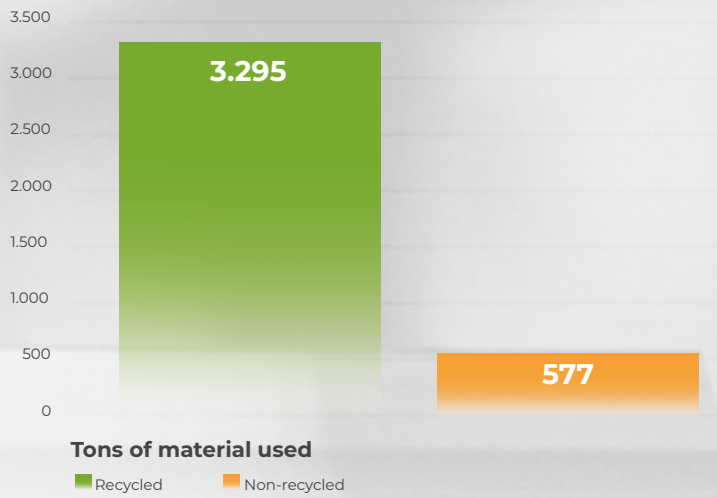
Non-renewable Renewable



Material used: comparison

Non-renewable material Renewable material

The ratio of recycled to non-recycled materials used in production in 2022 is shown below:



Total input materials used = 3,872 (including all materials and components)
 Total recovered input materials used: 3,295 (3,118 + 177)
 Percentage of recycled input materials (%): 85.10%

Total raw material consumption (tons):

Raw material type before 2022	Non-renewable	Renewable
Brass (bars / purchased products and components)	3,410	-
Stainless steel	131.57	-
Other metals	19.88	-
Elastomers	6.56	-
Plastics (other than packaging)	54.19	-
Paper (labels only)	1.8	-
Cast iron	26.53	-
Fibre for seals	0.55	-
Multi-material components	31.65	-
Ancillary packaging materials	1.44	-
Polyurethane foam (packaging)	1.24	-
Ancillary process-related materials	9.70	-
Paper and cardboard	-	177

Future inputs

As for scrap from labels, employing materials that can be recycled into paper (labels + reels) is being considered for 2024.

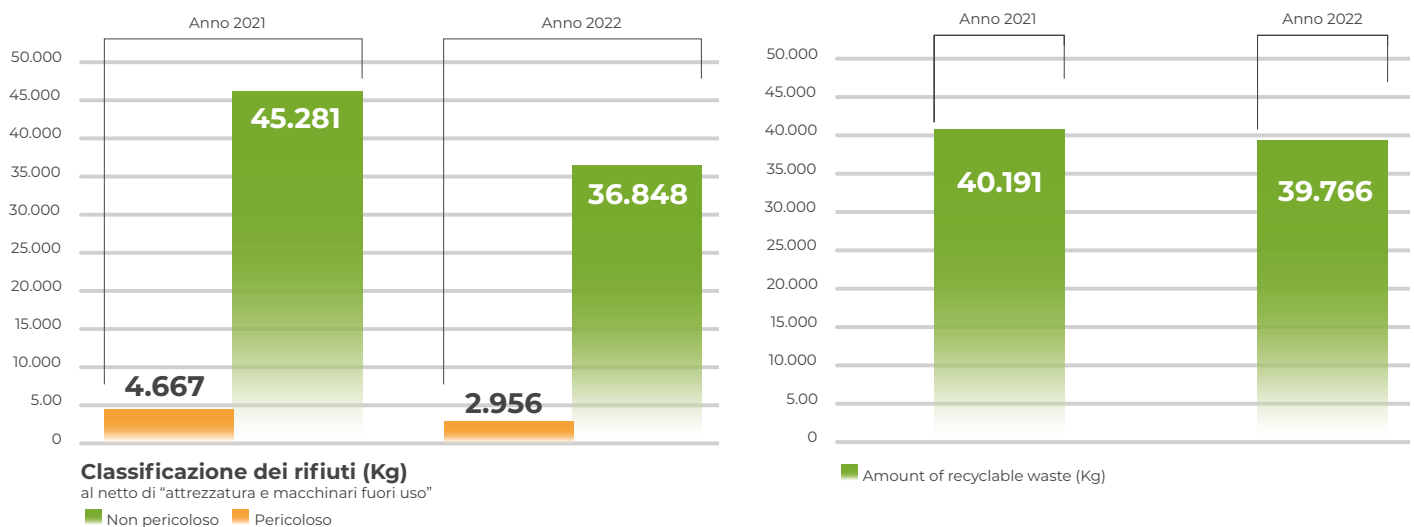
WASTE RECYCLING AND REUSE

As shown in the summary table below, the total quantity of disposed waste in 2022 decreased compared to 2021:

Type	Waste Description	EWC	M.U.	2021	2022
Non-hazardous	Iron scrap	17 04 05	KG	16,450	14,791
Non-hazardous	Metal filings and shavings	12 01 01	KG	1,790	5,789
Non-hazardous	Cast iron scrap	12 01 02	KG	1,500	0
Non-hazardous	Aluminium scrap	12 01 04	KG	1,180	0
Non-hazardous	Bronze scrap	17 04 01	KG	2,091	0
Non-hazardous	Spent print toner cartridges	16 02 16	KG	90	48
Non-hazardous	Paper and cardboard	15 01 01	KG	17,180	16,220
Non-hazardous	Septic tank sludge	20 03 04	KG	5,000	0
Hazardous	Ion exchange resins	11 01 16	KG	17	38
Hazardous	Non-chlorinated emulsions	13 01 05	KG	4,575	2,890
Hazardous	Rinse and stop-fixing solutions	09 01 05	KG	15	0
Hazardous	Monitors	16 02 13	KG	60	0
Hazardous	Absorbents and filter materials	15 02 02	KG	0	28
Total hazardous waste:				4,667	2,956
Total non-hazardous waste:				45,281	36,848

Waste mainly consists of materials from production processing, i.e., metals and cardboard packaging.

Hazardous waste decreased compared to the previous year, as shown in the following charts:



98% of 82.6t total waste produced in 2022 was treated in recovery operations.

Moreover, generated waste **decreased by 23%** compared to the previous year, excluding discarded equipment and machinery.

It should also be noted that almost all packaging is now provided with marking bearing information on material type (paper and cardboard, plastic film, bags), in order to facilitate recyclability in accordance with recent EU Directives.

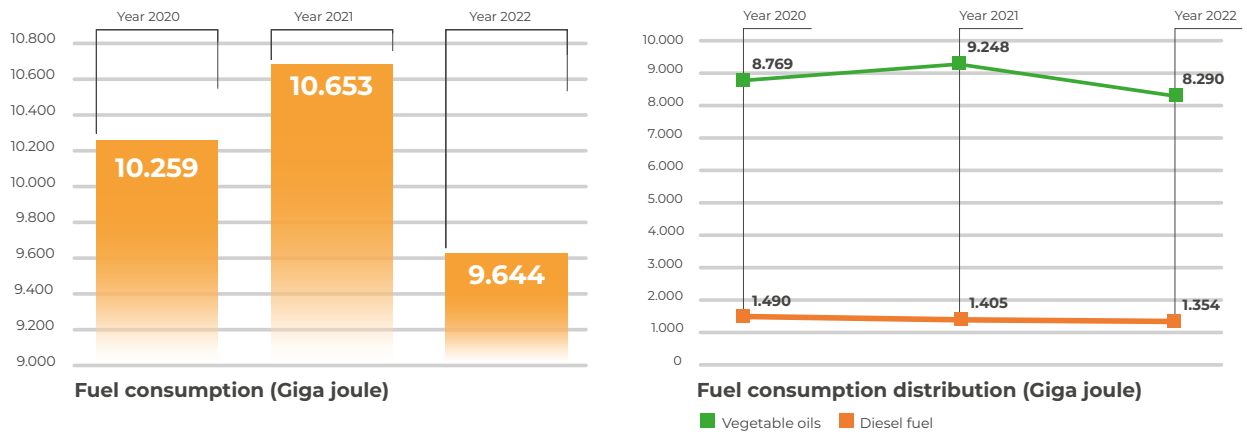
Considering the increasing global awareness on environmental issues, some customers are likely to propose initiatives to reduce the quantity of packaging materials on products.



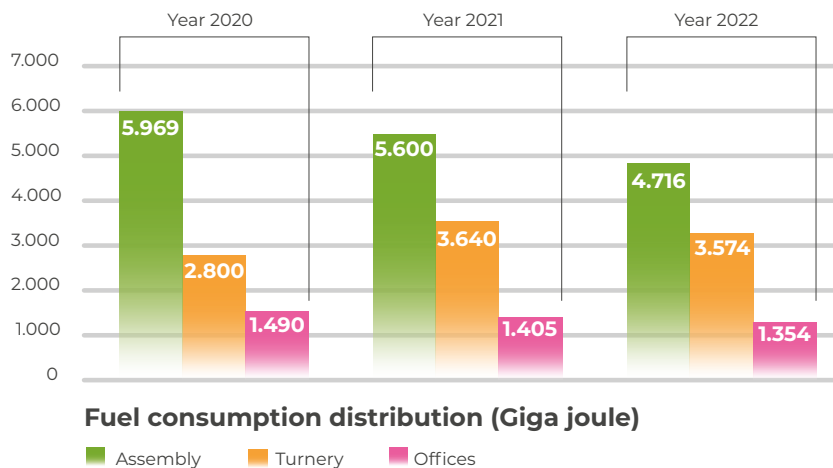
PRESERVATION OF ENERGY RESOURCES

GRI 302-1 | USING RENEWABLE ENERGY RESOURCES

2022 annual consumption of fuel from non-renewable sources was lower than in previous years. The relevant details are provided below:



The consumption shown here consists of a portion of diesel fuel (31.8 tons) for office heating purposes, whereas the remainder (225 tons) consists of vegetable oils for production area heating (97 tons for our turning section and 128 tons for the assembly department).



A significant reduction in consumption compared to previous years mainly concerned the assembly department, where changes were implemented on workplace management, such as:

- Heating on/off times
- Different heating settings in various areas

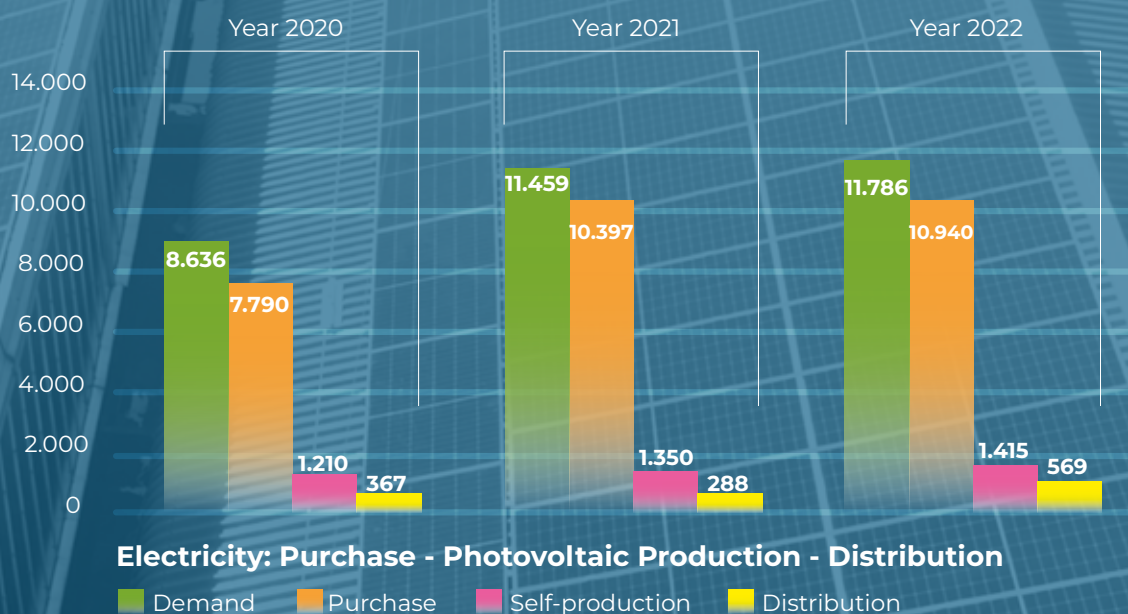
We planned the decommissioning of the current boilers and the installation of a **new natural gas district heating system**.

This investment will be highly beneficial as to energy carrier costs, system efficiency and emission-related environmental impact.

Analyzing the data on electricity consumption/purchases confirms the **steady increase in demand**. In response to this, starting in the early 2022, the company entered into a contract with San Giulio Consortium for **the supply of 100% electricity from renewable sources**, obviously involving a surcharge on energy raw material.

Thanks to the favourable weather conditions, as well as the cleaning operations we carried out, **the photovoltaic system** has produced **the highest amount of electricity in the past few years**. The self-production quantity in 2022 is almost the same as the quantity produced in 2021 (the first year in system operation).

The chart below shows the trends for company requirements, the purchase of network electricity from the grid, self-produced energy, and sale back to the grid:



The overall requirement in 2022 is not that different from 2021; the slight increase is justified by the higher number of hours worked and the larger number of manufactured items.

Considering this increase in requirements and in order to have a **lower environmental impact**, the company planned to install a **new photovoltaic system** with a rated power of approximately 600 MWh/year. The project should be completed within the next two years.

Overall, **the total energy consumption** (electricity and fuel) of F.Ili Pettinaroli S.p.A. for the calendar year 2022 was **20,246 GJ**.

The table below shows a breakdown of the above-mentioned data:

Fuel / Energy	Quantity
Consumption of fuel from non-renewable sources	9,644 GJ
Consumption of fuel from renewable sources	0
Electricity purchased for consumption	10,940 GJ
Electricity generated and not consumed	0
Electricity sold	338 GJ
(9,644+0+10,940) - 338 = TOTAL	20,246 GJ



GREENHOUSE GAS EMISSIONS

GRI 305-1-2 | GREENHOUSE GAS EMISSIONS AND RELEVANT ENVIRONMENTAL IMPACT

Over the past 3 years, Fratelli Pettinaroli S.p.A. has calculated the impacts from **Scope 1 and Scope 2** greenhouse gas emissions.

The company holds a **Single Environmental Authorisation**, stating air emission limits for CO, Nox, SOX, total dust.

The company's direct emissions (Scope 1) mainly come from **air conditioning systems**. Emissions from company cars account for about 0.5% of total greenhouse gases Scope 1.

Data calculation was based on actual consumption and requirements for each energy carrier.

The company has planned the gradual decommissioning of the existing thermal power plants.

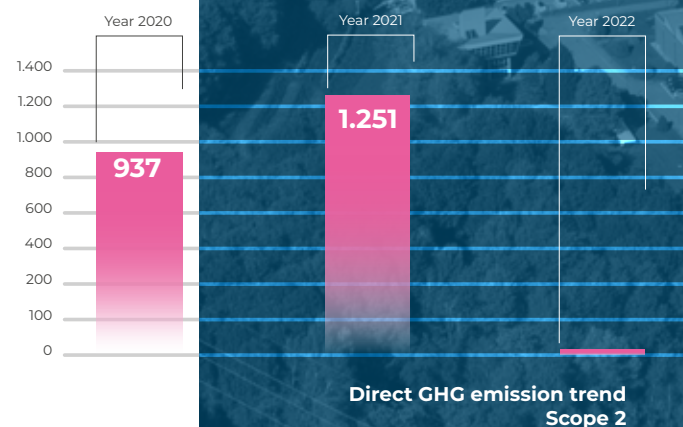
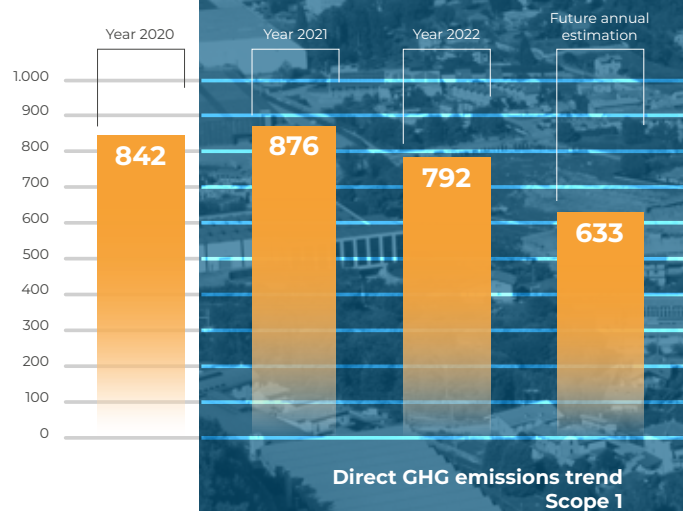
The **new system**, which is still being designed, will employ **natural gas**. This will allow for a **significant (and gradual) reduction of Scope 1 GHG emissions**. The decommissioning of the first thermal power plant, the one supplying the assembly/packaging/dispatch departments, was scheduled for the summer of 2023.

Thereafter, the refurbishment of the other thermal power plants (Engineering Dept., Administration offices, turning section) will be **completed by the first half of 2024**.

A 25% reduction in Scope 1 GHG is estimated (based on natural gas consumption estimates for the entire facility).

Starting in 2022, purchased electricity will come from renewable sources.

The remaining electricity, accounting for about **11% of the company's energy requirements**, is produced by a **photovoltaic system**.





BIODIVERSITY

REDUCING THE ENVIRONMENTAL
IMPACT OF COMPANY ACTIVITIES

GRI 304-2-3

Fratelli Pettinaroli S.p.A. has long been committed to reducing the environmental impact of its business by **promoting and implementing a responsible investment policy** to reduce carbon emissions and consumption by such means as its first photovoltaic system, installed in 2010. This will be followed by a new expansion project scheduled for completion in 2023.

With a view to reducing its environmental footprint and being an advocate of raising awareness, on 10 November 2021 Fratelli Pettinaroli S.p.A. accepted the proposal made by **Ecomuseo del Lago d'Orta e Mottarone** (the Lake Orta and Mottarone Ecomuseum authority) and joined **the Cusio Lake Contract**, a voluntary agreement between private and public sector entities public and private parties, aimed at combining skills and resources to coordinate wide-ranging initiatives for environmental protection, safeguarding water resources and enhancing the local territory.

Contract objectives focus on the following four main topics:

- reducing water pollution
- shared redevelopment of environmental systems and the territory
- the lake ecosystem
- information sharing and environmental sustainability education

The Cusio Lake Contract formulated a 132-action plan, and Fratelli Pettinaroli S.p.A. agreed to participate in any activities requested of the company.





HEALTH & SAFETY

HEALTH & SAFETY
MANAGEMENT

GRI 403-1-2-3-4-5-6-7-8-9-10

Fratelli Pettinaroli S.p.A. adopts a safety management system in accordance with the applicable Acts and Decrees. The main activities aimed at ensuring regulatory compliance and the wellbeing of all workers (whether employees or subcontractors) are as follows:

- Risk assessment
- Health surveillance
- Training
- Workplace surveillance
- Use of PPE
- Monitoring and maintenance of systems and facilities (machinery, power systems, fire-fighting equipment, escape routes)
- Monitoring regulatory compliance
- Communication

All of the above activities are performed in compliance with the applicable law and decrees in force. Our **risk assessment** involves self-managed activities performed by Fratelli Pettinaroli S.p.A., as well as more complex activities that are therefore subcontracted to qualified independent firms and advisors. As far as **health surveillance** is concerned, the Employer and the HSO cooperate with the Company Doctor in order to guarantee **suitable working conditions** to each worker. In this regard, the company gives special consideration to all restrictions and provisions concerning specific hazard exposure conditions, workstation ergonomic requirements and workplace microclimate. **The company ensures confidentiality of any personal information** shared by employees and the Company Doctor.

The following chart shows the number of health&safety training hours provided in 2020-2022 three-year period:



All workers are provided with the training required to perform their job. **Safety training** is provided by qualified and accredited trainers. The chart includes the training hours required by the Italian State-Regions Agreement, as well as the **training hours required for specific qualifications** (e.g., forklift truck operation, first aid, working at heights). The high number of training hours for the year 2020 arises from the safety refresher courses required by the State-Regions Agreement.



Fratelli Pettinaroli S.p.A. provides its employees with all the **PPE** required to safely perform their tasks, based on the findings of **the Risk Assessment**. Certain types of PPE are purchased by the company and directly provided to employees. As for footwear, employees purchase the PPE themselves and the company bears part of the cost. PPE handover records are kept in the company. Each employee monitors the proper condition of their PPE and, if necessary, requests a replacement from the Department Manager or the Administration Dept.

System and machinery maintenance operations can be performed by company personnel (toolmakers, maintenance workers, qualified or instructed operators), whereas particularly complex operations requiring special skills and tools are outsourced to specialised contractors (e.g., periodic inspections of power systems and fire prevention equipment).

Regulatory activities and updates are monitored through the information service offered by Confindustria (Italian Manufacturers' Association).

Although the Health & Safety Management System is not formally certified, the company is planning the activities required **to obtain ISO 45001 certification** (for the manufacturing facility in San Maurizio d'Opaglio).

Internal communication is an essential aspect of company operations as it allows all workers to report dangerous situations, malfunction, near misses and opportunities for improvement to the Production Managers (Supervisors), the Workers' Health&Safety Representative or the HSO. Roles and tasks are clearly stated in the company organisation chart.

Over the past few years, Fratelli Pettinaroli has conducted a **thorough assessment of all machines and equipment** used in the production process, in order to schedule their revamping or gradual replacement. **The number of accidents has been decreasing in the past two years**. In 2022, accidents decreased by 37.5% compared to 2021 (including commuting accidents). The accidents that occurred resulted from mechanical hazards. On average, each injury required no. 16 days of leave in 2021, and no.14 in 2022.

No. of accidents in 2021	No. of accidents in 2022
8	5

No workers reported occupational diseases.

As far as PPE is concerned, in 2022 the company started a project to replace the current hearing protectors (earmuffs or disposable devices) with custom-made personal protective equipment.

In order to improve the safety level during company tours, a specific **multilingual information notice was drafted for visitors**, who are provided with specific personal protective devices.



EMPLOYEE WELFARE

GRI 203-1 | COMPANY WELFARE

A BENEFIT PLAN FOR A POSITIVE, INCLUSIVE ENVIRONMENT

Corporate welfare is an increasingly important tool for Fratelli Pettinaroli S.p.A., aiming to **create a positive and inclusive work environment**, where employees can feel supported and valued.

The plan is structured along three main lines, each including a **set of specific benefits**, selected according to the needs and preferences of employees.

The corporate welfare plan is designed to be **flexible and customisable** to meet everyone's needs.

2022 - Extraordinary grants

Inflation and the rising cost of living are two economic phenomena that have significantly affected people's lives.

Fratelli Pettinaroli S.p.A. has decided to support employees by joining an **extraordinary fuel bonus scheme for a total value of €41,700**, and a **voucher scheme for a value of €38,400**.



ANNUAL PERFORMANCE BONUS

Reaching a **Tier-2 agreement** with trade unions representation allowed establishing a **performance bonus** equally paid to all direct employees and agency workers.

Company results are measured by 4 key performance indexes (KPIs):

- A - Company profitability
- B - Customer satisfaction
- C - On-Time Delivery (OTD)
- D - Efficiency and increased productivity

As a result of the improvement achieved in each of these areas, **total bonuses paid out in 2022 amounted to €251,841.85**.



WELFARE PLATFORM

Employees may access an **online portal** to make use of multiple services, which include purchasing fuel vouchers, electronic shopping vouchers, travel, holiday and leisure services, gym memberships, museum admissions, education and transport expenses, etc.



MEAL VOUCHERS

All direct employees and agency workers are included in the **meal voucher benefit scheme**.

In 2022 daily meal vouchers worth €166,560 were paid out.



GENDER EQUALITY AND DIVERSITY PROTECTION

GRI 2-7 GRI 405-1-2 | GENDER EQUALITY AND DIVERSITY

Fratelli Pettinaroli S.p.A. recognises **the importance of gender equality in the workplace** and is committed to creating an inclusive and respectful working environment where all people have **equal opportunities for personal and professional development** regardless of their gender.

Below are details about the employees at the end of the year

Breakdown	No. of Managers	No. of Executives	No. of Office workers	No. of Workers	Total
Men	2	10*	23	83	118
Women	1	0	11	43	55
Total	3	10	34	126	173

*n° 1 foreign resident

Breakdown	No. of Managers	No. of Executives	No. of Office workers	No. of Workers	Total
Permanent contract	3	10	33	116	162
Fixed-term contract	0	0	1	10	11
Other types	0	0	0	0	0
Total	3	10	34	126	173

*n° 1 foreign resident

Breakdown	No. of Managers	No. of Executives	No. of Office workers	No. of Workers	Total
Hirings in the year	0	1	2	15	18
Job relations resolved in the year	0	0	3	13	17

Breakdown	No. of Managers	No. of Executives	No. of Office workers	No. of Workers	Total
Graduates	2	4	10	1	17
Secondary school diploma	1	6	24	44	75
Compulsory education	0	0	0	81	81
Total	3	10	34	126	173

As shown in the charts, there is an imbalance in the male workforce compared to the female workforce. This is due to the type of company processing and products, requiring personnel with a technical education background, provided by secondary schools/universities that are **predominantly attended by male students**.



GENDER EQUALITY POLICY

Our Gender Equality Policy aims to:

- Make sure that the working environment is free from gender discrimination, promoting mutual respect among all employees
- Provide merit-based training and development opportunities, without any gender discrimination
- Support work-life balance for both genders
- Get rid of all forms of gender-based pay inequality

GENDER EQUALITY INITIATIVES

Some of the initiatives that Fratelli Pettinaroli S.p.A. wants to introduce to promote Gender Equality include:

- Mentoring and coaching programmes to promote the professional advancement of women within the company
- Planning training sessions on gender equality issues in order to raise awareness among all employees
- Implementing work-family balance policies to help both men and women balance their family and professional responsibilities effectively

DISCRIMINATION INCIDENTS

No discrimination incidents were recorded in 2022.



STAFF MANAGEMENT

HUMAN RESOURCES
GRI 404-1-3

DESCRIPTION OF PERSONNEL RESEARCH AND SELECTION

Fratelli Pettinaroli S.p.A. has guidelines in place that provide a complete framework to develop **recruitment procedure** activities, in order to ensure a **transparent and consistent process in hiring** new personnel for the company.

Personnel search and selection is a critical step in the recruitment process.

Identifying proper HR requirements depends on the requests from various departments and corporate functions, and is also based on an assessment of needs arising from new orders, temporary staff replacements or mandatory employment.

After establishing HR needs, action is taken to identify ideal candidates.

We cooperate with **employment agencies**, providing them with detailed descriptions of the positions needed, or draw from the company CV database, accessible via the company drive.

hr@pettinaroli.com is the e-mail address specifically created for job candidates to submit their applications, with a view to promoting the submission of resumes.

Employment agencies carry out extensive search and select the most suitable profiles, then **forward resumes for further evaluation**.

After that appointments are made with candidates who exhibit suitable potential for the available job vacancies.

This search and selection step applies to several occurrences, including:

- Temporary staff replacement, to promptly manage any absences or holidays of permanent staff
- A temporary increase in productivity to cope with new orders or special projects
- The replacement of retiring employees, to ensure operational continuity
- Mandatory hirings to fulfil legal quotas on the employment of individuals with disabilities to be included in the workforce

INTERVIEWS

A. Production staff interviews:

An interview with prospective production staff is essential **to assess the eligibility and skills** of a candidate.

During their interview, **candidates are asked to present their previous work history**, providing details on their accrued experience and acquired skills.

It is also useful to get information on their educational background, any qualifications or certificates (such as a forklift licence or a first-aid course certificate), and check for any allergies or intolerance to substances found in the workplace.

At the same time, candidates are provided with greater insight into company operations, by explaining its mission, values and career opportunities.

Clear explanations are provided on vacancies, the type of job contract being offered and the expected contract deadlines. **Production staff interviews take 20 to 30 minutes on average.**

At the end of the interview, candidates are not immediately given confirmation. Afterwards, a **contract proposal** is drawn up and submitted to the employment agency.

B. Technical or professional profile interviews:

Interviews for technical or professional job profiles take 30 to 45 minutes on average.

During their interview, **candidates have the opportunity to describe their career history**, main work experience and specific skills in relation to the position being sought.

Interviews are helpful to try and **assess the candidates' technical expertise level**, their knowledge of the tools and typical work methods and procedures in the position applied for, as well

as their ability to work in a team and handle any stressful situations.

In some cases, **practical or theory tests may be required** to assess a candidate's technical skills.

Typically, these interviews involve two subsequent steps – the former is conducted by the HR manager and the latter with other managers or prospective colleagues of the candidate being interviewed.

JOB OFFERS

Upon completion of the selection process, **successful candidates will receive a formal job offer.**

Offer contains detailed information on the **contractual terms and conditions**, position level and proposed salary.

In the event that a candidate accepts the offer, **the hiring process includes the conclusion**

of an employment contract that will govern the employment relationship between the company and the employee, establishing duties, responsibilities, working hours and financial terms.

Fratelli Pettinaroli S.p.A. applies the National Collective Labour Agreement of the relevant category, signed by trade unions, to all its employees.



TRAINING POLICY

The company Fratelli Pettinaroli S.p.A. recognises the importance of training as a key tool for the professional and personal development of its employees. Investing in training is the cornerstone of the company's success and growth.

The following training policies outline our commitment to providing growth and learning opportunities for all team members:

IDENTIFYING TRAINING REQUIREMENTS

We will conduct **periodical employee skills assessments** to identify areas for improvement and training needs. This assessment **will enable us to develop targeted training programmes**, tailored to the specific needs of each Department or company function.

COURSE AND WORKSHOP PROGRAMMES

We will cooperate with certified training bodies and industry professionals **to organise courses, workshops and seminars based on the required skills and challenges of the engineering sector**. Employees will have the opportunity to participate in technical refresher courses, and courses on soft skill development, occupational safety and much more.

PROFESSIONAL DEVELOPMENT PROGRAMMES PROFESSIONALE

Professional development programmes will be promoted for all those who wish to improve their position within the company. Our aim is to encourage employee talent and foster the growth of managerial skills, through **structured training programmes and mentoring opportunities**.

ON-THE-JOB TRAINING

The value of field-based learning is recognised and on-the-job training is encouraged. Furthermore, **mentoring procedures** will be established to facilitate the transfer of skills from more experienced to less experienced employees, thus promoting knowledge sharing within the team.

WORKPLACE HEALTH&SAFETY TRAINING

Employee safety is of paramount importance. **Workplace health&safety training courses** are held regularly, in accordance with the current regulations, in order to ensure a safe working environment and protect the health of all employees.

SUSTAINABILITY AND INNOVATION TRAINING

The importance of **environmental sustainability** and innovation in the engineering sector is recognised. Therefore, training courses will be organised to raise employee awareness on these issues and promote the adoption of sustainable and innovative business practices in our company.

FINANCIAL SUPPORT TO TRAINING

In order to support the continuous development of our employees, Fratelli Pettinaroli S.p.A. will provide **financial support for attendance to external training courses which are relevant to their corporate roles**. We wish to ensure that training is accessible to all those who intend to invest in their own professional development.

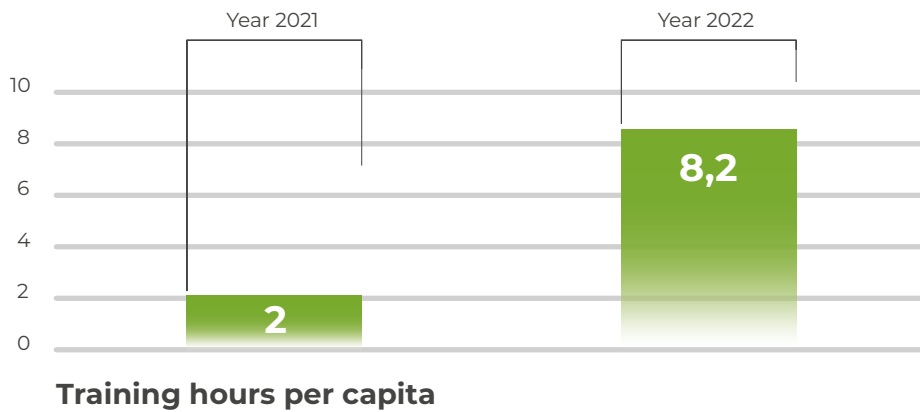
ACADEMY TRAINING

Fratelli Pettinaroli S.p.A. is one of the founders of the **Academy Foundation**, as the company is aware of the undelayable need to provide targeted training for employees and promote professionalism in the local area. **The foundation's mission is to provide advanced training** both for the local industrial cluster in the tap and valve sector, and for local companies using cutting-edge manufacturing solutions, such as robotic systems. Its activities focus on three main topics: training and professional qualification, tech transfer and open innovation, and local industry monitoring, establishing relationships between higher and secondary education, and businesses. **The Foundation promotes technical and professional corporate culture and shares system know-how**, recognising the importance of the humanities within the scope of economic, industrial, environmental and global challenges. **The Academy is a training agency accredited by the Piedmont Region** and focuses on training to the benefit of local development, rather than just doing business. **The Foundation's vision is based on merging manual and intellectual work in a "digital factory"**, where work becomes a "performative speech act" through three languages: man/man, man/machine and machine/machine. Within the scope of the training project, Industry 4.0 corporate reorganisation is human-centred and thus enhances individual talent and skills. New knowledge and learning are seen as development and growth leverage for companies in the local tap/valve industrial cluster and the 4.0-oriented industry in the region.

Fratelli Pettinaroli S.p.A.'s training policies are proof of the company's commitment **to investing in human resources**, improving employee skills and maintaining a leading position in the engineering sector. We believe that well-trained, driven workforce is a key factor in achieving long-term success and excellence. All

employees are encouraged to take advantage of the training opportunities they are offered and **actively participate in professional development**. Our aim is to create a continuous learning environment where each individual can fulfil their potential and contribute to the progress of the company.

The following chart shows the training hours per capita over a two-year period, 2021/2022:



CAREER AND GROWTH OPPORTUNITIES

There are numerous opportunities for career and growth within a company. These opportunities usually arise in two main cases:

NEW POSITIONS

The company is constantly evolving, seeking new opportunities and challenges in various sectors and projects. This business expansion can lead to the creation of new positions requiring specific skills and abilities.

REPLACEMENT OF CURRENT POSITIONS

Occasionally, some members of our team may decide to take new paths outside the company for various reasons – retirement, a transfer or a career change. In these cases, positions become vacant and need to be filled

To ensure proper selection, an assessment is made to evaluate the skills and features required for each position. It is carefully assessed whether there are internal resources that could fill that position. An **employee skills assessment** is made to check whether there are employees who match the specific job profile or might attain such a profile with appropriate training.

If no suitable resources for the job are found within the workforce, an external search is undertaken to identify potential candidates. **The HR Department conducts targeted search and interviews**, involving qualified recruitment agencies, if necessary, in order to identify the most suitable candidate who embodies the company's core values and objectives.



SUPPORT TO COMMUNITY AND TERRITORY

GRI 413-1-2 | SOCIAL COMMITMENT

A CONSTANT CONTRIBUTION TO THE COMMON GOOD

Territorial Social Responsibility, which is also the product of the previous generation's commitment, is a value that has always characterised Fratelli Pettinaroli S.p.A. and which the Company implements by promoting and participating in various activities performed in the local and the Novara area, aiming at:

- Supporting situations of hardship
- Contributing to territorial development and well-being
- Promoting social inclusion and the build-up of shared values

This concept is implemented through the personal commitment and cooperation of shareholders and Directors as part of **associations and institutional activities** and is backed up by financial support to non-profit associations, through **sponsorships and donations**, and by support to local authorities and charities.

On 22 March 2022, on the occasion of World Water Day, Fratelli Pettinaroli S.p.A. **donated reusable water bottles to all primary and secondary school students**, under the patronage of the Municipality of San Maurizio d'Opaglio, in order to reduce the use of plastic bottles.

For several years, **Fratelli Pettinaroli S.p.A. has also supported youth activities** through sponsorship of the local football club and has made a decisive contribution to the renovation of the Parish Oratory premises.



2022 Highlights

€ 36.250

Charitable donations to:

- Public bodies
- Ecclesiastical bodies
- Social activities for economic support and social inclusion

11.832 €

Sponsorships and financial donations to:

- Associations
- Local bodies



LAURA FORTIS PETTINAROLI

President of the RSA Institute for Climatic Care BAUER for more than ten years. The residential facility is an important presence in the area, welcoming about sixty elderly and non-self-sufficient guests, to whom they sell guaranteed interventions designed to improve their autonomy and promote their well-being with professionalism and expertise.

In the year 2022, some shareholders, members of the Pettinaroli family, personally committed to activities in the following local institutions, representing Fratelli Pettinaroli S.p.A:



MARIA PIA PETTINAROLI

Board member of the Novara Community Foundation, for several years she has been advocating for the area's necessities in order to obtain approval for projects in the social, cultural and environmental fields. Fratelli Pettinaroli, every year, selects and supports part of such initiatives. Managing Director of the Ruaris Consortium, in charge of promoting and coordinating joint research and development activities in the faucet and valve industry.



LUCA PETTINAROLI

He holds the position of Coordinator in the Marketing Commission of the Italian Valve and Tap Manufacturers' Association of (AVR), an ANIMA Federation member, dealing with the dissemination and publicising of its activities in Italian and European expert panels. His activities are aimed at securing the participation of new members to represent the sector effectively on new global standards and product regulations, and providing free-of-charge or reduced-price advisory and training services.



GIULIO PETTINAROLI

Chairperson of the Museum of Taps, he has long been committed to representing this sector and making the Museum efficient and constantly technologically updated, so that visitors, schoolchildren and new generations could appreciate the background of this activity that has brought wealth to the area and publicised it all over the world.



MARCO PETTINAROLI

Director of the Academy Foundation in Borgomanero, a training agency accredited by the Piedmont Region and founded by Fratelli Pettinaroli S.p.A., among others. The Foundation promotes technical and professional corporate culture and shares system know-how, recognising the importance of the humanities within the scope of economic, industrial, environmental and global challenges. Its mission is to provide advanced training both for the local industrial cluster in the tap and valve sector, and for local companies using cutting-edge manufacturing solutions, such as robotic systems. Activities focus on three main topics: training and professional qualification, tech transfer and open innovation, and local industry monitoring, establishing relationships between higher and secondary education, and businesses.

CUSTOMER SATISFACTION

CUSTOMER
 SATISFACTION SURVEY

GRI 416-1-2

CUSTOMER SATISFACTION KPIS

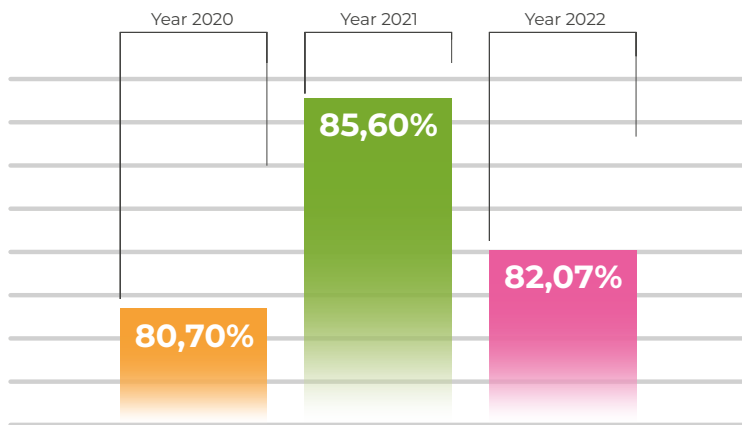
Customer satisfaction is of paramount importance to our Mission – Fratelli Pettinaroli S.p.A. is committed to providing its customers with **the best solutions** for system engineering applications, in order to make buildings more reliable, efficient and sustainable, thus improving people’s lives.

Customer satisfaction is measured and monitored annually, by sending online questionnaires based on the following KPIS:

Macro Topics	Individual Topics
Service	Competency and professionalism of staff, agents and distributors
	Packaging quality of our products
	Delivery schedule adherence
Business aspects	Quality and completeness of our catalogues
	Timeliness in response to queries
	Flexibility in changes to orders and deliveries
Technical aspects	General quality of information provided by our Engineering Dept.
	Clear and thorough installation instructions and product data sheets
	Flexibility in the development of new products
	Professionalism of the engineering staff involved
Quality	Quality of materials used and product finishing
	Easy product installation
	Compliance with requirements and technical specifications

Each **macro-indicator** is in turn divided into specific questions, which **customers are requested to score from 1 (poor) to 4 (excellent)**. The score given to each topic in the questionnaire is then processed and expressed as a percentile.

The chart below shows CSAT % score for the past three-year period, 2020 to 2022:



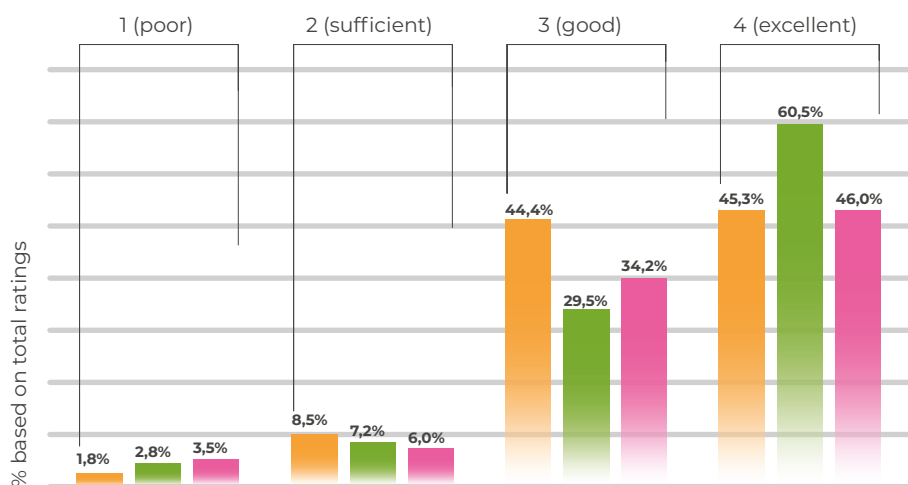
Customer satisfaction (global score)

As shown in the above chart, the overall score for 2022 decreased compared to 2021. The most critical issue concerns **the delivery time parameter**. This issue is not related to specific product categories or markets. The most negative ratings were given by both Italian and foreign customers who purchase several types of products.

An unexpected increase in orders occasionally resulted in unmet delivery dates, which increased the negative score on this parameter.

The production flow adjustment to new demands, planned in 2023, should **lead to an improvement** of this KPI.

The chart below shows CSAT % score for the past three-year period, 2020 to 2022:



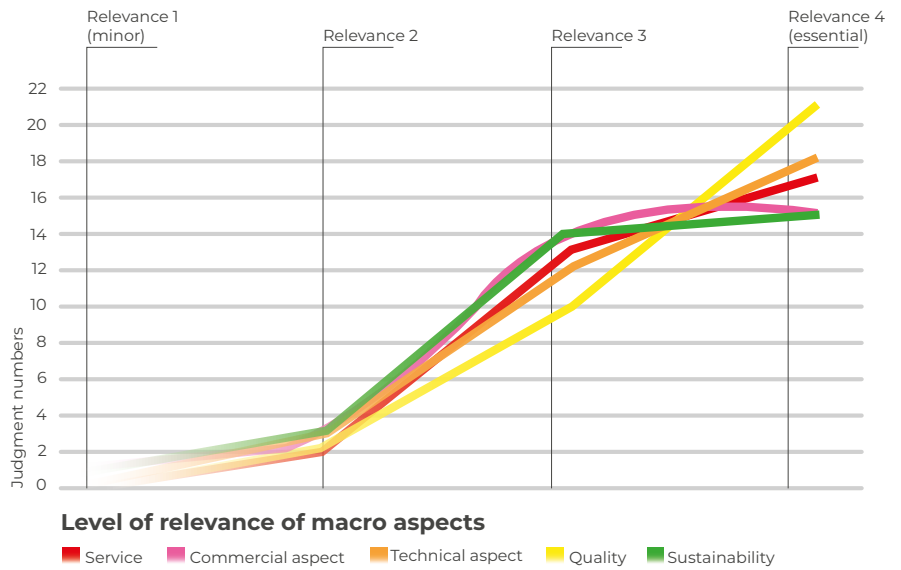
Distribution of customer ratings

Year 2020 Year 2021 Year 2022



Customers were also asked to grade each of the 4 macro topics being assessed, according to their relevance.

The following graph arises from counting customer ratings for each macro topic:



The majority of customers were most affected by quality, technical and service issues, in this order.

A sustainability parameter was also included for the first time, in order to carry out an initial survey of customer awareness on this issue.

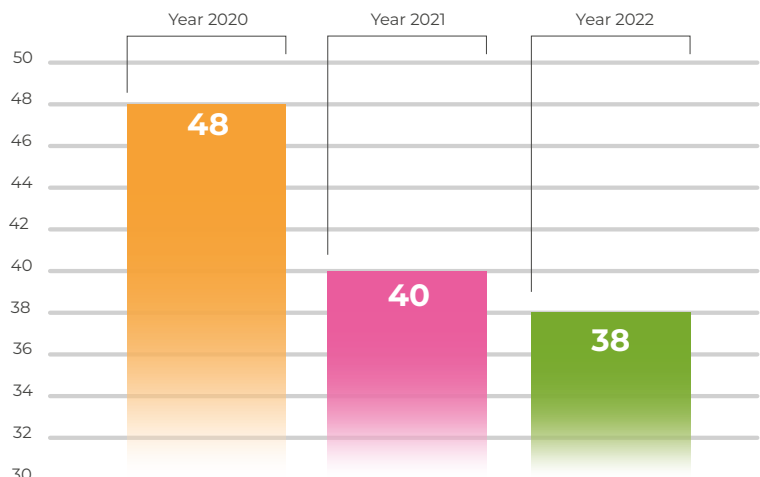
2022 CUSTOMER COMPLAINTS

No. 38 customer complaints were recorded in 2022.

This figure includes complaints that we were not able to investigate as customers did not return the defective product, and the ones where no product faults were found.

Considering the past three-year period, **customer complaints show a slight downward trend.**

However, it should be pointed out that since there is no direct connection between the production period and the complaint recording date, the following figures are not indicative of the product quality level in the period under review:



Customer complaints

Each complaint was assessed by the lab/QC Department with the aim of providing customers with a technical report and pinpointing possible liabilities for damage and performance issues.

Upon completion of the assessment it was found that only no. 5 complaints out of 38, i.e., 12.2%, were actually due to Fratelli Pettinaroli S.p.A.'s responsibility.

GRI 416-2 | NON-CONFORMITY EVENTS

NON-CONFORMITY EVENTS ON HEALTH AND PRODUCT AND SERVICE SAFETY IMPACTS

With reference to health&safety impact standards, no non-conformity events were reported concerning products supplied by Fratelli Pettinaroli S.p.A. in 2022.



TRANSITION PLAN

The following list includes **the goals identified as part of the transition plan and covering the next three years**.
The objectives are divided into:

G - Governance

E - Environment

S - Social

G/E/S	Description	Implementation year
G/E/S	Sending a sustainability questionnaire to suppliers	2023
G/E/S	Sending a sustainability questionnaire to customers	2023-2024
G/E/S	Raising personnel awareness on sustainability	2024-2025
G/E/S	Redefining new supplier qualification parameters	2023-2024
S/A	Group Identity + Environment Event	2025
G	Increasing EcoVadis score	2024-2025
G	Whistleblowing – Implementation of DL 24/2023	2023
E	Support of Lake contract projects	2024-2025
E	District heating	2023-2024
E	Improving packaging material recyclability	2024
E	Advanced accounting and consumption reduction systems	2024
E	Research on changing the ball valve lever liner for easier disposal	2024-2025
S	Completion of photovoltaic plant expansion	2023-2024
S	Employee Climate Survey	2023
S	Personnel tutoring and mentoring	2024-2025
S	Job rotation plans	2024-2025
S	Gap analysis on Directive EU/970 and reduction of gender gap	2025
S	Code of conduct	2023
S	Support to start a postsecondary course in Academy Foundation	2023
S	Starting a car-sharing platform	2024
S	Measuring KPIs	2023
S	Considering the creation of leisure areas	2024-2025
S	Celebrating the 85th company anniversary	2023
S	Definition of the annual support for the territory	2024-2025

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DECLARATION OF USE AND NOTIFICATION TO GRI

Fratelli Pettinaroli S.p.A. has reported the information mentioned in this GRI content index for the period **January 01, 2022 - December 31, 2022** with reference to GRI Standards.

The company has used **GRI 1 - Fundamental Principles - version 2021** as a reference.

The organization notified GRI of its use of the GRI Standards and the declaration of use by sending an e-mail to: reportregistration@globalreporting.org.

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