

# SUSTAINABILITY REPORT

## 2024



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With these financial statements, Valvitalia intends to provide a representation of its business conduct, business model and strategic orientation, with the aim of offering a complete vision of the path taken by the company in terms of sustainability.

In line with this commitment, an approach based on double materiality analysis was adopted in 2023. This made it possible to identify and explore the links between ESG issues and company performance. This process enabled an integrated assessment of both financial risks and opportunities. In addition, it assessed the impacts that Valvitalia's activities may have from an environmental and social perspective.

The financial statements are prepared in accordance with the European Sustainability Reporting Standards (ESRs), which also complies with the structural framework of the document. It is noted, in accordance with the requirements set out in these standards, that there may be overlaps or repetitions of information.

The 2024 Sustainability Report represents a significant milestone in the path of evolution undertaken by Valvitalia towards a management model based on responsibility, transparency, and long-term value creation. In a rapidly changing regulatory environment - characterised by growing expectations from stakeholders, institutions, and the market - the company renews its commitment to highlighting the environmental, social, and governance dimensions that both influence and are influenced by its activities.

The document serves as a concrete expression of a strategy aimed at integrating sustainability within the organisational structure and business processes. This is not only from a compliance perspective but also as a conscious and structural choice. For the current year, the reporting scope has been voluntarily limited to the Group's Italian locations: this approach represents a gradual strategy focused on consolidating tools, processes, and skills, with a view to extending reporting to a consolidated level in 2025.

The double materiality analysis conducted in 2023 represented a fundamental phase in identifying topics relevant in terms of impacts and risks. Although it was not structurally revised in 2024, the analysis underwent a detailed review and some methodological adjustments to improve its alignment with European standards.

At the same time, Valvitalia began a process of strengthening sustainability governance by establishing a dedicated division and involving various company departments across the board. The 2024 Sustainability Report therefore has a dual significance: on one hand, it serves as a technical reporting tool in compliance with regulations; on the other, it provides an opportunity to share the meaning of an evolutionary process that regards sustainability as a key element of competitiveness, innovation, and value creation for the system as a whole.

## Drafting criteria

### BP-1 - General basis for preparation of sustainability statements

During 2024, Valvitalia performed a review of the reporting scope, focusing on only its Italian locations. This was done with the aim of consolidating and improving the monitoring of activities at the national level. This report therefore concerns exclusively the Italian scope and reflects the sustainability performance only of the operations and activities conducted in Italy.

The subsidiaries (table 1) were excluded from the scope of the sustainability report for the current year. In order to ensure compliance with the provisions of the CSRD, the scope of the investigation will be expanded in the next reporting period. The decision to focus initially on the Italian plants is a result of their greater accessibility in terms of data and processes, as well as the necessity to structure work activities and methodologies in a systematic and progressive manner. This choice has allowed Valvitalia to establish a solid foundation for its sustainability journey, creating models and procedures that will be extended to subsidiaries in future reports. The company's goal is to gradually implement consolidated global reporting, capable of accurately reflecting all activities and impacts at its locations, both national and international.

COMPANY	% OWNERSHIP	COUNTRY
Valvitalia (Suzhou) Valves Co. Ltd	100.00%	China
Valvitalia USA Inc.	100.00%	USA
Valvitalia Algerie Eurl	100.00%	Algeria
Broady Flow Control Ltd	100.00%	UK
Valvitalia Canada Ltd	100.00%	Canada
JV Elco Valvitalia TGT GV	50.00%	Israel
OOO Eusebi Impianti Russia	100.00%	Russia
TOO JV Eusebi Impianti Kazakhstan	75.00%	Kazakhstan
Sosaval	40.00%	Algeria
Permanent establishment in Bratislava	100.00%	Slovak Republic
Permanent establishment in Abu Dhabi	100.00%	EAU
Permanent establishment in Algeria VSD	100.00%	Algeria
Permanent establishment in Algeria FFD	100.00%	Algeria
Permanent establishment in Riyadh	100.00%	Saudi Arabia
Tianjin Ei Fire Fighting Equipment Co. Ltd.	6.00%	China



Valvitalia has already initiated a structured process to extend sustainability reporting to the consolidated scope, which includes foreign offices as well. This process will make it possible to obtain a more complete and integrated view of environmental, social, and governance (ESG) impacts along the entire value chain and across the various markets in which the Group operates.

This report therefore provides information regarding all five plants in Italy - Rivanazano Terme (PV), Brendola (VI), Castel San Giovanni (PC), Arena Po (PV), and Ancona (AN) - as well as additional offices such as Sesto San Giovanni (MI), Busto Arsizio (VA), and Montegrotto Terme (PD).

In preparing this report, Valvitalia did not consider it necessary to make use of the option to omit relevant information relating to intellectual property, know-how, or innovation results, thus ensuring maximum transparency and completeness of the information provided.

## BP-2 - Disclosure in relation to specific circumstances

### *Time horizons*

The time horizons adopted by Valvitalia are fully aligned with the relevant regulatory guidelines and are defined as follows:

**Short term:**  
1-2 years

**Medium term:**  
2-5 years

**Long term:**  
more than 5 years

### *Value chain estimation*

Regarding Scope 3 greenhouse gas emissions, Valvitalia acknowledges the possibility of estimation uncertainties due to the indirect nature of the calculation method, which in some cases relies on estimated data and statistical models.

The main sources of uncertainty arise from:

- The use of partial data considered representative in the absence of complete data.
  - Geographic and technical statistical averages extracted from recognised databases, such as Ecoinvent, used for calculating the carbon footprint of products.
- When site-specific emission factors are not available, literature data are used.

The average data used to calculate Scope 1, 2, and 3 emissions are based on authoritative and widely recognised international sector sources. In particular, Valvitalia uses data from the following:

- Ecoinvent – reference database for environmental and life cycle data;

- ISPRA – Italian Institute for Environmental Protection and Research;
- AIB – Association of Issuing Bodies, for data related to renewable energy sources;
- DEFRA – UK Department for Environment, Food & Rural Affairs.

Valvitalia is committed to achieving the highest level of accuracy by using the most advanced research methodologies available. For this reason, a data hierarchy has been implemented: whenever available, primary data along the upstream and downstream value chain must be used as a priority. In their absence, product-specific average data for carbon footprint are used, followed by sectoral input/output data.

At present, only a limited number of suppliers and partners are able to provide detailed primary data on greenhouse gas emissions. To improve calculation accuracy, Valvitalia is increasingly involving the involvement of a growing number of stakeholders along the value chain. This strategy aims to obtain more primary data that are more detailed and reliable. This will enhance the overall quality of sustainability reporting and the accuracy of Scope 3 emissions estimates.

### *Changes in preparation or presentation of sustainability information*

With the 2024 reporting update, Valvitalia has embarked on a path of strengthening and greater alignment with the European Sustainability Reporting Standards (ESRS) compared to the 2023 report. This update reflects the company's intention to respond more rigorously to regulatory requirements, both in terms of data completeness and quality and in the structure of reporting.

As a first step linked to the update of the previously mentioned materiality analysis, a critical review of the analysis conducted in 2023 was initiated, even though there was no formal update of the process compared to the previous year. With a view to the continuous improvement of the reporting process, although a complete update of the analysis was not conducted in 2024, a number of changes were made in order to ensure greater adherence to ESRS standards. There was a separation of the topic of "emissions and climate change" from the topic of pollution, which had been included within this category in 2023.

In the new structure, impacts relating to pollution have been assigned to a specific and independent topic, namely "pollution", to improve readability and alignment with European standards.





### *Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements*

In addition to the information required in accordance with the ESRS, no further information derived from sustainability regulations or generally recognised standards has been included in the sustainability statement.



Arena Po



Castel San Giovanni

## GOVERNANCE

Sustainability is a central element of corporate strategy. Valvitalia recognises that integrating sustainability principles into operational activities and decision-making processes is a key factor in ensuring responsible and lasting growth. The sustainability vision is based on the company's commitment to creating value for all stakeholders, balancing economic objectives with respect for the environment, people's well-being, and transparent and ethical governance.



### GOV-1 - Role of administrative, management and supervisory bodies

#### *Governance and Corporate Structure*

Valvitalia has an ownership structure composed of 75% by CDPE Investimenti S.p.A., a company indirectly controlled by Cassa Depositi e Prestiti S.p.A., while the remaining 25% is held by Finvalv s.r.l., which is linked to the Ruggeri family. The management of each Business Unit/Division is entrusted to a General Manager who reports directly to the CEO (Andrea Forzi), ensuring efficient operational management aligned with corporate objectives. Supporting activities across all Business Units/Divisions, the Corporate structure handles strategic topics such as Finance, Sales and Contracting, Innovation & Digitalisation, Business Excellence, and Sustainability, fostering synergies and consistency among the various businesses.





Valvitalia's corporate governance is based on a structured system that clearly distinguishes between operational and control responsibilities. The main body is the Board of Directors (CdA), composed of seven members, two of whom are executive members and five are non-executive members. Board members are appointed by the shareholders, as are the Statutory Auditors.

The two executive members are directly involved in operational management and play a significant role in developing and implementing the company strategy, whereas the five non-executive members provide important oversight and ensure a balanced decision-making process thanks to their independence and ability to offer a strategic perspective. The integration of industry knowledge and management skills enables the board to tackle business challenges with a diversified and comprehensive approach.

The current Board of Directors consists of:

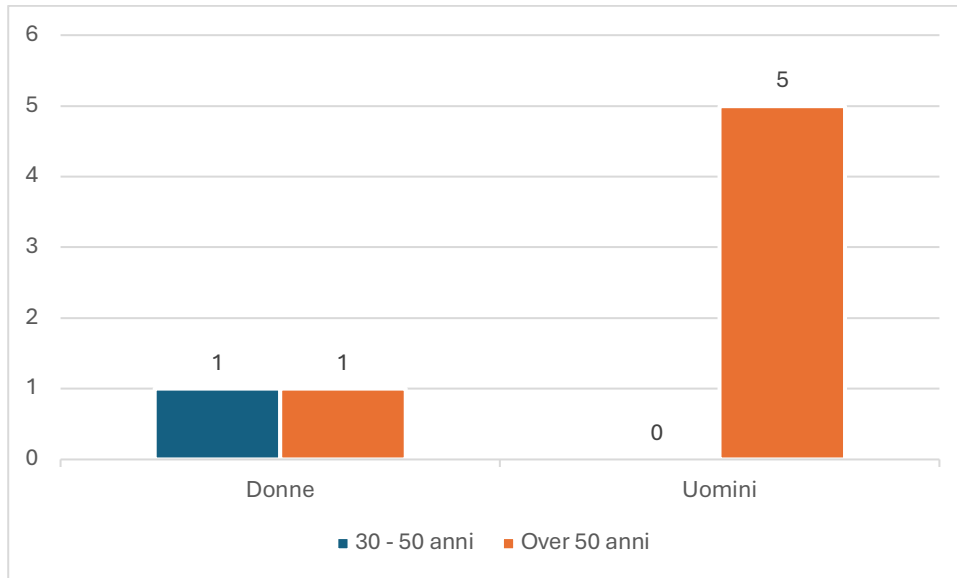
- **Andrea Forzi** (CEO)
- **Salvatore Ruggeri** (President)
- **Massimiliano Ruggeri** (Executive Vice President)
- **Andrea Alghisi**
- **Paolo Rinaldi**
- **Manuela Carra**
- **Angela Colmellere**

The CEO and President have in-depth industry and product knowledge, providing operational and strategic guidance based on direct experience in the company's core business. The Executive Vice President contributes a wealth of experience in the target market and in-depth knowledge of company and product dynamics.

The other members of the Board of Directors, while not having direct experience in Valvitalia's core business, bring high-level expertise in the company's financial, economic, and structural management. The combination of specific technical knowledge and managerial skills strengthens the Board's decision-making ability, enhancing the overall effectiveness of governance.



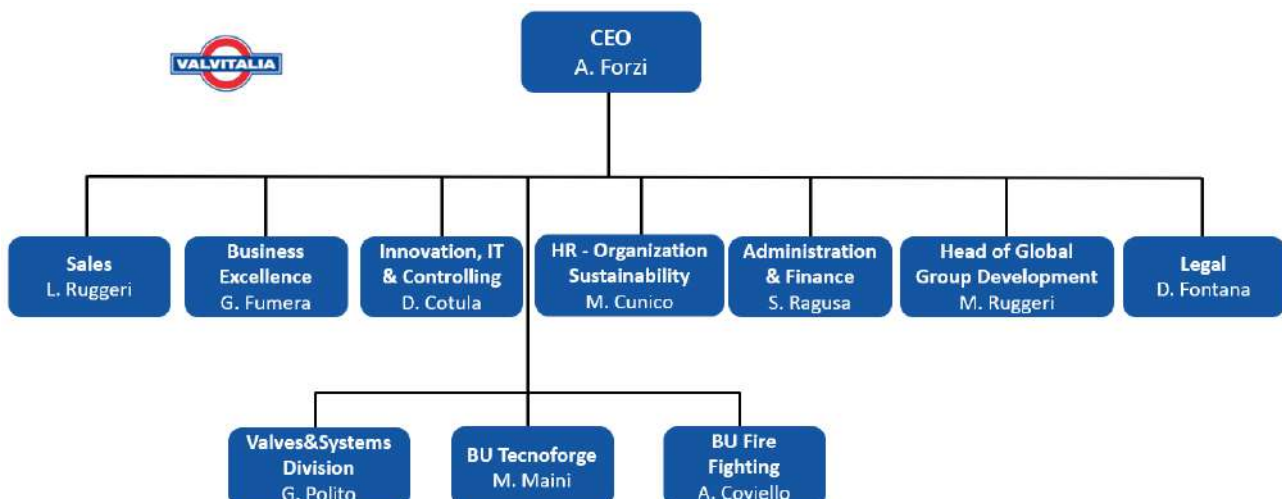
The Board of Directors' age composition is as follows:



Although there are no employee representatives on the Board of Directors, Valvitalia maintains an open and constant dialogue with employees through other forms of involvement (reported specifically in the chapter on its own workforce - ESR51) and communication, with the aim of ensuring a participatory and transparent working environment.

Valvitalia's Supervisory Board (SB), governed by the 231 Organisational Model, plays a key role in the corporate governance system. This guarantees independent and autonomous control over the company's operations. This body reports directly to the Board of Directors, ensuring transparency in its activities. In the event of urgent issues or violations of Model 231, identified through monitoring activities or reported by internal staff, the OdV promptly informs the Board of Directors and the Board of Statutory Auditors, allowing for rapid intervention to address any irregularities or non-compliant behaviours.

Below is Valvitalia's organisational structure, highlighting the first line of management:







## Sustainability Governance

Valvitalia has undertaken a structured path to strengthen its commitment to sustainability, increasingly integrating these topics into its corporate governance. A key step was the creation, in 2024, of the sustainability function - a strategic role dedicated to managing and monitoring the company's sustainability performance.

Following an internal organisational review, since December 2024, the sustainability function reports directly to the Head of Human Resources. This change reflects Valvitalia's intention to integrate sustainability into human capital development strategies and business processes, highlighting the cross-functional nature of the role and recognising the connection between sustainability, corporate culture, and overall performance.

The sustainability function was established with the aim of:



Although it is still a young function, created in a context of major regulatory and market changes, Valvitalia attaches great importance to sustainability. In 2025, the company plans to develop and launch a comprehensive improvement plan that will set clear goals, including emission reduction targets, and intermediate steps to guide the company's transition toward a more responsible business model. This plan will be developed considering sector-specific factors and the stakeholders involved, with a particular focus on impact measurement and the definition of clear, measurable performance indicators.

At this early stage, the monitoring and management of environmental, social and economic impacts is not yet fully structured. However, Valvitalia has already planned a number of initiatives to strengthen the role of the sustainability function within the organisation. In particular, during 2025, the following are planned:

- Internal training activities to increase staff awareness and engagement on sustainability issues.
- Publication and external sponsorship of initiatives and achievements, with the aim of strengthening the dialogue with stakeholders.

- Revision of the materiality analysis, expanding the study to Valvitalia's foreign sites and dedicating further efforts to accurately defining the value chains related to the company's activities.

## **GOV 2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies**

The presence of a manager responsible for sustainability—Massimo Cunico, Chief HR & Sustainability Officer—on the Management Committee ensures direct reporting on ESG topics, facilitating the sharing of objectives, initiatives, and results related to sustainability. This key role enables the dissemination of a sustainability culture not only at the corporate level but also within individual Business Units/Divisions and all company departments, promoting a coordinated and aligned approach.

In addition to HR management and the sustainability division, which play a central role in monitoring and promoting sustainability strategies, the direct contribution of other company functions is fundamental for effective and integrated ESG management. In particular, the Finance and HSE (Health, Safety, and Environment) departments are actively involved in impact assessment and in defining targeted strategies for economic, environmental, and social areas. This synergy makes it possible to address sustainability challenges with a cross-functional approach, integrating the specific expertise of each area to identify and implement effective solutions.



A concrete example of this integrated approach is the sustainability reporting process, during which the various company departments actively contributed to the double materiality analysis, identifying the most relevant topics for the company and its stakeholders. This process made it possible to define a clear framework of strategic priorities, highlighting areas for intervention and opportunities for improvement in ESG field.

Constant alignment on sustainability issues is ensured by ongoing dialogue between the CEO and the heads of the main company departments. This regular communication



allows for the timely handling of any critical issues and for defining strategic priorities consistent with company objectives. In order to facilitate dynamic and responsive management of strategic matters, the CEO is continually updated on business performance, the progress of sustainability projects, and any emerging issues.

The most significant issues are also discussed at the Board of Directors (CdA) level during monthly meetings, providing an additional level of strategic oversight.



## GOV-4 - Statement on due diligence

Valvitalia adopts a structured approach to identifying, preventing, and managing potential impacts on people, the environment, and society, with particular attention to the supply chain and business relationships. In selecting suppliers, partners, and investment opportunities, the company conducts due diligence activities that integrate sustainability aspects in addition to financial, legal, and quality considerations.

Valvitalia's Code of Ethics defines the principles and behaviour expected of all employees, promoting integrity, transparency and respect for human rights. These principles are extended to partners and suppliers through a dedicated Supplier Code of Conduct. This sets out clear requirements regarding human rights, working conditions, environmental protection, and regulatory compliance.

Valvitalia is progressively strengthening its tools and processes for monitoring impacts along the entire value chain. The company consciously avoids business relationships with counterparties located in high-risk countries or included in sanction lists, in compliance with EU and international regulations on trade sanctions and export controls.

The aim is to minimise negative impacts and promote positive ones, thus contributing to the creation of sustainable value for all stakeholders. In line with ESRS standards, Valvitalia intends to consolidate a due diligence system to ensure transparency, traceability and accountability at all stages of its business.

FUNDAMENTAL ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE FINANCIAL STATEMENTS
Incorporating due diligence into governance, strategy and business model	<p>GOV-1 - Role of Administrative, Management and Control Bodies</p> <p>GOV 2 - Information provided to the company's administrative, management and supervisory bodies as well as sustainability issues addressed by them</p> <p>GOV-5 - Risk Management and Internal Controls over Sustainability Reporting</p> <p>SBM-3 - Relevant Impacts, Risks and Opportunities and their Interaction with the strategy and business model</p>
Involve stakeholders in all key stages of due diligence.	<p>GOV 2 - Information provided to the company's administrative, management and supervisory bodies as well as sustainability issues addressed by them</p> <p>SBM-2 - Stakeholders' interests and opinions</p> <p>IRO-1 - Description of processes to identify and assess relevant impacts, risks and opportunities</p> <p>S1-2 - Processes for engaging own workers and workers' representatives regarding impacts</p> <p>S2-2 - Processes for Involving Workers in the Value Chain on Impacts</p> <p>S3-3 - Processes for remedying negative impacts and channels for affected communities to voice concerns</p>
Identification and assessment of negative impacts	<p>IRO-1 - Description of processes to identify and assess relevant impacts, risks and opportunities</p> <p>SBM-3 - Relevant Impacts, Risks and Opportunities and their Interaction with the strategy and business model</p>



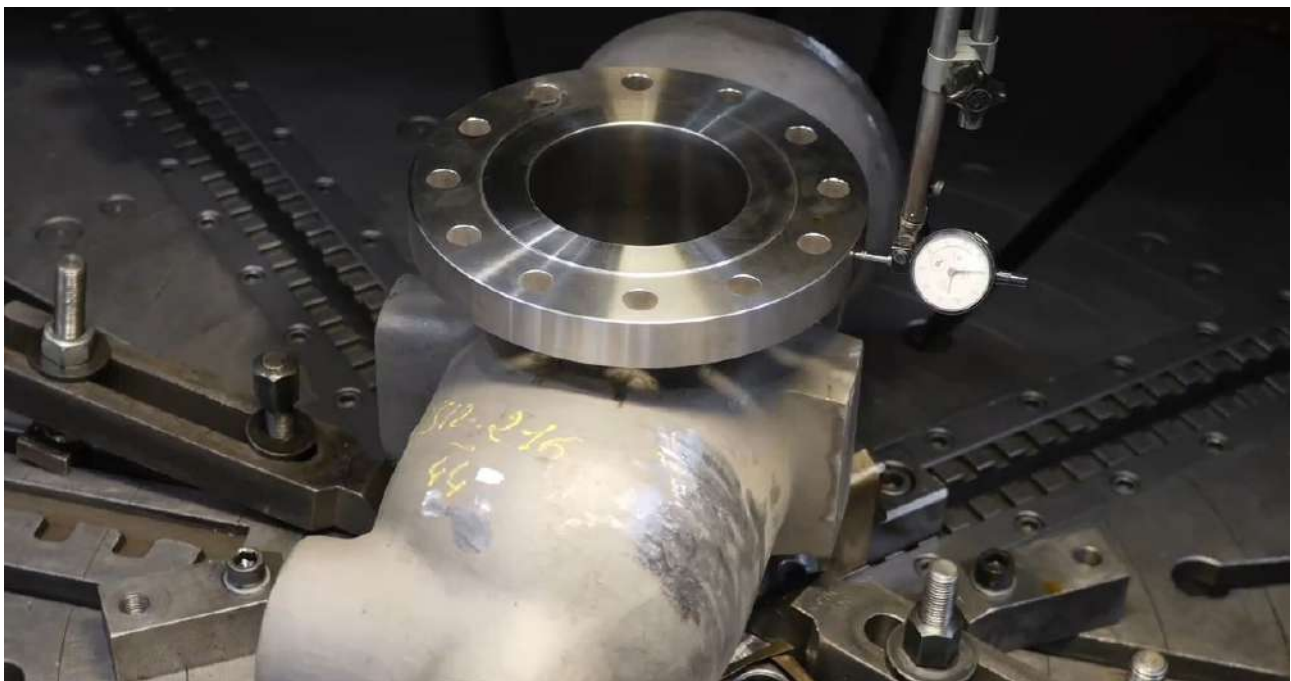


<p>Take action to address these negative impacts</p>	<p>E1-3 – Actions and resources in relation to climate change policies</p> <p>S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns</p> <p>E2-2 – Actions and resources related to pollution</p> <p>S2-4 – Actions on material impacts for workers in the value chain and approaches to managing material risks and achieving material opportunities for workers in the value chain, as well as the effectiveness of such actions</p> <p>S3-4 – Actions on material impacts on affected communities and approaches to managing material risks and achieving material opportunities for affected communities, as well as the effectiveness of such actions</p> <p>G1-1 – Policies on corporate culture and business conduct, and G1-3 – Prevention and detection of active and passive corruption</p>
<p>Tracking the effectiveness of these efforts and communicating</p>	<p>Valvitalia uses the data and metrics within the balance sheet to observe specific performance trends. In addition, a specific sustainability plan is to be adopted, with specific targets and metrics to be used.</p>

## GOV-5 - Risk management and internal controls over sustainability reporting

Last year, Valvitalia began a structured process to strengthen the management of sustainability reporting, with the aim of improving the quality and reliability of the information collected and communicated. This process is still under development. Furthermore, the company is progressively refining roles, steps and procedures to ensure an increasingly robust and transparent reporting system. The introduction of the role of Sustainability Specialist represents a key step in this direction, with the task of coordinating and overseeing the process of data collection and consolidation, ensuring effective and structured management of sustainability information.

The main risks associated with sustainability reporting relate to the possible incompleteness or inaccuracy of the data collected, which can occur both during collection at the various production sites and company departments, and in the subsequent stages of calculating, consolidating and transmitting metrics. There is also a risk that qualitative information may be incomplete or inaccurate if not all regulatory requirements have been met or not all relevant internal stakeholders have been involved in the validation process.



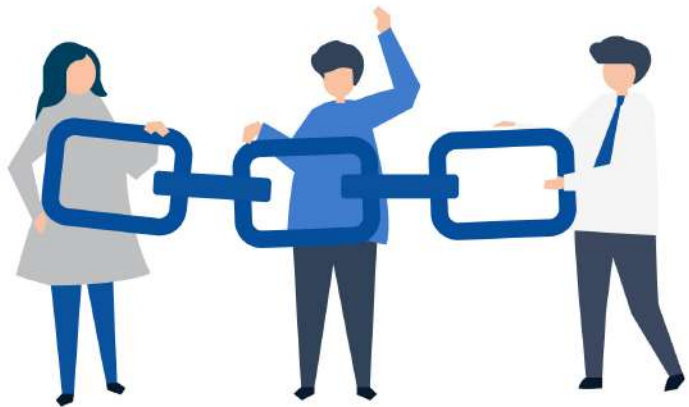
To mitigate these risks, Valvitalia has introduced internal controls to improve the accuracy and completeness of data, and to make the collection and consolidation process more structured and reliable. The sustainability function is responsible for the continuous monitoring of these processes, identifying any critical issues at an early stage and implementing the necessary corrective measures to ensure the quality and consistency of the information.



## Strategy

### SBM-1 - Strategy, business model and value chain

In 2024, Valvitalia expanded its workforce, rising from 628 employees in 2023 to 647 as of 31 December 2024, representing a 3.02% increase. The annual average number of employees in 2024 was 639. For information on the financial performance of the business, please refer to the figures in the Statutory Accounts.



#### *Products and reference markets*

Valvitalia is an Italian multinational group recognised worldwide for the design, production, and supply of technologically advanced solutions for a wide range of industrial sectors. Among the main application areas are the energy and oil & gas industries, the naval sector, the civil sector, and the railway sector, each characterised by specific needs and high operational standards that require reliable products with excellent performance.

Valvitalia's experience in meeting complex requirements through an integrated and diversified offering has resulted in significant international expansion. The Group is now present in over 100 countries, the result of a strategic approach that combines technological innovation, product quality excellence, and a constant pursuit of customer satisfaction.

Valvitalia's offering stands out for its wide range of products designed to meet diverse needs. The product line includes valves, actuators, fittings, flanges, isolating couplings and advanced systems for measuring, filtering and regulating fluids and gases. In addition, the Group produces fire-fighting systems designed to ensure safety and reliability even in high-risk operating environments<sup>1</sup>.

The ability to provide effective solutions for critical environments is one of the fundamental elements behind Valvitalia's success. This strength has enabled the company to establish a solid presence in the most demanding and competitive sectors. These include oil & gas, power generation, water and gas transportation and distribution, the chemical and petrochemical industries, as well as civil and railway infrastructure.

<sup>1</sup> Further product details can be found under "our divisions" section.

**Valves, Actuators &  
Gas Systems**



**Fittings, Isolation  
Joint & Pig Traps**

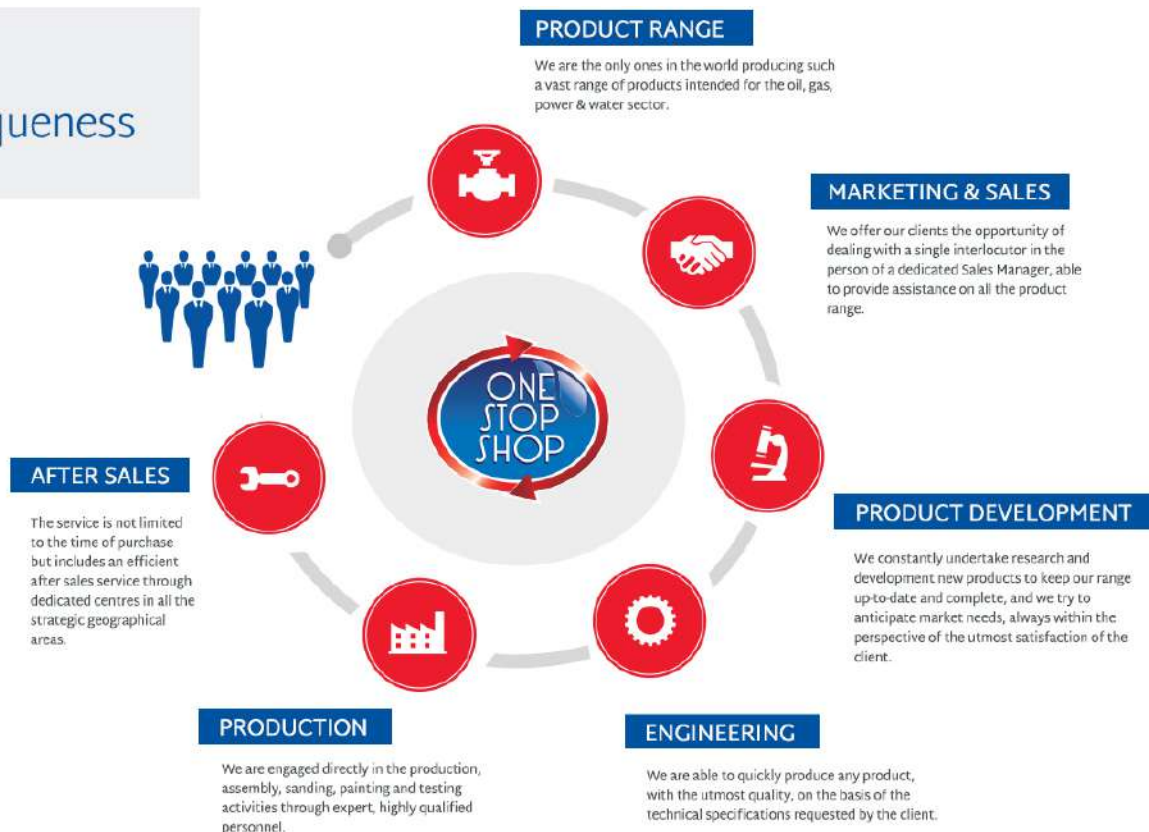


**Firefighting**



One of the most significant and distinctive aspects of Valvitalia's strategy is its ability to offer both standardised products and fully customised solutions. These are designed to precisely meet particular technical and operational requirements, ensuring that every customer receives products tailored to their unique demands. This production flexibility is made possible by the corporate philosophy known as ONE-STOP SHOP: an integrated operating model that allows the Group to manage all stages of the production and post-production process in a coordinated and efficient manner.

**Our  
Uniqueness**



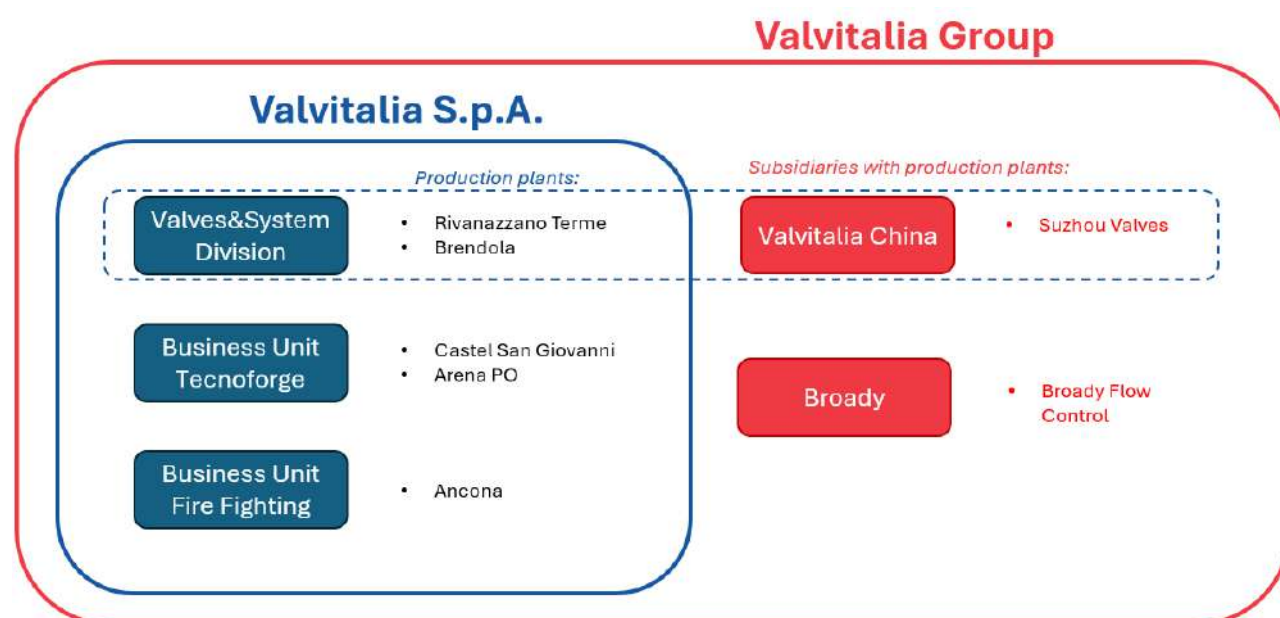




This innovative approach is based on the ability to offer a complete service from design and engineering to production, installation and after-sales service, thus providing customers with a one-stop shop. Being able to rely on a single partner for all operational phases significantly reduces management complexity and optimises time and costs, offering a highly efficient service geared towards maximum customer satisfaction.

### Our divisions

Valvitalia is organised into several Business Units (BUs) and Divisions, each specialising in specific production areas. The company operates a network of strategically located plants to ensure effective coverage of international markets and to promptly meet customer needs. This structured organisation allows the Group to operate in an efficient and coordinated manner, maintaining high quality standards in all its activities.



During 2024, Valvitalia continued its organisational evolution and optimisation process with the aim of further improving operational efficiency and consolidating an increasingly coherent as well as integrated offer. The most significant development was the creation of the new Valves & Systems Division, established to consolidate and enhance the expertise already present within the Group in the design and production of valves, actuators, and advanced systems for the regulation and measurement of fluids and gases.

This division was created by merging the former Flow Control Business Unit, which included the Rivanazzano Terme and Brendola plants, with the production activities in China. The decision to combine these entities into a single division addresses the need to develop a more synergistic and efficient production process, capable of offering a comprehensive range of solutions for various global markets.

The Rivanazzano Terme plant, operational since 2002, is the Group's main production centre and headquarters. Here, highly advanced production and testing activities are carried out, supported by large-scale facilities and cutting-edge technologies. There is a climate test chamber capable of testing valves at extreme temperatures, from -50°C to +80°C, on ball valves up to 48" class 600. In addition, the plant houses an advanced cryogenic testing department, test benches for valves up to 60" and an automated system for welding valves up to 60" and over 30 tonnes.



*Rivanazzano Terme*

The activities in Rivanazzano Terme also include the design and production of actuators through the Automation department, which has been operating since 2004. This department offers a complete range of actuators and valve control systems, covering all types of power sources, including pneumatic, hydraulic, electric, and gas over oil. The actuators are designed to operate over a wide temperature range, from -60°C to +85°C, ensuring reliable performance even under extreme conditions.

The integration of activities into a single division has enabled Valvitalia to strengthen its production capabilities through the Brendola plant, which specialises in the production of gate, globe, and check valves designed for critical applications in the Oil & Gas and Power sectors. The plant, with a production capacity of 2,000 valves per month, also handles particularly large valves, up to 72 inches in size and weighing more than 80 tons.

The production site in China completes the offering of the Valves & Systems Division, ensuring operational flexibility and the ability to adapt to the specific needs of global markets. This international presence allows the Group to respond promptly to customer requests with both standard and customised products.



Alongside the creation of the new division, Valvitalia has strengthened its organisational structure by keeping its other specialised Business Units active. The Tecnoforge Business Unit continues to be a key pillar for the production of high-quality fittings and flanges, with a total production capacity of over 30,000 tons of steel per year. The Castel San Giovanni and Arena Po plants work in synergy to ensure a broad and diversified offering. The former is dedicated to the production of flanges and fittings, both welded and seamless, with sizes up to 90 inches. The latter specialises in the production of fittings up to 24 inches, also utilising advanced techniques such as cold forming and mandrel bending.

These plants are supported by one of the largest heat treatment facilities in the world and by an in-house analysis laboratory capable of ensuring extremely rigorous quality control. The offering is completed by the ability to produce custom-designed special parts, thus meeting the specific needs of customers.

Another central element in the Group's structure is the Firefighting Business Unit, headquartered in Ancona. This division brings together two historic brands, Silvani and Eusebi, which specialise in the design and production of mobile and fixed fire protection systems for industrial plants, critical infrastructure, and offshore platforms. The systems produced include water-based, foam, CO<sub>2</sub>, Fire & Gas, Rimseal, water mist, and other advanced technologies, all designed to ensure maximum safety even under the most critical operating conditions. The testing area located in Piacenza has the capability to test solutions with live fire and to carry out high-performance trials.



Ancona



Finally, Broady Flow Control continues to play a key role in producing solutions designed to protect plants and systems from overpressure and to ensure precise pressure control. Broady's offering includes safety valves, pilot-operated valves, pressure reducing valves, pressure sustaining valves, and hydrant valves, with products specifically designed for commercial, military, and subsea applications.

### ***Our value chains***

A structured process of analysis and definition of Valvitalia's value chains is currently underway, with the goal of building an accurate and coherent representation of the dynamics that characterise the Group's activities, both directly and indirectly. This process is based on a methodological approach aimed at the highest level of detail, focused on systematically mapping the impacts, risks, and opportunities associated with each phase of the value chain. In this context, a structured engagement process involving top management from both Italian and international sites has been launched to ensure an integrated and shared vision at the Group level. The results of this activity will form a central part of the next edition of this report, which will include an expanded reporting scope covering Valvitalia's entire international operations.

## **SBM-2 - Interests and views of stakeholders**

This section reports what was communicated in the 2023 Sustainability Report, as this document represents an update of the work already started last year. Valvitalia is focusing its resources on extending the scope of reporting globally, including foreign offices, and is also updating the double materiality analysis and related stakeholder engagement activities accordingly.

In 2023, Valvitalia strategically classified and engaged its stakeholders to ensure a decision-making approach that also considered stakeholder opinions on sustainability issues, in line with the inclusivity and transparency principles of the AA1000 Accountability Principles (AAP) and the new European sustainability reporting regulations.

The company also involves internal staff through regular surveys to monitor the workplace climate and gather feedback aimed at improving the work environment and promoting an inclusive culture that respects diversity.







In accordance with regulations, stakeholders have been categorised as follows:

- **stakeholders:** individuals or groups whose interests are or could be affected (positively or negatively) by the company's activities and its direct and indirect business relationships along the value chain (employees, suppliers, customers, local communities);
- **users of sustainability statements** include the primary users of general financial information (such as Cassa Depositi e Prestiti, lenders and other existing and potential creditors, including asset managers, credit institutions, and insurance companies) as well as other users of sustainability statements. These others include the company's business partners, trade unions and social partners, civil society and non-governmental organisations, public administrations, and analysts.

Stakeholder mapping covers the main interest groups. Valvitalia identified key stakeholders through a prioritisation process, assessing their relevance, by homogeneous group, in terms of:

**dependence:** the degree and nature of influence that corporate actions and strategies have on stakeholders. Dependencies may be economic, social, environmental, regulatory or reputational in nature and may manifest themselves directly or indirectly;

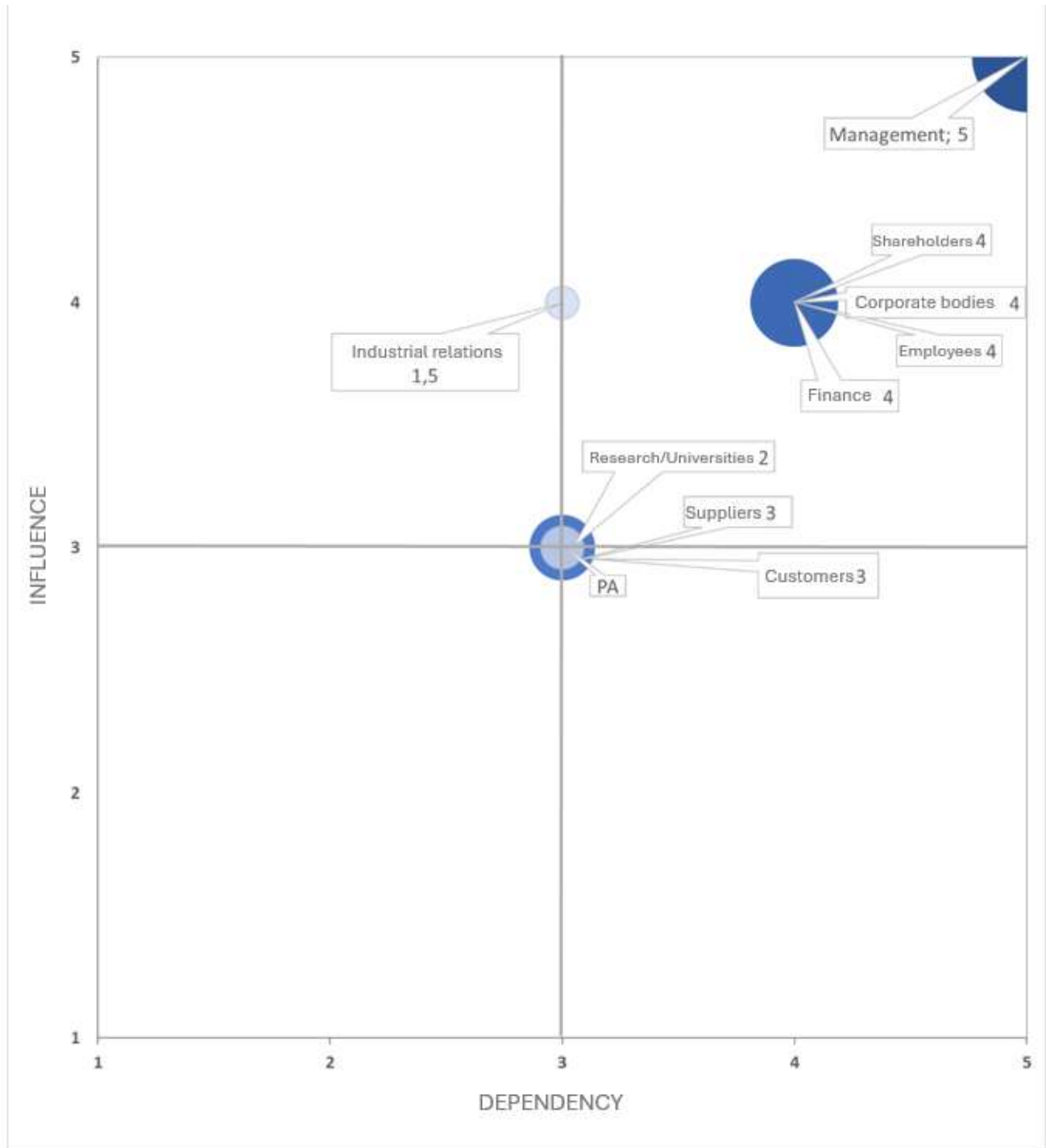
**influence:** the ability of various stakeholder groups to have an impact on the company's decisions, strategies and operations. This influence can manifest through various mechanisms, channels, and degrees of intensity, both directly and indirectly.

**relevance:** the level of relevance of the demands, needs or concerns of one or more stakeholder groups. Relevance may arise from financial, environmental, social or regulatory issues.

The results obtained from this process led to the classification of strategic stakeholders for the Group to be involved in the double materiality analysis, including:

- Suppliers and customers: present both nationally and internationally.
- Research and Universities: Polytechnic University of Milan and Polytechnic University of Ancona;
- Management: Management Team, Board of Auditors, Board of Directors and Supervisory Board;
- Employees;
- Majority shareholder: CDPE Investimenti S.p.A.;
- Industrial relations: Assolombarda and trade unions;

- PA: Job Centre and ITL;
- Finance: banks.



As part of the materiality analysis update, a series of meetings with management are being held to identify and assess stakeholders. This process will feed into the updated stakeholder mapping.



## SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

### *Impact materiality*

The material topics identified for impact materiality represent the areas in which Valvitalia recognises it generates significant effects on the environment and society. This dimension of materiality focuses on the impacts generated by company activities, which can be identified as positive, negative, actual, or potential. Their assessment is essential to understand the interactions between Valvitalia's operations and the social, environmental, and economic context, and to guide the company toward a responsible and sustainable approach.

The topics found to be relevant in Valvitalia's impact materiality are:

<b>MATERIAL ISSUES (Materiality of Impact)</b>	<b>DESCRIPTION</b>
<b>Workers' well-being, health and safety</b>	It concerns the company's commitment to improving employees' physical and mental well-being, fostering professional growth, and creating a safe and positive work environment. This includes initiatives for work-life balance, continuous training, preventive policies, and safety protocols to protect both physical and mental health.
<b>Sustainable supply chain</b>	This refers to the responsible management of processes throughout the entire supply chain, with particular attention to reducing environmental impact, ensuring fair labour practices, and promoting transparency and ethics in relationships with suppliers.
<b>Local communities and the relationship with the territory</b>	It concerns the company's interaction with local communities, seeking to have a positive impact on their social and environmental development. The company can contribute through initiatives that support community well-being and environmental improvement projects. However, there are also possible negative impacts, such as increased pressure on local resources, disruption of social balance, or interventions that do not align with local priorities, which could cause unintended effects or inequalities.
<b>Emissions and climate change</b>	It concerns the company's impact in terms of greenhouse gas emissions and the measures taken to combat climate change. This includes strategies to reduce the ecological footprint and address the effects of global warming through concrete actions.
<b>Pollution</b>	It concerns the company's impact in terms of the release of pollutants into the environment, including air emissions, water discharges and industrial waste. This theme includes measures taken to reduce pollution, such as optimising production processes, using less impactful materials and improving environmental management systems.

### Financial materiality

The material topics identified for financial materiality represent the strategic areas that, directly or indirectly, influence or will influence Valvitalia's ability to generate economic value in the short, medium, and long term. These topics reflect the financial and operational dynamics that may pose significant risks or opportunities, capable of affecting not only the company's economic results but also the trust and support of stakeholders. More specifically:

- **Risks** related to financial materiality represent potential conditions or events that may impair economic performance, adversely affecting the ability to achieve targets or maintain an operational and strategic balance.
- **Opportunities**, on the other hand, are favourable circumstances that can contribute to the strengthening of the organisation, improving its ability to respond and adapt to a changing environment. The ability to recognise and exploit such opportunities enables the company to consolidate its position and increase the value generated.

Effective management of financial risks and opportunities is crucial to ensure economic sustainability and the ability to consciously address market changes and challenges, thereby strengthening the organisation's resilience over time.

The following are the topics found to be relevant in the context of Valvitalia's financial materiality:

MATERIAL ISSUES (Financial Materiality)	DESCRIPTION
<b>Local communities and the relationship with the territory</b>	It concerns the company's interaction with local communities, with the goal of contributing to their social and environmental development. This includes initiatives supporting the community and projects to improve quality of life, ensuring that company activities respect local priorities and minimise pressure on local resources.
<b>Ethics and integrity</b>	It concerns the company's commitment to operate in a transparent and responsible manner, based on principles of honesty and fairness. It includes the adoption of ethical practices, compliance with rules and regulations, and the promotion of a corporate culture based on sound ethical values.
<b>Innovation</b>	It concerns the commitment to develop innovative solutions and improve processes, products and services. It includes investments in research and development, the adoption of advanced technologies, and the promotion of a corporate culture focused on continuous improvement and adaptation to market changes.





Recognising and managing the risks and opportunities related to these topics is essential to support the company's growth and preserve value for all stakeholders. In the chapters dedicated to the relevant topics, the risks and opportunities associated with each material topic will be analysed in detail. This will provide a clear and structured overview of the strategies adopted to address challenges and seize opportunities in an ever-evolving context.

## Disclosure of the materiality assessment process

### IRO-1 - Description of processes to identify and assess material impacts, risks and opportunities

In this section, we report on what was communicated in the 2023 Sustainability Report: an update of the materiality analysis was not included in the preparation of this report. Compared to last year, however, a slight revision of the results was carried out in order to improve alignment with the methodological framework. Therefore, pollution has been added as a material topic, having previously been grouped under emissions and climate change, in order to achieve greater precision in the analysis and a more detailed view of the overall environmental impact.

#### *Impact materiality*

Valvitalia conducted an in-depth analysis to identify and assess material topics and their related impacts, with the aim of ensuring clear reporting in line with the European Sustainability Reporting Standards (ESRS).

The approach adopted began with a contextual analysis carried out both internally and externally, taking into account aspects such as industry dynamics, emerging regulations, risks, opportunities, and stakeholder expectations.



Based on the information collected, the company identified both positive and negative, actual and potential impacts associated with the topics deemed relevant. This phase actively involved company management, enabling an assessment of how the Group's activities affect strategic stakeholders such as local communities, customers, suppliers, and the environment.

To make the analysis more accurate and representative, Valvitalia developed targeted questionnaires for each stakeholder group. Each questionnaire was designed to include a set of relevant impacts for each specific category, ensuring that the responses accurately reflected stakeholders' perceptions and priorities. Stakeholders were asked to assess each impact based on two key criteria: the perceived scale of the impact and the likelihood of occurrence, both measured on a scale from 1 to 5.

The questionnaires were developed with particular attention to clarity and accessibility, to ensure a comprehensive and accurate picture of stakeholder perceptions. Each stakeholder group received specific questions to ensure targeted and relevant respon-



ses: customers were asked about topics related to product quality and supply chain sustainability; suppliers about aspects of social responsibility and environmental requirements; employees about health, safety, well-being, and diversity. This differentiated approach made it possible to gather valuable and detailed information, essential for the overall analysis.

At the same time, company managers participated in a structured online workshop designed to collect their perspectives on material topics and relevant impacts. After a joint introductory session, participants were divided into virtual working groups led by professional facilitators. Each group explored the identified impacts in depth, sharing reflections and considerations.



At the end of the workshop, each manager completed an anonymous questionnaire, structured in a similar way to those for external stakeholders. Here too, a rating scale system was used to assess the relevance and likelihood of impacts. This integrated approach enabled the collection of homogeneous and consistent data, which is essential to support subsequent quantitative and qualitative analysis.

Below are the number of stakeholders involved for each category and the corresponding response rate to the anonymously administered questionnaire:

Stakeholders	Number of questionnaires sent	Number of answers questionnaire	Response rate
<b>SUPPLIERS</b>	86	46	53%
<b>CLIENTS</b>	44	4	9%
<b>RESEARCH/UNIVERSITIES</b>	4	2	50%
<b>FINANCE</b>	11	5	45%
<b>SHAREHOLDERS</b>	1	1	100%
<b>EMPLOYEES</b>	239	173	72%
<b>PUBLIC ADMINISTRATION (PA)</b>	8	0	0%
<b>BOARD OF STATUTORY AUDITORS, BoD, SB</b>	11	8	73%
<b>INDUSTRIAL RELATIONS</b>	7	6	86%
<b>MANAGEMENT</b>	13	12	92%

As a result of the completion of the questionnaires, the impacts identified were assessed in terms of their scale, extent, irretrievability (in the case of negative impacts), and likelihood (in the case of potential impacts) as follows:

#### **Scale:**

the scale was determined based on the responses collected from the questionnaires administered to stakeholders;

#### **Scope:**

the extent of the impacts was assessed by considering how widely these impacts could spread, both within and outside the organisation, as well as the long-term effects they could have;

#### **Irretrievability:**

in this case, the difficulty (in terms of both time and cost) of restoring the situation to its pre-impact state was considered.

For potential impacts, an estimate of the probability of occurrence was made based on the evaluations provided by various stakeholders in the administered questionnaires. This was defined as a reducing factor with a value range from 0.1 to 0.9.

For potential negative impacts related to human rights, **probability** was not used as an evaluation criterion, in accordance with regulatory requirements. This approach always prioritises the scale of the impact when it concerns human rights, ensuring priority attention to the protection of fundamental rights and promoting an approach geared towards maximum protection of individuals.

To define material impacts, Valvitalia used an assessment system with two distinct scales, tailored to appropriately address both positive and negative impacts. For negative impacts, a scale of up to 15 points was adopted, based on three key variables: scale, scope, and irremediability, each evaluated from 1 to 5. This method allows an overall measurement of the severity of the impact, considering not only its scale and extent, but also the difficulty or impossibility of mitigating its effects.

For positive impacts, a scale with a maximum score of 10 was used, as these impacts were analysed using only two variables: scale and scope, both evaluated on a scale from 1 to 5. The irremediability variable is excluded for positive impacts. The irremediability variable is excluded for positive impacts.

In the case of potential impacts, probability was treated as a reducing factor, applied to adjust the relevance of impacts that, while possible, have not yet occurred. This methodological choice was made to assign greater weight to actual impacts - whether positive or negative - since, being already present, they require priority and immediate intervention.

The relevance of impacts was defined using the following metric:

RELEVANCE	NEGATIVE IMPACTS		POSITIVE IMPACTS	
CRITICAL	12	15	8	10
SIGNIFICANT	10	12	6	8
IMPORTANT	7	10	5	6
INFORMATION	4	7	3	5
MINIMUM	0	4	0	3





To identify the topics considered material, the average relevance of the impacts associated with each topic was calculated. At this stage of the process, it was stipulated that a topic had to reach a minimum threshold of 7 as an average value (on a scale up to 15) in order to be considered material. As a result, all topics with an average impact relevance equal to or greater than 7 were classified as material topics for impact materiality.



### *Financial materiality*

Valvitalia has adopted a structured approach to identifying risks and opportunities, based on constant discussion with the heads of the various corporate departments and continuous alignment with the CFO. This dialogue made it possible to gather detailed information related to both daily operations and business processes.

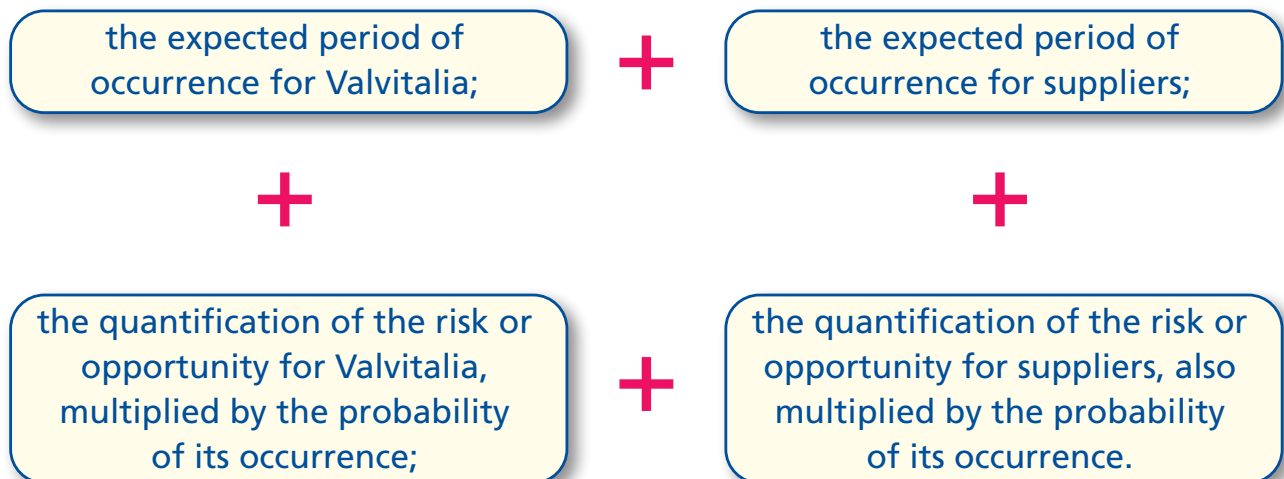
The analysis of financial risks and opportunities was developed from the impact materiality model, assessing how these impacts could be transformed into economic risks or opportunities. The analysis included both Valvitalia and the supply chain, considering both direct and indirect effects. For each risk and opportunity, a time frame for occurrence was established, classified on a scale from 1 to 3, corresponding respectively to short, medium, or long term.

Valvitalia has developed a rating scale that gives greater weight to short-term risks and opportunities, which are prioritised because they require rapid and targeted action. This approach ensures timely responses to mitigate risks or exploit opportunities more effectively.

Probability was used as a reducing factor through two differentiated scoring scales, with more reducing values applied in the case of opportunities. This method reflects the decision to prioritize risk prevention, considered essential for protecting resilience and operational continuity. At the same time, opportunities were assessed with a balanced approach, valuing future benefits without overlooking the management of existing critical issues.

The significance of the various risks and opportunities was determined by summing up several key factors, which include both Valvitalia-related variables and those relating to its suppliers.

Specifically, for each risk or opportunity, the following were added up:



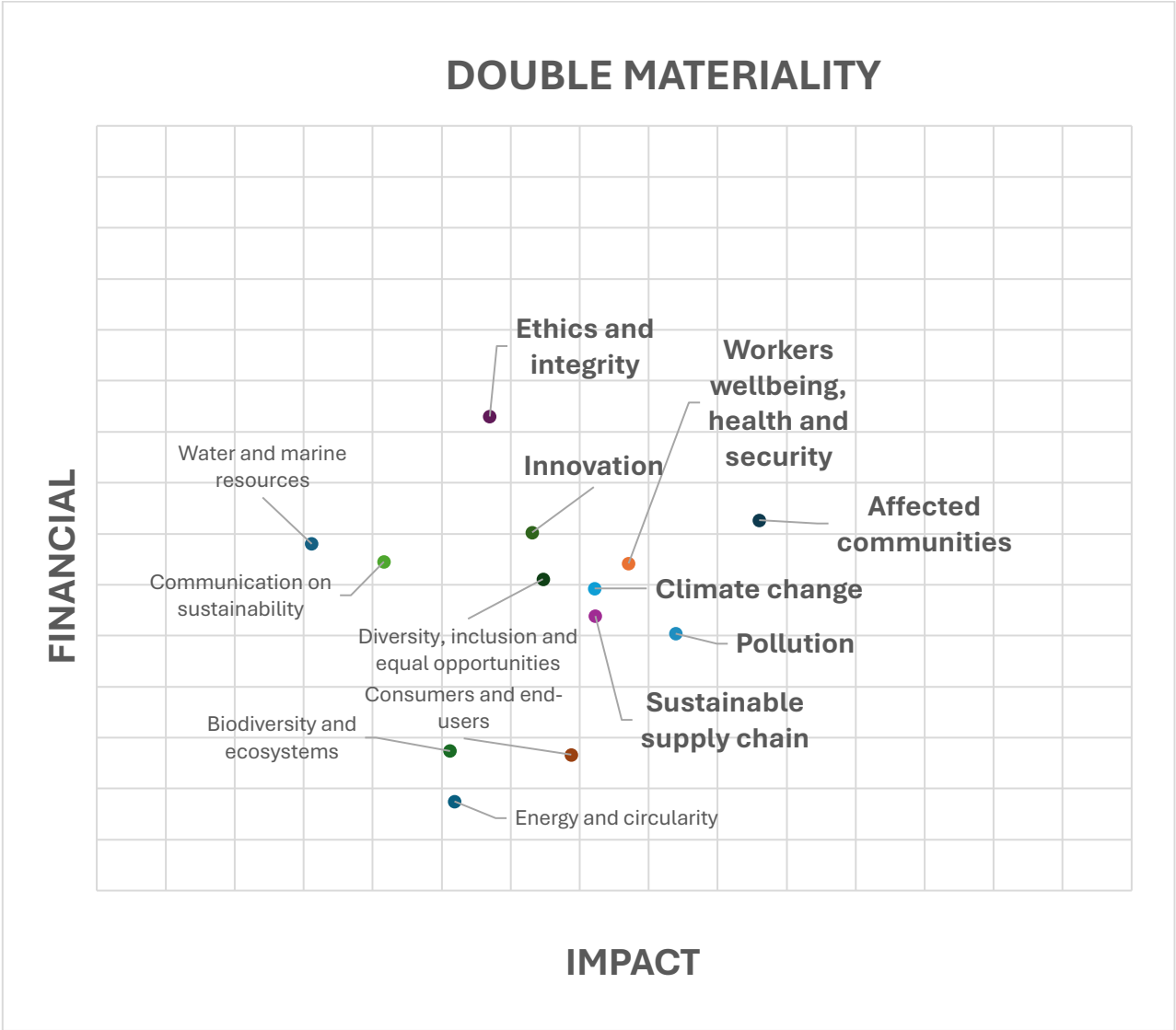
This process allowed direct and indirect impacts to be combined into a single measure, providing a clear and comprehensive assessment of the overall significance of each risk or opportunity.

Next, the average relevance of the risks and opportunities associated with a specific theme was calculated. Here too, a topic was considered material when the average relevance of the risks and opportunities associated with it reached or exceeded the value of 7, thus ensuring a structured analysis consistent with the defined materiality criteria.

Valvitalia will approach the review and update of the materiality analysis by initiating a structured engagement process with internal stakeholders, aimed at enhancing the quality and effectiveness of defining and quantifying the material topics already identified by the company. Through an exploratory survey carried out together with experts in participatory and inclusive processes, the company will undertake a thorough assessment phase based on semi-structured interviews with managers. The goal is to gather perceptions and perspectives that can reveal both enabling factors (opportunities) and obstacles (risks) in the company's development, as well as the impacts generated during the process. This will be complemented by specific stakeholder engagement activities dedicated to the company's external stakeholders.



Matrix of dual materiality





## E1 - Climate Change

### *Material impacts, risks and opportunities and their interaction with the strategy and business model (SBM-3)*

The topic was identified as relevant for impact materiality. Below are the main impacts associated with the following themes:

**Climate adaptation:** Positive effects on personnel management and work organisation (current, significant).

**Reducing CO<sub>2</sub> and greenhouse gas emissions:** positive and potential environmental impact (medium term, important).

**Productive energy consumption:** Negative impact on climate (current, significant).

**Combustion gases (CO, NOx):** Negative impact on local air quality (current, important).

Valvitalia recognises that its production processes, characterised by the use of energy and the combustion of natural gas and other fossil fuels, contribute to impacts related to climate change.

The most significant negative impacts stem mainly from energy consumption and pollutant emissions from the combustion of fossil fuels. Energy is a critical component of industrial operations at Valvitalia, especially given the energy-intensive nature of certain production processes and the use of a mix of fossil and renewable sources. This dependence results in real and significant impacts that must be constantly monitored and mitigated to avoid compromising the quality and effectiveness of company operations.

Emissions of greenhouse gases such as CO<sub>2</sub> contribute to global climate change, while the presence of pollutants such as CO<sub>2</sub> and NOx also negatively affect local air quality. This phenomenon can generate negative effects on both ecosystems and human health, with potential repercussions also on the continuity of production activities.

At the same time, Valvitalia's ability to reduce its CO<sub>2</sub> and other greenhouse gas emissions is not only a sustainability objective, but also a competitiveness factor. Reducing the carbon footprint is not only about reducing negative impacts on the environment, but also about improving the efficiency of production processes and reducing operational costs related to energy consumption.

The introduction of advanced monitoring and management systems, presented in more detail in the following paragraphs, will enable Valvitalia to identify and address any inefficiencies in a timely manner. Furthermore, the adoption of innovative technologies and the development of specific solutions for the energy transition - such as valves designed for the transport and storage of hydrogen - help position Valvitalia as a responsible and proactive player in the sector.





## E1-2 - Policies related to climate change mitigation and adaptation

### *Environmental Management System - ISO 14001*

Valvitalia has implemented an Environmental Management System compliant with the international ISO 14001 standard in all its production facilities. This certification, adopted uniformly and systematically across all operational sites, represents a fundamental tool for monitoring and continuously improving environmental performance, with particular attention to managing impacts related to climate change.

The approach required by ISO 14001 obliges the company to precisely identify and assess all relevant environmental aspects, including both direct aspects - stemming from internal industrial processes - and indirect aspects, related to energy consumption and support activities. Among the most closely monitored elements are climate-altering gas emissions, particularly CO<sub>2</sub> and other greenhouse gases generated by mechanical processing, welding, painting, and assembly processes, as well as by heating and air conditioning operations in the facilities.

The application of ISO 14001 ensures strict control of atmospheric emissions through a structured system that includes periodic analysis of production processes, the implementation of corrective and preventive measures, and continuous verification of the results achieved. This cyclic process is designed to ensure the progressive reduction of negative impacts and to promote a more efficient use of energy resources. All this with the aim of containing climate-changing emissions in line with current regulations and the environmental sustainability standards assumed by the company.

## E1-3 – Actions and resources in relation to climate change policies

The initiation of the sustainability reporting process is an essential tool for Valvitalia to understand and manage its environmental impacts in a more structured way. The preparation of the Sustainability Report is not only an act of transparency towards stakeholders, but also serves as an opportunity to more precisely identify critical issues and areas for improvement, especially in relation to climate change. This reporting process, which in recent years has enabled the collection and analysis of increasingly accurate data, lays the foundation for building an organic and coherent plan to combat climate-altering emissions, which is expected to be outlined and presented in the 2025 Sustainability Report. Through continuous monitoring of its activities and assessment of the impacts generated (including analysis of emissions as described in section E1-6), the company is consolidating a systematic approach. This will allow for the planning of targeted and measurable actions over time, ensuring progressive improvement of its environmental performance.

At the same time, the implementation of the ISO 14001 Environmental Management System at Valvitalia's various facilities has further strengthened this approach. This certification not only ensures regulatory compliance but also promotes a dynamic process of continuous improvement. The management of significant environmental aspects requires the implementation of concrete actions, especially regarding the reduction of energy consumption and greenhouse gas emissions, which are closely linked to climate change.

Among the most significant actions already undertaken by Valvitalia is the lighting redevelopment project started in 2024 at the Rivanazzano Terme and Brendola plants. This programme aims to significantly reduce energy consumption and associated emissions by replacing traditional lighting fixtures with high-efficiency LED systems. The project was structured in several phases, with the first completed in 2024 and focused on production areas. Phase 2, planned for 2025, will include the replacement of lighting in the warehouses.

The effectiveness of this intervention will be further enhanced by the continuation of the work in 2025. The overall reduction in consumption will also contribute significant-



ly to the reduction of emissions related to energy consumption. This result will also be enhanced by accessing Energy Efficiency Certificates (TEE), or White Certificates, which represent a significant economic incentive and formal recognition of the actions carried out.

Valvitalia's approach goes beyond simply replacing lighting systems; it also involves the use of an advanced control and monitoring system. This system will allow timely and

real-time monitoring of energy consumption, with the possibility of timely intervention to optimise the use of resources in the event of inefficiencies. The energy efficiency project could be extended in the coming years to the Tecnoforge and Fire Fighting plants, with the intention of progressively standardising the entire production system.

## E1-5 - Energy consumption and mix

TOTAL VALVITALIA	2021	2022	2023	2024
<b>Total energy consumption (MWh)</b>	<b>38546</b>	<b>27972</b>	<b>28897</b>	<b>30134</b>
<b>Total fossil energy consumption</b>	<b>38479</b>	<b>27881</b>	<b>28813</b>	<b>30014</b>
Consumption of fuel from coal and coal products	0	0	0	0
Fuel consumption from crude oil and petroleum products	1632	1688	1820	1996
Fuel consumption from natural gas	29405	19677	20305	21209
Fuel consumption from other fossil sources	0	0	0	0
Consumption of electricity, heat, steam, and cooling purchased or acquired from fossil sources.	7442	6516	6688	6810
Share of fossil sources in total energy consumption	99.8%	99.7%	99.7%	99.6%
<b>Consumption from nuclear sources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Share of consumption from nuclear sources in total energy consumption	0%	0%	0%	0%
<b>Total renewable energy consumption</b>	<b>67</b>	<b>90</b>	<b>84</b>	<b>120</b>
Consumption of fuel from renewable sources	0	0	0	55
Consumption of electricity, heat, steam, and cooling purchased or acquired from renewable sources.	0	0	0	0
Self-produced non-fuel renewable energy consumption	67	90	84	64
Share of renewables in total energy consumption	0.2%	0.3%	0.3%	0.4%
Non-renewable energy production	0	0	0	0
Renewable energy production	67	90	84	64

In the 2021-2024 period, Valvitalia's total energy consumption showed a non-linear trend, decreasing from 38,546 MWh in 2021 to 27,972 MWh in 2022, before recovering in the following two years: 28,897 MWh in 2023 and 30,134 MWh in 2024. The observed variations reflect fluctuations in production volumes, as well as any energy efficiency measures already implemented.

Energy needs are covered almost exclusively by fossil fuels, which will account for 99.6% of total consumption in 2024. In particular, natural gas remained the main energy source (21,209 MWh), followed by electricity purchased from the grid and produced from fossil fuels (6,810 MWh) and petroleum products (1,996 MWh).

The renewable component remains marginal, although growing slightly. In 2024, consumption from renewable sources reaches 120 MWh, or 0.4% of total consumption. There was also a reduction in self-produced renewable energy compared to 2023, from 84 MWh to 64 MWh.

## E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions

TOTAL VALVITALIA	2021	2022	2023	2024
<b>GHG emissions Scope 1</b>				
Gross GHG emissions Scope 1	6,643	4,634	4,804	5,141
<i>Natural gas</i>	6,205	4,182	4,315	4,507
<i>Company vehicles</i>	438	452	489	537
<i>Refrigerants</i>	0	0	0	97
Percentage of Scope 1 GHG emissions from emission trading schemes	0%	0%	0%	0%
<b>GHG emissions Scope 2</b>				
GHG Scope 2 location-based gross emissions	2,021	2,002	1,746	1,778
Gross GHG Scope 2 market-based emissions	3,398	2,979	3,348	3,409
<b>Significant Scope 3 emissions</b>				
<b>Gross indirect GHG emissions Scope 3</b>			<b>46,561</b>	<b>51,879</b>
Percentage of gross GHG emissions Scope 3			88%	88%
Purchase of goods and services			35,814	40,321
<i>assets</i>			35,814	28,672
<i>services</i>			-	11,649
Capital goods			-	190
Fuel and energy-related activities			2,517	2,603
Upstream transport and distribution			3,359	4,167
Waste generated in production plants			81	456
Business trips			273	346
Employee commuting			2,165	2,199
Transport and downstream distribution			2,351	1,597
<b>Total GHG emissions</b>				
<b>Total GHG emissions (location-based) tCO<sub>2</sub> eq.</b>			<b>53,112</b>	<b>58,798</b>
<b>Total GHG emissions (market-based) tCO<sub>2</sub> eq.</b>			<b>57,625</b>	<b>60,843</b>

Between 2021 and 2024, Valvitalia monitored and reported its greenhouse gas emissions according to international standards, broken down into Scope 1, Scope 2 (location-based and market-based), and significant Scope 3 categories.

Direct GHG Scope 1 emissions show a variable trend, from 6,643 tonnes CO<sub>2</sub> equivalent in 2021 to 5,141 tonnes in 2024. The main source is natural gas consumption, which followed a decreasing trajectory from 2021 (6,205 tCO<sub>2</sub> eq.) to 2022 (4,182 tCO<sub>2</sub> eq.), with





a slight recovery in the following two years (4,315 tCO<sub>2</sub> eq. in 2023 and 4,507 tCO<sub>2</sub> eq. in 2024). Emissions from the use of company vehicles increased steadily from 438 tCO<sub>2</sub> eq. in 2021 to 537 tCO<sub>2</sub> eq. in 2024. In 2024, emissions related to the use of refrigerants (97 tCO<sub>2</sub> eq.), previously absent, were also detected. None of the Scope 1 emissions were subject to emission trading schemes during the reporting period.

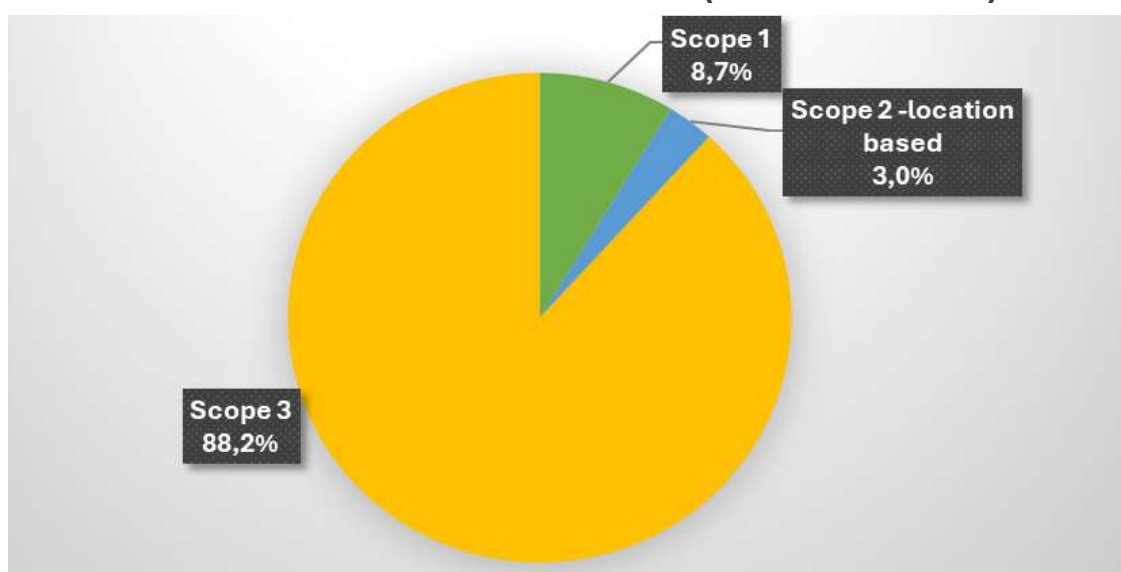
With regard to indirect Scope 2 emissions, location-based emissions have remained relatively stable, ranging from 2,021 tCO<sub>2</sub> eq. in 2021 to 1,778 tCO<sub>2</sub> eq. in 2024. In contrast, market-based emissions have consistently been higher, increasing from 3,398 tCO<sub>2</sub> eq. in 2021 to 3,409 tCO<sub>2</sub> eq. in 2024.

Starting in 2023, Valvitalia also began reporting significant Scope 3 emissions, which represent the predominant share of the total inventory (amounting to 88% of the total in both 2023 and 2024). Gross Scope 3 emissions increased from 46,561 tCO<sub>2</sub> eq. in 2023 to 51,879 tCO<sub>2</sub> eq. in 2024. The main emission categories include the purchase of goods and services (40,321 tCO<sub>2</sub> eq. in 2024), energy-related activities (2,603 tCO<sub>2</sub> eq.), upstream transport and distribution (4,167 tCO<sub>2</sub> eq.), and employee commuting emissions (2,199 tCO<sub>2</sub> eq.).

Total GHG emissions under the location-based approach amount to 58,798 tCO<sub>2</sub> eq. in 2024, while under the market-based approach they stand at 60,843 tCO<sub>2</sub> eq.

The charts below illustrate the distribution of emissions, both in terms of the different scope categories and the various Business Units/Divisions within Valvitalia:

**GHG emissions 2024 Valvitalia (location-based)**

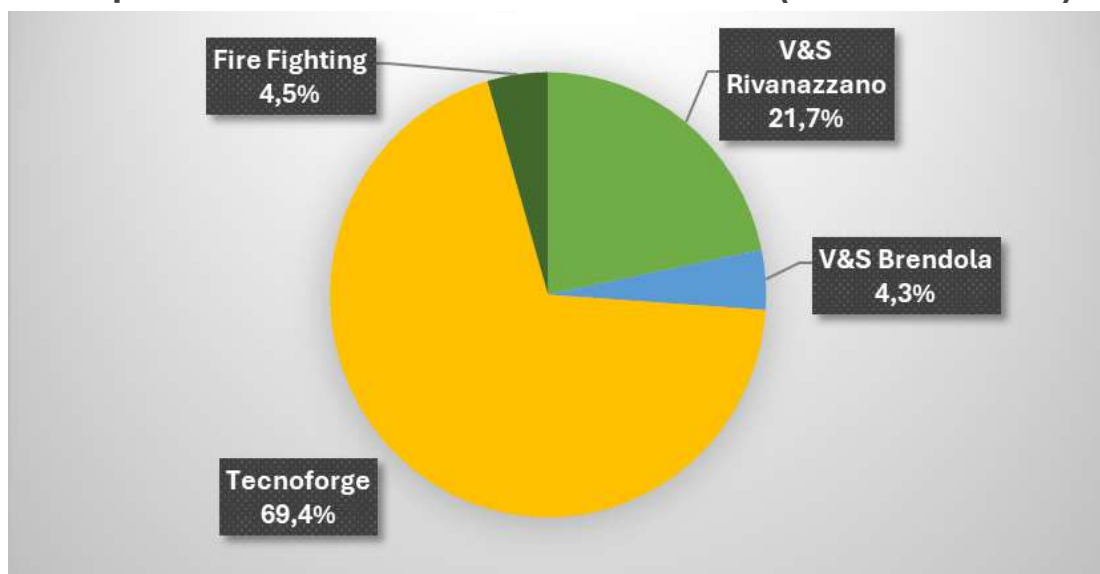


The chart shows the percentage distribution of Valvitalia's greenhouse gas (GHG) emissions for the year 2024, calculated according to the location-based approach. Almost all of the total emissions are attributable to Scope 3, which accounts for 88.2% of the total. These are indirect emissions generated along the value chain, in particular through the purchase of goods and services, transport activities, indirect energy consumption and staff mobility.

Direct emissions (Scope 1), associated with fossil fuel consumption, company fleet use, and refrigerants, account for 8.7% of total emissions, while indirect emissions from purchased energy (Scope 2 – location-based) amount to 3.0%.

The composition of emissions shows that the majority of the organisation's carbon footprint lies outside of direct operational activities. This finding confirms the need to adopt a broad approach to carbon reduction, including targeted actions and policies throughout the entire supply chain.

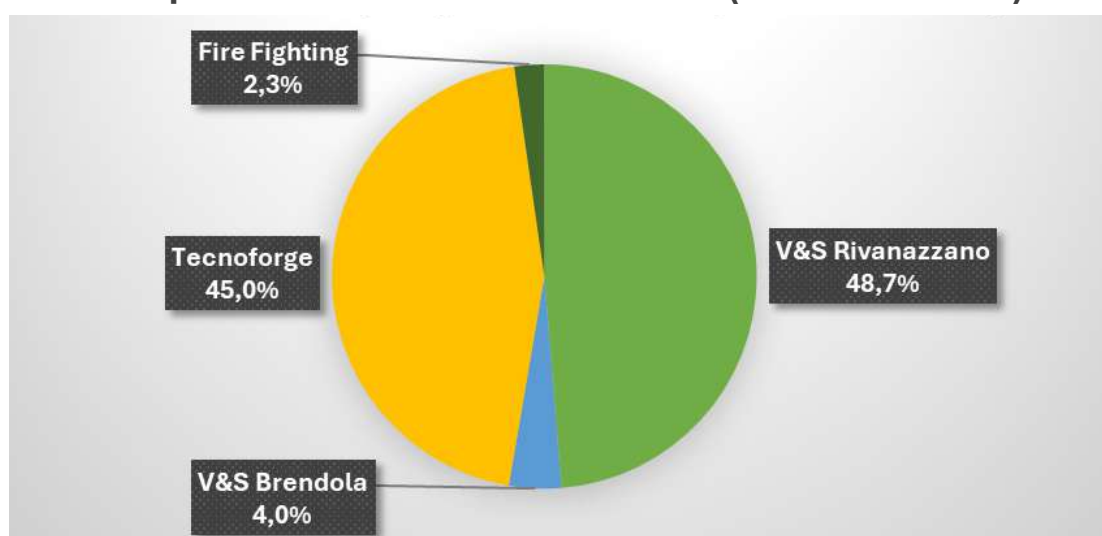
#### Scope 1 and 2 emissions for BU/Division (location-based)



The analysis of Scope 1 and 2 (location-based) emissions clearly shows that the largest contribution comes from the Tecnoforge BU, which alone generates about 69.4% of total emissions. This finding is consistent with the nature of Tecnoforge's production process, which is characterised by energy-intensive operations such as forging and heat treatments that require high consumption of natural gas and electricity. By contrast, the other production sites - V&S Rivanazzano (21.7%), Fire Fighting (4.5%) and V&S Brendola (4.3%) - show significantly lower emissions, reflecting less energy-intensive production processes.



### Scope 3 emissions for BU/Division (location-based)



With regard to Scope 3 emissions - which include all indirect emissions generated along the value chain (both upstream and downstream) - a different distribution is observed compared to Scopes 1 and 2. V&S Rivanazzano emerges as the main contributor, with 48.7% of the total, followed by Tecnoforge with 45%. This finding suggests that, although Tecnoforge's direct production process is the most energy-intensive, other factors come into play for Scope 3 emissions: procurement, logistics, transportation, and post-production phases. In the case of Rivanazzano, the weight of Scope 3 emissions can be traced back to the complexity of the supply chain and the number and type of materials used.

### Greenhouse Gas Intensity (GHG)

Greenhouse gas intensity (GHG) represents the ratio of emissions generated to the organisation's net revenue. This indicator makes it possible to assess the impact of emissions in relation to the economic activity carried out.

The intensity of GHG based on net revenue was calculated with the following data:

GHG emissions (Location Based)	58,798 tCO <sub>2</sub> eq
GHG emissions (Market Based)	60,843 tCO <sub>2</sub> eq
Total net revenue	175,223,739 euro

The intensity, given by the ratio between emissions and revenues, is therefore:

GHG Intensity (Location Based)	0.00033 tCO <sub>2</sub> eq
GHG Intensity (Market Based)	0.00034 tCO <sub>2</sub> eq

In this specific case, the value of 0.00033 (location-based) and 0.00034 (market-based) indicates that for every euro of net revenue, 0.00033 and 0.00034 tonnes of CO<sub>2</sub> equivalent were generated, respectively.

## Changes compared to 2023 and clarifications

Compared to the previous year, the Scope 3 emissions boundary was expanded to include - albeit partially - new categories, as a result of a more structured modelling effort.

- **Outsourced services:** for the Valves & Systems Italy Division (partially) and the Tecnoforge Business Unit (entirely), emissions related to activities carried out by subcontractors have been estimated. In the absence of primary data, a literature emission factor was used. A targeted analysis of the actual energy consumption of these outsourced processes is planned, with the goal of adopting more representative emission factors based on real data as early as next year.
- **Capital goods:** for all sites, an initial modelling exercise was carried out to estimate emissions related to capital goods purchased in 2024, focusing on equipment, machinery, and moulds directly linked to production. Investments related to buildings, upgrades and IT services were excluded. The methodology involved a simplification, considering the main material of the asset and its weight (also obtained from technical datasheets), while secondary materials and production processes were not taken into account.

Significant deviations from 2023 are present in the analysis, due to various methodological and data quality factors:

- **V&S Rivanazzano - Assets purchased:** the value in 2024 is significantly lower than in 2023. The latter was influenced by an anomaly in the volumes invoiced by suppliers, which was not representative of full production. The 2024 figure is considered much more reliable.
- **Fire Fighting - Purchased Assets:** the value in 2024 is significantly lower than in 2023. The latter was influenced by an anomaly in the volumes invoiced by suppliers, which was not representative of full production. The 2024 figure is considered much more reliable.
- **For transport and distribution (upstream and downstream):** for all sites, the 2023 and 2024 data were, in some cases, collected as samples (e.g., on a four-monthly basis) and then projected for the entire year. This approach has generated some significant variations. For 2025, a more extensive and consistent data collection is planned to support more robust and representative analyses.





## E2 - Pollution

Pollution represents a major global environmental challenge, with significant and far-reaching effects on various ecosystems, in particular air, water and soil. Atmospheric emissions can compromise air quality and contribute to climate change, while water discharges and the dispersion of chemicals in the soil can alter the balance of natural ecosystems, with direct consequences on biodiversity and the health of local communities.

Valvitalia is aware of the potential negative impacts that its production activities could generate and places great importance on pollution management as an integral part of its sustainability strategy. The company is committed to constantly monitoring its operations to limit emissions and discharges, manage waste properly, and take preventive measures to reduce this type of environmental impact.

### Material impacts, risks and opportunities and their interaction with the strategy and business model (SBM-3)

The topic was identified as relevant for impact materiality. Relevant impacts are listed below:

**Pollution and biodiversity:** Potential negative impact on food resources and living organisms (long-term, significant).

**Industrial pollution:** Potential damage to the health of employees, local communities and the environment (long-term, significant).

Valvitalia is aware that its production activities, if not properly monitored and managed, could potentially generate negative impacts on human health, biodiversity and local ecosystems. However, it is important to emphasise that all identified impacts are of a potential nature, i.e. they have not materialised and represent scenarios that the company closely monitors to prevent any possible undesirable effects.

Potentially negative impacts are mainly related to the use of chemicals and industrial processes, which could lead to adverse consequences if not carefully managed. The use of pollutants, if accidentally dispersed into the environment, could contaminate soil and water, compromising both biodiversity and the quality of food and water resources.

Valvitalia's commitment to preventing these potential negative impacts is reflected in a systematic and integrated approach based on international environmental management standards. In particular, the adoption of ISO 14001 certification allows the

company to continuously monitor and optimise its production processes, ensuring strict control over the use and management of chemicals. In addition, Valvitalia constantly invests in research and development of innovative technologies to reduce environmental impacts and improve the efficiency of production processes.

## E2-1 – Policies related to pollution

### *Integrated Environment, Health and Safety System and ISO 14001*

The integrated Environment, Health, and Safety system adopted by Valvitalia serves as the reference policy for managing pollution issues.

Within the Integrated Environment, Health and Safety System adopted by Valvitalia, the company's commitment to pollution management is clearly defined through a series of specific objectives. These objectives reflect Valvitalia's focus on limiting environmental impact. In particular, the Company undertakes to guarantee the following:

Constantly monitoring various environmental parameters in order to intervene promptly should situations arise that could lead to significant environmental impacts.

Pursuing improvements in environmental performance and constant attention to pollution prevention.

Promoting actions aimed at raising awareness of environmental issues among suppliers and customers who show an interest in these topics.

Responding quickly, effectively and diligently to emergencies or accidents that may occur during operations, including by cooperating with third-party organisations and the relevant agencies.

Committing to taking measures to reduce any emissions of pollutants and waste, with a focus on maintaining natural resources.

As part of the ISO 14001 certification adopted by Valvitalia, which is in place at every facility, all issues related to pollution are analysed in detail, with the goal of effectively identifying and managing the potential environmental impacts associated with production activities. The analysis focuses on air emissions, water discharges, possible soil pollution, waste generation and management, and noise pollution.

For each of these aspects, the environmental management system presents operational procedures, rules of conduct and control measures to prevent and reduce pollution.



The system also ensures continuous monitoring of environmental parameters and corrective action in the event of deviations from the defined standards.

### ***Code of conduct for corporate social responsibility***

Even within its code of conduct for corporate social responsibility<sup>2</sup>, Valvitalia has included clear references to pollution, recognising its importance for implementing ethical business practices. The prevention of local pollution is one of the explicit objectives stated in the section dedicated to the environmental sphere, which outlines the company's systemic approach to managing the impacts of its activities on the territory.

Specifically, Valvitalia undertakes to:

Prevent the risks of local pollution through constant monitoring of the environmental impacts of its production sites. This implies direct control over any emissions, releases or contamination that could compromise the quality of air, soil or water resources in the contexts in which the company operates.

Minimise waste generation by promoting the recovery and/or recycling of materials. All this with the aim of reducing forms of pollution associated with traditional disposal methods, in line with the principles of the circular economy.

Promote the conscious and responsible use of natural resources, particularly materials and fuels, by prioritising solutions that reduce the environmental impact of industrial processes and thus indirectly contribute to lowering potential pollution.



<sup>2</sup> Available at the following link:  
[https://www.valvitalia.com/static/upload/com/comp-1-0---code-of-conduct-fo-corporate-social-responsibility\\_rev-0-en.pdf](https://www.valvitalia.com/static/upload/com/comp-1-0---code-of-conduct-fo-corporate-social-responsibility_rev-0-en.pdf)

## E2-2 – Actions and resources related to pollution

During the reporting year, Valvitalia did not receive any sanctions, either monetary or non-monetary, for non-compliance with environmental laws and regulations.

The environmental analysis conducted within the framework of ISO 14001 makes it possible to precisely identify sources of risk and to define operational measures to reduce emissions and discharges, improve waste management, and limit pollution overall. This process involves the constant measurement and monitoring of environmental parameters in order to identify any deviations from the defined standards and implement corrective actions in a timely manner.

The health, safety and environment manager supervises the implementation of the environmental management system and coordinates monitoring and prevention activities. Valvitalia carries out annual updates of ISO14001, thus being able to verify the effectiveness of the actions implemented and identify further room for improvement.



Innovation, understood both as the development of new materials and machinery and the improvement of production processes, is also a strategic theme for Valvitalia. The company is constantly committed to introducing advanced technologies and solutions to increase efficiency and operational effectiveness, while also improving the safety of its plants and processes. This approach also has a direct impact on reducing pollution, as safer and more efficient processes help minimise the risk of accidents and the resulting release of pollutants into the environment.

Within Valvitalia's production cycles, there are no substances of concern or substances of very high concern (SVHC - Substances of Very High Concern). For this reason, Valvitalia has not adopted a specific policy for the management of this type of substance and does not provide for dedicated monitoring of these pollutants.







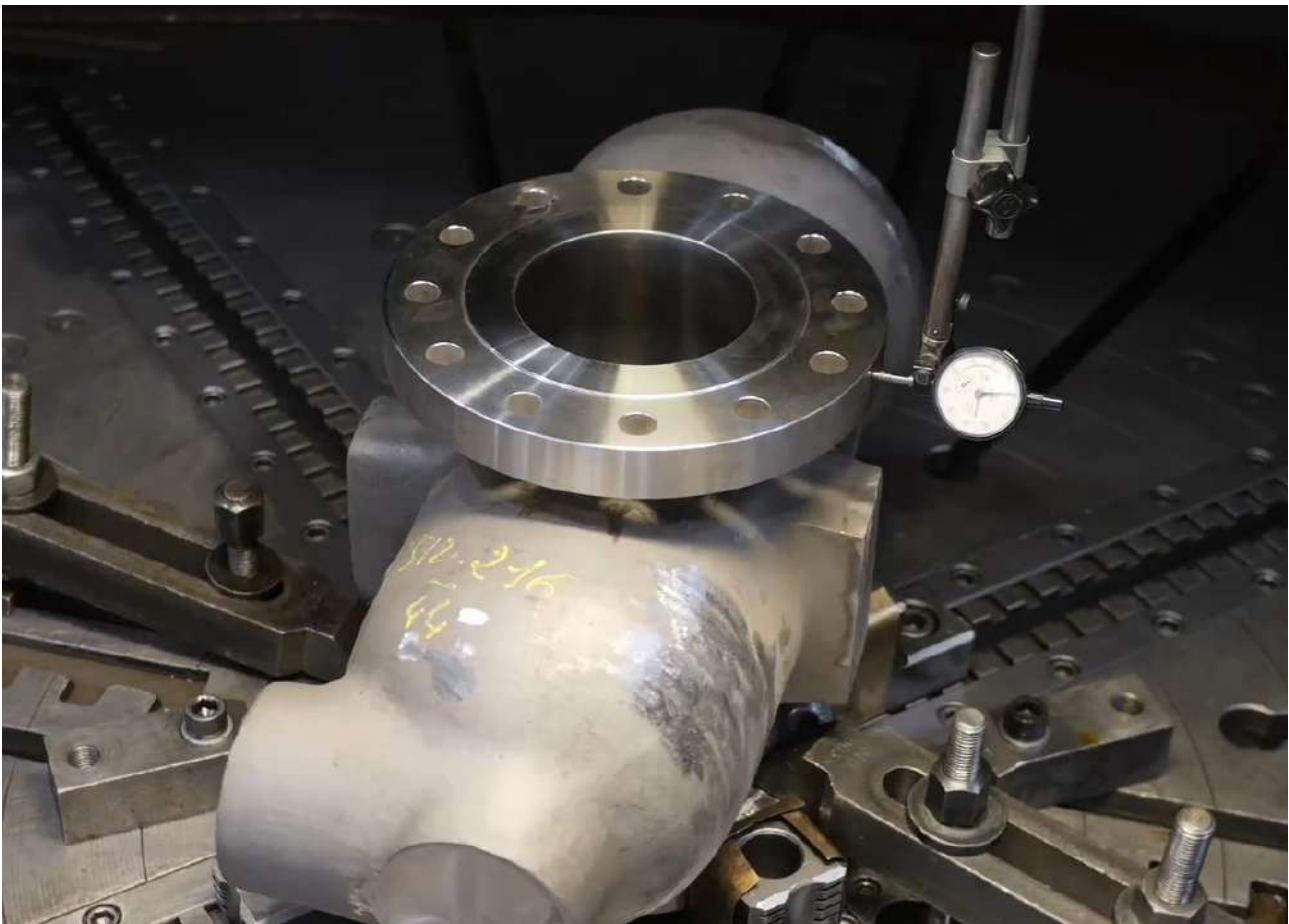
## E2-3 – Targets related to pollution

At present, Valvitalia has not defined measurable targets for pollution-related impacts, risks and opportunities.

However, the company constantly strives to minimise environmental impacts and risks associated with pollution and impact management through the adoption of the ISO 14001-compliant environmental management system.

The reporting process and related activities are also enabling a clearer view of impacts and opportunities for improvement. In particular, the extension of reporting to the global perimeter for 2025, including foreign sites, will represent a fundamental step in further strengthening the company's ability to prevent and manage environmental impacts effectively and consistently.

This process will enable Valvitalia to consider setting more specific and measurable pollution management goals in the future, adapting them to different operational contexts and relevant regulations. In doing so, the company will further strengthen its approach toward increasingly integrated management.



## S1 - Own workforce

### Material impacts, risks and opportunities and their interaction with the strategy and business model (S1-SBM3)

The topic of workers' health, safety and welfare, which can be traced back to ESRS S1, was identified as relevant for impact materiality. Relevant impacts attributable to the theme are:

**Secure and stable employment:** Positive effects on the well-being of employees and families (current, significant).

**Work flexibility:** Improvement of work-life balance and employee well-being (current, significant).

**Excessive hours:** Potential negative impact on health, productivity and quality of life (long-term, important).

**Adequate wages:** Ensuring welfare and a decent standard of living (current, meaningful).

**Dialogue with management:** Improved working relationships and positive environment (current, meaningful).

**Freedom of association:** Essential for social rights and better working conditions (current, significant).

**Collective bargaining:** Ensuring fairness in working conditions and wages (current, significant).

**Work-life balance policies:** Increased productivity, satisfaction and quality of life (current, significant).

**Accidents and occupational diseases:** Potential negative health impact (medium term, significant).

**Training and development:** Promotion of professional growth and talent development (current, significant).

A positive, inclusive work environment focused on the personal and professional growth of employees is a key strategic factor for ensuring continuity, efficiency, and improvement in company performance. The positive impacts generated by Valvitalia's human resources management policies are real and significant and represent a key element

in achieving the company's objectives. Through the adoption of National Collective Labour Agreements (CCNL), Valvitalia guarantees employment stability and adequate remuneration to its employees, contributing to the economic well-being of their families.





The focus on employment stability could translate into greater operational efficiency and a lower incidence of turnover, two key elements to ensure continuity and reliability in production processes. This approach, geared towards maintaining stable and secure working relationships, strengthens the company's ability to plan and implement long-term strategies without disruptions or inefficiencies.

The promotion of flexible working policies, such as working remotely (working arrangements reserved for certain categories of workers) and the focus on shift management in production departments contribute significantly to improving the work-life balance among employees.

At the same time, Valvitalia continuously invests in ongoing training and the development of employee skills. The acquisition of new knowledge and skills contributes not only to the professional growth of employees but also to the innovation of company processes and adaptability to market challenges. A qualified and constantly updated workforce is a fundamental asset for the company, ensuring a high-quality standard and continuous improvement in performance.

However, Valvitalia is aware that some work dynamics can potentially generate negative impacts if not properly monitored and managed. Among these, the company identifies the following as potentially critical:

### **Excessive working hours**

Although Valvitalia promotes flexible policies and attention to workplace well-being, the possibility of extended working hours - at certain times linked to events or dynamics dictated by the external context - represents a potentially negative impact in the long term. Prolonged work situations or excessive work rhythms can negatively affect employees' psychological and physical well-being, reduce productivity and increase the risk of stress and dissatisfaction.

### **Accidents and occupational diseases**

Although Valvitalia adopts an ISO 45001-compliant safety management system, any accidents or prolonged exposure to certain conditions may constitute potentially significant negative impacts. The company constantly monitors these dynamics and takes preventive measures to ensure a healthy and safe working environment.

## S1-1 – Policies related to own workforce

Valvitalia's commitment to the protection of human rights and working conditions is based on a solid international framework. The company's Code of Ethics is inspired by the United Nations Charter of Rights, the European Union Charter of Rights and the Italian Constitution, as well as the "core labour standards" defined by the ILO conventions and the OECD Guidelines for Multinational Enterprises.

Through its corporate social responsibility policy, Valvitalia is committed to:

- Banning child labour;
- Respecting the principles of Diversity and Social Inclusion, as set out in the internal Diversity and Inclusion Policy and Procedure;
- Ensuring fairness in the definition of remuneration and welfare systems;
- Ensuring equal opportunities in all business processes;
- Guaranteeing freedom of association and collective bargaining;
- Maintaining a safe and healthy working environment for all employees;
- Aligning with and respect the United Nations 2030 Agenda, with particular reference to the Sustainable Development Goals for the ESG impact areas relevant to the company.

The protection of fundamental human rights and compliance with the company's Code of Ethics are ensured through a structured control system, overseen by Valvitalia's Supervisory Body. This body plays a central role in monitoring the company's activities, ensuring constant compliance with fundamental ethical principles and promptly handling any violations.

To strengthen the control system and the protection of fundamental rights, Valvitalia has implemented easily accessible reporting channels. A dedicated e-mail box has been set up, managed directly by the Supervisory Board, which allows reports to be submitted confidentially and securely. The Whistleblowing procedure ensures the anonymity of the whistleblower, guaranteeing total protection. This platform, accessible via the company's official website (<https://valvitalia.integrityline.com/>), serves as an essential tool for preventing and detecting potential violations.

The active involvement of employees is a key element in Valvitalia's human resources management. The company has developed and implemented listening tools through internal surveys, the results of which serve as a strategic resource to guide the development of organisational policies, support the evolution of business strategies, and implement targeted operational improvements.





## Code of Ethics

Valvitalia's Code of Ethics includes a specific section on personnel management, in which the fundamental principles guiding the company's human resources policies are defined. These principles reflect the company's commitment to fostering a fair, safe and respectful working environment, in line with the ethical and professional standards adopted company wide.

Human resources are an essential element for the success of Valvitalia, which is committed to offering all employees equal opportunities, based on merit criteria and respecting the principle of equality. The aim is to enable each employee to develop their skills through targeted training and refresher programmes, thus fostering professional and personal growth. Particular attention is paid to the integration of disabled workers, encouraging the creation of an inclusive and easily accessible working environment.



With regard to personnel selection, the Code of Ethics stipulates that the selection process must be transparent and objective, with the sole aim of identifying the most suitable persons to meet the company's needs. The assessment of candidates is based on criteria of competence and professionalism, while respecting privacy and the personal sphere. Any form of favoritism is prohibited, and the HR department is responsible for ensuring compliance with these principles by adopting appropriate preventive measures to maintain fairness and transparency in the process.

With regard to personnel evaluation, the company defines clear, concrete and measurable objectives, promoting responsible and result-oriented behaviour. Targets are structured to avoid pressures that may lead to unethical or improper behaviour, instead



encouraging an approach based on responsibility and integrity. Any critical issues or conflicts are promptly reported and managed by the HR department and the Supervisory Board, ensuring a correct assessment process consistent with the corporate values. The Code of Ethics also sets out the rights and duties of employees, who are required to comply with company regulations and the instructions of their managers, working collaboratively with colleagues and managers to operate efficiently and transparently. The utmost confidentiality of company information and respect for the company's interests are required, avoiding situations of conflict of interest or conduct that could damage the company's reputation.

### ***Procedure and policy for diversity and inclusion***

The Diversity and Inclusion Policy defines the principles and guidelines that guide the company's activities, with the aim of creating an inclusive working environment and valuing individual differences.

Valvitalia recognises the value of diversity as a source of enrichment and a driver for innovation, promoting a work environment that fosters collaboration, respect, and the appreciation of every individual. The policy is based on the principle of equality and is committed to preventing all forms of discrimination related to age, gender, sexual orientation, disability, ethnic origin, nationality, religious and political orientation, marital status, maternity and paternity, socioeconomic status, and professional background.

The company is actively committed to overcoming stereotypes and cultural barriers, promoting an inclusive environment that ensures equal access and development opportunities for all employees. The focus on gender balance is reflected in the support for female participation in leadership and management programmes. In addition, the company values different abilities through concrete measures for the inclusion and promotion of talent, fostering a culture of mutual respect.

Valvitalia actively promotes intergenerational dialogue and enhances transversal skills, encouraging collaboration between individuals of different ages and career paths. This approach fosters a dynamic and innovative working environment, where confrontation and diversity become strategic levers for company growth.

Furthermore, the company is committed to creating a working environment that supports well-being and a balance between professional and personal life. By adopting measures such as working remotely, Valvitalia facilitates the reconciliation of individual, and company needs, ensuring flexibility and productivity in a harmonious and inclusive context.

The promotion of diversity and inclusion is integrated into the company's processes, from personnel selection to performance appraisal and career development, with the aim of ensuring fairness and meritocracy at all stages of the career path. Any form of



favouritism or discrimination is prohibited, and the HR department is responsible for monitoring compliance with these principles and adopting corrective measures in case of violations.

To further strengthen its commitment to diversity and inclusion, Valvitalia has established a cross-functional team composed of representatives from all relevant company departments. This team is tasked with monitoring the effectiveness of adopted policies and proposing new objectives and improvement actions. The policy is regularly updated to adapt to regulatory developments and trends in human rights, in line with international guidelines and the United Nations Sustainable Development Goals (SDGs).

### *Health and safety*

Valvitalia recognises the importance of ensuring a safe and secure working environment for all employees, promoting a corporate culture oriented towards risk prevention and continuous improvement of health and safety performance. The company has undertaken a structured process that led to obtaining ISO 45001 certification, following an external audit, confirming compliance with current regulations and the adoption of high standards in occupational health and safety management.



Furthermore, the integrated environment, health, and safety management system implemented by Valvitalia is designed to minimise the risks and potential hazards to which workers and third parties involved in company activities may be exposed. The company has developed a structured process for risk identification and assessment (as part of the processes related to maintaining ISO 45001), which serves as the basis for defining intervention priorities and planning necessary actions. This approach involves the systematic identification of hazards related to work activities, the assessment of associated risks, the establishment of a hierarchy of interventions, and the design of targeted improvement actions.

Moreover, through this policy, Valvitalia undertakes to:

- ➔ Clearly define the roles and responsibilities of personnel involved in health and safety management
- ➔ Systematically identify hazards arising from all company activities, assessing the associated risks and taking appropriate preventive measures;



- ➔ Continuously train personnel to ensure the safe conduct of operations and protect the health and physical integrity of workers;
- ➔ Promote a safety culture by raising awareness among employees, suppliers and third parties of their health and safety responsibilities;
- ➔ Respond promptly to emergency situations or accidents that may occur in the course of operational activities, collaborating with external bodies and competent authorities;
- ➔ Comply with all applicable laws and regulations, and where specific rules are not in place, adopt standards based on recognised scientific principles and risk assessments;
- ➔ Pursue the goal of zero accidents and occupational illnesses by promoting a safe and secure working environment for all employees;
- ➔ Adopt the best available technologies to reduce environmental impact and health and safety risks, especially in the case of new processes or equipment;
- ➔ Encourage the active involvement of employees by reporting risk situations and taking immediate corrective measures.

These principles are also disseminated within the company through the Code of Conduct for Corporate Social Responsibility, by which the company recognises health and safety as essential values and integral parts of its social responsibility. Through this commitment, the company strives to create a safe and secure working environment for all employees.

To ensure the continuous improvement of the system, Valvitalia has implemented a programme of regular internal audits, conducted by trained and qualified personnel, aimed at verifying the proper functioning of the integrated management system. Audits follow strict criteria to ensure impartiality and technical competence. Furthermore, they are an essential tool for assessing the effectiveness of the system, identifying areas for improvement and monitoring compliance with adopted standards. Auditors are selected in such a way as to avoid conflicts of interest, thus ensuring transparency and reliability in the assessments.







## S1-2 - Processes for engaging own workers and workers' representatives about impacts

Some Valvitalia workers took an active and central role in defining material impacts for the organisation, contributing directly to the materiality analysis by filling in the dedicated questionnaire. This tool not only captured the general perception of ESG topics but also gave employees a concrete opportunity to provide direct feedback on the impacts affecting the organisation and, most importantly, the internal workforce. The questionnaire was therefore an official and structured channel to ensure that people's voices were heard, valued and taken into account in strategic choices.

Through this approach, employees were actively involved and played a significant role in defining the company's sustainability priorities, particularly regarding impacts that affect them most directly. These include organisational well-being, working conditions, professional development, internal communication, workplace climate, and work-life balance. In this way, materiality was not just a technical or compliance exercise but became a participatory process in which employees helped define and qualify what truly matters to them within their work experience at Valvitalia.



In addition to this process, employee involvement took place through a variety of structured and continuous initiatives. Every month, a Business Review is held for each Business Unit/Division, involving up to the second hierarchical line under the Managing Director. These meetings, in addition to monitoring deviations between results and budget, serve to stimulate continuous improvement actions and to monitor the progress of initiatives over time. A relevant example is a project launched in 2024 for a Business Unit, featuring internal workshops for three company teams aimed at exploring the internal climate and collaboration dynamics.

The results, collected in the absence of the managers, made it possible to identify concrete ideas for improvement, which were subsequently translated into operational actions. The two-year project is now ongoing and directly entrusted to the teams involved, under the coordination of the local HR.

To strengthen organisational dialogue, an internal communication plan was also implemented at the end of 2024 to support managers and supervisors in the effective management of engagement. The plan provides for structured discussions between managers and teams (at least monthly), periodic updates by the CEO addressed to the entire company population, and regular second- and third-level meetings to foster the circulation of information between departments. In parallel, a leadership workshop was held, with the aim of promoting critical reflection on one's management style, strengthening a shared management culture and identifying areas for individual and team improvement. The process included an analysis of people's emotional states using the Kübler-Ross model, the inspirational role of the leader, time management, and the alignment between company expectations and individual approaches.

In 2024, a mentoring project was also launched that will continue until the end of 2025. It involves 25 people, including new hires and employees transitioning to new roles, who are supported by members of the Management Team through regular meetings focused on exchanging experiences and gaining a deeper understanding of the organisational environment.

Finally, numerous surveys have further enhanced the structured listening channels, including:

- an internal survey that collected 121 suggestions, which were then transformed into a couple of questions addressed to the CEO during an update meeting with the entire company staff.
- a strategic survey in preparation for the merger between the Valves & Systems Business Units of Italy and China (now a single Division), to investigate perceptions, organisational risks and opportunities related to the integration;
- a survey on internal communication, addressed to the entire company staff, was useful for identifying strengths and areas for improvement in communication from top management and department heads.



Through these tools, the organisation has ensured continuous, genuine, and proactive engagement of its people, not only in defining material priorities but also in evaluating and managing direct impacts on the work environment, well-being, and organisational development.



### S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns

Valvitalia has equipped itself with structured tools that allow workers to freely express their concerns and actively contribute to improving the working environment. Particularly important among these instruments are the suggestion boxes, which are present in each of the Group's plants. Placed in strategic and easily accessible locations, these boxes represent a direct channel through which any employee can report operational problems, suggest improvements or propose solutions, even anonymously. Reports are collected and carefully analysed, providing a concrete basis for identifying areas of intervention and fueling a continuous process of improving company practices and working conditions.



Alongside this informal consultation tool, the organisation provides an official whistleblowing channel, which offers a safe and confidential alternative for reporting potential or actual violations of the Code of Ethics, health and safety issues, or other non-compliant behaviors. The channel is accessible to all and reports are handled directly by the Supervisory Board, with a guarantee of confidentiality and protection of the reporter's identity.

A key role in the day-to-day management of potentially negative impacts is played by the HSE (Health, Safety & Environment) department, which is continuously operational at each production site. The department operates as a direct guardian of health and



safety conditions at work, carrying out regular inspections and constantly interfacing with workers. This presence ensures not only timely monitoring of operational activities, but also an immediate listening channel for collecting feedback, reports, and requests from staff.

The information gathered is analysed in synergy with the company management for the adoption of corrective or preventive actions,



contributing to the strengthening of a culture of prevention and well-being. Through the integration of these tools - suggestion box, whistleblowing, and the constant presence of the HSE department - Valvitalia creates a participatory management model focused on continuous improvement, effectively combining compliance with current regulations and active listening to the people who work in the organisation every day.



### **S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions**

Valvitalia recognises the existence of certain potentially negative impacts that may arise from its activities and affect its workforce. In particular, two priority areas have been identified: on one hand, the effects on employees' health and well-being resulting from prolonged or unbalanced working hours, which can cause stress and impact both quality of life and productivity.

On the other hand, there are impacts related to employees' health in the event of accidents or the onset of occupational illnesses, connected to the operational environment or industrial processes.

With regard to the first impact, Valvitalia acts through an organisational approach focused on flexibility and the promotion of employees' physical and psychological well-being. The adoption of tools such as working remotely, where compatible with the nature of the tasks, and the structured management of working hours, serve as strategic levers to ensure a better balance between private and professional life. These measures are aimed at preventing fatigue, fostering concentration, and increasing employee satisfaction.





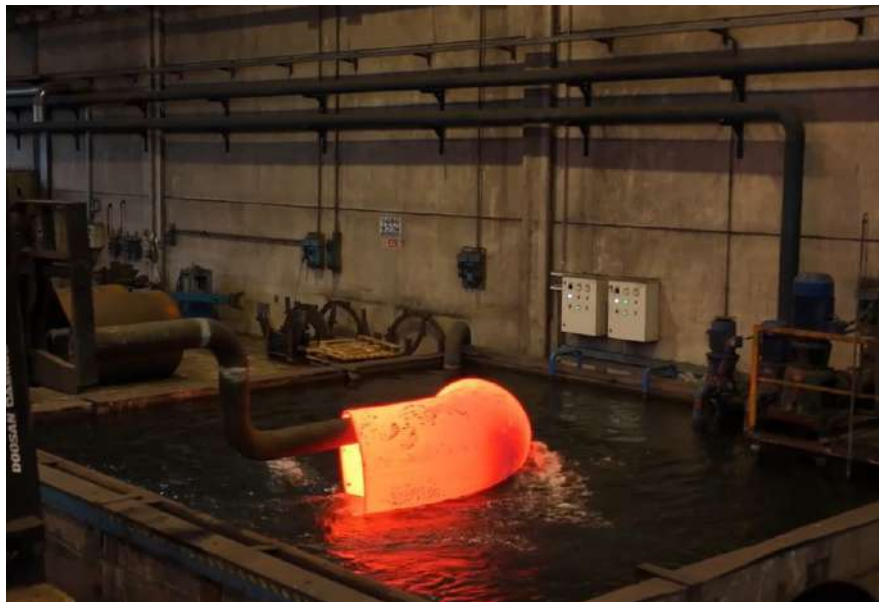


With regard to health impacts in cases of accidents or occupational illnesses, the Integrated Health, Safety, and Environment Management System enables the identification, mitigation, and minimisation of events that could compromise people's physical integrity. The system is based on processes of analysis, control and continuous improvement, and is applied in all company plants. Alongside this, the principles of the Stop Work Policy are applied, under which every employee has the right and duty to immediately stop any activity they consider unsafe.

Alongside the management of these impacts, Valvitalia actively promotes actions aimed at generating positive impacts on its workforce through initiatives focused on listening, engagement, skills development, and the recognition of people. In this context, the reporting process also serves as a strategic tool for identifying new opportunities for action. Through a more in-depth and structured analysis of material topics, Valvitalia is expanding its understanding of its impacts, with the goal of clearly interpreting the dynamics affecting its workforce and identifying possible areas for improvement.

### ***Tecnoforge Academy: turning a challenge into an opportunity***

In September 2024, Tecnoforge faced a significant production challenge due to a surge in workload in the welding department, compounded by lingering difficulties from the COVID period and a lack of new hires in previous years. The strategic decision was to fully internalise production, ending relationships with external suppliers. However, there were no suitably trained welders available on the local market who could be immediately integrated into the production cycle.



The launch of Tecnoforge Academy was preceded by an intensive selection and recruitment phase, carried out jointly by the Tecnoforge BU Human Resources team in collaboration with Gi Group. Through advertisements in local newspapers, word-of-mouth activities, and in-depth interviews, more than 20 candidates were evaluated with the aim of identifying not only those with adequate technical skills, but above all, motivated young people. The focus was on selecting individuals who were willing to learn and eager to take on a new professional challenge. At the end of this process, five young graduates from local vocational schools were selected and included in the training course.

The training was structured in an innovative and intensive way, with the goal of providing the participants with practical and theoretical skills in an extremely short time frame:

**First week:** dedicated exclusively to safety training, which, in addition to legal requirements, included specific sessions on the use of complex tools and equipment such as forklifts, aerial work platforms, and overhead cranes.

**Week 2:** a “passive” shadowing, in which the young participants were able to observe and learn directly from the field about the operational activities of the department, familiarising themselves with the production environment without yet intervening directly.

**Weeks 3 and 4:** continuous and individualised “active” shadowing, during which each participant was constantly followed by an expert tutor, thus being able to put the theoretical knowledge acquired into practice and develop new technical skills directly in the field.

At the end of the month of training, the five young people were immediately introduced into the production cycle, receiving a permanent staff leasing contract through Gi Group, with an initial nine-month administration period. The training course was not limited to the welding department: depending on the company's needs, the students were also involved in other production departments, acquiring additional technical skills and thus expanding their professional capabilities.

A particularly valuable element that emerged from the project was the great involvement and passion with which the experienced workers of Tecnoforge embraced this initiative, enthusiastically seizing the opportunity to pass on their knowledge to the new generations. This fostered a positive working environment, based on the intergenerational exchange of skills and a renewed energy within the departments.

## **S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities**

To date, Valvitalia has not yet defined formally quantified targets for the management of negative material impacts, the amplification of positive ones and the management of risks and opportunities related to its workforce. However, these objectives are implicitly embedded in the corporate culture and daily organisational choices. The policies and initiatives described in the preceding paragraphs - from the promotion of health and safety to organisational flexibility, to employee listening and involvement tools - represent concrete actions geared towards achieving these objectives.



In the near future, the company plans to define specific and measurable targets, especially in relation to the impacts that will emerge in the new materiality analysis process, which is currently being updated. In this context, the intention is to further strengthen the measurement and management system, with the extension of reporting to the foreign offices as well, in order to offer a more complete and integrated view of company dynamics. This development will provide more robust tools for planning, monitoring and reporting on the effectiveness of the actions introduced.

### S1-6 - Characteristics of the undertaking's employees<sup>3</sup>

KPI	2023	2024
<b>Total number of employees as of 31/12</b>	628	647
<b>Average number of employees during the year</b>	626	639

As of 31 December 2024, the total number of employees at Valvitalia was 647, up from 628 as of 31 December 2023, an increase of 3.0%. The average number of employees during the year also increased from 626 in 2023 to 639 in 2024, confirming a trend of consolidation and strengthening of the corporate workforce.

KPI	2023	2024
<b>Women</b>	133	149
<b>Men</b>	495	498
<b>More</b>	0	0

In 2024, the gender composition of Valvitalia's workforce showed an increase in the presence of women, with 149 women compared to 133 in 2023, marking a 12.0% rise. The number of men also increased slightly, from 495 to 498, a change of +0.6%. These figures highlight a growing female participation within the organisation, in line with a gradual process of rebalancing gender distribution.

Employees by type of contract, broken down by gender	U. of M.	2023	2024
<b>Permanent work</b>	no.	620	636
- of which men	no.	489	493
- of which women	no.	131	143
<b>Fixed-term work</b>	no.	8	11
- of which men	no.	6	5
- of which women	no.	2	6
<b>variable timetable</b>	no.	0	0
<b>Full time</b>	no.	605	619
- of which men	no.	494	497
- of which women	no.	111	122
<b>Part time</b>	no.	23	28
- of which men	no.	1	1
- of which women	no.	22	27

<sup>3</sup> For the sake of consistency and clarity of the data reported, it should be noted that, unless otherwise indicated, all figures presented in the following paragraph refer to the situation as of 31 December 2024.

Analysing permanent employees, there was a significant increase compared to 2023, with the number rising from 620 to 636 units, corresponding to a net increase of 16 people. This growth was even more pronounced for female employees, which increased by 12, from 131 to 143.

As far as fixed-term employees are concerned, there was an overall increase of three, with the number of employees rising from 8 to 11 over the past year. However, this increase is not uniform between genders. In fact, while the number of men employed on fixed-term contracts decreases from 6 to 5, the number of female employees increases significantly from 2 to 6.

There was also an increase in the number of full-time employees, from 605 to 619. Here again, the increase is most noticeable among female employees, which rose from 111 to 122, an increase of approximately 9.9%. The number of full-time men increased slightly from 494 to 497, indicating a steady but more moderate growth.

In 2024, there is also an increase in the number of part-time contracts from 23 to 28. However, this increase is reflected exclusively in the female component, which grows from 22 to 27 employees, while the number of men remains unchanged.

Overall, the analysis of Valvitalia's workforce data for the year 2024 shows an increase in both permanent and fixed-term contracts compared to the previous year. There is a



clear improvement in female representation, particularly in the permanent and full-time contract categories, signalling the company's concrete commitment to promoting inclusion and gender equality.

During 2024, 60 people left the company (including possible redundancies and retirements), resulting in a turnover rate of 9.39%<sup>4</sup>. This indicator, constantly monitored by the company, is a useful tool to assess the stability of the workforce and the ability to retain key skills over time.

<sup>4</sup> The turnover rate is calculated on the average number of employees during the year 2024.





## S1-8 – Collective bargaining coverage and social dialogue

As specified above, all Italian employees of Valvitalia are covered by a National Collective Labour Agreement (CCNL), which guarantees full protection of contractual rights and a solid regulatory basis for the management of the employment relationship.

At the end of 2024, there were also 99 workers registered with a trade union organisation and thus formally represented through the channels provided by the industrial relations system. Valvitalia fully respects all legal and contractual provisions on representation, trade union freedom and participation, advocating an approach geared towards cooperation and information sharing between the social partners.

With the gradual expansion of the reporting scope to include foreign locations, planned for the next editions of the report, this section will be further deepened. Depending on the different regulatory and contractual contexts in the countries where the Group operates, it will be possible to integrate new information on models of social dialogue, collective agreements, and forms of worker representation at the international level.

## S1-9 - Diversity metrics

The table below shows the breakdown of the workforce by age. Valvitalia considers it essential to monitor this aspect as well in order to ensure an increasingly conscious handling of people. The survey of age composition is in fact a strategic element for planning development policies, organisational well-being and generational continuity.

KPI	2024
Workers under the age of 30	24
Workers between the ages of 30 and 50	305
Workers over the age of 50	318

As of 31 December 2024, analysis of the age composition reveals that Valvitalia's workforce consists of 3.7% employees under 30 years old (24 individuals), 47.1% between 31 and 50 years old (305 individuals), and 49.2% over 50 years old (318 individuals).

KPI WITH REFERENCE TO SENIOR MANAGEMENT (MANAGERS)	2024 Managers in the company	Units of Measurement
<b>Women</b>	3 executives	Number
<b>Men</b>	29 executives	Number
<b>Total</b>	32	Number

The analysis of Valvitalia's top management composition shows a predominance of male figures compared to female ones, with a total of 32 executives, of whom 29 are men and 3 are women. This figure shows a female representation of around 9.4% of the total, signalling a potential area of development for the company in terms of gender balance in leadership positions.

## S1-10 - Adequate wages

All Valvitalia employees are employed under a National Collective Labour Agreement (CCNL) consistent with their classification and sector. This ensures, already at a structural level, the recognition of an adequate salary, in line with the minimum wage thresholds established by national collective bargaining agreements and current regulations. The adopted remuneration system ensures compliance with the principles of equity and transparency, representing a fundamental element of the company's policy on decent working conditions.



Starting from the next financial year, with the extension of the reporting scope to foreign offices, this topic will be further explored. In this context, it will be necessary to collect and analyse additional information on the remuneration structure in different local contexts. All this with the aim of ensuring a comprehensive and consistent view of corporate remuneration practices at a global level.

## S1-11 - Social protection

Valvitalia guarantees its employees adequate social protection, in full compliance with Italian law and the provisions set out in the applicable National Collective Labour Agreements (CCNL).

In particular, protections related to illness, unemployment (from the start of employment), workplace injury and acquired disability, parental leave, and retirement are ensured through a combination of contractual provisions and the Italian social security and welfare system. The company undertakes to clearly and transparently communicate these covers to all employees, helping to increase awareness and effective access. In addition to public protection, Valvitalia also provides a supplementary health care system. All non-executive employees benefit from the MetaSalute Fund, while executives are covered by FASI - Fondo Assistenza Sanitaria Integrativa.



Starting from the next financial year, with the extension of the reporting scope to foreign offices, the topic of social protection will be the subject of a dedicated in-depth analysis. This will aim to understand and assess the available coverage in different regulatory contexts and to ensure a consistent and responsible approach in all countries where Valvitalia operates.

## S1-12 - Persons with disabilities

The company currently employs 30 employees with disabilities, an increase of 30% compared to the previous year, when the number stood at 23.

With the aim of further increasing the presence of this category of workers, Valvitalia has signed an agreement with the Province of Pavia, formally committing to hire an additional 9 employees with disabilities by 2028, in line with the requirements of targeted placement legislation.

This commitment is also rooted in Valvitalia's Code of Ethics, which clearly states the company's intention to protect employees with disabilities by actively promoting their integration into the workplace through appropriate measures, dedicated support, and personalised pathways.

## S1-13 - Training and skills development metrics

Valvitalia promotes an organisational culture geared towards continuous improvement and competence development through regular performance and career development reviews. These reviews are a key tool for monitoring the achievement of individual goals, identifying areas for growth and defining customised professional development paths in line with company needs and employee aspirations.

In the course of the year, 167 employees participated in these structured appraisals. Of these, 61 are women, corresponding to 40.9% of the total number of employees (149), while 106 are men, corresponding to 21.3% of the total number of men in the company (498).

KPI	Women	Men
Employees who participated in regular performance and career development reviews	61	106

In 2024, Valvitalia significantly intensified its commitment to training, delivering a total of 9,069 hours of training: an increase of over 109% compared to the previous year, when a total of 4,332 hours were recorded.

The total number of employees involved in training activities in 2024 was 616, showing a large participation compared to the overall company population. In particular, 138 women and 478 men took part in the training programmes, allowing extensive involvement across the different operational areas and company roles.

The increase in the number of training hours provided reflects an approach geared towards enhancing the training offer in terms of both quantity and quality, with the aim of ensuring adequate preparation in line with Valvitalia's operational and organisational requirements. The expansion of training activities is a key strategic element, aimed not only at improving productivity and efficiency, but also at enhancing the valorisation and development of human resources.







## S1-14 - Health and safety metrics

KPI	2023	2024
Number of production units	5	5
Certified occupational safety units	5	5
PPSM - Prevention and Protection Service Managers	3	3
Competent physicians	4	3
WSR - Workers' Safety Representatives	7	7
Personnel undergoing health surveillance visits	the entire company workforce	the entire company workforce
Personnel undergoing security medical examinations	the entire company workforce	the entire company workforce
Workers covered by an OSH System	the entire company workforce	the entire company workforce
Workers covered by a certified OSH System	the entire company workforce	the entire company workforce

In 2024, Valvitalia confirmed its commitment to protecting the health and safety of workers by keeping all the tools provided by its Occupational Health and Safety (OSH) Management System active and fully operational. All five of the Group's production units are certified to the ISO 45001 standard, guaranteeing a structured and continuous monitoring of workplace risks.

The governance of the OSH system is entrusted to 3 Prevention and Protection Service Managers (RSPP) and 3 competent physicians, in collaboration with the 7 Workers' Safety Representatives (RLS), present in the various plants. The entire company workforce is covered by an OSH system and undergoes both safety medical examinations and health surveillance, confirming the comprehensive management of occupational health.

In 2024, Valvitalia recorded four occupational accidents, compared to a single case in 2023. Although a numerical increase is observed, it is important to emphasise that, from a statistical perspective, the data does not indicate a structural trend, given the absence of serious or fatal cases and the relatively low incidence compared to the total number of hours worked (over 1 million). The increase therefore appears insignificant and potentially attributable to occasional factors.

The recorded accident rate stands at 3.53% in 2024, up from 1% in 2023, while the number of days lost due to accidents has risen to 71, up from 18 days in the previous year. This increase is directly attributable to the higher number of accidents recorded during the year. However, it is significant to note that none of these events resulted in serious or irreversible consequences, confirming the ability of the company's safety management system to contain the severity of incidents even in the presence of a temporary numerical increase.

The absenteeism rate remains low and essentially stable, at 5.84% in 2024, compared to 6% in 2023. The annual average of absence days per employee is 13.4. This figure includes all types of absences (excluding holidays and paid leave) and will be further analysed to identify potential areas for improvement in the management of organisational well-being

KPI	Units of Measurement	2023	2024
Registered occupational accidents	no.	1	4
Number of hours worked by employees	no.	1,076,006	1,133,897
Fatal accidents	no.	0	0
Serious injuries <sup>5</sup>	no.	0	0
Rate of deaths resulting from accidents at work	%	0	0
Registered work accident rate	%	1	3.53
Rate of occupational accidents with serious consequences (excluding deaths)	%	0	0.00
Number of days lost	no.	18	71.00
Absenteeism rate	%	6	5.84
Fatal occupational accidents of other workers working on company sites	no.	0	0
Deaths due to work-related illnesses of other workers working on company sites	no.	0	0
Average number of days of absence per employee per year	no.	9.5	13.4

<sup>5</sup> Valvitalia considers serious injuries to be those requiring at least 40 days for recovery



Despite the presence of some jobs classified as risky for occupational diseases, such as welding and flame cutters in Tecnoforge's plants, all activities are assessed, analysed and managed according to the Risk Assessment Document (DVR). In 2024, consistent with 2023, no work-related illnesses were reported among Valvitalia employees, nor were there any deaths attributable to occupational diseases.

Work-related illnesses	Units of Measurement	2023	2024
Number of work-related illnesses reported	no.	0	0
Number of deaths resulting from work-related illnesses	no.	0	0

## S1-15 - Work-life balance metrics

All male and female workers at Valvitalia are protected by the applicable National Collective Labour Agreement (CCNL), which recognises the right to maternity and paternity leave in accordance with current legislation. The company guarantees full enjoyment of these rights, aware of the importance of parenting time as an essential component of individual and family well-being.

In line with this vision and with the conviction that people's well-being is a key factor for a sustainable work environment, Valvitalia places great importance on the issue of work-life balance. For this reason, in addition to fully complying with legal obligations, the company has taken further reconciliation measures, including the introduction of flexible working arrangements such as working remotely.

This commitment was confirmed in 2024, with 100% of managerial staff enabled by working remotely. At the same time, the number of non-management employees qualified for this mode increased from 317 in 2023 to 340 in 2024. It should be noted that access to working remotely is subject to compatibility with the tasks performed. Therefore, some employees are excluded from this option because they are engaged in activities that necessarily require physical presence, either at the company's headquarters or in production departments.

KPI	U. of M.	2023	2024
Managerial staff enabled to working remotely	%	100	100
Non-managerial staff enabled to working remotely	no.	317	340

## Remuneration metrics

The analysis of average salaries by gender across different role categories highlights significant changes between 2023 and 2024, both in terms of a general increase in salaries and in the ratio between average female and male pay. Overall, there is an increase in average wages for both men and women in all professional categories present, with the only exception of the executive category.

Job Classification	Average women salary 2023	Average women salary 2024	Average male salary 2023	Average male salary 2024	F/M ratio 2023	F/M ratio <sup>6</sup> 2024
<b>Managers</b>	91,666.68	100,000.04	127,792.65	123,281.11	0.71	0.81
<b>Office workers</b>	33,055.83	34,118.43	40,243.71	43,400.60	0.82	0.79
<b>Blue collars</b>	Not present	Not present	31,413.98	32,767.71	-	-
<b>Management</b>	63,748.46	66,603.31	66,105.07	72,572.14	0.96	0.92

In 2024, Valvitalia recorded a significant change in the average remuneration of executives, with a marked increase for women from €91,666.68 to €100,000.04, while the average remuneration of men decreased slightly from €127,792.65 to €123,281.11. This improvement for women has contributed to a progressive narrowing of the F/M pay ratio, which increased from 0.71 in 2023 to 0.81 in 2024, indicating a closer alignment of salaries between genders.

Among office workers, average salaries saw an increase for both genders: for women from €33,055.83 to €34,118.43, and for men from €40,243.71 to €43,400.60. However, despite the overall increase, the F/M ratio deteriorated slightly from 0.82 in 2023 to 0.79 in 2024, showing a slight widening of the wage gap.

An increase in average salaries for both women and men was also observed for executives. Women saw their average salary rise from €63,748.46 to €66,603.31, while that of men rose from €66,105.07 to €72,572.14. Despite the overall growth, the F/M ratio went from 0.96 to 0.92, showing a slight deterioration, but still remaining relatively balanced compared to other occupational categories.

In the blue-collar category, the presence of women remained absent in 2024. However, men's average salaries continued to grow, rising from €31,413.98 in 2023 to €32,767.71 in 2024, confirming a positive trend consistent with the growth trend observed in the other categories.

<sup>6</sup> The F/M ratio is calculated as the ratio of the average salary of women in the specific category to the average salary of men in the same category. Thus, the closer the value of this ratio is to 1, the smaller the gender pay gap is.





## S1-17 – Incidents, complaints and severe human rights impacts

In 2024, Valvitalia did not record any incidents of discrimination, nor did it receive any reports from staff through the internal channels dedicated to collecting concerns, or via the National Contact Points established for multinational enterprises under the OECD guidelines. Similarly, there were no cases of serious human rights violations related to their workforce, nor incidents contrary to the UN Global Compact Principles or the OECD Guidelines for Multinational Enterprises.

There have been no incidents that have led to the payment of fines, penalties or damages attributable to social or human rights violations, nor situations in which the company has had to intervene to ensure remedies for those involved. These findings confirm the effectiveness of the prevention system adopted and the structured integration of human rights principles into company processes, contributing to the creation of a respectful and responsible working environment.



## Workers in the value chain

### Material impacts, risks and opportunities and their interaction with the strategy and business model (SBM-3)

The sustainable supply chain theme, traceable to ESRS S2, was identified as relevant for impact materiality. Relevant impacts with regard to the topic are listed below:

**Supplier employment contracts:** Fairness and stability of guaranteed contracts (current, significant).

**Supplier work flexibility:** Potential improvement in work-life balance (short term, significant).

**Excessive supplier hours:** Stress and reduced productivity (short-term, important).

**Decent wages suppliers:** Welfare and guaranteed economic security (current, significant).

**Freedom of supplier association:** Potential improvement of essential rights (medium-term, significant).

**Supplier Collective Bargaining:** Potential improvement in working conditions (long term, significant).

**Accidents and occupational diseases:** Potential negative health impact (short-term, significant).

**Supplier work-life balance policies:** Improved productivity and welfare (current, significant).

**Positive company climate:** Collaboration and respect for diversity (current, significant).

**Training and supplier development:** Professional growth and talent development (current, significant).

**Disability inclusion:** Lack of inclusion and negative impacts on well-being (medium term, important).

**Harassment at work:** Potential negative impact on psychophysical health (long-term, significant).

**Child labour:** Potential violation of human rights (short-term, significant).

Responsible supply chain management is a fundamental element of corporate strategy, as the quality of relationships with suppliers and respect for human rights and working conditions can directly impact operational stability, corporate reputation, and the quality of products and services offered.



The company is committed to ensuring the fairness and stability of suppliers' employment contracts, promoting compliance with ethical standards and working conditions through the adoption of a Code of Ethics and a Supplier Code of Conduct. These tools clearly define Valvitalia's expectations regarding the protection of workers' rights and the maintenance of dignified and safe working conditions throughout the entire supply chain.

Valvitalia recognises that by promoting high standards throughout the supply chain, it can help improve working conditions and workers' rights among its suppliers. Positive pressures to ensure stable contracts, adequate wages, and respect for human rights can foster a safer and more motivating work environment.

On the contrary, negative impacts such as inadequate working conditions, excessive working hours, or the lack of application of collective bargaining can create significant issues for Valvitalia. These situations can lead to inefficiencies, production interruptions, or even legal and reputational issues. Furthermore, the absence of adequate safety standards throughout the supply chain, resulting in the risk of accidents and occupational illnesses, can negatively impact the continuity of production activities, with direct repercussions on Valvitalia's operational capacity.

Through the adoption, planned for 2025, of monitoring tools such as ESG questionnaires addressed to suppliers, Valvitalia will be able to collect detailed information on compliance with social and environmental regulations throughout the supply chain. This approach will make it possible to identify critical issues at an early stage and promote continuous improvement of operational practices.



## S2-1 – Policies related to value chain workers

### *Supplier Code of Conduct*

For Valvitalia, building a sustainable and responsible supply chain is an essential element of its sustainability strategy and a prerequisite to ensure that its ethical standards are also reflected in the practices adopted by its business partners. In particular, great attention is paid to the protection of workers throughout the entire supply chain, with the understanding that respect for fundamental rights and dignified working conditions is an essential prerequisite for fair and sustainable industrial development.

In this context, Valvitalia has adopted its own Supplier Code of Conduct, which clearly and bindingly defines the fundamental principles governing its commercial relationships with suppliers. The Code is based on key international references on human rights and labor, including the International Labour Organisation (ILO) Conventions and the Universal Declaration of Human Rights, and is integrated with the company's Code of Ethics, Model 231, and anti-corruption policies.

The Code has a broad scope of application that is not limited to direct suppliers. It explicitly requires that suppliers also promote and ensure compliance with these principles by their own subcontractors, sub-suppliers, and collaborators, thereby strengthening a shared responsibility approach throughout the entire value chain.

Among the key principles protecting workers, the Code includes the absolute prohibition of discrimination, regardless of gender, ethnic origin, belief, sexual orientation, disability, age or any other status. Any form of harassment or abuse - whether physical, sexual, psychological or verbal - is prohibited, and suppliers are required to adopt appropriate disciplinary mechanisms to deal promptly with any violations.

It also calls for the fight against all forms of forced, compulsory or child labour, including human trafficking and modern slavery. Suppliers must ensure that working conditions comply with local regulations, with specific reference to the employment of adolescents, who may not perform hazardous tasks if under the age of 18.

The Code recognises and protects trade union rights and the freedom of association and collective bargaining, which are central to promoting dialogue between workers and employers. It also requires full compliance with regulations on working hours, overtime, holidays, weekly rest periods, public holidays, paid leave, parental leave, and the obligation to ensure adequate wages and benefits. All this needs to be in line with laws, collective agreements and industry standards, to ensure a decent standard of living for workers and their families.





The effective implementation of these principles is supported by a structured monitoring and control system, which includes the obligation for suppliers to communicate any critical issues through dedicated channels, such as the <https://valvitalia.integrityline.com> platform, and the possibility for Valvitalia to conduct audits at suppliers' sites and special documentary checks at production sites.

### ***Evaluation, qualification and monitoring of suppliers***

Valvitalia's supplier qualification process is designed to ensure the high quality of the products and services received, while promoting principles of sustainability, safety and social responsibility. This procedure involves several fundamental steps that not only ensure high quality standards but also promote ethical and environmentally friendly practices.



During the initial evaluation, suppliers are classified into two levels according to their impact on the final product. Level A suppliers are defined as those whose contribution directly affects the integrity and functional performance of the final product. Level B suppliers, on the other hand, are those who provide less critical products or services, or in any case, for whom any errors can be detected through internal production and verification processes. An evaluation questionnaire is submitted to both categories of

suppliers, with different rating scales depending on the category to which the supplier belongs.

The questionnaire collects key information on aspects such as quality management, certifications, production capacity and, from an ESG perspective, practices related to environmental sustainability, occupational health and safety and respect for human rights. Suppliers must demonstrate effective management of environmental risks. They are required to be certified to ISO 14001 or an equivalent standard, or at least to have implemented a management and control system for processes considered to have the most significant environmental impact. Additionally, suppliers must guarantee safe working conditions that respect human dignity. They are required to be certified to ISO 45001 or an equivalent standard, or at least to have implemented a management and control system for processes considered to have the most significant impact. Suppliers are also expected to operate according to strong ethical principles.



Valvitalia does not limit itself to the initial qualification but continues with constant monitoring activities, based on the analysis of data on the quality of the products supplied, the punctuality of deliveries and the quality of service. This continuous monitoring, which is also carried out by means of audits at suppliers, makes it possible to identify any critical points in good time and to intervene with targeted corrective

actions. Suppliers are periodically reassessed and, if necessary, retrained to ensure that they continue to meet the required standards.

Worker health and safety issues also play a central role. The qualification procedure includes an analysis of the HSE (Health, Safety & Environment) practices of suppliers, with a focus on compliance with current regulations and worker protection. Furthermore, respect for human rights is a key criterion that can heavily influence the outcome of the qualification. Serious violations, such as non-compliance with safety regulations or practices contrary to Valvitalia's ethical and social principles, may lead to the supplier's exclusion from the approved list and, in the most critical cases, inclusion on the Black List.

Valvitalia maintains a constantly updated supplier management system. The Vendor List, which includes all qualified suppliers, is reviewed periodically and updated on the basis of actual performance and compliance with agreed conditions. If a supplier shows si-





significant shortcomings or serious violations, they may be temporarily suspended (On Hold) or permanently excluded (Black List), depending on the severity of the non-compliances identified.

## S2-2 – Processes for engaging with value chain workers about impacts

During 2023, Valvitalia carried out a first structured process of engaging its supply chain in the context of materiality analysis by sending questionnaires to suppliers. This activity made it possible to gather useful information for assessing the significance of impacts along the supply chain, including those that directly affect the suppliers' workers. This initial involvement was an important step in understanding social impacts and identifying areas on which to focus priorities for intervention.

However, the company is aware that this approach, while useful, does not allow for a direct and systematic involvement of workers potentially exposed to such impacts. In view of the new double materiality analysis scheduled for 2025, which will also accompany the expansion of the global reporting scope, Valvitalia intends to strengthen its participation model. The goal is to ensure more direct engagement regarding working conditions in the supply chain and to achieve greater effectiveness in the prevention and management of social impacts.





## S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns



Valvitalia is aware that, although it adopts high standards in its direct operations, negative impacts on workers may occur along the value chain as a result of non-compliant practices implemented by suppliers or subcontractors. For this reason, the company has adopted an approach based on prevention and oversight of impacts, identifying the Supplier Code of Conduct as the operational tool through which to exercise concrete control and guidance over expected behaviours along the supply chain.

In support of this commitment, Valvitalia has made available a dedicated reporting channel, accessible at <https://valvitalia.integrityline.com>, which allows all workers employed in the supply chain to report, anonymously and securely, any violations of the Code of Conduct for Suppliers or more generally of labour and human rights regulations or principles.

## S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action

During 2024, Valvitalia laid the foundations for a better management of impacts along the supply chain by promoting concrete actions aimed at ensuring responsible and sustainable working conditions in operational contexts outside the company. The Suppliers Day, organised in February 2024, was a strategic moment of discussion with the supplier network. The event was conceived not only as an opportunity to







share the company's achievements and future prospects, but also as a tool for alignment on sustainability issues, particularly those related to the supply chain.

During the meeting, the medium- and long-term objectives were presented, including the strengthening of environmental and social practices along the supply chain. The key elements that define a responsible supplier-client relationship focused on mutual growth were also highlighted. The direct involvement of suppliers also made it possible to focus on the conditions of the workers involved in the production processes, emphasising the importance of a collaboration that takes into account not only the technical-quality aspects, but also the social impacts generated along the value chain.

Building an open dialogue on these issues was a first step towards greater collective awareness and a more integrated management of impacts, with the aim of fostering improved working conditions in the most exposed contexts.

With the intention of consolidating this approach, an ESG mapping system for all suppliers will be introduced in the second half of 2025. The tool will be based on a detailed questionnaire, which will gather key information on the positioning of suppliers with respect to key environmental, social and governance aspects. This assessment will make it possible to determine the starting level of the supply chain with respect to the sustainability issues being monitored, allowing Valvitalia to more precisely identify priority areas for intervention. Where necessary, support and improvement initiatives can be activated, including those related to the protection of workers. Furthermore, the system will be integrated into the processes of the quality and administration departments, with the aim of making the flow of information structured and traceable.

This initiative marks an important transition from an exploratory phase, based on information gathering, to a collaborative phase, in which sustainability becomes an integral part of the relationship with suppliers. The analysis of the collected data will also allow



the definition of specific improvement plans and, progressively, the introduction of ESG criteria in the evaluation and qualification processes. In this way, supply chain management is consolidated as a strategic lever not only for monitoring impacts, but also for managing financial risks and opportunities. By preventing potential issues - such as operational disruptions linked to non-compliant working conditions - and at the same time promoting reliability, quality, and resilience across the entire procurement system, Valvitalia strengthens its overall approach.

## Affected communities

### Material impacts, risks and opportunities and their interaction with the strategy and business model (SBM-3)

Valvitalia also took its own value chain into account when defining the impacts of risks and opportunities.

In anticipation of the planned expansion of the scope of analysis at the global level in 2025, Valvitalia aims to further improve its approach toward local communities. The company is working on a detailed mapping of the value chain and the relevant actors involved, including local communities, in order to more consciously assess impacts, risks, and opportunities for the various stakeholder categories.

The topic was identified as relevant for both impact materiality and financial materiality. Below are the relevant impacts associated with the theme:

**Direct and indirect employment:** Increase in local employment from recruitment policies (current, significant).

**Local community security:** Potential negative impacts from industrial operations (long-term, critical).

**Freedom of expression (value chain):** Limitations on information relevant to local communities related to the value chain (short term, important).

**Freedom of association (value chain):** Obstacles to the organisation and defence of local rights, with reference to local communities along the value chain (short term, important).

**Protection of trade associations (value chain):** Restrictions on the freedom of expression of local communities related to the value chain (short term, important).



Valvitalia recognises the centrality of its role not only as an industrial player, but also as an integral part of the local communities in which it operates. The positive effects emerge concretely in connection with the company's recruitment policies, which guarantee a stable level of direct and indirect employment. With more than 600 employees and a predominantly Italian supplier network, Valvitalia contributes to the economic well-being of the region, providing quality employment opportunities and fostering the social and economic growth of the surrounding communities.

However, stewardship also involves the mitigation of potential negative impacts related to industrial operations and the value chain. A potentially critical impact is the possible threats to the safety of local communities, arising from accidental events also related to the management of production activities. Valvitalia addresses such eventualities through strict compliance with international occupational health and safety standards, as evidenced by the ISO 45001 certification obtained for its plants.

The analysis mapped potential negative effects of restricting freedom of expression and association in local communities where suppliers or value chain partners operate. These events, mapped as potential, could affect local communities along the supply chain and those in the territories where Valvitalia's main customers operate. Although these negative impacts are potential, their level of significance was found to be high due to the connection with



issues that have implications for the protection of human rights. To address these issues, Valvitalia adopts an approach based on transparency and dialogue. The company's objective for 2025 is to monitor supplier practices through ESG assessment tools and to promote social responsibility throughout the entire supply chain, as described in chapter ESRS S2 – Workers in the value chain.

Since the topic was also material in terms of financial materiality, the relevant risks and opportunities related to the impacts discussed above are listed below.

**Local community safety risk:** Reputational damage, legal and restoration costs (short-term, moderate).

**Risk of restricting freedom of expression (along the value chain):** Reputational damage, disputes and strikes with direct costs (short term, moderate).

**Risk of restricting freedom of association (along the value chain):** Reputational damage, disputes and strikes with direct costs (short term, moderate).

**Risk of restricting freedom of expression and association (along the value chain):** Reputational damage, disputes and strikes with direct costs (short term, moderate).

Valvitalia recognises that the risks associated with interactions with local communities represent a critical challenge, but at the same time an opportunity to strengthen its reputation and generate long-term value. Responsible management of such risks is crucial to prevent negative financial impacts and build a resilient and sustainable business model.

A significant risk concerns industrial operations that could affect the safety of local communities. This risk has substantial short-term implications, including potential reputational damage, legal costs, and expenses for the restoration of any harm caused. These scenarios, if not properly managed, could lead to operational disruptions and unplanned cost increases.

As far as the value chain is concerned, any risks relating to the potential lack of transparency and violation of rights of employees employed in the corporate value chain were mapped as relevant. Such risks could entail direct costs related to supply interruptions and, above all, reputational damage with negative consequences on the company's ability to maintain strong relationships with strategic stakeholders.

## S3-1 – Policies related to affected communities

### *Code of Ethics*

In its Code of Ethics, Valvitalia pays attention to local communities, explicitly recognising them as a 'primary asset' to be protected and respected in its activities. The Code of Ethics establishes clear and consistent principles aimed at promoting responsible and constructive interaction with the communities in which the company operates, laying the foundations for ethical and sustainable management of relations with the communities concerned.

Among the fundamental elements highlighted in the Code of Ethics,







Valvitalia is committed to ensuring that its operations take into account the needs of local communities, adopting behaviour oriented towards fairness and transparency. Valvitalia's objective is to safeguard the health not only of workers and third parties, but also of the surrounding communities, demonstrating concrete attention to the potential impacts of the company's activities on the territories in which it operates.

The Code of Ethics also envisages the adoption of an approach geared towards social awareness, to be promoted both through internal awareness-raising and education aimed at employees, and through an open and constructive dialogue with external communities. This approach includes a commitment to engage communities through initiatives aimed at improving mutual understanding and fostering shared and sustainable growth.

### *Corporate Social Responsibility Guideline*

Through the Line of Conduct for Corporate Social Responsibility, Valvitalia reaffirms its commitment to promoting constructive and lasting relationships with communities.

Valvitalia is particularly committed to safeguarding the health of local communities through careful control of the impacts generated by its operations, with a focus on environmental monitoring and local pollution prevention. This approach aims to minimise any risks to surrounding communities and to ensure that the company's operations meet the required standards of safety and accountability.

The company is also committed to supporting territorial initiatives of a philanthropic nature, collaborating with third sector entities engaged in social and environmental causes relevant to the territory. This commitment also extends to the promotion of educational and training activities for students and researchers, as part of a Responsible Research & Innovation (RRI) model aimed at fostering the



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professional orientation of new generations and promoting responsible innovation processes.

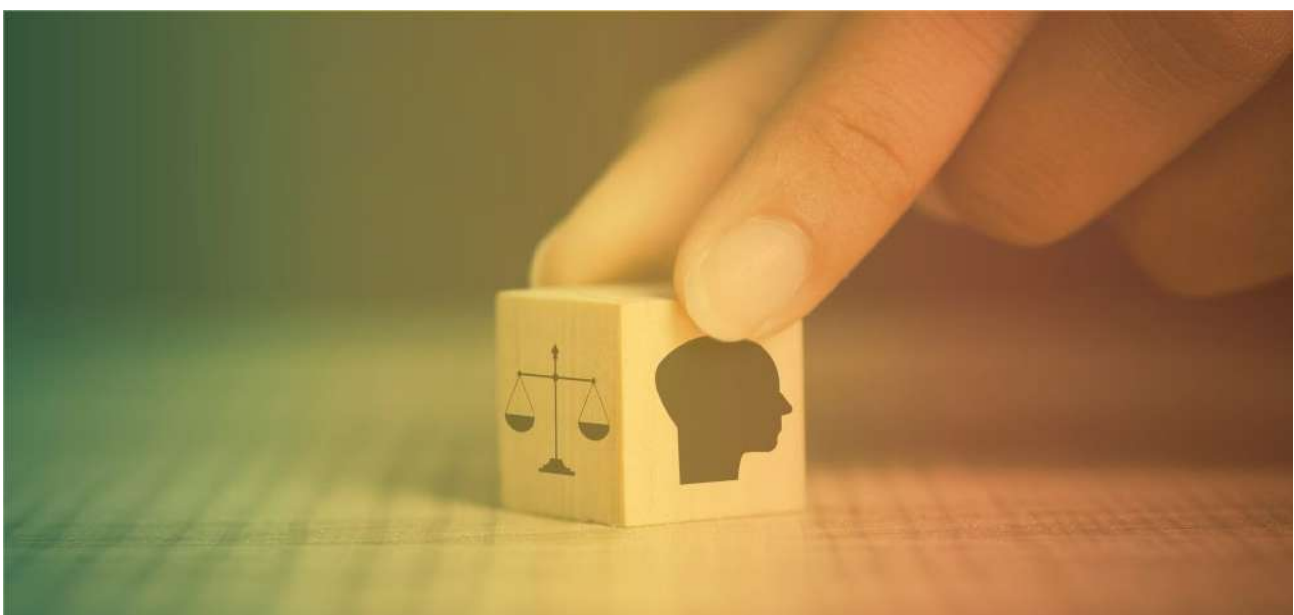
Valvitalia is also committed to publicly disseminating the results of its activities related to ESG (Environment, Society, Governance) principles, through both online and offline communication and dissemination initiatives. This approach is geared towards ensuring transparency and promoting constructive dialogue with civil society and other local stakeholders, with the aim of generating positive synergies and sharing virtuous experiences.

### *Supplier Code of Conduct*

Valvitalia is aware that its supply chain can also generate significant impacts on local communities and, for this reason, the Supplier Code of Conduct contains specific principles and requirements aimed at promoting responsible behaviour in this regard by all suppliers.

In particular, the Suppliers' Code of Conduct calls for adherence to the principles of Valvitalia's Code of Ethics, extending to the operators in the supply chain the same expectations and care that Valvitalia adopts towards its local communities. This implies not only formal compliance with local regulations, but also a responsible approach that takes into account the needs and expectations of the communities concerned.

The Supplier Code of Conduct also establishes the importance of operating in compliance with local and international regulations, with particular attention to protecting local communities through the responsible use of resources and the management of potential environmental and social impacts.





### **S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns**

Although Valvitalia does not have a dialogue channel designed exclusively for local communities, the company provides the Integrity Line as an accessible tool for communities affected by its activities. Through this channel, available at <https://valvitalia.integrityline.com/>, local communities can report any issues or negative impacts generated by company operations, including incidents of pollution, health and safety risks, or behaviours perceived as not in line with the principles of fairness and transparency defined in Valvitalia's Code of Ethics.

The Integrity Line therefore represents a concrete opportunity for local communities to communicate directly with the company in an anonymous manner, ensuring a high level of protection and confidentiality. This can encourage greater willingness to report relevant issues. The possibility of submitting reports without having to reveal one's identity allows anyone to raise concerns or report misconduct without fear of retaliation or negative consequences.

### **S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions**

Currently, Valvitalia does not have a formalised and structured system to systematically monitor and mitigate potential negative impacts on local communities resulting from its activities. However, the company is aware of the importance of adopting a more articulated and focused approach in this area and is working to improve its processes. All this with the aim of ensuring an increasingly positive and constructive interaction with the territories in which it operates. This commitment also translates into a willingness to strengthen the effectiveness of its initiatives in favour of communities, making its support processes more coherent and geared towards creating a positive and measurable impact.

In 2024, Valvitalia nonetheless undertook a series of significant initiatives which, although not part of a formalised impact management system, have made a concrete contribution to the well-being of local communities and the prevention of potential negative effects. In fact, the company implemented donations and sponsorships through a regulated process involving approval by the CEO and a prior check by the legal department, in order to verify the compliance of the beneficiary associations with the legal and financial requirements. This procedure ensures appropriate use of the resour-

ces made available and is an essential mechanism for ensuring that the contributions made can generate a positive and tangible impact on local communities.

Among the most relevant initiatives in 2024 is the support for the project “Il calcio è un gioco da ragazze” (Football is a girls' game), proposed by ASD Women Rivanazzanese, the first sports club in the province of Pavia composed exclusively of female footballers, with around one hundred athletes involved. Through this sponsorship for the 2024-2025 season,



Valvitalia wanted to firmly affirm the social and inclusive value of sport, underlining its concrete commitment to promoting opportunities for growth and active participation for all, regardless of gender.

The display of the company logo on the sports field represents not only an opportunity for visibility, but above all the intention to strengthen ties with the local area and community. The goal is to promote the positive values embodied by sport: inclusion, mutual respect, personal development, and teamwork.

Another significant initiative was the donation to **AUSER** of Rivanazzano Terme through the town's Lions Club, with the aim of contributing to the purchase of a company vehicle to transport disabled people for medical examinations and health checks. This initiative addresses a concrete need of the local population, providing important support to improve access to healthcare services and, as a result, the quality of life for the most vulnerable people.

Valvitalia also made a financial contribution to **Radio PNR**, a local radio station run by the diocese of Pavia, demonstrating its willingness to support activities that have a positive impact on local communities, in this case through a communication channel relevant to the area.







The active participation within **Assolombarda Pavia**, with an operational role by Chief HR & Sustainability Officer Massimo Cunico and involvement in the Strategic Plan 2024 - Your Next Pavia, further testifies to the company's commitment to supporting the economic and social improvement of the region.



ASSOLOMBARDA

## G1 - Businesses conduct

### ***Material impacts, risks and opportunities and their interaction with the strategy and business model (SBM-3)***

The topic of ethics and integrity, traceable to ESRS G1, was identified as relevant to financial materiality. Below are all the risks and opportunities associated with the topic.

**Business ethics opportunities:** Improved reputation, increased loyalty and lower turnover (short-term, moderate).

**Risk of unethical conduct:** Reputational damage, loss of orders, reduced turnover and margin (short-term, moderate).

**Risk of unfair payment practices:** Reputational damage, loss of orders, reduced turnover and margin (short-term, significant).

**Corruption risk:** Reputational damage, loss of orders, reduced turnover and margin (short-term, significant).

Valvitalia recognises the strategic importance of business conduct inspired by values of ethics, transparency and integrity. Consistency in promoting a corporate culture based on these principles is essential not only to preserve corporate reputation, but also to improve economic stability and market competitiveness. The adoption of responsible and transparent practices is a key lever to consolidate positive relations with employees, suppliers, customers and other strategic stakeholders.

Promoting a working environment based on clear and shared values is a key element in ensuring that Valvitalia can successfully meet the challenges of a highly competitive and regulated market. The benefits of ethical business conduct include not only improved reputation but also increased operational resilience and reduced costs related to litigation, turnover and sanctions.

However, the issue of business conduct also presents significant risks that, if not properly managed, can negatively affect Valvitalia's economic performance and ability to maintain sound relations with its stakeholders.

A particularly significant risk is the negative effects of conduct not inspired by corporate values and regulations. In particular, (potential) episodes of unethical behaviour or non-compliance with internal regulations could generate reputational damage, resulting in loss of orders and reduced turnover. The perception of a corporate culture inconsistent with stated principles can undermine stakeholder trust and negatively affect the ability to attract new customers and investors.

The management of relationships with suppliers along the supply chain is also a critical element. Unfair or inappropriate payment practices can negatively affect the trust and stability of suppliers, especially for those operators who are significantly dependent on Valvitalia. In this context, the adoption of fair and transparent contractual practices is crucial to ensure continuity of supply and prevent any operational interruptions that could generate indirect costs, contractual penalties and reputational damage.



Another significant risk is the possibility that episodes linked to corrupt phenomena may compromise the company's reputation and generate negative economic and legal impacts. Any episodes of corruption could lead to administrative sanctions, exclusion from tenders and loss of orders, with direct effects on profitability and Valvitalia's ability to maintain positive relations with its stakeholders.

To effectively manage the risks associated with business conduct while seizing the opportunities offered by an ethical and transparent approach, Valvitalia adopts a governance model based on specific tools and rigorous procedures. The application of the Code of Ethics and the implementation of Model 231 are fundamental pillars of this approach, providing a structured framework to prevent non-compliant behaviour and to ensure that company operations are always consistent with the stated principles.



## G1-1 – Corporate culture and business conduct policies and corporate culture, and G1-3 – Prevention and detection of corruption and bribery

Valvitalia considers the promotion and maintenance of a corporate culture that is ethical and aligned with the principles of integrity to be essential for ensuring transparency and legality in all its operations. This approach strengthens trust and credibility with all stakeholders. The company adopts a structured approach to ensure that ethical and behavioural principles are fully understood, internalised, and respected by everyone acting on behalf of Valvitalia. This is achieved through a comprehensive system of documents, policies, and processes that are constantly updated to meet regulatory requirements and international best practices.



A fundamental pillar of this system is represented by the Organisation, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001, which aims to prevent and reduce the risks associated with the commission of offences and to promote full awareness of ethical and legal responsibility on the part of all those involved. The Model, updated at the end of 2024, includes a General Section, a List of Predicate Offences, the Code of Ethics, a Disciplinary System, and the Statute of the Supervisory Body. Together, these

elements provide a coherent framework of principles and operational rules designed to ensure that every activity is carried out in compliance with the highest standards of legality, integrity, and transparency.

In this context, Valvitalia has set up a Supervisory Board (SB) with a collegial composition and autonomous powers of initiative and control. The Supervisory Board plays a crucial role in the continuous monitoring of the company's activities, verifies the effectiveness and adequacy of the 231 Model and identifies any needs for updating arising from organisational or regulatory changes.

The Supervisory Board oversees the proper functioning of Model 231, monitoring compliance with the provisions laid down and ensuring that it is kept up to date. In order to ensure decision-making autonomy and operational independence, the members of the SB must not find themselves in situations of conflict of interest, not even potential. Therefore, each member must be free from decision-making, operational or management roles that would compromise their autonomy.

In particular, Model 231 stipulates that each member of the Supervisory Board is:

1. hierarchically placed within the Board of Directors;
2. endowed with autonomous and effective powers of initiative and control and with access to relevant corporate information;
3. no executive or delegated positions within the Valvitalia Board of Directors;
4. in direct relationship with the Board of Auditors;
5. free of family relationships (spouse or relatives up to the fourth degree) with directors or shareholders of the company and its subsidiaries;
6. exempt from owning more than 5% of the company's voting capital.

Each year, the Supervisory Body (OdV) provides a written report to the Board of Directors and the Board of Statutory Auditors detailing any issues that have arisen, the reports received (from internal or external parties, or anonymously), violations of the Model, an assessment of the functioning and effectiveness of the adopted system, any improvement proposals, and the activity plan for the following period.

Moreover, the Supervisory Board verifies annually, through a structured control plan, the actual application and adequacy of the Model. The results of the checks are communicated directly to the heads of the departments involved or to senior management, so that corrective action can be taken promptly in the event of any control weaknesses or non-compliant behaviour.

The adoption of Model 231 is closely linked to the Code of Ethics, which is an integral part of it and serves as an essential document for defining the values and expected behaviours of everyone acting on behalf of Valvitalia, including employees, collaborators, suppliers, and business partners. The Code of Ethics, which was updated at the end of 2024 to ensure greater consistency with the principles expressed in Model 231 and with current regulations, represents the fundamental reference for the ethical management of company activities.

The Code of Ethics sets out a series of key principles on which Valvitalia bases its conduct: honesty, transparency, integrity, fairness, impartiality, respect for legality, professionalism, social responsibility and protection of people and the environment. Every company operation must be guided by the will to strictly abide by these principles, promoting consistent and responsible behaviour by all employees.

Honesty and transparency are considered essential values for ensuring the credibility and strength of relationships with stakeholders, while fairness and impartiality must





characterise every business decision, guaranteeing that all activities are carried out in full compliance with current regulations and the needs of each party involved. Professionalism is also a fundamental principle for ensuring the quality and reliability of the services and products offered, while social responsibility and the protection of people and the environment are indispensable values for guaranteeing the sustainable and harmonious development of business activities.

The preventive function of the Code of Ethics is also expressed in the promotion of awareness of the risks associated with the commission of offences and in the dissemination of a responsible approach that complies with the principles of business ethics. Through the dissemination of these values, Valvitalia intends to ensure that each person involved in its activities adopts behaviour characterised by good faith and mutual respect, contributing to the consolidation of an ethical and responsible business culture.

The effectiveness of Valvitalia's governance system is also strengthened by the implementation of the Anti-Corruption Procedure, issued in January 2024, which provides for the adoption of specific protocols to prevent corruptive phenomena, both active and passive, in relations with the Public Administration and third parties. The procedure establishes clear rules for managing donations, gifts, and sponsorship activities, with the aim of ensuring that every initiative is conducted in compliance with current regulations and the ethical principles defined by Valvitalia.

Valvitalia also adopts a diversity and inclusion policy, integrated into its Code of Ethics and formalised through specific procedures. This is so that each individual working on behalf of the company can feel valued and respected, regardless of his or her personal characteristics. The promotion of diversity and inclusion is a central element in consolidating a positive and inclusive work environment, helping to further strengthen adherence to the company's ethical principles.

To ensure that these principles are truly understood and internalised, Valvitalia considers it essential that they do not remain merely theoretical guidelines but are concretely integrated into the company culture through a system of continuous training. The training programme is structured to ensure that every individual working on behalf of the company is adequately prepared to comply with regulations and adopt ethical behaviour in all circumstances. The training includes sessions differentiated by role and responsibility, with a focus on those job roles most exposed to risks of corruption, regulatory violations or other unlawful conduct. The training includes specific modules on Model 231, the Code of Ethics, the Anti-Corruption Procedure, and the Whistleblowing system, ensuring that every participant is able to recognize and prevent improper conduct, as well as to know how to report it appropriately using the tools provided. More details on training on corruption issues can be found in the tables below:

<b>TRAINING CORRUPTION</b>	<b>Departments at risk</b>	<b>Managers</b>	<b>Administration, Management and Control Bodies</b>	<b>Other own workers</b>
Total	151	33	2	265
Total training recipients	151	33	2	265
Modalities and duration	distance learning in asynchronous mode	distance learning in asynchronous mode	distance learning in asynchronous mode	distance learning in asynchronous mode
Classroom training	ORA 1	ORA 1	ORA 1	ORA 1
Computer-based training	ORA 1	ORA 1	ORA 1	ORA 1
Topics covered	<ul style="list-style-type: none"> <li>- Overview of Corruption</li> <li>- Legal System</li> <li>- Italian Legislative Decree 231/2001</li> <li>- Law 190/2012</li> <li>- Anti-Corruption Plans</li> <li>- The Prevention of Corruption</li> <li>- The Anti-Corruption Policy in Valvitalia</li> <li>- Prevention of Corrupt Acts at Valvitalia</li> </ul>	<ul style="list-style-type: none"> <li>- Overview of Corruption</li> <li>- Legal System</li> <li>- Italian Legislative Decree 231/2001</li> <li>- Law 190/2012</li> <li>- Anti-Corruption Plans</li> <li>- The Prevention of Corruption</li> <li>- The Anti-Corruption Policy in Valvitalia</li> <li>- Prevention of Corrupt Acts at Valvitalia</li> </ul>	<ul style="list-style-type: none"> <li>- Overview of Corruption</li> <li>- Legal System</li> <li>- Italian Legislative Decree 231/2001</li> <li>- Law 190/2012</li> <li>- Anti-Corruption Plans</li> <li>- The Prevention of Corruption</li> <li>- The Anti-Corruption Policy in Valvitalia</li> <li>- Prevention of Corrupt Acts at Valvitalia</li> </ul>	<ul style="list-style-type: none"> <li>- Overview of Corruption</li> <li>- Legal System</li> <li>- Italian Legislative Decree 231/2001</li> <li>- Law 190/2012</li> <li>- Anti-Corruption Plans</li> <li>- The Prevention of Corruption</li> <li>- The Anti-Corruption Policy in Valvitalia</li> <li>- Prevention of Corrupt Acts at Valvitalia</li> </ul>

TRAINING ON RELATIONS WITH PUBLIC ADMINISTRATION	Departments at risk	Managers	Administration, Management and Control Bodies	Other own workers
Total	151	33	2	265
Total training recipients	151	33	2	265
Modalities and duration	distance learning in asynchronous mode	distance learning in asynchronous mode	distance learning in asynchronous mode	distance learning in asynchronous mode
Classroom training	ORA 1	ORA 1	ORA 1	ORA 1
Computer-based training	ORA 1	ORA 1	ORA 1	ORA 1
Topics covered	<ul style="list-style-type: none"> <li>- Applicable Principles</li> <li>- Management of Inspection Visits</li> <li>- Participation in procedures for obtaining public funding</li> <li>- Acquisition of licences, authorisations, permits and/or renewals from the PA, registration of trademarks and patents, management of administrative obligations vis-à-vis PA bodies, also carried out through external professionals and/or with the use of PA IT systems</li> <li>- Purchase and sale of goods or services from public bodies or public service providers or for contracting/negotiation activities with the same bodies</li> <li>- Management of credit vis-à-vis PA bodies</li> <li>- Management of disputes</li> </ul>	<ul style="list-style-type: none"> <li>- Applicable Principles</li> <li>- Management of Inspection Visits</li> <li>- Participation in procedures for obtaining public funding</li> <li>- Acquisition of licences, authorisations, permits and/or renewals from the PA, registration of trademarks and patents, management of administrative obligations vis-à-vis PA bodies, also carried out through external professionals and/or with the use of PA IT systems</li> <li>- Purchase and sale of goods or services from public bodies or public service providers or for contracting/negotiation activities with the same bodies</li> <li>- Management of credit vis-à-vis PA bodies</li> <li>- Management of disputes</li> </ul>	<ul style="list-style-type: none"> <li>- Applicable Principles</li> <li>- Management of Inspection Visits</li> <li>- Participation in procedures for obtaining public funding</li> <li>- Acquisition of licences, authorisations, permits and/or renewals from the PA, registration of trademarks and patents, management of administrative obligations vis-à-vis PA bodies, also carried out through external professionals and/or with the use of PA IT systems</li> <li>- Purchase and sale of goods or services from public bodies or public service providers or for contracting/negotiation activities with the same bodies</li> <li>- Management of credit vis-à-vis PA bodies</li> <li>- Management of disputes</li> </ul>	<ul style="list-style-type: none"> <li>- Applicable Principles</li> <li>- Management of Inspection Visits</li> <li>- Participation in procedures for obtaining public funding</li> <li>- Acquisition of licences, authorisations, permits and/or renewals from the PA, registration of trademarks and patents, management of administrative obligations vis-à-vis PA bodies, also carried out through external professionals and/or with the use of PA IT systems</li> <li>- Purchase and sale of goods or services from public bodies or public service providers or for contracting/negotiation activities with the same bodies</li> <li>- Management of credit vis-à-vis PA bodies</li> <li>- Management of disputes</li> </ul>

Through its established company procedures - particularly the Procedure for Managing Relations with Public Administration and the Anti-Corruption Procedure - Valvitalia has identified those company roles that, due to the nature of their activities and the type of interactions they have with external parties, are most exposed to potential corruption risks.

The roles identified are mainly those involved in activities that entail relations with Public Administration or with individuals entrusted with a public service. Therefore, these roles must adhere to the Procedure when carrying out company activities that involve interactions with the Public Administration. These roles include:

**Legal Area:** this role is involved in relations with the Antitrust Authority, the Data Protection Authority and other public authorities in the context of inspections, investigations or requests for information. In addition, it handles litigation through external professionals and deals with obtaining business licences and authorisations, operations that may involve risks of undue interference or pressure from public bodies.



**Human Resources Area:** responsible for the management of obligations with bodies such as INPS (National Social Security Institute), INAIL (National Institute for Insurance against Accidents at Work), Labour Inspectorate and Job Centres. Interaction with these public institutions could entail a risk of corruption, especially in contexts where specific permits or authorisations are required.

**HSE (Health, Safety, Environment) Area:** this role has frequent dealings with ASLs, local authorities, ARPAs and Fire Brigades regarding health and safety at work and compliance with environmental regulatory obligations. The activities of applying for and renewing certificates, authorisations and clearances may expose this role to attempts at bribery or undue influence.



**Individual Business Unit/Division roles:** they deal with customs formalities, certification of origin of materials, import-export operations and participation in public tenders or tenders called by publicly owned companies. The management of public tenders and contracts is one of the main areas of risk, as pressure can occur to influence the outcome of procedures or to secure favourable conditions.





**AFC Area (Administration, Finance and Control):** this role is responsible for the management of communications and the filing of financial statements with the Chamber of Commerce, the fulfilment of obligations towards the Internal Revenue Service and tax declarations. In addition, it interacts with the Customs Agency on documentary matters, which exposes it to potential corruption risks in the case of complex administrative requests or files.



**Innovation and Transformation Area:** this role deals with the management of applications for public funds and subsidised finance, a particularly sensitive activity due to the possibility of pressure or corrupt behaviour linked to obtaining funds or financial facilities.

**Sales/Marketing Area:** this role interfaces with public or public-interest customers both for qualification with these entities and for the management of commercial relations, activities that may be subject to undue pressure or requests to obtain contracts or commercial advantages.



**Officers and Attorneys-in-fact:** persons with power of formal representation of the Company vis-à-vis the Public Administration, with powers to sign documents and submit requests on behalf of the Company. The exercise of such powers naturally exposes these figures to greater corruption risks, especially in contexts where licences, permits or authorisations need to be obtained.

Moreover, through its Anti-Corruption Procedure, Valvitalia has identified and codified the main corrupt acts to be prevented and countered. Among these, particular attention is given to both active and passive acts of corruption, which can occur through the offering or receipt of money, gifts, presents, hospitality, or other benefits with the intent to unduly influence the behaviour of a public or private individual. Furthermore, the procedure clearly specifies that so-called "Facilitation Payments" - unofficial payments aimed at facilitating or accelerating a bureaucratic process - are also prohibited and considered corrupt acts for all purposes.

The risk of corruption is amplified by the presence of relations with the Public Administration, which is why Valvitalia has established precise rules to ensure the traceability, transparency and documentation of all sensitive activities. The procedures require that every transaction with the Public Administration be conducted in strict accordance with criteria of legality, fairness, and cooperation, and that any anomaly or critical issue identified be promptly reported to the Supervisory Body.

## G1-2– Management of relations with suppliers

Valvitalia recognises that respecting agreed payment terms is a fundamental element for building trustful and collaborative relationships with its business partners, while also helping to ensure the economic sustainability of its supply chain.

The payment management process requires the Suppliers' Office to periodically share with the Treasury Office the list of invoices to be paid, with particular emphasis on those that are due within the next 30 days. This monitoring system makes it possible to ensure adequate control over invoices accrued in previous months and to plan payments in an orderly and timely manner. In fact, payments are made regularly on a scheduled basis.

The standard method of payment is the bank receipt, issued following the correct registration of the invoice in the company's system. However, in order to further improve the efficiency of the process and provide more flexibility for suppliers, Valvitalia also introduced the use of bank transfers to a greater extent as of September 2024. This innovation was implemented with the aim of ensuring faster payments, reducing any inconvenience for suppliers and demonstrating a concrete focus on their operational needs.

As regards the approach to relations with suppliers, the company adopts a system based on principles of transparency, fairness and mutual cooperation. Valvitalia recognises the importance of considering the risks associated with its supply chain and ensuring that its suppliers operate in compliance with current regulations and the ethical standards set by the company. This is why Valvitalia will start an ESG mapping system for all suppliers in 2025, through an in-depth questionnaire aimed at understanding how business partners position themselves with regard to sustainability issues. The main objective is to identify the 'starting position' of the supply chain in order to initiate specific and targeted initiatives to improve ESG performance. The scores obtained by the suppliers in the questionnaire will not be a discriminating factor in obtaining offers, but the completion of the questionnaire will be considered essential for working with Valvitalia.

Although Valvitalia does not currently adopt specific environmental and social criteria for supplier selection, it is important to point out that the Supplier Code of Conduct establishes general principles inspired by ESG criteria. In particular, behaviour that respects applicable regulations, workers' health and safety, human rights and environmental protection is promoted. Full compliance with these principles is a fundamental basis for cooperation between Valvitalia and its business partners.



## G1-4 - Confirmed incidents of corruption or bribery

During the reporting period, Valvitalia did not receive any convictions for violations of laws relating to active and passive bribery, and, consequently, was not subject to the application of fines or economic sanctions attributable to such offences. This result testifies to the effectiveness of the policies and procedures adopted by the company to prevent corruptive phenomena, which ensure compliance with ethical and regulatory principles in all company activities and in relations with external parties.

## G1-6 - Payment practices

During 2024, the average time taken by Valvitalia to pay an invoice was 81 days, calculated from the date on which the contractual or legal payment deadline begins. This figure shows a marked improvement compared to 2023, when the average invoice payment time was 115 days. The reduction of 34 days in the average payment time is a significant result, achieved thanks to the adoption of measures to optimise payment processes and improve deadline management.

This improvement is particularly significant in the context of Valvitalia's supply chain, which is made up of suppliers of various types and sizes, for whom regular and timely payments are a fundamental factor in ensuring financial stability and operational continuity. Ensuring favourable and predictable economic conditions enables Valvitalia to maintain a collaborative relationship with its suppliers and to promote standards of reliability and transparency throughout the supply chain.

The standard payment terms adopted by Valvitalia vary depending on the type of supplier and the specific contractual conditions. Although the prevailing method is the 90-day bank receipt, the company applies different payment methods according to operational needs and established agreements. The main categories include:

- **Utilities:** payment in 30 days.
- **Ordinary supplies:** payment in 60 or 90 days.

The effectiveness of the actions taken to improve the punctuality of payments is further confirmed by the percentage of invoices paid within the agreed terms. In the reporting period, 95 per cent of the invoices were paid regularly within the due dates, demonstrating concrete attention to the fulfilment of contractual commitments and an adequate capacity to manage financial operations.

It is important to emphasise that the rare cases of invoices not being paid on time do not stem from liquidity problems or financial difficulties, but exclusively from ma-

nagement reasons related to the administrative process. However, these delays were managed within days of the deadline. To confirm this, there are no legal proceedings currently pending for late payment.

## Innovation

Innovation is not explicitly addressed as a standalone topic by the European Sustainability Reporting Standards (ESRS). However, Valvitalia has chosen to include it in its own report because it considers innovation a fundamental element of its growth strategy and the adoption of more responsible practices. The company experiences innovation as a cross-cutting issue, which directly or indirectly touches all ESRS-related topics and can positively influence environmental, social and economic aspects. Innovation is indeed an essential tool to continuously improve product quality, increase operational efficiency, reduce negative impacts and amplify positive ones, thus contributing to sustainable growth.

### Material impacts, risks and opportunities and their interaction with the strategy and business model (SBM-3)

The innovation theme was identified as relevant to financial materiality. Below, all risks and opportunities related to the topic are presented, ranked according to the rating scale described in paragraph IRO-1 of ESRS2.

**Product innovation opportunities:** New market segments, increased turnover and margins (short-term, moderate).

**Risk of lack of innovation:** Loss of orders, market share, reduction in turnover and margin (short-term, moderate).

**Research collaboration opportunities:** New projects, increased turnover and margins (short-term, moderate).

Valvitalia recognises the strategic importance of innovation as a key lever for improving the quality and efficiency of its products, consolidating its competitive position and actively contributing to the energy transition. Innovation is an essential pillar of the company's strategy, as it allows it to respond in a timely and effective manner to the needs of a constantly changing market and to ensure long-term sustainable growth.

The focus on developing innovative products oriented towards sustainability and reducing environmental impacts offers Valvitalia significant market opportunities. The growing global demand for technologies that support the energy transition represents





a real opportunity to expand the range of products offered and access new market segments. By implementing innovative solutions, the company can improve its ability to respond to the demands of environmentally aware customers, thereby increasing turnover and margins.

In particular, the production of advanced technologies for the transport and storage of alternative energy sources, such as hydrogen, represents a significant opportunity to consolidate the company's position in emerging sectors. The continuous improvement of product quality and efficiency not only helps to meet customer expectations but also strengthens Valvitalia's reputation as an innovative and sustainability-oriented company.

In addition to the direct benefits of selling innovative products, the focus on innovation also opens up new possibilities for collaboration with universities and research institutions. Participation in advanced research projects and technology development in collaboration with academic institutes and research centres provide access to new knowledge and expertise, enhancing the company's ability to develop innovative solutions. These collaborations, in addition to fostering technological progress, help consolidate the company's reputation and strengthen relationships with strategic partners.

At the same time, innovation is a dynamic and competitive process: failure to maintain an adequate level of research and development can result in loss of orders, reduced market share and, consequently, a drop in turnover and margins. These risks, if not adequately managed, may negatively affect Valvitalia's business continuity and ability to maintain its competitive position.

The time horizon associated with innovation-related risks and opportunities is generally short, as technological developments and changing customer expectations require rapid and constant adaptation. Valvitalia's ability to identify new trends at an early stage and develop innovative solutions is a key factor in ensuring economic stability and sustainable growth.

## Innovation in Valvitalia

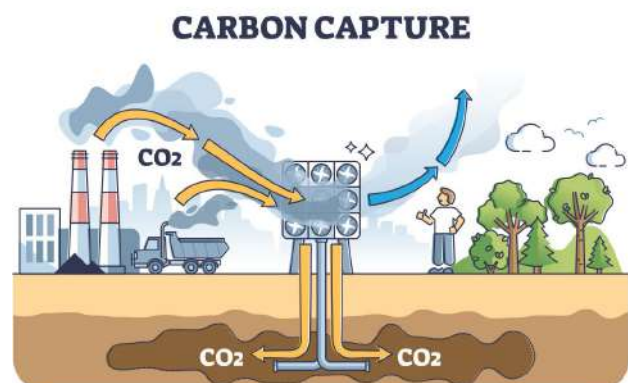
Valvitalia's commitment to innovation is particularly reflected in the significant investments made in research and development. As certified in the 2024 Statutory Financial Statements, the company invested approximately 0.4 million euros in research and development fixed assets and 0.5 million euros in intangible assets under development during the year, aimed at supporting innovation and growth. Over the years, the company has consolidated a total of more than six million euros of fixed assets in research and development.

The approach to innovation is organised through a central coordination overseeing the different Business Units/Divisions. This organisational model, similar to a Project Management Office, deals with investment planning, budget management and continuous monitoring of return on investment. The objective is to ensure that each project is properly planned and completed on time, guaranteeing consistency with corporate objectives and sustainability principles.

At the operational level, the company has dedicated research and development (R&D) teams within the various Business Units/Divisions. These groups operate through project teams, with the aim of completing the projects identified in the investment plan. In addition, Valvitalia values collaboration with academic institutions, such as the Milan Polytechnic, with which it has a well-established relationship to carry out joint projects and develop innovative skills.

Among the most relevant projects is the development of hydrogen transport solutions. This issue is central to the energy transition and the carbon reduction of industrial sectors. The technologies designed by Valvitalia aim to make hydrogen transport and storage more efficient and safer, using advanced materials that guarantee greater reliability and durability. The positive impact of these solutions is clear, as they contribute to reducing greenhouse gas emissions and promoting cleaner energy, thereby supporting the achievement of long-term environmental sustainability goals.

In parallel, Valvitalia is developing advanced carbon capture systems designed to support CO<sub>2</sub> capture and storage processes. These technologies are essential to reduce the negative impact of production activities and to limit the release of greenhouse gases into the atmosphere. The implementation of efficient carbon capture systems can contribute significantly to the fight against climate change and the promotion of a more sustainable industrial model.





Fire safety is also a core area of innovation at Valvitalia. The company has initiated projects to develop Water Mist nozzles specifically designed for military and naval applications, with the aim of providing a higher level of protection than traditional technologies. This type of innovation has a positive impact in terms of safety, reducing the risk of accidents and ensuring greater reliability in critical situations.

In addition, new fire protection systems are being developed for tunnel protection and gas-based solutions for oil & gas and civil protection. These systems are a step forward in securing essential infrastructure and minimising potential damage from accidents or emergencies. Similarly, the design of a fire-fighting system for handling methanol in naval engine rooms fits into a particularly complex and delicate context, with the aim of ensuring high safety standards and reducing the risks associated with the use of this fuel.

On the process side, Valvitalia started a project to digitise the test benches at Rivanazano. This enables real-time data acquisition, improved accuracy of analysis and faster reporting. Reducing the time required for testing not only optimises quality control but also increases operational efficiency and improves the overall reliability of company processes. In addition, digitisation is an important step towards reducing the environmental impact of production activities through more efficient use of resources and continuous monitoring of operations.

Taken together, these projects clearly demonstrate how innovation is an essential tool for Valvitalia to meet the challenges of sustainability and to improve its performance, also in economic terms. Reducing negative impacts and amplifying positive ones means ensuring balanced and responsible growth, capable of generating value for both the company and the stakeholders it works with.

## Annex I - Metrics used for the dual materiality analysis

The impacts identified for each theme were assessed in terms of scale, extent, irretrievability (in the case of negative impacts) and likelihood (in the case of potential impacts), as follows:

- **scale:** the scale was determined based on the responses collected from the questionnaires administered to stakeholders;
- **scope:** the extent of the impacts was assessed by considering how widely these impacts could spread, both within and outside the organisation, as well as the long-term effects they could have;
- **irretrievability:** in this case, the difficulty (both in terms of time and cost) in restoring the situation to its pre-impact state was considered. The model used is shown in the following tables.

Scope		
Value	Rating scale	Scale description
Limited	1	Environmental impact: The impact involves very limited environmental damage and/or affects a very small geographical area (e.g. impacts on the local community) Social impact: The impact affects individuals or a very small number of people
Concentrated	2	Environmental impact: The impact involves insignificant environmental damage and/or affects a restricted geographical area (at regional level) Social impact: The impact concerns a specific part of a stakeholder category/concentrated number of people belonging to different categories
Medium	3	Environmental impact: The impact results in significant environmental damage and/or affects a geographical area in its entirety (at national level) Social impact: The impact concerns a whole category of stakeholders
Widespread	4	Environmental impact: The impact entails significant environmental damage and affects several geographical areas (continental level) Social impact: The impact affects several categories of stakeholders





<b>Global</b>	5	<p>Environmental impact: The impact results in extremely significant environmental damage and extends worldwide</p> <p>Social impact: The impact is widespread across large communities, worldwide</p>
<b>Irremediability (parameter valid only for negative impacts)</b>		
<b>Value</b>	<b>Rating scale</b>	<b>Scale description</b>
Easy to remedy in the short term	1	The impact can be remedied with limited aggravation and without leaving traces (The impact can be remedied immediately)
Remediable with effort (time and resources)	2	The impact results in consequences that can be fully remedied with limited costs for the company (The impact requires a short time frame to be resolved (1 year)
Difficult to mitigate in the medium term	3	The impact causes significant consequences that can be fully remedied at significant cost to the company (The impact requires a medium-term timeframe to be resolved (1-3 years)
Very difficult to remedy in the long run	4	The impact results in serious consequences that can be at least partially remedied at very significant cost to the company (The impact requires a medium-term timeframe to be resolved (more than 3 years)
Irreversible	5	The impact leads to serious consequences that cannot be remedied for the company

The scale of values used for probability is as follows:

Probability (parameter to be assessed only for potential impacts)		
Rating scale	Value	Description
Very low	0.1	It is predicted that impact could occur in more than 5 years
Low	0.3	It is predicted that the impact could occur within 5 years
Medium	0.5	It is predicted that the impact could occur within three years
High	0.7	It is predicted that the impact could occur within two years
Very high	0.9	It is predicted that the impact could occur within a year

The formulas used to calculate the significance of the various types of impact are as follows:

REAL NEGATIVE IMPACTS	POTENTIAL NEGATIVE IMPACTS	REAL POSITIVE IMPACTS	POTENTIAL POSITIVE IMPACTS
Scale + Scope + Irremediability	(Scale + Scope + Irremediability) * Probability	Entity + Scope	(Scale + Scope) * Probability

The financial materiality and, consequently, the quantification of risks and opportunities was modelled as shown in the following table:

<b>RISK GENERATES EFFECTS ON</b>	<b>Economic performance and/or development of the company</b>	<b>Capital and financial situation</b>	<b>Financial Flows</b>	<b>Rating scale</b>
<b>NEGLIGIBLE</b>	Negative impact on EBITDA of 0.5% or less	Negative impact on EBITDA of 0.5% or less	Negative impact on EBITDA of 0.5% or less	1
<b>MODERATE</b>	Negative impact on EBITDA between 0.5% and 1%	Negative impact on EBITDA between 0.5% and 1%	Negative impact on EBITDA between 0.5% and 1%	2
<b>SIGNIFICANT</b>	Negative impact on EBITDA between 1% and 8%	Negative impact on EBITDA between 1% and 8%	Negative impact on EBITDA between 1% and 8%	3
<b>SEVERE</b>	Negative impact on EBITDA between 8% and 10%	Negative impact on EBITDA between 8% and 10%	Negative impact on EBITDA between 8% and 10%	4
<b>EXTREME</b>	Negative impact on EBITDA of more than 10 per cent	Negative impact on EBITDA of more than 10 per cent	Negative impact on EBITDA of more than 10 per cent	5

The occurrence period was modelled, in accordance with the provisions of paragraph 6 of ESRS 1 – General Requirements, as shown in the following table:

Period of Occurrence		Rating scale
Short-term	1 year	3
Medium	2-5 years	2
Long-term	5 years	0

The probability, also used in this case as a mitigating factor, was modelled as shown in the following table:

Likely	Description	Opportunity Rating Scale	Risk Rating Scale
RARE	-The event occurs in less than 1% of cases	0.1	0.5
IMPROBABLE	-The event occurs in less than 5% of cases (and more than 1%)	0.3	0.6
POSSIBLE	-The event occurs in less than 20% of cases (and more than 5%)	0.5	0.7
LIKELY	-The event occurs in less than 50% of cases (and more than 20%)	0.7	0.8
VERY LIKELY	-The event occurs in more than 50% of cases	0.9	0.9



