Valvitalia Group

Sustainability report 2024

Summary

Letter to stakeholders

Dear Stakeholders,

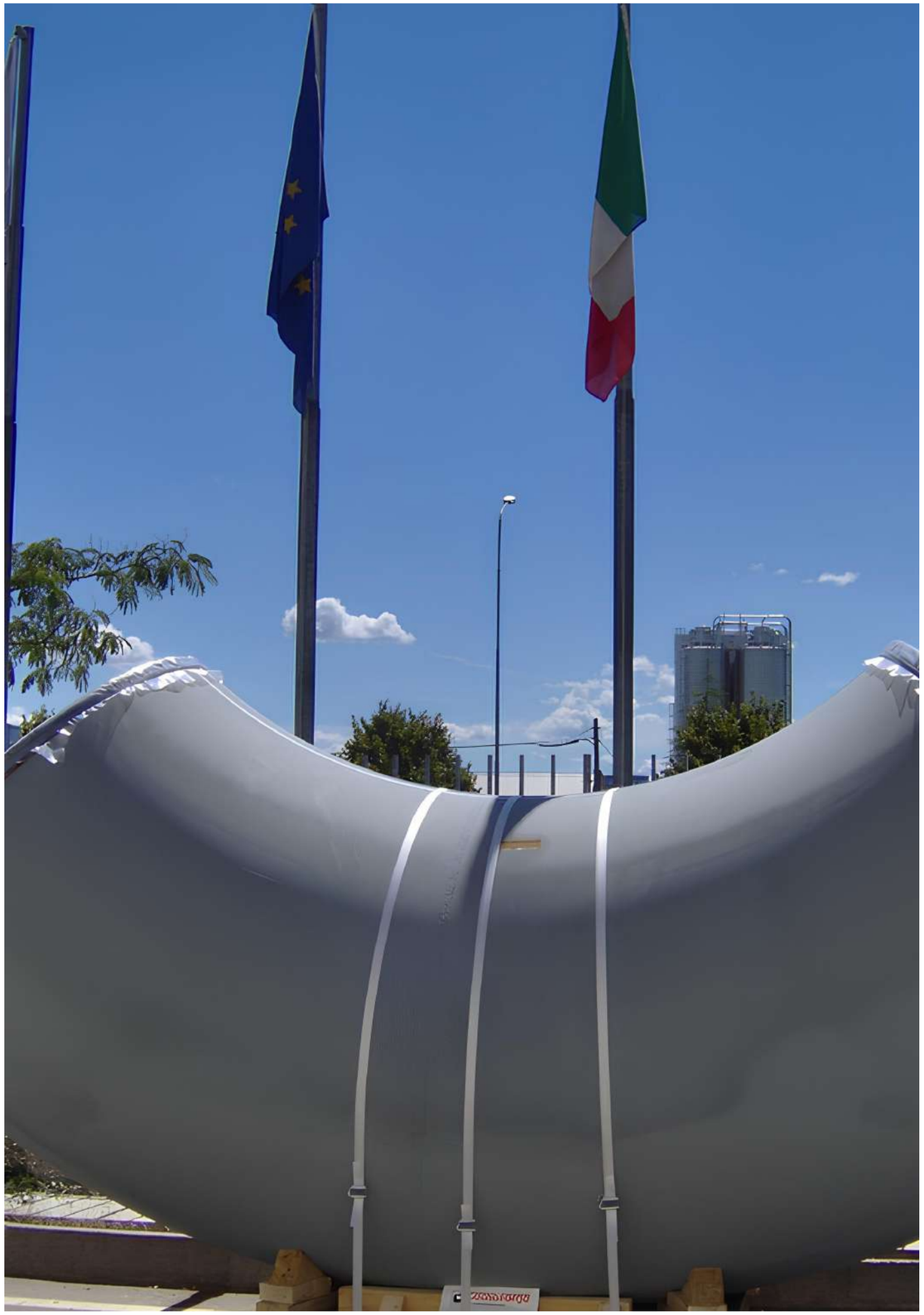
2024 was a year in which complexity and opportunity became closely intertwined for Valvitalia. We operate in sectors where the reliability of solutions, plant safety and regulatory compliance are not mere contextual requirements. They are essential conditions for the continuity of services that affect the daily lives of people and communities. In this context, the ability to combine industrial solidity, a long-term vision and close attention to ESG principles has become an integral part of our way of doing business.

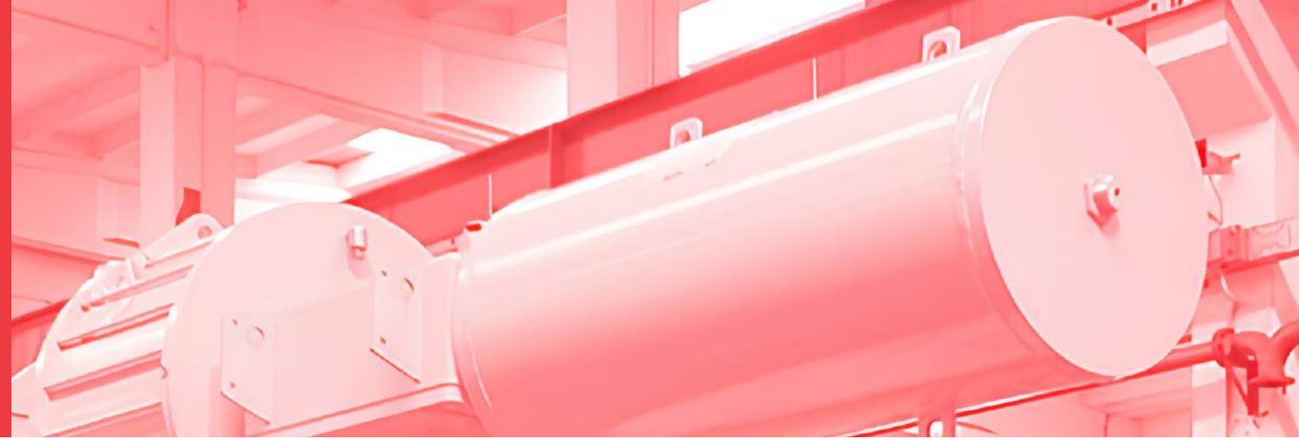
Valvitalia is a Group with deeply Italian roots and a growing international presence, expressed through its plants and expertise in Italy, the United Kingdom and China. Our identity is founded on values that have been steadily reinforced in our day-to-day work: putting customers at the centre, taking meticulous care of processes, acting responsibly towards the areas in which we operate, and respecting people and rules. Valvitalia's portfolio of valves, actuators, fittings, insulating joints and fire-fighting systems reflects an industrial story built on specialisation, investment in technology and the ability to operate in highly regulated, technically demanding contexts.

The sustainability journey outlined in this Report does not stem from a mere formal obligation, but from a **deliberate** choice. Although we are not yet subject to the requirements set out in the CSRD, we have decided to align our content and disclosure criteria with the European Sustainability Reporting Standards. For the first time, we have also extended the reporting scope to the entire Group, including the Suzhou and Hull sites. This step required updating our organisational boundaries, data collection methodologies and control systems, but it now allows us to provide a more complete and consistent picture of our value chains and our performance.

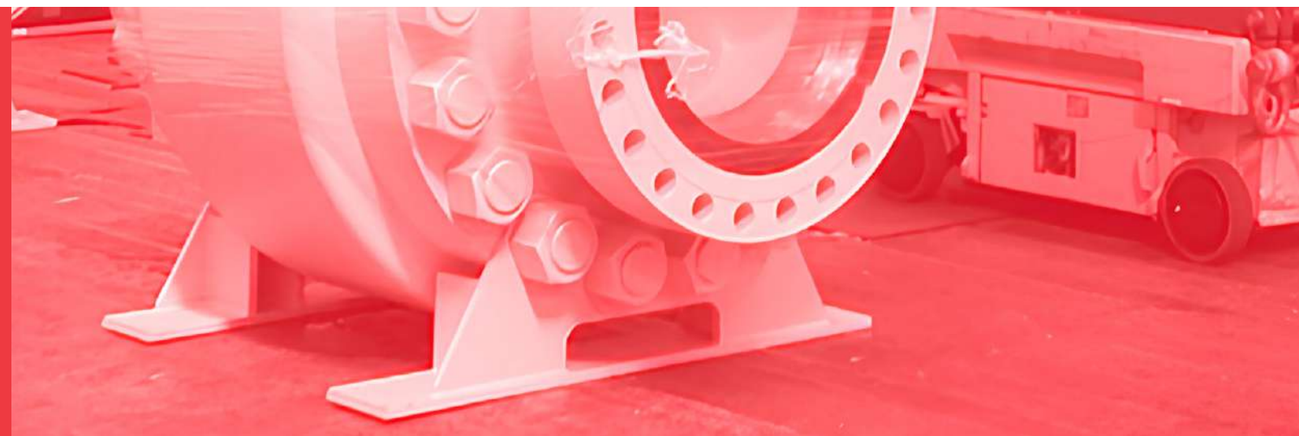
Over the year, we also carried out an in-depth revision of our materiality analysis, systematically integrating the Group's international dimension and adopting a more structured and participatory assessment model. This exercise has enabled us to identify impacts, risks and opportunities along the entire value chain with greater precision, providing a clear overview of the priorities on which to focus our management efforts in the coming years.

Andrea Forzi
CEO





The Group's history



The Group's evolution

Valvitalia is an industrial Group with Italian roots and an international presence. It is active in the design, production and distribution of technically critical components for the energy, oil & gas, and naval and industrial infrastructure sectors. Its product portfolio includes valves, actuators, fittings, insulating joints and fire-fighting systems. These are supplied to operators and contractors working in regulated, technologically complex environments where reliability, safety and compliance are essential requirements.

The Group's identity is built on a set of operational values that have taken shape over time and now tangibly guide strategic choices, management practices and industrial culture. **Customer centrality** is a core principle: listening to complex needs, ensuring quality and continuity of supply, honouring technical and contractual commitments, and building long-term relationships are constant points of reference. This industrial set-up is complemented by a concept of excellence that goes beyond technical performance. It embraces careful process management, high-quality design, the ability to learn from outcomes and a commitment to incremental improvement. A spirit of enterprise and initiative is a defining trait of the company. It guides decisions on complex projects, the rigorous assessment of risks and investment in solutions that remain technically and economically sustainable over time. Respect – for people, for the commitments made, for the environment and for regulatory constraints – is an essential operating principle that guides organisational behaviour far beyond mere formal compliance. At the same time, collaboration between different roles and structures is based on a practical team ethos that values collective expertise and enables the integrated management of complex processes on an international scale.

Activities are carried out through a production network spanning Italy, the United Kingdom and China, with specialised plants covering every stage of the industrial cycle: from design to machining, from assembly to testing, through to post-sales technical support.

The Group's corporate structure reflects a balance between industrial vision and long-term financial capacity. CDP Equity (an investment holding company wholly owned by Cassa Depositi e Prestiti) holds 75% of the share capital, while the remaining 25% is held by the Ruggeri family, the company's founders. This structure makes it possible to combine the solidity of an institutional investor with entrepreneurial continuity, maintaining consistency, strategic vision and a strong focus on operational priorities.

Valvitalia was founded in 2002 by the Ruggeri family. The initial business of Knight of Industry and Valvitalia Chairman Salvatore Ruggeri focused on valves for the oil & gas sector, an area in which he was able to draw on his extensive knowledge and experience. However, his entrepreneurial spirit also looked further afield, and the first acquisition took place shortly afterwards, in 2005, with the purchase of Tecnoforge, a company specialising in the production of flanges and fittings. This integration made it possible to strengthen the internal supply chain, broaden compatibility between components, optimise the supply chain and increase control over critical machining processes. In this phase, a multi-site production system took shape, geared towards vertical integration and built on the development of in-house technical expertise.

In 2006, the production site in Suzhou, China, was opened. The decision did not stem from an offshoring logic, but from the desire to stand alongside international customers in the main industrial hubs worldwide. It aimed to extend the company's production capacity in key regions while maintaining consistent process standards and quality requirements. This was a key step in building a global industrial model based on technical consistency, international presence and direct coverage of the markets.

The acquisition of Broady Flow Control in 2010 strengthened the Group's presence in the naval and defence segments, thanks to a specialised range of safety and pressure-control valves. The transaction made it possible to integrate established expertise in the Anglo-Saxon market, while maintaining operational autonomy and gradually aligning processes with the Group's industrial model, in a spirit of respect and continuity.

Between 2014 and 2016, the integration of Silvani, Eusebi and Nuova Giungas extended the Group's technical-industrial scope to new areas: fire-fighting systems and monolithic insulating joints. These transactions enabled the development of a more comprehensive offering, designed to meet the requirements of plants with high technical and regulatory complexity. Here too, the underlying rationale was not simple horizontal growth, but the progressive construction of a structured, multi-channel value chain capable of handling complex orders with an integrated offering.

In 2024, an organisational reconfiguration led to the creation of the Valves & Systems Division. The aim of the new structure is to improve operational coordination between the Rivanazzano Terme, Brendola and Suzhou sites, reducing fragmentation, simplifying flows and strengthening design consistency. This process does not alter existing production identities but introduces unified functional governance that enhances the system's responsiveness and the specialisation of each site.

The Group's identity is built on a set of operational values that have taken shape over time and now tangibly guide strategic choices, management practices and industrial culture.

2002 The Ruggeri family establishes Valvitalia

2005 Tecnoforge

In 2005 Valvitalia acquired Tecnoforge, a company with 2 plants located in northern Italy specialized in the production of fittings. This operation allows the Group to benefit from commercial synergies and economies of scale that led, by the end of 2005, to almost double the revenue from 110 million in 2004 to 212 million.

2006 Valvitalia China

In 2006 Valvitalia established its Suzhou plant, in line with Chairman vision who stated: "I see China as an aid to our creativity and not as a threat".

2010 Broady

In 2010 Valvitalia acquired Broady Flow Control with the aim of broadening its extensive product portfolio, by adding safety and pressure-reducing valves as well as a major market: the naval and submarine market.

2014 Silvani firefighting systems

2015 Eusebi firefighting systems

In 2014 and 2015 Valvitalia further consolidated its position by acquiring two historic Italian firefighting companies, Silvani and Eusebi, entering the civil sector.

2016 Nuova Giungas

In 2016, with the ongoing objective of providing the widest possible range of products, Valvitalia acquired Nuova Giungas, example of the Italian excellence in the production of monolithic insulating joints.

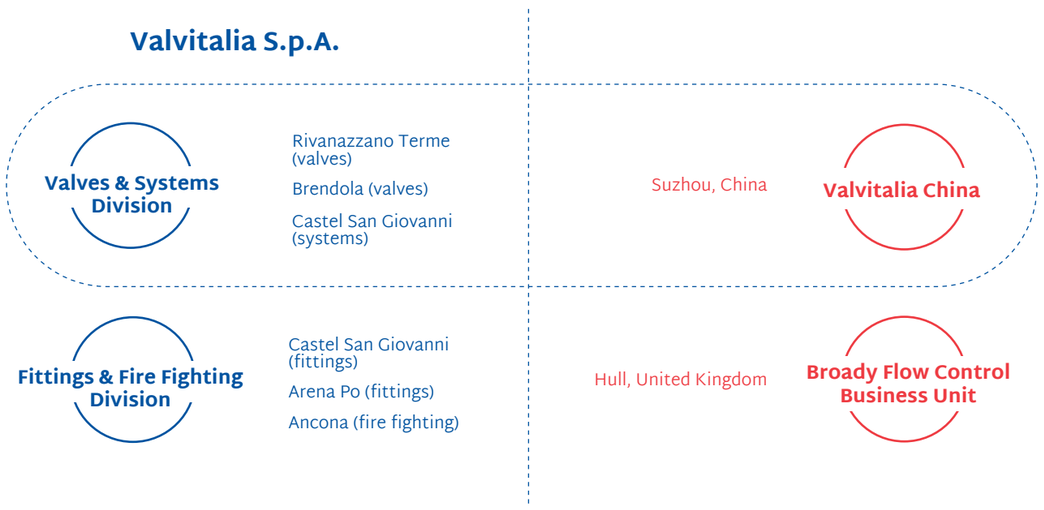
Group structure

Our divisions, our products and our reference markets

Following the latest changes introduced in 2025[1], the Group's industrial set-up is organised into two Divisions and one Business Unit, with plants in Italy and abroad: Valves & Systems (in Italy: Rivanazzano Terme and Brendola; in China: Suzhou), 3F – Fittings & Fire Fighting (Tecnoforge Castel San Giovanni, Tecnoforge Arena Po and Fire Fighting Ancona) Broady Business Unit in the United Kingdom, in Hull.

[1]Valvitalia considers the change in the Group's internal structure highly significant; for this reason, its presentation goes beyond the reporting period covered by these Financial Statements.

Valvitalia Group



Within the Valves & Systems Division, the Group's system-based capabilities are concentrated. Here, engineering defines specifications and drawings, mechatronic integration combines valve bodies, actuators and control instrumentation, and the industrial process leads to assembly and functional testing based on requirements defined on a project-by-project basis. The portfolio includes on-off valves, covering ball valve families in trunnion and floating configurations, side-entry bolted or fully welded and top-entry designs, also available in cryogenic or high-temperature versions, as well as plug and GGC (gate, globe, check) valves, linear and ball control valves, and electric, pneumatic and hydraulic actuators with their associated panels and automation accessories. The specialisation of the various sites supports both process quality and full traceability. All plants oversee welding, painting and final testing, with Brendola acting as the reference site for certain in-house machining operations dedicated to valves. The systems component completes the Division's offering with comprehensive packages for measurement, filtration, pre-heating and pressure regulation, including skids and pressure equipment such as pig launcher and receiver traps and High Integrity Pressure Protection Systems (HIPPS). Based in Castel San Giovanni, the Systems business is experiencing rapid market growth and increasing appeal among our customers. Given the long service life of its products, Valves & Systems also focuses on in-service maintenance and the supply of targeted spare parts. The aim is to ensure safe operational continuity throughout the entire operating life of installed plants, equipment and instrumentation. This integrated service enables V&S to position itself as an ideal partner for the long-term management of the solutions it provides, offering technical support throughout all operational phases.

Tecnoforge has a distinct role, overseeing in-house metallurgical processing and supplying both the Group's own lines and, above all, external customers with fittings and special forged components designed for demanding operating conditions. Product value is built up through sequences of forging, heat treatment and finishing processes, supported by non-destructive testing to ensure integrity and full traceability. The inherent energy intensity of these cycles is managed through dedicated industrial approaches and monitoring aligned with applicable environmental reporting requirements. This takes place in a context where demand is driven mainly by production rather than after-sales service.

Fire Fighting brings together mechanical, electrotechnical and control expertise to provide complete fire-fighting systems, from the compliance of individual components through to integration in the final plant. The packages combine pumping units, valves, sensors, control and command panels and, depending on the context, water mist and foam technologies, with pressure, flow and tightness tests performed in line with the applicable standards and, where required, installation and commissioning activities on site. After-sales services are structured around inspections, repairs, training and upgrades, with the aim of safeguarding the operational continuity of the sites served in compliance with the relevant regulations.

Broady Flow Control operates from its site in Hull in the United Kingdom and contributes a product range focused on safety relief valves, pressure-reducing and sustaining valves, pilot-operated valves and hydrant valves, with levels of traceability and qualification consistent with the requirements of the naval and defence segments. The industrial scope covers design, non-ferrous alloy foundry operations, machining, assembly and non-destructive testing in-house, with periodic inspections over multi-year time frames, end-of-life management and, in the domestic market, the option of ex-works delivery, with part of the installations handled by a network of resellers.

Value chains

Defining the value chains is a key step in gaining an in-depth understanding of Valvitalia's industrial and organisational dynamics. This framework makes it possible to analyse systematically how the Group generates value, which activities it manages directly and which it entrusts to its partners and suppliers. It is through this lens that impacts, risks and opportunities can be examined effectively along the entire life cycle of the products.

The value chain is structured into three macro-areas:

- Upstream, which includes raw material procurement, initial processing and inbound logistics.
- Midstream, which represents the core of industrial transformation, with production, assembly and testing activities.
- Downstream, which encompasses distribution, installation, use, after-sales services and end-of-life management.

Compared with the previous year, the Group has taken a significant step forward in clearly defining its value chains. Through a structured process of interviews and discussions with the various corporate functions, it was possible to reconstruct each phase in greater detail and clarify steps that had not always been explicitly described. This also helped to strengthen internal consistency between Business Units and production sites. This work has not only provided a more accurate tool for reporting and materiality analysis but has also improved mutual understanding within the organisation and helped to consolidate a shared vocabulary for describing processes.

The result is the definition of three distinct value chains, corresponding to the main areas of activity: Fire Fighting, Tecnoforge and Valves & Systems.

> **The value chain is a key element for understand in depth Valvitalia industrial dynamics and organization: thanks to this analysis is possible to understand how the Group generates value, which activities garrison and for which entrust to its partners.**

Valves & Systems

The value chain of the Valves & Systems Division, which also includes Suzhou and the Broady Business Unit, clearly reflects the engineering complexity of Valvitalia. The process begins with the procurement of steel and special alloys, obtained either from ore extraction or from scrap recycling, and with steel mill processing that produces the basic semi-finished products. These are then sent to the plants for subsequent processing, except at the Broady site which, thanks to its own forging furnaces, manages part of these activities in-house, positioning them directly at the heart of the process.

In the Division's plants, the core phase of the process takes shape: the semi-finished products undergo dimensional and quality checks and are then processed using precision techniques such as turning, milling and drilling. The next step is anti-corrosion treatment – including weld overlay and internal coating – which enables the valves to withstand aggressive operating conditions. The various components, from the valve body to the actuators, are then assembled, followed by functional tests and pressure and tightness tests. The final stages include laser marking, protective epoxy painting and customised packaging.

The last part of the chain involves distributing the products to international customers through multimodal logistics that combine road, rail and sea transport, with air freight used for urgent deliveries. Once installed, the products operate in critical environments where continuity and safety are essential. To ensure consistent performance, the Division provides a structured after-sales service, including maintenance, technical assistance and support in fault management. At the end of their service life, non-recoverable components are disposed of, while metals are returned to the steel cycle, completing a production process that combines technological expertise with a focus on sustainability.

Upstream

Extraction of raw materials (iron, nickel, molybdenum, manganese, chromium**) and/or steel recycling.**

↓

Transport to steelworks for intermediate processing.

Steelmaking (melting, casting, refining for the production of billets, slabs and ingots).

↓

Forging and/or casting processes (for complex valves) for the production of semi- finished products.

Transport of semi-finished products for further processing (if processing does not take place on the same site).*

***NB:** In Broady's case, this activity does not fall within the upstream sector but rather within the midstream sector (as it has its own forging furnaces).

Raw Material Control (Quality control of purchased/processed raw material).

↓

Transport of semi-finished products to other plants for further processing.

Midstream

Receipt and inspection of materials. Check of the quantity and quality of semi-finished products.

↓

Mechanical machining. Turning, drilling, milling to bring the semi-finished product to its final shape.

Dimensional inspecion of components purchased from suppliers to ensure they comply with the drawings.

↓

Anti-corrosion treatments (of internal weld overlays and/or coatings) to allow the valves to seal.

Assembly of the different components (valve body + gaskets + actuator).

↓

Functional testing. Product quality control through leak and pressure tests.

Marking (laser marking) of the valve type and external **anti-corrosion epoxy coating.**

↓

Packaging of products using custom-made crates, protection, etc.

Downstream

Transport to customers by road/rail or air in case of delays.

↓

Installation of Valvitalia products at the customer's site.

Sheet metal heating and rolling.

↓

After-sales services. Fault analysis, technical support, maintenance, transport "maintainers".

Disposal of the non-recyclable part / recovery of the metal and reintegration into the steel cycle

Tecnoforge

The Tecnoforge value chain is characterised by the central role of metallurgical processes and by the ability to transform steel and alloys into high-strength forged products. The process begins with the procurement of raw materials such as iron, nickel, molybdenum, manganese and chromium, or recycled steel, which is processed in steel mills to produce billets, slabs, ingots and plates. This preliminary transformation stage, carried out through energy-intensive processes such as melting, casting and rolling, provides the inputs required by the plant.

Once the semi-finished products are received, the most distinctive phase of the chain begins: forging. The materials are heated and shaped to produce flanges, joints and necks that must withstand particularly demanding operating conditions. After forging, the products undergo heat treatment and are finished through precision machining operations such as turning, drilling, threading and shot-blasting. The quality of each part is verified using non-destructive testing techniques such as ultrasonic, radiographic and dye-penetrant testing, ensuring high reliability. The end of the production process is marked by packaging, which is likewise designed to protect the integrity of the components.

The final phase unfolds along international logistics chains, involving road and rail transport to ports, shipment by sea and subsequent onward road or rail delivery to end customers. In specific circumstances, air transport is used to reduce delivery times. The products are used in industrial plants and strategic infrastructure where operational safety is paramount.

Upstream

Extraction of raw materials (iron, nickel, molybdenum, manganese, chromium) and/or steel recycling.

Transport to steelworks for intermediate processing.

Steelmaking (melting, casting, refining for the production of billets, slabs and ingots).

Transport of billets to rolling mill.

Sheet metal heating and rolling.

Transport of sheet metal to Tecnoforge.

Midstream

Receipt and inspection of materials. Check of the quantity and quality of semi- finished products.

Heating the semi-finished products to bring them to a temperature suitable for the forging process.

Forging. Processing of products for the creation of joints, flanges, items. Process carried out using the hydraulic press.

Heat treatments. Turning, drilling, threading, sandblasting to finish the product.

Quality control of products with specific methodologies (penetrating liquids, ultrasound, magnetoscopy, x-rays).

Packaging of products using custom-made crates, protection, etc.

Downstream

Transport to customers by road/ rail to the nearest port, transport of the container by ship and subsequent transport to the final customer on rubber or train (or air transport in case of delays).

Tecnoforge products' installation on customer site.

Customer use of the Tecnoforge product.

After-sales services (only in case of non-compliance).

Disposal of the non-recyclable part / **recovery of the metal** and reintegration into the steel cycle.

Fire Fighting

The Fire Fighting value chain is defined by the integration of mechanical, electrotechnical and chemical expertise needed to produce complex, reliable fire-fighting systems. The process begins with the procurement of a broad range of raw materials – metals, plastics, electronic components, rare earths and extinguishing gases – which are transformed by a global supplier network into semi-finished products such as pumps, motors, tanks and cylinders. These materials, transported by sea or road, arrive at Valvitalia's plants in forms already suitable for integration in the subsequent stages.

Within the production sites, the core phase of the process takes place, where engineering and manufacturing know-how is translated into the design and construction of fire-fighting systems. Here, components are received, inspected and then assembled into complete systems that combine pumps, valves, sensors and control panels. Particular emphasis is placed on testing: pressure, flow and tightness tests ensure that every system meets the safety standards required in a sector where there can be no margin for error. This phase is completed by packaging, often custom-designed, which protects the products during transport.

In the final part of the chain, Fire Fighting systems leave the production sites and are delivered to customers via multimodal logistics that include road and rail transport and, where necessary, air freight. Once delivered, the products are installed at the customer's facilities and subjected to on-site testing. After-sales services are a key element and include scheduled maintenance, technical support and the management of any faults.

Extraction of raw materials (iron, nickel, silicon, rare earths, oil, gas) for electronic, plastic, steel and gas parts.

Transport of raw materials to the different **intermediate processing** sites.

Intermediate processing. Creation of pumps, motors, cylinders, tanks and extinguishing agents.

Transport to the company. Semi-finished products delivered by sea or road.

Design of firefighting systems.

Reception and control of components. Verification of the quantity, quality and other characteristics of semi-finished products.

Assembly. Assembly of pumps, tanks, valves, panels and sensors.

Testing. Flow, pressure, sealing and functional tests.

Packaging. Packaging of products by the use of custom-made crates, protection, etc.

Transport to customers by road or rail, or by air in case of delays.

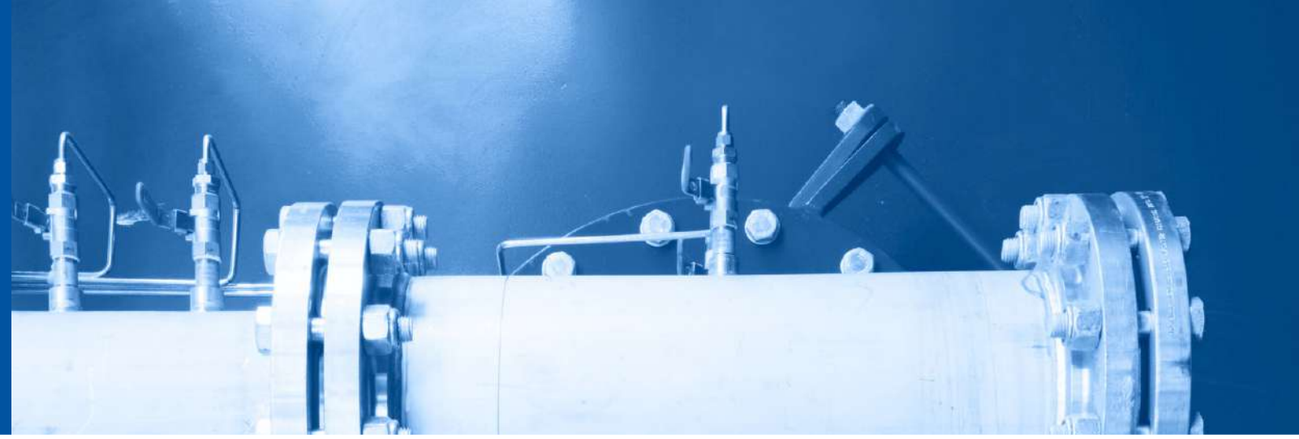
Valvitalia products' installation on customer site.

Systems test on site.

Customer use of the product.

After-sales services. Fault analysis, technical support, maintenance, transport "maintainers".

Disposal of the non-recyclable part / **Recovery** of recyclable materials.



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Governance of ESG matters

ESRS and reporting scope

This Sustainability Report has been prepared in line with the principles and guidelines set out in the European Sustainability Reporting Standards (ESRS), adopted to implement the Corporate Sustainability Reporting Directive (CSRD). Although it is not currently subject to mandatory reporting requirements under the directive, Valvitalia has chosen to voluntarily align its disclosures and related criteria with the ESRS standards. This choice reflects the belief that transparency, performance traceability and the adoption of structured metrics are key elements of a solid, responsible and long-term-oriented industrial path. In a break with previous editions, this Report marks an important methodological and organisational step forward.

While not formally obligated to report on sustainability according to ESRS principles, Valvitalia has chosen to voluntarily align itself to achieve a structured and meaningful path towards sustainability.

For the first time, the reporting scope has been extended to the entire Group and beyond national borders, also including foreign production sites. This makes it possible to provide a more complete and integrated representation of the Group's activities along the entire value chain. During 2024, the reporting scope was updated to include, in addition to the five Italian plants – Rivanazzano Terme, Brendola, Castel San Giovanni, Arena Po and Ancona – the Suzhou site in China, which is part of the Valves & Systems Division, and the Hull site in the United Kingdom, home to the Broady unit.
This approach makes it possible to harmonise metrics across sites, improve data comparability and strengthen process traceability. It also offers a unified view of the Group's overall performance in the different contexts in which it operates. Consolidation criteria, organisational boundaries and data collection and control methodologies have been updated to ensure consistent information across sites. Clear indications are provided for any local specificities that are relevant for interpreting the data. This methodological evolution not only improves the informational quality of the Report but also reflects deeper integration of ESG considerations into the Group's industrial and decision-making processes. This process will continue in the coming years, with further refinement of data collection, analysis and reporting practices.

Materiality analysis

In 2024, Valvitalia significantly updated its materiality analysis, incorporating the Group's international dimension into the process. This update represents a major evolution compared with previous reporting cycles, both because of the broader reporting scope, which for the first time includes the overseas sites in Suzhou (China) and Hull (United Kingdom). It is also the result of a more structured and participatory assessment model, capable of capturing more precisely the impacts, risks and opportunities associated with the Group's entire value chain.
The materiality analysis was carried out through a process involving the central corporate functions and the main operating units, both in Italy and abroad. Activities were coordinated by the ESG function with the support of the departments responsible for production, health and safety, human resources, environment, quality and finance. The methodology adopted included structured interviews and targeted discussion sessions designed to collect consistent assessments of the sustainability topics identified by the ESRS. This approach made it possible to build an integrated map of the impacts, risks and opportunities that characterise Valvitalia's industrial model, identifying the most relevant areas for management and reporting.
The extension of the reporting scope at international level has added an important qualitative dimension, as it has made it possible to take into account the regulatory, environmental and social specificities of the new contexts considered. This has strengthened the representativeness of the analysis. Interaction between sites was managed through cross-validation mechanisms to ensure consistent results, data comparability and traceability of the assessments made. The approach also served as an opportunity for internal growth, stimulating operational dialogue between different functions and markets. It supported strategic alignment around shared ESG objectives and priorities.
The assessment of material topics was conducted using the double-materiality perspective. Accordingly, topics were analysed both in terms of the Group's impacts on the environment and society (**impact materiality**) and in terms of potential effects on economic, equity and financial results (**financial materiality**).
For determining significance, the metrics and rating scales defined by the ESRS were applied, differentiated for impacts, risks and opportunities.

Material impacts

The analysis of material impacts showed that Valvitalia's activities, at every stage of its value chain, give rise to environmental, social and economic consequences of differing nature and significance. Some impacts are already observable today and can therefore be classified as **actual**. However, others are **potential**, meaning that they may materialise under specific operating or contextual conditions. In both cases, these effects

are significant because they reflect the degree of interaction between the Group and environmental ecosystems, its employees, local communities and the end users of its products. Their analysis does more than portray a snapshot; it helps to reveal the underlying links between Valvitalia's industrial model and external dynamics, providing valuable insights to strengthen the sustainability governance framework and steer corporate strategies towards responsible, shared value creation.

In this sense, the analysis plays an enabling role for Valvitalia. It makes it possible to clearly identify the areas where existing safeguards should be reinforced and, where necessary, to design and implement new control and protection mechanisms. A systemic view of impacts along the entire value chain allows the Group to define intervention priorities and allocate resources in a targeted way. It also makes it possible to update standards and policies, introduce more effective prevention and mitigation tools (KPIs, alert thresholds, audits and targeted training), and promptly close any gaps that may emerge.

Topic	Description of impact	Actual / Potential	Positive / Negative	Relevance
Climate change	Working conditions related to climate change	Potential	Negative	Medium
Climate change	GHG emissions related to activities (upstream, operations, downstream)	Actual	Negative	Medium
Climate change	Emissions associated with the energy consumption of activities	Actual	Negative	Medium
Circular economy	Disposal by the customer	Potential	Negative	Medium
Circular economy	Management of industrial waste	Potential	Negative	Medium
Circular economy	Product durability and reparability	Actual	Positive	High
Own workforce	Occupational health and safety	Potential	Negative	High
Own workforce	Employee well-being	Actual	Positive	Medium
Local communities	Safety of local communities	Potential	Negative	High
Local communities	Suppliers and local communities	Potential	Negative	High
Consumers and end users	Safety of end users	Potential	Negative	High
Consumers and end users	Confidentiality and privacy	Actual	Positive	Medium
Consumers and end users	Health of end users	Actual	Positive	Medium
Conduct of businesses	Practices for paying suppliers	Actual	Positive	Medium

Material risks and opportunities

In parallel, the Group also analysed the main risks and opportunities with potential economic, equity and financial impacts arising from ESG factors. These elements reflect the Group's ability to operate within a global ecosystem in which sustainability is exerting an increasingly significant influence on market dynamics, regulation and investment decisions. The purpose of the risk and opportunity assessment is to highlight how sustainability issues can translate into economic, equity and financial effects for Valvitalia. These are scenarios that may materialise depending on how the external context, regulation, markets and social and environmental dynamics evolve. The perspective adopted is therefore aimed at evaluating possible consequences which, although hypothetical, are nonetheless plausible. In some cases, they are also highly probable in light of the Group's industrial characteristics and its positioning in international markets.

Topic	Type	Brief	Relevance
Climate change	Risk	Extreme events	High
Climate change	Risk	Environmental regulations	High
Climate change	Opportunities	Requests for products for sustainable projects	Medium
Energy	Risk	Energy price risk	High
Energy	Opportunities	On-site energy generation and/or energy recovery	Very high
Pollution	Risk	Substances of concern and substances of very high concern (SVHCs)	Very high
Circular economy	Risk	Instability in the raw materials market	High
Workforce	Opportunities	Positive work climate and productivity	High
Workforce	Risk	Generational turnover of personnel	High
Workforce	Opportunities	Good welfare practices and productivity	Medium
Own workforce	Opportunities	Employee skills development	Medium
Own workforce	Risk	Gender pay gap	Medium
Workers in the value chain	Risk	Workers' rights	High
Consumers and end users	Risk	Product faults or defects	High
Consumers and end users	Risk	Sensitive data	Very high
Consumers and end users	Opportunities	Ethical and fair business practices	High
Conduct of businesses	Opportunities	Anti-corruption measures	High

Improvement plan

In recent years, the preparation of the Sustainability Report has enabled Valvitalia to deepen its materiality analysis in a progressive and systematic way, strengthening its understanding of the impacts, risks and opportunities associated with the Group's activities along the value chain and in relation to stakeholder expectations.

Through successive cycles of assessment and dialogue, this process has gradually clarified the scope of priorities and the areas on which to focus management efforts.

This latest update of the materiality analysis has, in particular, provided an opportunity to start developing an action plan that translates the findings into a structured programme of measures to be implemented over time. Its explicit aim is to address the negative impacts and the risks identified as most material.

Specifically, the plan currently being defined sets out a series of short-term initiatives aimed at consolidating the operational foundations needed to manage the identified priorities, and medium-term initiatives designed to embed these priorities structurally within business processes and operating models. It also includes long-term initiatives focused on consolidating results and structurally reducing exposure to impacts and risks.

To this end, monitoring metrics are being defined for each action, in line with the approach adopted in this Report and including quantitative and qualitative indicators designed to measure progress over time and verify the actual mitigation capacity in relation to the impacts and risks deemed a priority. Where necessary, these metrics will also enable timely realignment measures. The adoption of these metrics will also make it possible to ensure traceability of the activities carried out and comparability of results over time, thereby supporting the reporting process and communication with stakeholders. In this perspective, the Plan takes shape as an evolving, dynamic process that will be updated in light of the findings from future materiality cycles and from the application of the metrics themselves. At the same time, it will preserve consistency with the Report's methodological framework and maintain a clear focus on the impacts and risks that are most material for the Group.

In this regard, Valvitalia guarantees that the Plan will be disclosed in future Sustainability Reports and presented in a thorough and transparent manner.

> **The updated materiality analysis, resulting from the inclusion of foreign facilities within the reporting scope, has allowed us to begin building a comprehensive intervention plan to address the most significant negative impacts and resulting risks.**

3

People at Valvitalia

The value of people

People are Valvitalia's most strategic resource: skills, experience and motivation are the operational pillars underpinning the Group's ability to operate in complex sectors characterised by stringent requirements and a high level of social responsibility. For this reason, attention to working conditions, the enhancement of professional skills, and the protection of health and safety are all core elements of the Group's identity. They are embodied in a structured set of policies, tools and concrete actions.

People's well-being is a strategic objective and a cross-cutting operational principle for Valvitalia; the company promotes fair, inclusive and safe working conditions. In doing so, it strengthens the link between organisational performance and the quality of the work experience.

The Code of Ethics clearly sets out the principles governing personnel management throughout all stages of the employment relationship: recruitment, onboarding, development and evaluation. These commitments are further reinforced by the Diversity and Inclusion Policy, which is applied consistently across all Group locations. The document recognises the value of individual differences – in terms of gender, age, ability, orientation, background or education – and actively promotes the creation of an open and accessible working environment. Measures implemented include the removal of physical and cultural barriers, and efforts to promote gender balance in positions of responsibility. They also involve supporting work–life balance through measures such as remote working and flexible hours, as well as actively fostering a wide range of skills and career pathways.

With regard to health and safety, all of the Group's production and operating sites are currently ISO 45001 certified, with the sole exception of the UK site in Broady. The system adopted promotes a widespread culture of prevention, starting from a systematic analysis of risks and translating into action plans and targeted training. It also involves internal audits and structured reporting mechanisms. The approach is based on clearly defined roles and responsibilities, active worker participation and the continuous updating of measures in line with evolving contexts and technologies. The goal is to build a working environment in which safety is an integral part of operational decision-making, contributing to health protection and to the overall quality of working life.

Although it is not ISO 45001 certified, the Broady site applies well-established practices consistent with Group standards, such as daily awareness-raising moments (safety moments) and regular training tools (toolbox talks). It also guarantees employees the recognised right to stop any activity considered unsafe and provides a formal system for involving workers through HSE meetings and continuous training programmes. Integrated into day-to-day management, these initiatives demonstrate a concrete, widespread commitment to continuous improvement.

To safeguard legality and transparency, a whistleblowing channel is also in place, accessible to all staff, which allows them to report – including anonymously – any violations, misconduct or potentially harmful situations. The system guarantees confidentiality, traceability and protection for the whistleblower, reinforcing internal trust and helping to maintain a respectful and collaborative working environment.

In 2024, Valvitalia's total workforce reached 834 employees, with an average headcount of 813 over the year. Women accounted for 24.5% of the total workforce (204 women), with significant differences between sites: in China, the share rose to 38.6%, reflecting broader access for women to technical and back-office roles; in Italy it stood at 23%, showing steady improvement thanks to the growth in stable, full-time contracts; in the UK site, the percentage was lower (15.1%), consistent with the strong manufacturing specialisation and the historical profile of the activities.

KPI (Headcount)	Total	Italy	China	Broady
Permanent employment contracts	**752**	**636**	**43**	**73**
— of which men	584	493	29	62
— of which women	168	143	14	11
Fixed-term employment contracts	**82**	**11**	**71**	**0**
— of which men	47	5	42	0
— of which women	35	6	29	0
Variable timetable	**0**	**0**	**0**	**0**
Full-time	**801**	**619**	**114**	**68**
— of which men	626	497	70	59
— of which women	175	122	44	9
Part-time	**33**	**28**	**0**	**5**
— of which men	4	1	0	3
— of which women	29	27	0	2

The age distribution presents a picture of an overall mature and well-balanced population. 48.1% of employees are between 30 and 50, a key age group for ensuring technical stewardship and the capacity to drive change, while 44% are over 50, reflecting a strong anchoring of skills and low turnover in strategic positions. Average age varies significantly across sites: Suzhou has a younger workforce (19.3% under 30), supporting the development of upskilling pathways and internal growth; Broady combines a strong senior presence (47.9% over 50) with 27.4% under 30, which helps foster generational renewal and knowledge transfer; in Italy, the structure is markedly stable, with a senior–mid-career mix that mirrors the long-standing industrial expertise of the Group.

KPI	Total	Italy	China	United Kingdom
Workers under the age of 30	66	24	22	20
Workers aged between 30 and 50	401	305	78	18
Workers over the age of 50	367	318	14	35

The managerial population stands at 50 people in total, including 8 women (16.0%). In China and the United Kingdom, women account for 33.3% and 22.2% of management roles respectively. In Italy – where management has historically been concentrated in technical-industrial functions – the figure remains lower (9.4%) but is evolving.

From an industrial relations perspective, all Italian employees are covered by a National Collective Labour Agreement (CCNL), which ensures regulatory stability, protection of rights and pay transparency. At the end of 2024, 99 employees were members of a trade union, confirming active and formal participation in social dialogue. In international contexts, full respect for trade union freedom is guaranteed.

At the UK site, most employees are members of Unite the Union, with structured representation and regular meetings between management and workers. In China, formal consultation mechanisms are in place, overseen by the local HR function, ensuring ongoing oversight of relationship quality and safeguards.

Lastly, the Group's remuneration policies are based on principles of fairness and consistency with local benchmarks. In Italy, the CCNL provides minimum reference thresholds and transparent job-grading criteria. In the United Kingdom and China, pay levels are aligned with average market values, based on data reviewed periodically.

Health and safety and training

The Occupational Health and Safety Management System, based on the international ISO 45001 standard, is the main pillar of the Group's policies for safeguarding employees' physical and psychological well-being. At the end of 2024, six of the Group's seven production units were certified, with the sole exception of the UK Broady site. This site nevertheless applies structured measures consistent with local regulations and Valvitalia standards. All employees, regardless of location or contract type, are covered by an active prevention and protection system. It ensures occupational health surveillance, mandatory medical examinations and regular risk-monitoring programmes.

Governance of the system in Italy is overseen by three Health and Safety Managers (RSPP), supported by three occupational physicians and a network of seven Workers' Health and Safety Representatives (RLS) across the various plants. Abroad, equivalent roles and responsibilities are assigned in line with local regulatory requirements, confirming an international yet highly integrated approach. Both the Suzhou and Broady sites have a workers' health and safety representative. The approach adopted is proactive, aimed at identifying risk factors at an early stage and promoting informed behaviour through widespread training, reporting and employee engagement activities.

KPI	2024
Number of production units	7
Production units certified to ISO 45001 (occupational health and safety)	6
PPSM - Prevention and Protection Service Managers	3
Competent physicians	3
WSR - Workers' Safety Representatives	9
Personnel undergoing health surveillance visits	the entire company workforce
Personnel undergoing security medical examinations	the entire company workforce
Workers covered by an OSH System	the entire company workforce
Workers covered by a certified OSH System	The entire workforce, with the exception of the UK (Broady) site

In 2024 Valvitalia confirmed the effectiveness of its approach to health and safety in the workplace, further strengthening safeguards, shared responsibilities and prevention tools. The Group's entire workforce is covered by a structured occupational health and safety (OHS) management system that complies with local regulations and, in almost all cases, is certified to ISO 45001. Both the Broady and Suzhou plants have an internal HSE function, supported by a dedicated HSE Manager and by established practices for raising awareness and managing day-to-day risks.

At Group level, 13 occupational accidents were recorded during the year, 1 of which was classified as serious (at Broady), and there were no fatal accidents. The breakdown shows 4 cases in Italy, 4 in the United Kingdom and 5 in China. The overall impact of these events was limited, with a total of 86 lost workdays, the majority of which occurred in the Italian operations (71 days), and the remainder in the UK (10 days) and China (5 days). The approach adopted enables continuous monitoring of risk exposure, supported by health surveillance covering the entire workforce. It is also underpinned by the coordinated action of internal roles such as Health and Safety Managers (RSPP), occupational physicians and Workers' Health and Safety Representatives (RLS).

From an organisational standpoint, the UK site stands out for the high maturity of its day-to-day practices: every meeting begins with a safety moment, HSE meetings are held every three months alongside technical toolbox talks to build operational awareness, and staff are trained to immediately stop any unsafe activity. This integrated, widely shared approach is fully aligned with the Group's prevention-driven culture, which aims not only to reduce risks but also to build a sense of shared responsibility at all levels.

KPI	Unità di misura	Totale 2024	Italia 2024	Cina 2024	UK 2024
Registered occupational accidents	no.	**13**	4	5	4
Number of hours worked by employees	no.	**1,524,564**	1,133,897	233,137	157,530
Fatal accidents	no.	**0**	0	0	0
Serious injuries	no.	**1**	0	0	1
Rate of deaths from accidents at work	%	**0**	0	0	0
Registered work accident rate	%	-	0.71	4.29	5.08
Rate of work-related injuries with serious consequences (excluding fatalities)	%	-	0	0	1.27
Number of days lost	no.	86	71	5	10
Fatal work-related accidents involving other workers at the company's sites	no.	0	0	0	0
Deaths due to work-related diseases involving other workers at the company's sites	no.	0	0	0	0

This organisational framework has enabled effective management of health in the workplace, based on prevention, traceability and care for people. The direct involvement of HSE functions and workers, through structured opportunities for dialogue and training, has helped to embed a genuine culture of safety as a shared value.

From a professional development perspective, 2024 marked a further consolidation of performance management as a strategic lever for career growth. In total, 214 people took part in a structured performance and development review process. This process makes it possible to align individual skills with corporate needs, support the definition of clear objectives and accurately identify training needs. The tool was applied consistently across different contexts, using methods tailored to operational specificities.

In Italy, the review is fully integrated into the annual HR cycle and covers a wide range of roles and levels. In Suzhou (China), 41 employees took part in the exercise, as part of a plan to strengthen technical and managerial skills. At Broady, the review involved 6 people, supporting a lean, highly specialised structure that complements formal processes with a strong culture of operational feedback and direct dialogue.

KPI – Performance reviews (2024)	Total	Italy	China	UK
Total participants	**214**	**167**	**41**	**6**
– of which women	73	61	10	2
– of which men	141	106	31	4

In compositional terms, participation reflects the internal balance of the workforce: 73 women and 141 men took part in the process, with strong female representation in the Italian operations. This demonstrates the cross-cutting use of the tool and growing attention to inclusiveness in development pathways.

Over the course of 2024, a total of 11,673 training hours were delivered across the Group, with the breakdown by country mirroring the size of the various sites. Italy accounts for 9,069 training hours in total, while Broady recorded 324 hours and the Suzhou site 2,280 hours.

On a per-capita basis, calculated as the ratio of hours to employees, Italy records an average of 14.02 training hours per person, while at the Broady site per-capita training amounts to 4.44 hours and at Suzhou to 20.00 hours. The Group-wide average is 14.00 hours.

Scope	Total training hours
Italy	9,069
Broady	324
Suzhou	2,280
Total Group	**11,673**

Initiatives

The Group has strengthened its commitment to promoting a sustainable working environment, also in terms of employees' personal and family life. All Group employees, both in Italy and at overseas sites, enjoy full protection of their parenting-related rights, in line with national legislation and local contractual frameworks. At the same time, remote working has continued to be extended to eligible roles, with the aim of balancing organisational needs and personal circumstances.

In 2024, 402 employees were enabled for flexible working, including 372 in Italy, 15 in China and 15 in the United Kingdom. The increase compared to the previous year reflects a gradual maturing of the culture of flexible working, which today is a stable, monitored and proportionate feature within the organisation. Flexibility is used not only as a response to individual needs, but also as a tool to foster autonomy, trust and functional effectiveness, helping to improve the overall quality of the working experience.

KPI – Employees enabled to work remotely (2024)	Total	Italy	China	UK
Executives / Managers	41	32	1	8
Non-executive staff	361	340	14	7
Total employees enabled to work remotely	**402**	**372**	**15**	**15**

Across all Group sites, listening and engagement initiatives have been introduced to gain a genuine understanding of people's needs and translate the feedback collected into concrete improvement measures. Individual interviews, cross-functional workshops, informal exchanges and regular surveys have helped to build a relationship model based on trust and active participation. This has had positive effects on motivation, sense of belonging and the quality of internal interactions.

In parallel, the Group has invested in new tools to monitor organisational well-being, combining flexible welfare solutions with targeted measures to support work–life balance. Working remotely has been extended wherever compatible with job requirements, while in production settings efforts have focused on optimising shift patterns and preventing psychosocial risks, with particular attention to managing work-related stress. This integrated approach to quality of working life has gone hand in hand with stronger safety measures, through a model that combines comprehensive occupational health surveillance, ongoing training, internal audits and widespread practices such as safety moments and the Stop Work Policy. This policy gives every employee both the right and the duty to stop any activity they deem unsafe.

In the area of training and development, 2024 marked the launch of several significant initiatives. Among these, the Tecnoforge Academy stands out — established initially to address a production challenge in the welding department, it has since evolved into a permanent platform for upskilling and technical knowledge transfer. The programme involved a targeted selection of candidates — recent graduates from local technical institutes — and a four-week intensive course combining theory sessions, individual mentoring and on-the-job tutoring. The initiative not only enabled the training of new professional profiles within a very short timeframe but also established a replicable model for managing critical skills and valuing local human capital.

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4

External Stakeholders

Relationships with Customers (S4)

For Valvitalia, customer relations are first and foremost a practice of reliability that combines integrity, technical oversight and operational proximity throughout the entire supply chain. These relationships are governed by a structured framework ensuring ethical conduct and regulatory compliance. The Code of Ethics, Organisational Model 231 and Anti-Corruption Policy define behaviours, responsibilities and internal controls, supported by prevention, training and monitoring measures. Whistleblowing channels are available — also anonymously — with full confidentiality and protection guarantees. Regarding data protection, the policy identifies the Data Controller at the Milan registered office and a dedicated mailbox for exercising the rights provided under the GDPR.

On this basis, an operational model takes shape in which the One Stop Shop approach is the defining feature. For the customer, this translates into a single point of contact that manages requirement traceability throughout the project and ensures consistent standards right up to commissioning. Fewer interfaces, shorter decision-making times in critical phases and a lower risk of misalignment are tangible results of coordination grounded in many years of experience in complex projects in the oil & gas, energy and water sectors.

Customer safety is ensured through robust testing and validation processes replicating real operating conditions in the factory. At Rivanazzano Terme, facilities include a climatic chamber (–50 °C to +80 °C), test benches up to 60 inches, and a department dedicated to cryogenic testing. Automated welding systems are in place for large-diameter and heavy valves, enabling certification of design compliance and reliability under demanding conditions prior to delivery.

Customer proximity extends before, during and after installation thanks to an international network of manufacturing plants, offices and service centres in strategic areas. The operational support system ensures rapid response and prioritised interventions. A first response team can mobilise within 24 hours anywhere in the world, supported by personnel, equipment and spare parts available on a continuous basis. Public channels — After Sales, Service, Contacts and Spare Parts — direct requests to the most appropriate unit. They can also be used to report impacts, risks or opportunities related to products and services, as well as to manage non-conformities or operational adjustments during service. This same customer-centric culture is reflected across all Group sites.

Customer relationships extend beyond supply, embracing structured listening and continuous improvement. Quality System processes support the measurement of feedback and feed into periodic management reviews, turning findings and indicators into corrective and preventive actions. In complex applications, technical dialogue can evolve into co-design, reducing information asymmetries even at the requirement definition and testing stages. Customer engagement forms part of the broader governance and reporting strengthening process launched in 2024, in continuity with alignment to ESRS standards and the gradual extension of international metrics.

> **Customer is among the values that characterize corporate action, the main asset that drives Valvitalia's people to improve every day.**

Engagement with Communities (S3)

At Valvitalia, engagement with local communities provides the ethical and responsible framework within which the company conducts its business. The Code of Ethics recognises the communities in which it operates as primary stakeholders to be respected and protected, setting out principles of legality, fairness and transparency that guide interactions and the management of local impacts. This same framework includes objective partner selection criteria and a commitment to promoting local economic initiatives wherever possible, consistent with corporate integrity values and community expectations.

Operationally, attention to people's health and the protection of the environment surrounding production sites is structured within an integrated HSE system compliant with ISO 14001 and ISO 45001. The goal is to safeguard workers, customers, local populations and the environment by ensuring strict compliance with regulations and preventing risks affecting the surrounding area. The Corporate Social Responsibility Code of Conduct, made public and subject to regular review, reinforces this framework by committing to monitor local environmental impacts and prevent potential adverse effects. In doing so, it reduces risks for neighbouring communities and helps ensure sustained compliance across all countries where the Group operates.

Responsibility towards communities also extends along the supply chain. The Suppliers' Code of Conduct, binding for Italian sites, reflects the principles of the Code of Ethics and establishes requirements on legality, environmental protection and health and safety — ensuring that attention to community-related impacts extends to suppliers working with Valvitalia.

Our Initiatives

Valvitalia's initiatives to support local communities prioritise proximity and measurable results, with selection and monitoring processes ensuring compliance, traceability and alignment with corporate values. In 2024, donations and sponsorships were authorised in accordance with a formalised procedure, requiring approval by the Chief Executive Officer and prior checks by the Legal Department on beneficiary eligibility. This provides an ex-ante assurance on the quality of the initiatives and the proper use of resources, aimed at generating positive, tangible benefits for the local area.

In the Italian operations, this focus has taken shape along three main lines. Firstly, social inclusion through sport, with support for the project "Il calcio è un gioco da ragazze" (football is a game for girls) promoted by ASD Women, based in Rivanazzano, for the 2024–2025 season: an initiative that enhances female participation and fosters the development of young athletes in the Province of Pavia, strengthening community ties and promoting positive models of teamwork and inclusion. Secondly, solidarity in mobility, through a contribution – provided via the local Lions Club – towards the purchase of a vehicle for the AUSER association in Rivanazzano Terme, used to transport people with disabilities to medical visits and check-ups. This initiative improves access to essential services and quality of life for the most vulnerable groups. Thirdly, support for a local information channel, through a contribution to Radio PNR, the broadcaster of the Diocese of Pavia, which upholds the principles of local journalism and fosters dialogue with the community. All three initiatives were developed with the declared objective of promoting inclusion, wellbeing and social cohesion across the Pavia area.

Alongside these local actions, participation in territorial development forums translates into a sustained commitment to the local business network. Valvitalia plays an active role in Assolombarda Pavia – as part of the "Your Next Pavia" initiative – fostering dialogue among companies, institutions and stakeholders to stimulate the area's economic and social growth. This network-based engagement complements Valvitalia's philanthropic initiatives, helping to shape priorities and amplify their systemic impact.

Valvitalia's international sites adapt this same approach in line with local contexts. In Suzhou, China, donations have been made to local charitable organisations identified through dedicated meetings, ensuring that initiatives address concrete community needs. Internal programmes on health, safety and training also foster a responsible working environment that positively influences the surrounding social context. In the United Kingdom, Broady Flow Control maintains an ad hoc involvement in charitable initiatives and community activities in the Hull area, in line with a pragmatic, locally rooted approach to the territory in which it operates. While implementation levels may differ, both sites operate within the Group's ethical and compliance framework, maintaining alignment in principles and selection criteria.

Supplier relations (S2)

At Valvitalia, building a sustainable and responsible supply chain is a key pillar of the Group's sustainability strategy and essential to ensuring that its standards are consistently reflected in the practices of business partners. In all countries where the Group operates (Italy, the United Kingdom and China), the foremost priority is safeguarding people throughout the value chain by upholding fundamental rights, decent working conditions and fair, sustainable industrial development.

Within this framework, the Supplier Code of Conduct serves as a clear, binding document governing relationships with procurement partners. It is aligned with leading international human rights and labour references (including ILO Conventions and the Universal Declaration of Human Rights) and is integrated with the Group's Code of Ethics, Organisational Model 231 and anti-corruption policies. The Code is mandatory for all suppliers of the Italian facilities. Its application also extends beyond direct suppliers, requiring them to promote the same standards among their subcontractors and secondary suppliers, thereby reinforcing shared responsibility across the value chain. At the UK and Chinese sites, although the Supplier Code of Conduct is not formally in force, activities are nonetheless guided by the Group's ethical principles and aligned with the same international benchmarks.

Worker protection measures are precisely defined: absolute prohibition of discrimination; ban on all forms of harassment or abuse (physical, psychological or verbal); and the presence of appropriate disciplinary mechanisms to promptly address any violations. All forms of forced, compulsory or child labour are strictly prohibited, including human trafficking and modern slavery, with particular attention paid to young workers (no hazardous duties for individuals under 18). Trade union rights, freedom of association and collective bargaining are recognised and safeguarded. Full compliance is required with regulations on working hours, overtime, holidays, weekly rest days, public holidays, paid leave and parental leave. Wages and benefits must be adequate and consistent with legal provisions, collective agreements and industry standards, ensuring a decent standard of living.

The concrete implementation of these principles is supported by a structured monitoring and control system (including dedicated reporting channels https://valvitalia.integrityline.com), and the right for Valvitalia to conduct on-site supplier audits and documentary verification of compliance evidence.

At international level, the Group adapts these tools to different regulatory frameworks while maintaining consistency of approach. In the United Kingdom (Broady Flow Control), supply chain oversight is based on a compliance system that includes risk-based supplier integrity assessments, registers for gifts and hospitality, a prohibition on facilitation payments and regular training. It is also supported by a dedicated compliance officer. For Valvitalia (Suzhou), China, supply chain governance relies on procurement and vendor management procedures (qualification, monitoring and review), supported by tools for handling complaints, non-conformities and corrective actions. Compliance with local legal requirements is ensured, as is the possibility of conducting on-site audits or documentary checks.

Valvitalia's supplier qualification process safeguards the high quality of products and services while also promoting safety and social responsibility. The procedure is applied consistently across the entire Group and sets out stages that, in addition to ensuring high quality standards, reinforce ethical practices and respect for the environment and people. All the Group's sites operate under a quality management system certified to ISO 9001, which provides a structured framework for process management, including procurement activities. Within this framework, supplier qualification is based on formalised criteria for performance evaluation and monitoring, as well as on systematic traceability of activities, helping to reduce non-conformity risks and drive continuous quality improvement along the supply chain.

At the Italian sites, suppliers are initially assessed and classified into two levels according to their impact on the final product: Level A, when the supplier's contribution directly affects the product's integrity and functional performance; and Level B, for less critical suppliers or those whose potential errors can be detected during internal production or testing phases. Both categories are required to complete a questionnaire with differentiated metrics and assessment scales. This gathers information on quality management systems, certifications, production capacity and, from an ESG standpoint, environmental practices, occupational health and safety, and respect for human rights. Suppliers are required to demonstrate effective control of environmental risks, for example through ISO 14001 certification or equivalent systems for higher-impact processes. They must also ensure safe and decent working conditions (ISO 45001 certification or equivalent where applicable) and operate in line with robust ethical principles.

> **Valvitalia does not allow any deviation from what is reported in the Supplier Code of Conduct, which helps define the principles for establishing a commercial relationship with the company.**

Qualification does not end at onboarding. In fact, Valvitalia carries out continuous surveillance of supplier performance (quality of goods, delivery timeliness, service quality), supported – when necessary – by dedicated audits. This enables early detection of issues and activation of targeted corrective measures. Suppliers are periodically reassessed and, where required, re-qualified to ensure ongoing compliance with standards. HSE-related aspects are a key criterion: respect for human rights is a mandatory requirement. Severe breaches, for example in safety, ethics or working conditions, may lead to removal from the approved suppliers' register and, in the most serious cases, inclusion on a blacklist.

In 2024, Valvitalia laid the groundwork for more rigorous management of supply chain impacts. It did so through concrete actions designed to guarantee responsible and sustainable working conditions across its external operating contexts. Within this framework, the Suppliers Day event held in February 2024 proved a strategic moment for dialogue with the supplier network. The meeting combined the sharing of company results and future perspectives with targeted alignment on sustainability topics, particularly those concerning the supply chain.

At the event, medium- to long-term objectives were presented: strengthening environmental and social practices throughout the value chain and defining the foundations of a responsible supplier–customer relationship focused on mutual growth. The direct involvement of partners has refocused attention on the conditions of workers engaged in production processes. It highlights the need for collaboration that, alongside technical and quality aspects, also considers the social impacts generated along the value chain. Opening a structured dialogue on these topics marked a first step towards greater collective awareness and integrated impact management. The aim is to improve working conditions in the most exposed contexts.

To consolidate this approach, an ESG mapping system for all suppliers will be introduced. 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 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.

5

Environmental impact management

Emissions

Emission management

Valvitalia has implemented and maintains an Environmental Management System compliant with the international ISO 14001 standard across all Group manufacturing sites. The certification is in place at all operating sites, with the sole exception of the Business Unit in the United Kingdom. Although not included in the formal certification scope, this unit still operates in line with the same principles, criteria and safeguards set out in the standard. This approach, applied consistently and systematically across the entire production footprint, is an essential tool for monitoring and continuously improving environmental performance. It is particularly important for managing impacts related to climate change.

In line with ISO 14001 requirements, all relevant environmental aspects are identified and assessed, including direct ones stemming from internal industrial processes and indirect ones relating to energy consumption and support activities. Among the monitored aspects, particular attention is paid to greenhouse gas emissions – notably CO_2 and other gases generated by machining, welding, painting and assembly processes, as well as by heating and air-conditioning operations at the facilities.

Application of the ISO 14001 framework ensures strict control of atmospheric emissions through a structured system that includes periodic analysis of production processes. This system also provides for the definition and implementation of corrective and preventive measures, systematic verification of results, and subsequent management reviews. The overall management cycle is geared towards the gradual reduction of negative environmental impacts and the promotion of more efficient use of energy resources. Its aim is to contain greenhouse gas emissions in compliance with applicable regulations and in line with the Group's sustainability standards.

In 2025, Valvitalia will carry out energy audits in all its Italian facilities, integrating these activities within its Environmental Management System. The programme will adopt consistent criteria for data collection and analysis to enable comparable interpretation of consumption profiles and the definition of specific emission baselines for each site. The evidence gathered will feed into an operational programme that will translate the analyses into concrete projects, such as efficiency measures on production processes and auxiliary services. It will also support the assessment of opportunities for self-generation from renewable sources and the development of more robust energy and emissions performance indicators. Dedicated budgets and a high-level financial plan will be prepared for each initiative, with appropriate margins factored in for delivery times and required investment.

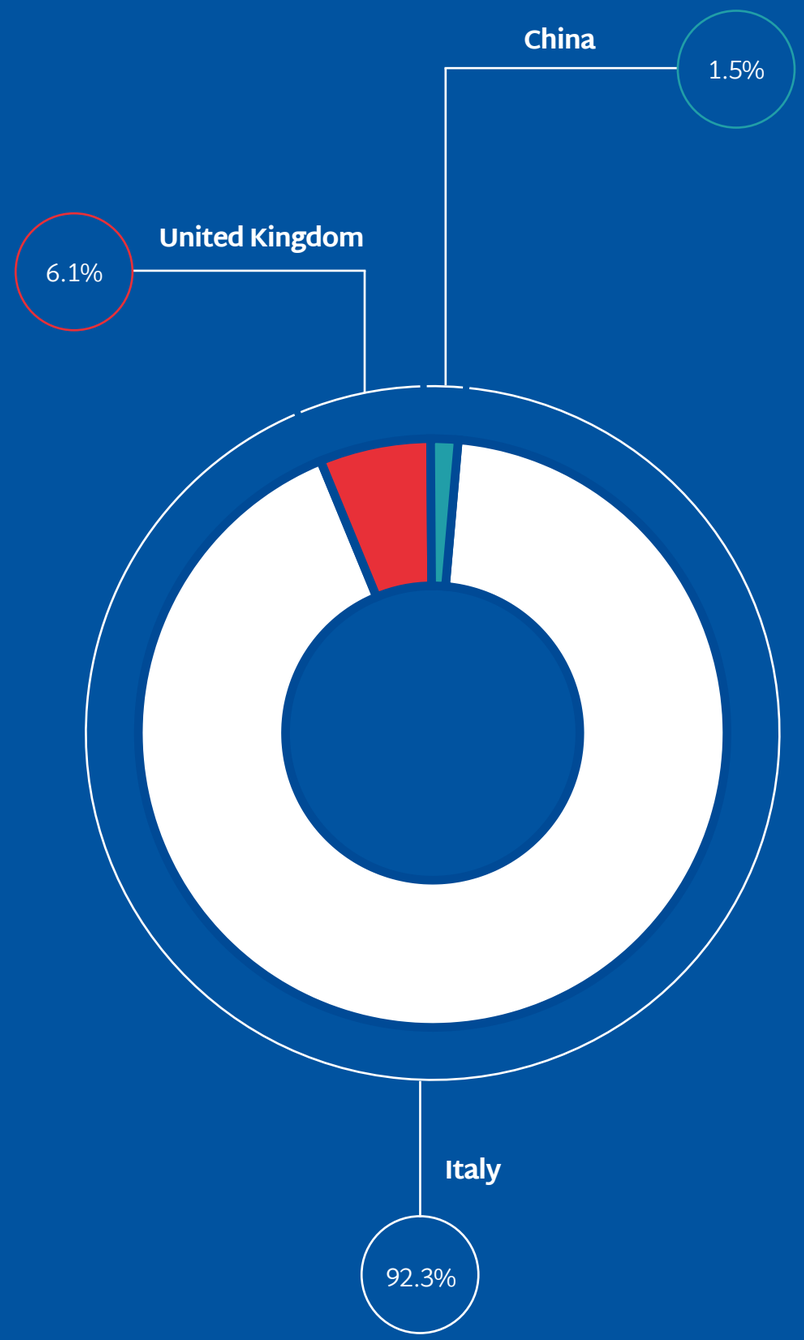
The expected benefits cover both climate and management dimensions. Reductions in energy consumption and Scope 1 and Scope 2 emissions will go hand in hand with the availability of more reliable, traceable and granular data to support continuous monitoring and reporting activities. Line-level analysis will make it possible to identify potential inefficiencies, plan targeted maintenance interventions and improve the continuity, quality and safety of the plants. Line-level analysis will make it possible to identify potential inefficiencies, plan targeted maintenance interventions and improve the continuity, quality and safety of the plants. In this way, energy audits act as an enabling factor in the Group's transition and, over time, help to consolidate improvements in climate and operational performance.

Energy use and emissions profile

Across the Valvitalia Group, total energy consumption for 2024 amounted to 32,632 MWh. The energy mix is predominantly fossil-based at 32,512 MWh, corresponding to approximately 99.6% of the total, while energy from renewable sources stands at 120 MWh, or around 0.4%. No energy from nuclear sources is recorded.

The Group's energy profile reflects its overall industrial structure and is influenced by the weight of Italy in total consumption, alongside contributions from the United Kingdom and China. The current configuration is consistent with the needs of production processes and auxiliary services and with the plant set-up at the sites, covering both thermal uses and the power supply of equipment.

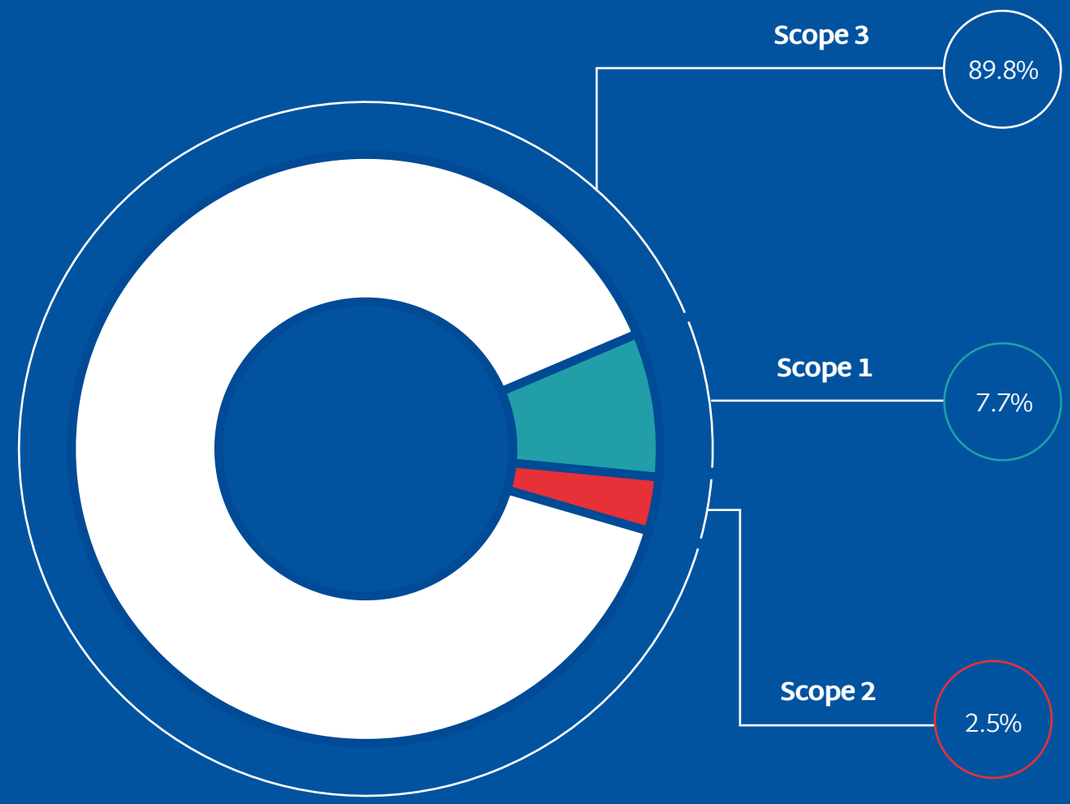
KPI	2024
Total fossil energy consumption	**32512**
• Consumption of fuel from coal and coal products	0
• Fuel consumption from crude oil and petroleum products	2084
• Fuel consumption from natural gas	22750
• Fuel consumption from other fossil sources	0
• Consumption of electricity, heat, steam, and cooling purchased or acquired from fossil sources	7678
• Share of fossil sources in total energy consumption	100%
Consumption from nuclear sources	**0**
• Share of consumption from nuclear sources in total energy consumption	0%
Total renewable energy consumption	**120**
• Consumption of fuel from renewable sources	55
• Consumption of electricity, heat, steam, and cooling purchased or acquired from renewable sources	0
• Self-produced non-fuel renewable energy consumption	64
• Share of renewables in total energy consumption	0.4%
Non-renewable energy production	0
Renewable energy production	64
Total energy consumption (MWh)	**32632**



Across the Valvitalia Group worldwide, total emissions in 2024 amounted to **71,922 tCO_2e** on a location-based basis and 73,987 tCO_2e on a market-based basis. The inventory is largely attributable to the value chain, with Scope 3 totalling 64,552 tCO_2e on a location-based basis and 65,003 tCO_2e on a market-based basis. These values are equivalent to approximately 89.8% and 87.9% of the total respectively. The variance between the two approaches (+2,066 tCO_2e) is almost entirely linked to Scope 2, which increases from 1,820 tCO_2e to 3,435 tCO_2e (+1,615 tCO_2e). To a lesser extent, it is also due to the Scope 3 category "fuel- and energy-related activities", which rises from 2,735 to 3,186 tCO_2e (+451 tCO_2e), reflecting the different composition of the electricity mix under the two methodologies.

Valvitalia Group emissions - 2024	**LB**	**MB**
GHG emissions Scope 1		
Gross GHG emissions Scope 1	**5,549**	**5,549**
• Natural gas	4,826	4,826
• Company vehicles	558	558
• Refrigerants	165	165
GHG emissions Scope 2		
Gross GHG emissions Scope 2	**1,820**	**3,435**
Significant Scope 3 emissions		
Gross indirect GHG emissions Scope 3	**64,552**	**65,003**
Purchase of goods and services	50,935	50,935
• assets	39,266	39,266
• services	11,669	11,669
Capital goods	198	198
Fuel and energy-related activities	2,735	3,186
Upstream transport and distribution	4,294	4,294
Waste generated	467	467
Business trips	387	387
Employee commuting	2,405	2,405
Transport and downstream distribution	3,132	3,132
Total GHG emissions (tCO_2e)	**71,922**	**73,987**

The analysis confirms the dominant weight of the "purchased goods and services" category, which, at 50,935 tCO_2e, accounts for around 78.9% of Scope 3. This corresponds to approximately 70.85% of total emissions under the location-based approach and 68.8% under the market-based approach. Next in terms of emissions contribution are upstream transport and distribution, at 4,294 tCO_2e, and downstream transport and distribution, at 3,132 tCO_2e, while operational emissions remain limited compared with the total. Scope 1 represents around 7.7% of total emissions on a location-based basis, with natural gas making up about 87% of Scope 1, whereas Scope 2 contributes around 2.5% on a location-based basis and about 4.6% on a market-based basis, highlighting the importance of the electricity mix. Overall, most emissions are attributable to the Italian operations, which represent the Group's most significant industrial component. In the Italian operations, total emissions in 2024 amounted to 58,454 tCO_2e on a location-based basis and 60,417 tCO_2e on a market-based basis.



Decarbonisation plan

Valvitalia is currently working on defining a decarbonisation plan aimed at the progressive reduction of emissions. Priority will be given to production phases considered more manageable and controllable, in line with the reporting boundaries of the consolidated operations.

> **During the current phase, attention is focused on defining the methodological framework, aligning organizational boundaries, and preparing data governance frameworks.**

The reference methodology will follow the GHG Protocol, with baselines, metrics and time horizons to be formalised once the preliminary assessment phase has been completed. At this stage, no specific technical measures or implementation tools have yet been selected, as the operational levers will be defined following techno-economic analyses, energy-scenario assessments and transition-risk evaluations.

The emissions trajectory will be defined in line with the ESRS disclosure requirements, and subsequent reporting will cover progress made and any deviations from the planned pathway.

Any references to specific operational measures will therefore be subject to dedicated disclosure in future reporting periods, once the analysis and internal validation phases have been concluded. Although no measurable public targets have yet been formalised, the Group intends to identify interim and final targets aligned with best practice and submit them for approval by corporate governance bodies. The monitoring metrics will be specified within the plan and will include performance indicators consistent with the reporting scope and the calculation methodologies adopted. In the current phase, attention is focused on defining the methodological framework, aligning organisational boundaries and establishing robust data-governance arrangements. Economic and financial planning will be developed in line with the timing profile of the identified interventions, with appropriate assessment of impacts and dependencies. For further information, including scope, metrics and timelines, please refer to the updates that will be provided once the definition phase has been completed.

The commitment to circular production models

During 2024, Valvitalia managed resource use and product life-cycle aspects with reference to its ISO 14001-compliant Environmental Management System, integrated with the quality and service structures that underpin the Group's industrial model. In Italy, the ISO 14001 system defines responsibilities, operating procedures and controls that comprehensively cover key environmental aspects, with particular emphasis on waste-generation prevention, proper waste management, flow traceability and efficient use of materials. These are managed in line with applicable requirements and voluntary commitments.
In Italy, the ISO 14001 system defines responsibilities, operating procedures and controls that comprehensively cover key environmental aspects, with particular emphasis on waste-generation prevention, proper waste management, flow traceability and efficient use of materials. These elements are managed in line with applicable requirements and voluntary commitments.
Integration of the Environmental Management System with quality and after-sales processes makes it possible to systematically link design choices to in-service durability and equipment reparability. This, in turn, supports spare-parts availability and reduces scrap and premature replacement along the value chain. At the procurement stage, materials are required to comply with design specifications and safety regulations, while in production, solutions are adopted that take into account useful life, maintainability and reparability. The after-sales phase, which includes testing and technical support, helps extend products' service life in the field and reduce the need for new materials.
This approach translates into a waste-management hierarchy that prioritises prevention, reduction and reuse, promotes recycling when it is technically feasible, and resorts to disposal only where no alternatives are available.

Inbound resources

In the Valves & Systems Division, the main inputs are highly recyclable metallic semi-finished products – in particular steels and cast irons in formats suitable for machining and assembly – together with forged or cast valve bodies sourced from qualified suppliers. Additional functional components include electric, pneumatic and hydraulic actuators, as well as measuring and control instrumentation. They also comprise seals and gaskets in technical polymers, welding consumables and materials for surface and anti-corrosion treatments, all consistent with design specifications and operating requirements. Testing requires the use of technical gases and test media compatible with the relevant test cycles. For the Suzhou site, inputs mainly comprise kits and sub-assemblies for assembly and equipment for functional testing, with painting activities largely outsourced and consequently a lower internal requirement for coating materials. Incoming packaging includes wooden crates and pallets, cardboard, protective materials and fastening systems, with dedicated solutions for components sensitive to contamination and impact. Any elements containing rare earths may only be present within pre-assembled electronic or magnetic sub-components, which are not procured as standalone raw materials.
At Tecnoforge, inputs reflect the metallurgical nature of the production cycle and consist of steel and alloy bars, billets, plates and rolled rings supplied in formats compatible with forging stages and subsequent finishing operations. Additional inputs include steel dies and tools, auxiliary materials for heat treatment and quenching, and shot-blasting media and consumables for non-destructive testing. Cutting fluids and technical detergents are also required to ensure product quality and integrity throughout the various processing stages. Incoming packaging is tailored to the dimensional profile of supplies and includes handling supports and surface protection designed to prevent damage and oxidation before the start of the production cycle.
Within the Fire Fighting Division, the plants receive components and semi-finished products for integration into complex fire-fighting systems, including pumps, engines, tanks, cylinders, valves, sensors and control panels. They also receive accessories and cabling compliant with sector regulations. Technical gases and other test media may be used for testing and leak checks. Extinguishing agents and their containers are received in line with specific safety and traceability requirements, depending on their intended use in test cycles or in preparation for shipment. Electronic components may contain embedded critical materials where required by system performance and always within purchased sub-systems. Inbound packaging, consisting mainly of wood, cardboard and protective materials, is often custom-designed to ensure the integrity of the modules during internal handling and testing.

At Broady Flow Control, inputs reflect the integrated foundry, machining and assembly supply chain and include non-ferrous alloys in ingots or charge material for melting, moulding and core-making auxiliaries, refractories and binders, together with consumables for finishing and non-destructive testing. They also include small parts, connections and functional components required to complete the product. Incoming packaging prioritises reusable supports wherever compatible with surface-quality requirements and dimensional protection of the parts.
Overall, the configuration of inputs at Group sites is governed by technical specifications and operating instructions that define material characteristics, conformity requirements and receiving procedures. These rules ensure batch traceability and acceptance checks proportionate to criticality in use. The approach focuses on preventing defects and scrap in downstream stages, protecting the integrity of incoming components and streamlining packaging,

while respecting each site's specific features and applicable requirements. By integrating the different needs of the Divisions, this framework supports efficient resource use in the central stages of the value chain.

Outgoing resources

Across the Group's operations, the main resource outflows relate to process scrap, packaging materials and waste generated during processing, testing and shipping activities. Management is aligned with the ISO 14001-compliant Environmental Management System, prioritising prevention and recovery, ensuring document traceability and delivery to authorised operators, in line with applicable requirements and local specificities. In 2024, total waste amounted to 3,281,315 kg, of which 2,781,646 kg was sent for recovery through recycling (approximately 85%) and 499,669 kg for disposal (around 15%). Hazardous waste totalled 374,235 kg, equivalent to roughly 11.4% of the total and entirely attributable to Italy; of this, 45,408 kg was recycled and 328,827 kg sent for incineration. Non-hazardous waste amounted to 2,907,080 kg, or about 88.6%, of which 2,736,238 kg was recycled and 170,842 kg disposed of.

Overall, the Group profile shows that waste volumes are predominantly non-hazardous, with extensive use of recycling and recovery at the sites with the highest production intensity. Differences between countries in how non-hazardous fractions are disposed of – with incineration in Italy and the United Kingdom and landfill in China – are linked to local waste-management systems and the related permits. A design focus on durability and reparability, combined with the targeted replacement of only wear parts and the use of refurbishment processes, helps to limit end-of-life waste and reduce the use of virgin raw materials in subsequent cycles.

KPI	VALVITALIA ITALY	V&S DIVISION CHINA	BROADY	VALVITALIA GROUP
	3,233,671	**27,731**	**19,913**	**3,281,315**
Hazardous waste diverted from disposal	45,408	0	0	45,408
Hazardous waste diverted from disposal due to preparation for reuse	0	0	0	0
Hazardous waste diverted from disposal due to recycling	45,408	0	0	45,408
Hazardous waste diverted from disposal due to other recovery operations	0	0	0	0
Non-hazardous waste diverted from disposal	2,711,604	14,375	10,259	2,736,238
Non-hazardous waste diverted from disposal due to preparation for reuse	0	0	0	0
Non-hazardous waste diverted from disposal due to recycling	2,711,604	14,375	10,259	2,736,238
Non-hazardous waste diverted from disposal due to other recovery operations	0	0	0	0
Hazardous waste disposed of	328,827	0	0	328,827
Hazardous waste disposed of by incineration	328,827	0	0	328,827
Hazardous waste disposed of to landfill	0	0	0	0
Hazardous waste disposed of by other disposal operations	0	0	0	0
Non-hazardous waste disposed of	147,832	13,356	9,654	170,842
Non-hazardous waste disposed of by incineration	147,832	13,356	0	161,188
Non-hazardous waste disposed of to landfill	0	0	9,654	9,654
Non-hazardous waste disposed of by other disposal operations	0	0	0	0
Non-recycled waste	476,659	13,356	9,654	499,669
Percentage of non-recycled waste	15%	48%	48%	15%

Governance elements

Governance elements

Valvitalia regards the promotion and maintenance of an ethical corporate culture, consistent with principles of integrity, as essential to ensuring transparency and legality across all its operations and to building a solid relationship of trust and credibility with all stakeholder groups. The company adopts a structured approach to ensuring that ethical and behavioural principles are fully understood, internalised and respected by everyone acting on behalf of Valvitalia, supported by a comprehensive system of documents, policies and processes that is regularly updated in line with regulatory requirements and leading international practice. In the Group's international operations, these safeguards are applied in line with the Group Code of Ethics and, where necessary, in compliance with the more stringent local regulations. In the United Kingdom, for example, Broady Flow Control adopts an Anti-Bribery Code of Conduct that formalises responsibilities, training programmes and controls to safeguard business integrity.

A key pillar of the system is the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001, designed to prevent and mitigate the risks associated with the commission of offences and to foster full awareness of ethical and legal responsibility among all parties involved. The Model, updated at the end of 2024, comprises a General Section, a List of Predicate Offences, the Code of Ethics, a Disciplinary System and the Supervisory Body's Statute. It sets out a coherent framework of principles and operating rules designed to ensure that every activity is carried out in accordance with the highest standards of legality, integrity and transparency.

Within this framework, Valvitalia has established a collegiate Supervisory Body endowed with autonomous powers of initiative and control, which plays a central role in the continuous monitoring of company activities. The Supervisory Body verifies the effectiveness and adequacy of Model 231 and identifies any need for updates arising from organisational or regulatory changes, overseeing the proper functioning of the system and compliance with its requirements.

To ensure decision-making autonomy and operational independence, members of the Supervisory Body must not be in situations of conflict of interest, even potential. They must therefore be free from decision-making, operational or management roles that could compromise their independence. Model 231 specifically provides that each member should report hierarchically to the Board of Directors, have effective powers of initiative and control and enjoy access to relevant corporate information. They must hold no executive positions or delegated powers within Valvitalia's Board, maintain a direct relationship with the Board of Statutory Auditors, have no family ties with directors or shareholders of the company or its subsidiaries, and not hold more than 5% of the company's voting share capital.

On an annual basis, the Supervisory Body reports in writing to the Board of Directors and the Board of Statutory Auditors on any issues identified, the reports received from internal or external parties (including anonymous reports) and breaches of the Model. The report also provides an overall assessment of the functioning and effectiveness of the system, sets out proposed improvements and presents the activity plan for the following period. The Supervisory Body also verifies each year, through a structured control plan, the actual application and adequacy of the Model. The findings are shared with the managers of the functions concerned or with senior management, enabling timely corrective action in the event of control weaknesses or non-compliant behaviour.

The adoption of Model 231 is closely linked to the Code of Ethics, which forms an integral part of it. The Code is a key document for defining the values and expected behaviours of all those acting in the name and on behalf of Valvitalia, including employees, contractors, suppliers and business partners. Updated at the end of 2024 to ensure full alignment with the principles set out in Model 231 and with applicable legislation, the Code of Ethics serves as the primary reference for the ethical management of company activities. It sets out the core principles underpinning Valvitalia's conduct, including honesty, transparency, integrity, fairness, impartiality, compliance with the law, professionalism, social responsibility and protection of people and the environment. Every corporate transaction must adhere strictly to these principles, fostering consistent and responsible behaviour among all staff.

The preventive function of the Code of Ethics is reflected in the dissemination of a responsible approach and the promotion of awareness of the risks associated with criminal conduct. Consistent with this, the Group's foreign locations have specific safeguards in place for preventing corruption and managing relationships with third parties. In the United Kingdom, for example, a Compliance Officer is appointed as the point of contact for advice, training and the handling of reports. The control framework includes risk-based due diligence on agents and partners, binding contractual clauses, a ban on facilitation payments, a prohibition on cash payments and stringent rules on hospitality and gifts, which must be modest, appropriate, transparent and recorded or pre-approved in advance. The effectiveness of this framework is supported by periodic reporting to the Board and by checks carried out by external auditors on the accounting control system.

To mitigate risks associated with relationships with customers and suppliers, the foreign companies implement traceable, controlled operating and procurement processes. In the United Kingdom, this includes technical and regulatory review of orders, management of on-hold and off-hold statuses and systematic archiving of documentation, ensuring compliance and transparency across the commercial cycle. Customer complaints are logged within one working day in a dedicated register and are subject to containment measures, root-cause analysis and corrective actions, which may include, where necessary, recalls or restoration kits. These practices

strengthen accountability towards the market and help prevent non-compliant conduct.

With regard to supplier relations, qualification and monitoring criteria favour certified suppliers and may include on-site audits, updates to the Approved Vendor List, order-progress reporting, incoming inspections and performance thresholds for quality and on-time delivery. In cases of underperformance, corrective measures are implemented up to and including restricted use or exclusion of the supplier, thereby helping to mitigate the risk of improper practices along the value chain.

At the Chinese site, market-relationship management includes formal channels for lodging complaints and a structured handling process led by Project Management in coordination with After-Sales, with root-cause analysis and corrective actions through to case closure. The integration of these safeguards with the Group Code of Ethics helps ensure consistent integrity standards are upheld at local level as well.

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 effectiveness of Valvitalia's governance framework is further reinforced by the implementation of the Anti-Corruption Procedure, issued in January 2024, which provides for specific protocols to prevent corrupt practices, both active and passive, in dealings with Public Authorities and in relationships with third parties. The promotion of diversity and inclusion is a central lever for fostering a positive, open working environment and for further strengthening adherence to the company's ethical principles. Overall, the governance architecture – built on Model 231 and the Code of Ethics in Italy and complemented by local codes and regulations at foreign sites – provides consistent oversight of corruption and misconduct risks. It fosters compliant behaviour, traceable decision-making and the continuous improvement of the internal control system.

During the reporting period, Valvitalia did not receive any convictions for violations of laws relating to active bribery and, consequently, was not subject to the application of fines or economic sanctions attributable to such offences. A case of passive bribery was identified, promptly reported via the digital whistleblowing platform and handled swiftly by the Supervisory Body in accordance with the procedures set out in Model 231. The use of the established structures and processes made it possible to resolve the matter quickly and in full compliance with applicable regulations, confirming the effectiveness of the framework and models in place.

Supplier payment practices

In 2024, Valvitalia ensured timely payments across the entire supply chain through a consistent set of rules and controls, adapted to the regulations of the countries in which the Group operates. The management of due dates is embedded in administrative and procurement processes, with traceable flows, prior checks on contractual terms and ongoing dialogue with partners, in order to guarantee predictability and fairness in commercial transactions.

In Italy, the average payment time was 81 days, calculated from the contractual or statutory due date. Standard terms envisage settlement of utilities within 30 days and ordinary supplies within 60 or 90 days. Payments are made via traceable banking instruments and are subject to checks against agreed conditions. Over the reporting period, 95% of invoices were settled within the agreed terms, while the small number of delays were due to operational reasons and were closed quickly without disputes. This oversight helps to support suppliers' financial stability and to strengthen relationships based on transparency and reliability.

In the United Kingdom, at Broady Flow Control, payment flows are organised within an operating framework that integrates administrative control and supply chain planning. The average payment time recorded in 2024 was 43 days from the invoice approval date, in line with local practice and the internal document-validation cycle. To support smooth execution, the procurement function shares a weekly order-progress report with suppliers, works with an updated Approved Vendor List and applies operational on-hold blocks where necessary, reinforcing the predictability of procure-to-pay (P2P) flows and the quality of administrative checks.

At the Suzhou site in China, the standard payment practice is settlement within 60 days. Payments are managed in line with local legislation and the conditions negotiated in supply contracts, using traceable banking channels and administrative procedures aligned with Group controls. The approach prioritises clear terms, proper documentation and coordination between purchasing, finance and operations, with the aim of ensuring operational continuity and a collaborative relationship with the supplier base.

In Italy, payment is also subject to the presentation of a valid DURC certificate. This safeguard, which extends to sub-contracting chains, ensures that wage and social-security obligations towards workers are met. If social-security compliance is not in place – for example where wages or contributions have not been paid – payment is suspended and Valvitalia does not execute any bank transfer.

Managing innovation

Valvitalia treats innovation as a cross-cutting theme that directly or indirectly affects all topics covered by the ESRS and can positively influence the environmental, social and economic dimensions of its activities. Innovation is an essential tool for continuously improving product quality, increasing operational efficiency, reducing negative impacts and amplifying positive ones, thereby supporting a sustainability-led growth path.

Valvitalia's commitment to innovation is reflected in particular in the significant investments allocated to research and development. As reported in the 2024 Separate Financial Statements, the company carries capitalised R&D of over six million euro, around 90% of which relates to historical costs for research, development and advertising, with the remainder allocated to intangible assets in progress. This amount represents a substantial share of total annual revenue, with R&D investment equivalent to around 3.40%.

Innovation is managed through a central coordination function that oversees the various Business Units and Divisions. It operates with an organisational model comparable to a Project Management Office that handles investment planning, budgeting and ongoing monitoring of return on investment. The objective is to ensure that each project is properly planned and completed within the scheduled timeframe, while remaining consistent with the Group's overall corporate objectives and its adopted sustainability principles.

At operational level, the company has dedicated research and development teams embedded within its various Business Units and Divisions. These groups operate through project teams tasked with delivering the initiatives identified in the investment plan. Valvitalia also places strong emphasis on collaboration with academic institutions, including the Politecnico di Milano, with which it has a long-standing relationship focused on joint projects and the development of innovative capabilities.

> **Innovation is an essential tool for continuously improving product quality, increasing operational efficiency, reducing negative impacts and amplifying positive ones, thereby supporting a sustainability-led growth path.**

Among the most important projects is the development of solutions for hydrogen transport, a key theme for the energy transition and the decarbonisation of industrial sectors. The technologies developed by Valvitalia aim to make hydrogen transport and storage more efficient and safer, through the use of advanced materials that ensure greater reliability and long-term resistance. The positive impact of these solutions lies in their ability to help reduce greenhouse gas emissions and support the wider use of cleaner energy, contributing to the achievement of long-term environmental sustainability goals.

In parallel, Valvitalia is developing advanced carbon capture systems designed to support the capture and storage of CO_2 emissions. These technologies play a crucial role in reducing the negative impact of production activities and limiting the release of greenhouse gases into the atmosphere. The implementation of efficient carbon capture systems can make a significant contribution to tackling climate change and to the spread of a more sustainable industrial model.

Fire safety is also a core area of innovation for Valvitalia. The company has launched projects to develop water-mist systems specifically designed for civil, military and naval applications, with the aim of delivering higher levels of protection than conventional technologies. This type of innovation has a positive impact in terms of safety, helping to reduce the risk of incidents and improve system reliability in critical situations.

New fire-fighting systems are also being developed for tunnel protection, together with gas-based solutions for oil and gas and civil applications. These systems represent a step forward in safeguarding essential infrastructure and in reducing the potential damage caused by accidents or emergencies. In the same vein, Valvitalia is designing a fire-fighting system for methanol management in marine engine rooms. It is being developed for a particularly complex and sensitive environment, with the aim of ensuring high safety standards and mitigating the risks associated with the use of this fuel.

On the process side, Valvitalia has launched a project to digitalise test benches at the Rivanazzano plant. This initiative enables real-time data acquisition, improves analytical accuracy and speeds up the production of reports. Reducing the time required for testing not only helps to optimise quality control but also increases operational efficiency and improves the overall reliability of business processes. Digitalisation is also an important step towards reducing the environmental impact of production activities, thanks to more efficient resource use and continuous monitoring of operations.

Taken together, these projects show how innovation is an essential tool for Valvitalia in addressing sustainability challenges and improving performance, including in economic terms. The ability to reduce negative impacts and amplify positive ones makes it possible to secure balanced, responsible growth that generates value both for the company and for its stakeholders.

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This Report is an overview of the full set of financial statements prepared in accordance with the ESRS.