

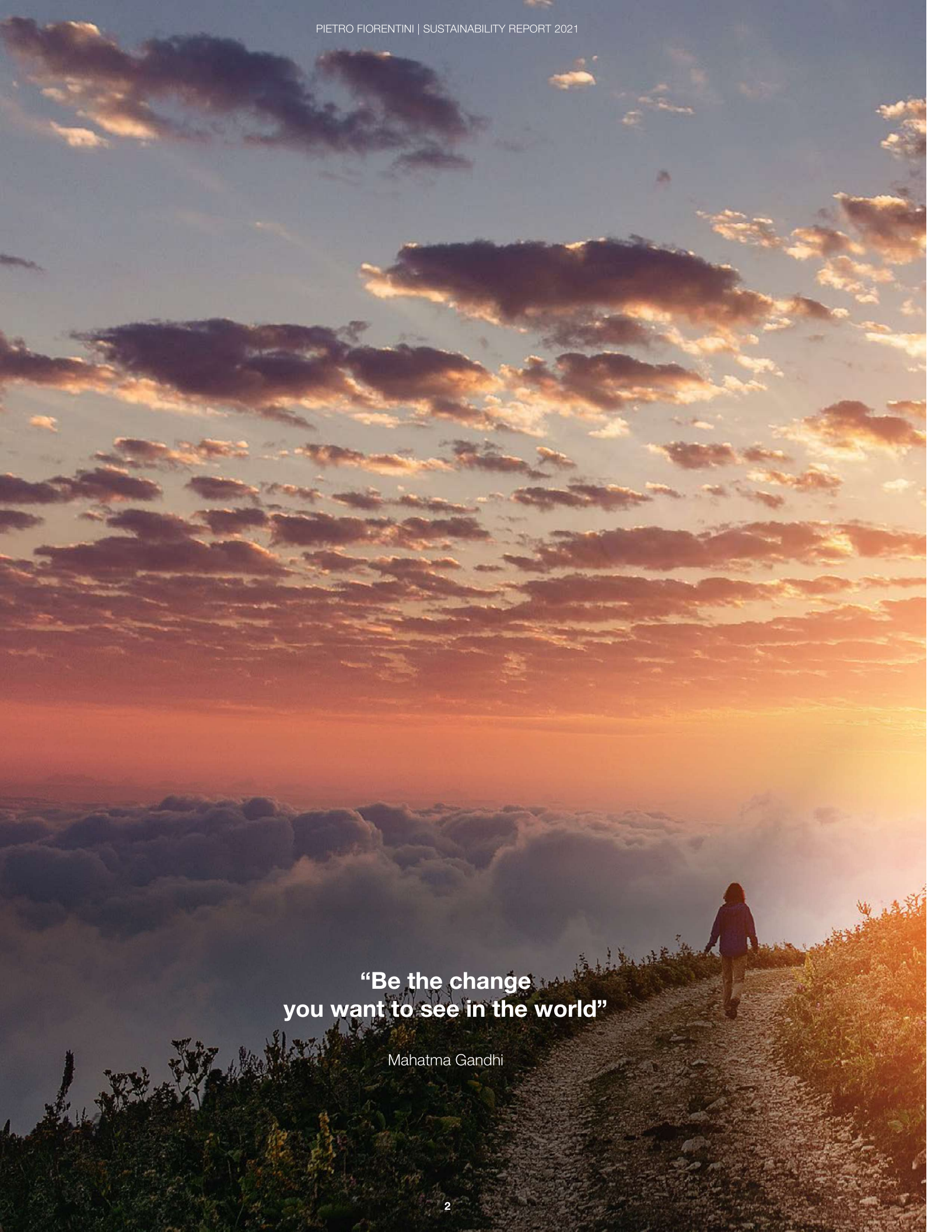
TOGETHER *to get there*

SUSTAINABILITY REPORT 2021



Pietro
Fiorentini



A full-page background image showing a person walking away from the viewer on a gravel path that leads towards a vast, colorful sunset. The sky is filled with large, dark clouds illuminated from below by the setting sun, creating a warm orange and yellow glow. Below the sky, a thick layer of white clouds stretches across the horizon, resembling a sea of clouds. The person, wearing a purple jacket and light-colored pants, is walking on a path that is bordered by green vegetation on the left and right. The overall mood is peaceful and contemplative.

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

Mahatma Gandhi

HIGHLIGHTS 2021

PIETRO FIORENTINI IN BRIEF



+17%

REVENUES GROWTH
COMPARED TO 2020



€85.6 MLN

CONSOLIDATED EBITDA*



+2,400

COLLABORATORS
AROUND THE WORLD



€7.7 MLN

INVESTMENTS IN RESEARCH
& DEVELOPMENT

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

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

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WE ARE PIETRO FIORENTINI

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PIETRO FIORENTINI: ABOUT US

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

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

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

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

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

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



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



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

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

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

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



OUR PRESENCE IN ITALY AND AROUND THE WORLD

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

panies. As of 31 December 2021, the Group has approximately 30 offices (including the headquarters of Arcugnano, Vicenza) and employs around 2,400¹ collaborators around the world, with a distribution network that reaches over 100 countries in all continents.

€466 MLN

**GROUP REVENUES
IN 2021**

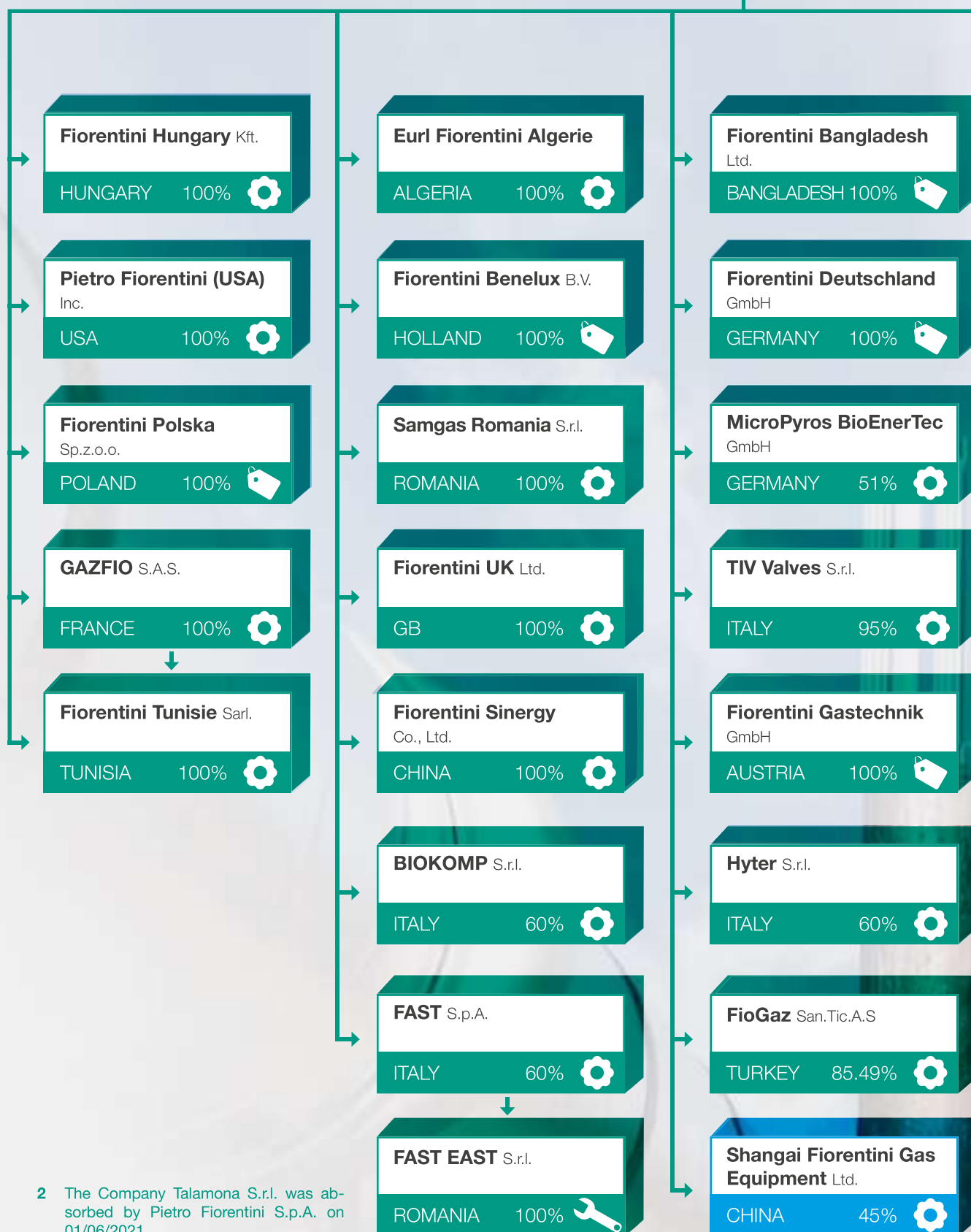
+100

**COUNTRIES SERVED BY THE
COMMERCIAL NETWORK**

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

SOCIOGRAM

Updated as at 31/12/2021



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

OUR FUNDAMENTAL VALUES

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

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

The corporate philosophy of Pietro Fiorentini is founded on two main tools, the Values Chart and the Code of Conduct.

The **Values Chart**, laid down with the involvement of the Owner, the Executives, the Middle Managers and representative of all corporate categories, summarises the principles and values that inform the behaviours and decisions taken by the Group.

The **Code of Conduct**, on the other hand, is the collection of all the Group's conduct rules, based on recognised and shared values. The Code forms the basis of the corporate culture which must guide all collaborators in their interactions with external interlocutors.

WE ARE PIETRO FIORENTINI

PURPOSE

TECHNOLOGY AND SOLUTIONS FOR A DIGITAL AND SUSTAINABLE WORLD

VISION

WE AIM TO PLAY A LEADING ROLE IN SUSTAINABLE DEVELOPMENT AND PROMOTE A MORE RESPONSIBLE USE OF RESOURCES THROUGH THE SYNERGY BETWEEN TECHNOLOGY AND HUMAN CAPITAL

MISSION

WE OPERATE ON AN INTERNATIONAL LEVEL WITH HIGH-TECH SOLUTIONS FOR ENERGY AND UTILITIES SECTORS, PUTTING THE CUSTOMER AT THE CENTRE OF A HIGHLY EFFICIENT MODEL ABLE TO CREATE SUSTAINABLE VALUE



SUCCESS STORIES

A YEAR OF IMPORTANT ACKNOWLEDGEMENTS

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



The company was one of the **winners of the 4th edition of the Deloitte Private Best Managed Companies Award**. The recognition, which rewards Italian companies which excel in organisational ability, strategy, and performance, is an initiative supported by ALTIS Catholic University of Milan³, ELITE⁴, and Confindustria. The prize is awarded to Italian companies with an excellent management quality, innovative vision, ability to develop skills through strategic partnerships, and solid financial performance, as well as companies that possess an open and shared corporate culture which rewards virtuous conduct and can, therefore, attract, empower, and develop talent.



Based on a thorough analysis of the sector, the prestigious international consultancy company Frost & Sullivan⁵ chose Pietro Fiorentini for the **2021 Global Smart Metering Company of the Year** award for unrivalled smart gas metering solutions.

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



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

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

THE ENABLING FACTORS OF OUR BUSINESS MODEL

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

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

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

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





A NEW CORPORATE ORGANISATION MODEL, THAT COMBINES RESILIENCE WITH INNOVATION

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

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

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

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

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

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

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

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



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

Pietro Fiorentini Group and the **Intesa Sanpaolo Innovation Center** have launched a collaboration to **identify the best technologies and startups at international level**, with the ultimate goal of **accelerating projects related to the development of renewable energies and the reduction of CO₂ emissions**.

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

The first months of 2022 saw the launch of the **Sustainable Energy Venture** programme, i.e. a tender open to all startups with specific technological characteristics in the context of a specific scope (i.e. that of technologies for capturing, valorising, and storing CO₂ and of other ancillary technologies related to the development of skills in the hydrogen sector), offering the winning startups the possibility of starting to collaborate immediately with Pietro Fiorentini, thanks to direct financing or through partnerships (see also chapter 3, p.62-63).

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

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

¹⁵ In detail, the goals relating to the operation envisage, on the one hand, the reduction of CO₂ emissions thanks to actions on the entire company fleet and increased training pathways for the Group's personnel.

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AN EVER-GROWING COMMITMENT TO ESG TOPICS

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OUR SUSTAINABILITY PATH

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

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

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

TRAINING OF MANAGEMENT

Training meetings with the managers to raise awareness on sustainability topics

2020

NOVEMBER

DECEMBER

REVISION OF PURPOSE, MISSION AND VISION

Revision of the corporate guidelines to increasingly put into practice the commitment on such topics as digitalisation, energy transition, and the responsible and efficient use of the planet's resources

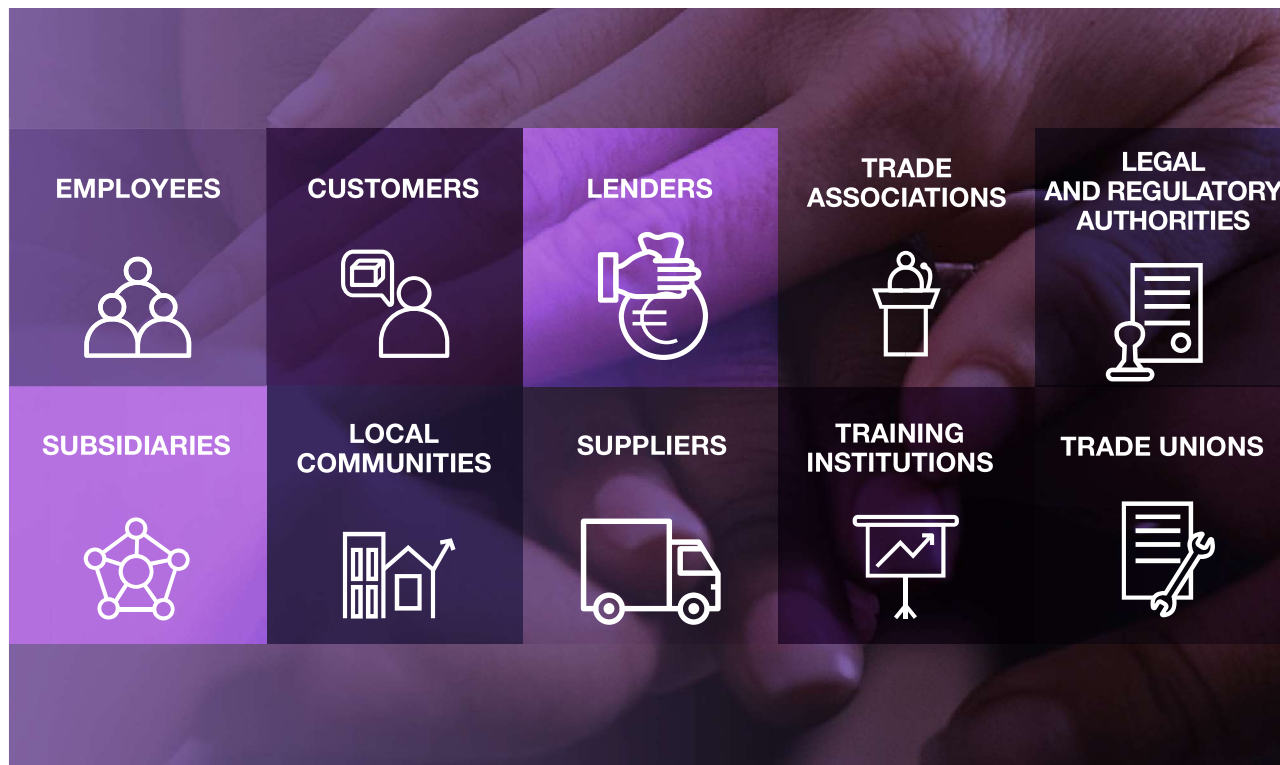
THE INVOLVEMENT OF THE STAKEHOLDERS





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

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

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

After having identified the categories of stakeholders with the highest priority, the Group laid down the means of engagement and the most appropriate dialogue tools for incentivising participation. The listening initiatives involve all company structures, based on their respective prerogatives, roles, and responsibilities, and represent a precious opportunity for contamination to guide the **creation of shared value** and Pietro Fiorentini's continuous growth process.



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

BUILDING THE FUTURE: OUR PRIORITIES

THE MATERIALITY MATRIX OF PIETRO FIORENTINI GROUP

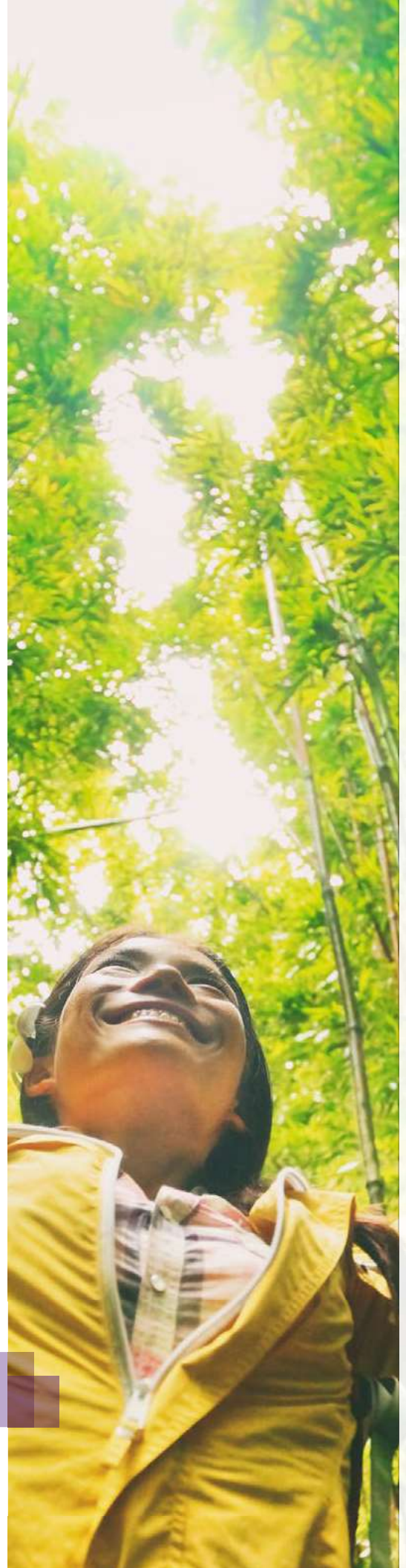
Before the publication of the Sustainability Statement 2020, the Group implemented a first **materiality analysis** process, involving both internal and external stakeholders (especially customers, trade associations, training institutions, lenders, suppliers, and legal and regulatory authorities).

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

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



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



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

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

ESG DIMENSION	MATERIAL TOPIC	DESCRIPTION
AN EVER-GROWING COMMITMENT ON ESG TOPICS	 ENERGY TRANSITION	Strengthen and incorporate in the Group's operations the activities that accompany decarbonisation processes, such as biomethane, hydrogen, power-to-gas, and smart gas grids, also focusing on the efficiency of water management systems. Development of new collaborations with relevant partners in order to pursue this goal.
	 CIRCULAR ECONOMY	Promotion of circularity principles both in terms of waste management and in terms of new product development, also thanks to the collaboration with external partners.
	 EMISSIONS & RESILIENT INFRASTRUCTURES	Promote the implementation of specific projects dedicated to monitoring and reducing greenhouse gases at Group level. Develop initiatives for energy efficiency and to monitor the resilience of infrastructures in terms of building management, energy and water consumption.
	 WORKER'S HEALTH AND SAFETY	Promotion of the "safety first" culture throughout the Group, to monitor and prevent all potential risks, taking into account both internal and external collaborators (customer, suppliers, etc.).
	 HR MANAGEMENT & ENHANCING	Improve the management of human resources and potential development programmes, to retain and attract new talent by means of training activities and by boosting the skills that contribute to personal progress.
	 PEOPLE WELL-BEING	Guarantee life/work balance through a well-being system that meets the needs of employees. Promote measures such as parental leave, medical benefits, personal well-being initiatives, and flexible work.
	 DIVERSITY & INCLUSION	Promote diversity, equal opportunities, and inclusion by sharing a non-discriminatory culture that finds value in various abilities, origins, experiences, and orientations.

ESG DIMENSION	MATERIAL TOPIC	DESCRIPTION
	STAKEHOLDER ENGAGEMENT	Develop business activities in accordance with the needs and expectations of stakeholders, through transparent and collaborative communication with them, also on ESG topics. Manage industrial relations and promote projects and specific activities together with the local communities in which the company operates.
	CUSTOMER CENTRICITY	Ensure the reliability of products and services in order to prevent and/or mitigate potential situations that can compromise business continuity and guarantee that customers receive safe and continuous service over time, in compliance with the rules and regulations. Manage the relationship with customers by providing constant support when needed and innovative and sustainable solutions that can meet the new requirements of consumers.
	SUSTAINABLE SUPPLY CHAIN	Adopt responsible and ethical procurement policies, that entail the selection of suppliers in consideration of their ESG performance. Establish long-term relationships, also with the aim of developing innovative approaches to sustainability topics. Promote the stability and integrity of the entire supply chain.
	INNOVATION & DIGITALISATION	Promote innovation, by increasing the effectiveness of the operations and services offered, to digitise and optimise the monitoring and management of infrastructures and to easily incorporate new opportunities related to renewable energies. Manage IT security, also taking into account the growing tendency to the digitalisation of processes and solutions. Launch new collaborations to identify the next innovative technologies related to energy transition and to the reduction of CO ₂ emissions.
	ESG INTEGRATION INTO THE BUSINESS	Strengthen the commitment on ESG topics, incorporating them in the business model, in the strategy, and in the risk analysis.
	BUSINESS ETHICS	Carry out corporate activities with loyalty and fairness in compliance with the laws and regulations. Create adequate internal control systems and disseminate a corporate culture based on integrity, professional ethics, and honesty to build trust-based relationships with our stakeholders. Promote the training of employees on anti-corruption matters, in line with the values of transparency and responsibility. Ensure respect for human rights.

THE CONTRIBUTION OF PIETRO FIORENTINI GROUP TO THE 2030 AGENDA

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

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

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



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



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

THE MAIN STRATEGIC PRIORITIES OF THE GROUP

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

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

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

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



3

INNOVATION AT THE SERVICE OF ENERGY TRANSITION

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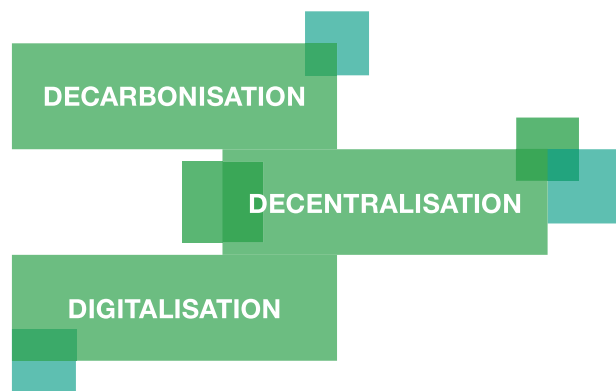
PIETRO FIORENTINI: LEADING THE WAY TO ENERGY TRANSITION

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

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

In particular, the EU has set 2050 as the deadline for achieving **carbon neutrality**, which refers to achieving an overall balance between produced greenhouse gas emissions and reabsorbed emissions. To further this target, the Commission further enriched the Green Deal with a new package, the **"Fit for 55"**¹, which updates regulations on matters relating to the climate, energy, and transport to align EU policies with the interim target of reducing greenhouse gas emissions by 55%, compared to 1990 levels, by 2030². In this framework, **energy transition** is a key aspect for countering climate change. In fact,

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



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

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



THE IMPACT OF AN INTEGRATED ENERGY SYSTEM

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

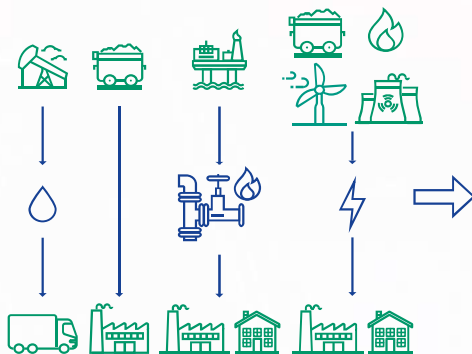
To reach this objective, it is of fundamental importance that we rethink the current European energy system, founded on a system of silos in which **various, parallel and vertical, values chains** co-exist, rigidly linked to specific energy resources and sectors, in addition supported by sector-specific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

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

Aside from that, it is envisaged that this journey will reduce internal gross consumption by 2050 by one-third, at the same time promoting a growth of the GDP by two-thirds⁶. At the same time, new investments will be launched and new jobs will be created, strengthening the EU's industrial leadership at global level.

THE ENERGY SYSTEM TODAY⁷:

linear and in one direction, with wasteful and poorly efficient energy flows



FUTURE EU INTEGRATED ENERGY SYSTEM:

bi-directional energy flows, with less waste of resources and money



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

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

OUR SUPPLY CHAIN: SERVICES AND SOLUTIONS FOR OUR CUSTOMERS

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

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



HIGH PRESSURE GAS TRANSMISSION

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

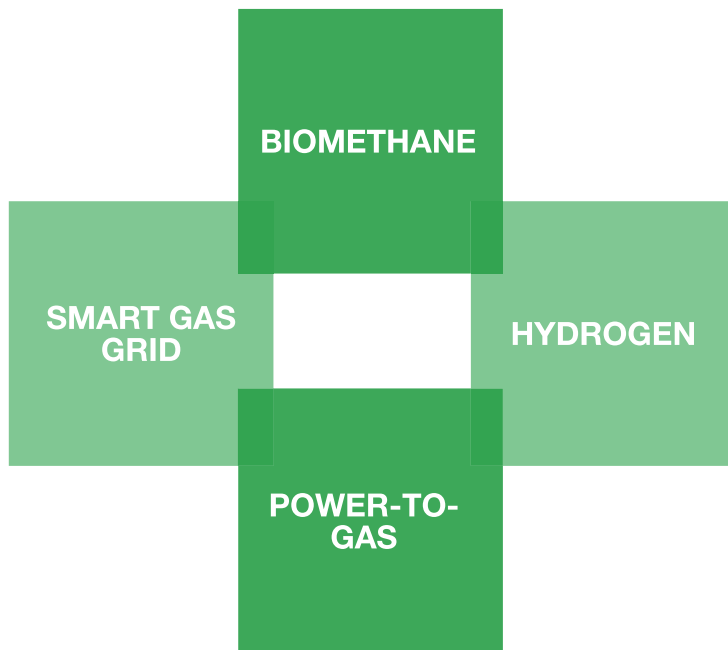


EXTRACTION OF OIL AND NATURAL GAS

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



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



BIOMETHANE

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

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

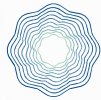
This collaboration formed the basis of the Group's progress in the Italian and French market, where today the company boasts **participation in over 100 projects**, including injection solutions and biogas upgrading systems.

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





HYTER: PIONEERS IN HYDROGEN GENERATION

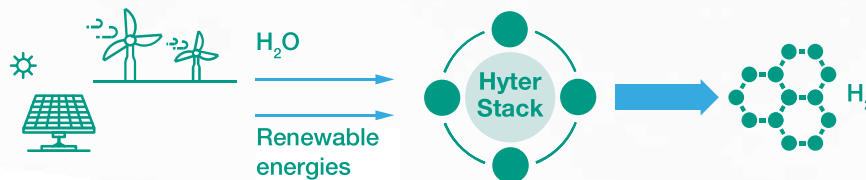


HYTER
NEW ENERGY ROUTES

The entry of Pietro Fiorentini in the share capital of SPI Consulting was followed by the launch of a process aiming to redefine the company's corporate identity, which led to a name change: the union of the English term hydrogen and of the Latin iter gave us **Hyter**, the start-up that promotes new paths towards the use of hydrogen.

Hyter aims to bring about an increased awareness of the use of hydrogen, through awareness-raising and dissemination of content on the website and on social media, involving the various stakeholders along the supply chain.

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



The **electrolysers for the generation of hydrogen** constitute the core business of Hyter, which produces modular and customised projects to meet the needs of various sectors (such as industry, mobility, or isolated network systems). Specifically, Hyter offers several solutions for the generation of green hydrogen, i.e. hydrogen generated from renewable energy, through a water electrolysis process¹¹, using an innovative process based on **anion exchange membranes (AEMWE¹²)** instead of through an alkaline process or proton exchange membranes. The technology used by Hyter is supremely effective, makes it possible to greatly reduce the investment costs, and has a **lower environmental impact**.

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

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

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

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

POWER-TO-GAS

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

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

SMART GAS GRID

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

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

Creating intelligent and sustainable grids for gas distribution means drawing up solutions that are suitable to manage **flows that derive from sources with different characteristics**, such as hydrogen and biomethane, and which **come from multiple and decentralised production sites**. The scenario that lies ahead is very complex and requires systems that can absorb local production and maintain the balance and structure of the entire network. To meet these needs, Pietro Fiorentini has designed and developed **BiRemi™**, a primary bi-directional station that can **maximise the capacity of the distribution network to receive gas produced from renewable sources** also through the reinjection of any overproduction on the transmission network.



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

In particular, the synergy between the solutions created by FAST and those of the subsidiaries Terranova¹³ and Arcoda boosts the overall offer with regard to the **digitalisation of the water cycle**. This is a crucial intervention area, also in light of the Italian context, which is characterised by an obsolete network that results in significant leaks around the country.

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

INNOVATION AND SUSTAINABILITY IN OUR PRODUCTS

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

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

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

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



VALUE PARTNERSHIPS: TOGETHER TOWARDS ENERGY TRANSITION

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

The collaboration between Pietro Fiorentini Group and the Intesa Sanpaolo Innovation Center resulted in the launch of **Sustainable Energy Venture**, the programme born in order to **identify the best technologies in the field of renewable energies, at international level**, speeding up the implementation of projects relating to the development of the hydrogen supply chain and the reduction of CO₂ emissions (see also chapter 1, p.26). The project, which was officially launched in early 2022, will make it possible for startups and SMEs selected in the context of the “call for startups” to embark on a growth path with Pietro Fiorentini Group that aims to reduce the time-to-market of technological innovations and to develop potential synergies in production, management, and finance.

It is a **strategic industrial collaboration project**, which assigns a leading role to Pietro Fiorentini with the aim of identifying companies that can respond - thanks to new solutions and technologies - to the challenges relating to the reduction of CO₂ emissions by means of CCUS (Carbon Capture, Utilization & Storage), to the development of the hydrogen supply chain and of the ancillary services.

**Sustainable
Energy Venture**



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



OUR EFFORTS TO PROMOTE CIRCULAR ECONOMY

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

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

According to the 2020 edition of The Circularity Gap Report¹⁸, circularity strategies are fundamental if we are to contain the increase in the earth's temperature at below 2°C, as envisaged by the 2015 Paris climate agreement. The positive effect linked to the implementation of circularity strategies is estimated in a **reduction of CO₂ by around 22.8 billion tonnes**.

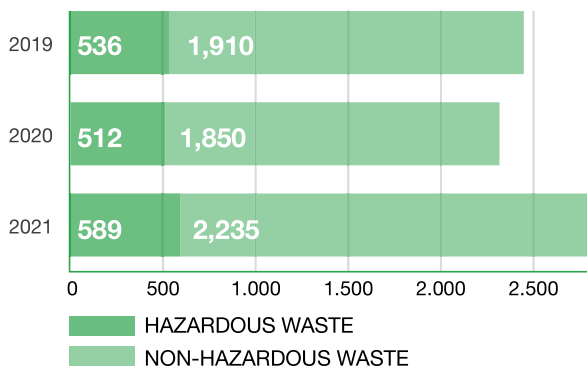
In addition, the adoption of structured approaches to circular economy could increase

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

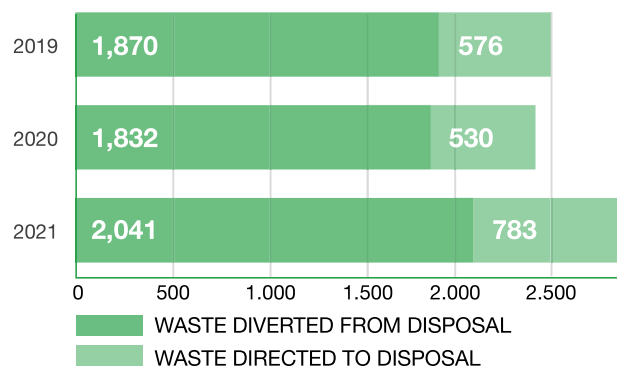
Pietro Fiorentini's commitment in this direction finds concrete expression in the development of new eco-sustainable products conceived by the Group's **Research and Development** area, in collaboration with certain external partners.

With regard to the **Group's internal performance in matters pertaining to waste management**, Pietro Fiorentini increasingly focuses on issues related to the management and recovery of the waste generated. Such waste, in particular, amounted to approximately **2,825 tonnes** in 2021, an increase of 20% over 2020¹⁹; the growth trend is due both to the extension of the data collection scope (which, for 2021, also takes into account the Group's companies in the United States and in Hungary) and the growth of production activities.

WASTE BY TYPE²⁰ [t]



WASTE BY DESTINATION [t]



TOTAL

2,446

2,362

2,825

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



CIRCULAR ECONOMY²²

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

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

²² Goal that refers just to Pietro Fiorentini S.p.A.

ENERGY EFFICIENCY AND EMISSIONS

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

In 2021, **consumption of direct energy deriving from non-renewable sources represented 62% of the total energy consumption** of the Group (for a total of approximately 46,229 GJ), an increase of +14% over the previous year²³. Such consumption is largely attributable to the combustion of natural gas to heat the sites and establishments (with a share of 70%), the result of increased production and therefore of the hours during which heating systems were operational.

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

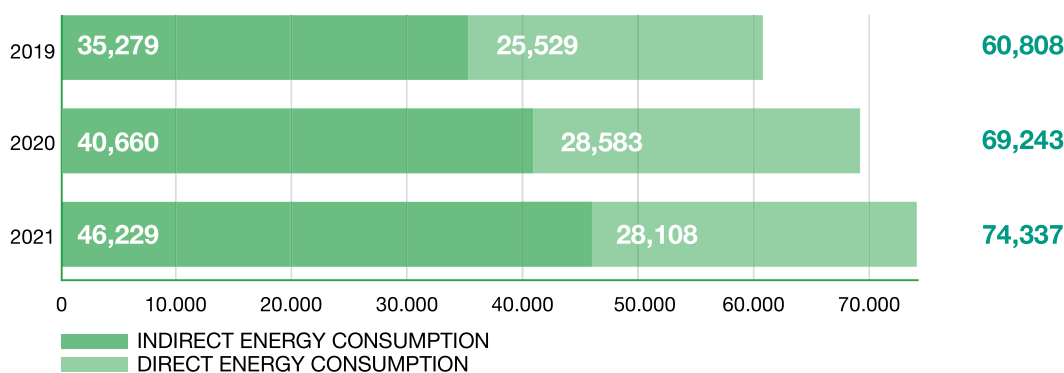
for a total of approximately 28,108 GJ, down compared to the consumption of the previous year despite the expansion of the scope, which, in 2021, also includes the consumption of Fiorentini Hungary and the implementation of charging points for electric cars in the establishments.

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

The consumption of direct energy also includes the use of fuels (diesel and petrol) for the **corporate fleet**: regarding this last aspect, Pietro Fiorentini has already launched a sustainable mobility project aimed at converting its fleet to electricity to guarantee better performance in terms of CO₂ emissions and pollutants, allowing the total elimination of nitrogen oxides and particulate while driving. As proof of this commitment, **in 2021 the number of electric cars of the corporate fleet increased by 31%**; the Group also purchased hybrid vehicles (6) and vehicles supplied with methane (1).

ENERGY CONSUMPTION [GJ]

TOTAL



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

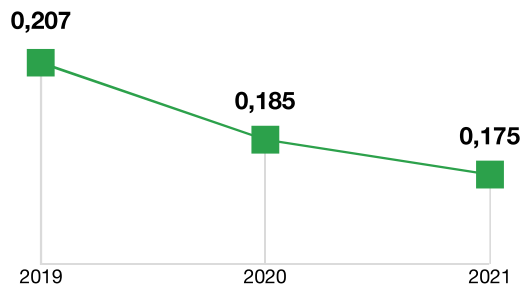
With regard to 2020, the companies Pietro Fiorentini Inc. and Gazfio SAS are not included in the scope of the calculation of the car fleet's consumption, as the figure is not tracked. The same scope limitations are subsequently also reflected in the direct Scope 1 and indirect Scope 2 GHG emissions calculation.

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

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

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

ENERGY INTENSITY



This consumption translates in a quantity of direct emissions (**Scope 1**) of approximately 2,512 tonnes of CO₂e, a increase compared to 2020 (+13%), in line with the increased energy consumption, while indirect emissions (**Scope 2**) correspond to approximately 2,162 tonnes of CO₂²⁴, down compared to 2020 by approximately 10%.

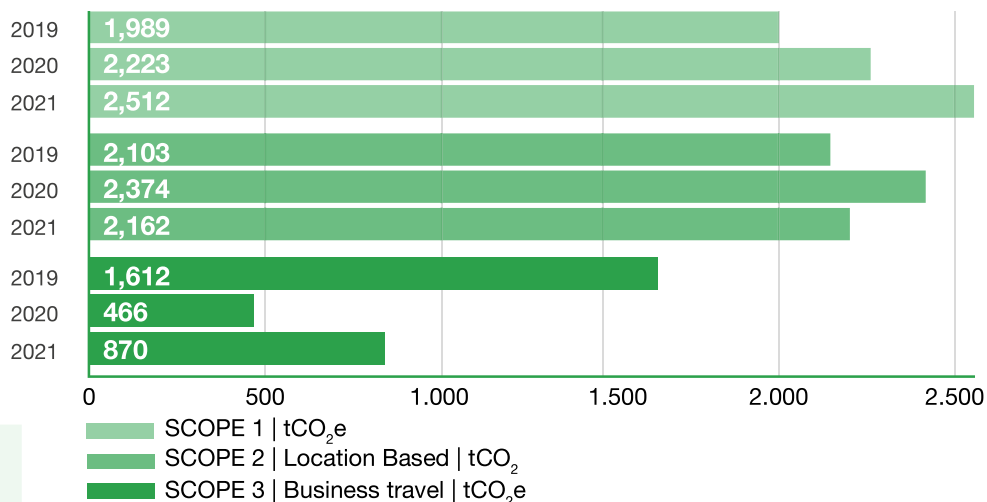
Scope 3 indirect emissions, deriving from Group employee business trips, on the other hand, amount to approximately 870 tonnes of CO₂e, up by approximately 87% compared to 2020. A figure that appears to be negative but is the consequence of the resumption of work in person, which was much limited dur-

ing 2020 due to the lockdown aiming to contain the Covid-19 pandemic and the mass introduction of remote working.

As proof of this, if we compare the current figure to 2019, we see a net decrease (46%) of the emissions in question.

Continuous **analyses are carried out on the flues present in the establishments** of the Italian sites, especially with regard to the sites of Desenzano, Arcugnano²⁵ and Rescaldina: the main pollutants monitored are total dust, volatile organic compounds, and filtering systems; the latter are subject to period maintenance and no anomalies in emissions have emerged **through the years**²⁶.

CO₂ EMISSIONS



²⁴ Scope 2 indirect emissions and the relative percentage trend are calculated using the "Location based" method. For the complete calculation refer to the tables in the "Social and environmental performance" section, p.125.

4

WELL-BEING AND DEVELOPMENT OF OUR COLLABORATORS

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PEOPLE STRATEGY AND HUMAN CAPITAL

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

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

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

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

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

INCREASING THE INTENSITY OF TALENT

in terms of quality and quantity of internal skills

VALUING INTELLECTUAL CAPITAL

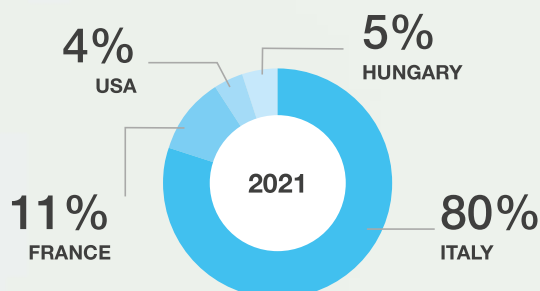
to get the best out of the resources and their **know-how**

ENCOURAGING A SUPPORTIVE STYLE OF LEADERSHIP

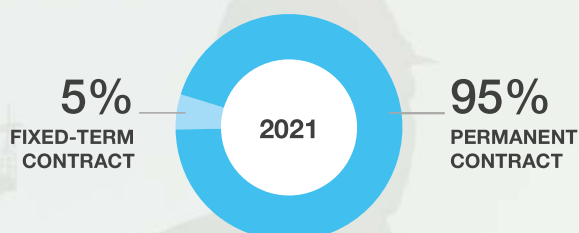
to ensure adequate training to all Group managers

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

EMPLOYEES BY GEOGRAPHICAL AREA



EMPLOYEES BY CONTRACT TYPE



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

EMPLOYEES AND EXTERNAL COLLABORATORS

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

⁵ Starting from the report for 2021, the scope of employees for the three years includes the Company Fiorentini Hungary.

⁶ The data on the external workforce were modified in 2019-20 with reference to the Parent Company, as the data collection method was finetuned. Moreover and always with regard to external collaborators, the data on Fiorentini Hungary are only included for 2021.

SAFETY FIRST, AT ALL TIMES

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

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

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

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



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



WORKER'S HEALTH AND SAFETY⁸

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

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

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

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

EMPLOYEE ACCIDENTS IN THE WORKPLACE ¹⁰

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

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

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

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

⁸ Goal that refers just to Pietro Fiorentini S.p.A.

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

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



WE INVEST IN OUR RESOURCES

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

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

The culture of continuous improvement is also built through **career paths** whereby each collaborator acquires new skills and can seize new opportunities for both individual and company growth. These paths are managed on a Group level for the Managerial levels and the rest of the staff, respectively, and through **periodic performance assessments** on the basis of project progress.

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



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



PIETRO FIORENTINI COMMITS TO TRAIN TOMORROW'S LEADERS

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

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

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

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



2,267
TRAINING HOURS IN
THE ONBOARDING PHASE

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

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

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

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

A total of **88,618 hours of training** were provided in 2021, up by 59% compared to 2020, and which translate into an average of about **48¹² hours per collaborator per year**.

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

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



48

**AVERAGE HOURS
OF TRAINING
PER PERSON**



€ 992,400

**INVESTMENTS IN
TRAINING IN 2021**



A CONSTANT COMMITMENT FOR THE WELL-BEING OF OUR COLLABORATORS

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

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

These areas are the fruit of a **first survey for measuring the collaborators' personal and organisational well-being**, that was first carried out in 2017 and was then updated in 2019¹⁴. A **third climate survey will be carried out among the company population** in

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

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

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

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



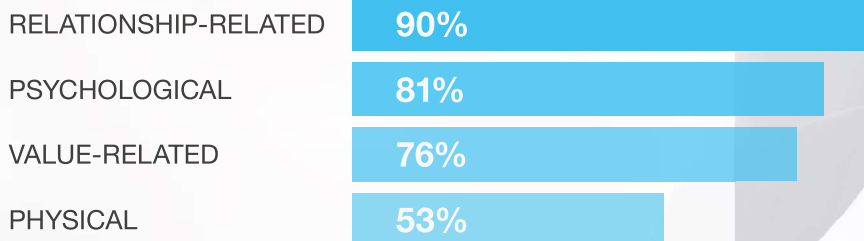
¹⁴ The analysis, which is repeated every two/three years, first involved the collaborators of the Italian sites and was extended, in 2019, also to the collaborators of the French company Gazfio.

continued from previous page

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

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

LEVELS OF SATISFACTION (PERSONAL WELL-BEING)



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

PeopleFuel
DEVELOPMENT • COMMUNICATION • WELL-BEING

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

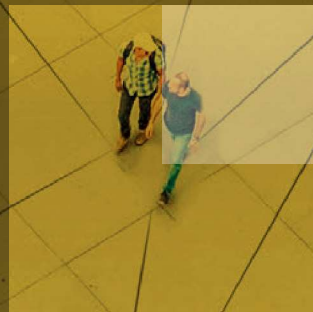
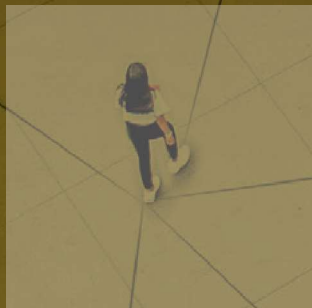
The Corporate Well-being programme is supplemented by Pietro Fiorentini by also placing at the disposal of its collaborators **corporate welfare systems**, through the funds that employees can use in various areas, and **supplementary health insurance** (as envisaged by the Collective Labour Bargaining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

5

WE CREATE VALUE FOR OUR STAKEHOLDERS

WE CREATE VALUE FOR OUR STAKEHOLDERS

- 94 **THE CREATION OF VALUE
IN PIETRO FIORENTINI**
- 96 **A BUSINESS MODEL BASED ON CUSTOMER
CENTRICITY**
- 102 **WE BUILD TRUST-BASED RELATIONSHIPS
WITH OUR SUPPLIERS**
- 106 **WE WORK TOGETHER WITH LOCAL COMMUNITIES**



THE CREATION OF VALUE IN PIETRO FIORENTINI

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

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

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



€466 MLN
CONSOLIDATED
REVENUES IN 2021



+17.1%
IN COMPARISON
TO 2020



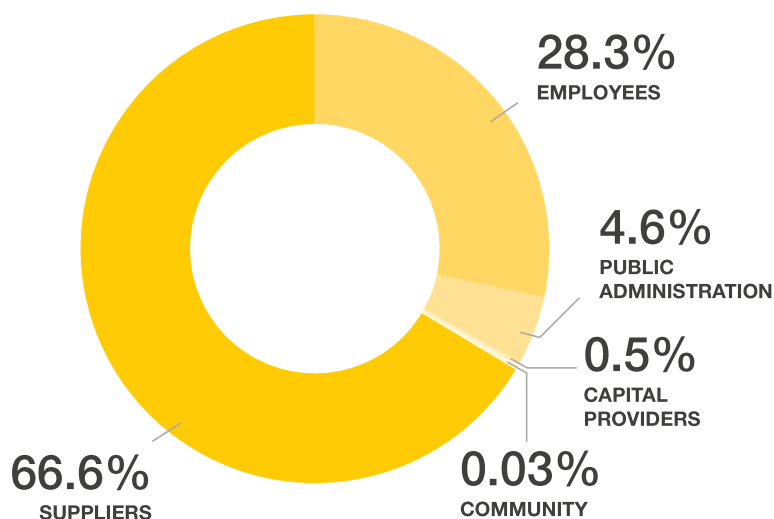
€85.6 MLN
CONSOLIDATED
EBITDA*



+10.6%
IN COMPARISON
TO 2020

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

DISTRIBUTED ECONOMIC VALUE IN 2021 [k€]



A BUSINESS MODEL BASED ON CUSTOMER CENTRICITY

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

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

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

MARKETS AND CUSTOMERS SERVED

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

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





SUCCESS STORIES

A PARTNERSHIP THAT CREATES VALUE

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

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

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

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

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

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

SOLID RELATIONSHIPS BASED ON SATISFACTION

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

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



CUSTOMER CENTRICITY



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

CUSTOMER SATISFACTION

IS THE PRIMARY OBJECTIVE OF ALL OUR ACTIVITIES

WE BUILD TRUST-BASED RELATIONSHIPS WITH OUR SUPPLIERS

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

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

THE SUPPLY CHAIN

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

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

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

Also taking into account **the proportion of purchases with regard to local suppliers¹**, it is obvious that the Group endeavours to prioritise collaboration with suppliers located near the Group's site, as much as possible: in 2021 this proportion stands overall at approximately **68%²** and is particularly important for some Group companies, such as those located in Italy (76%) and in Hungary (85%).

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



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

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

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

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

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

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

WE WORK TOGETHER WITH LOCAL COMMUNITIES

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

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

AT THE SIDE OF LOCAL ASSOCIATIONS

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

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



6

GOVERNANCE AND TRANSPARENCY

- 110 **GOVERNANCE AND CONTROL SYSTEMS**
- 118 **RISK AND OPPORTUNITY
MANAGEMENT**

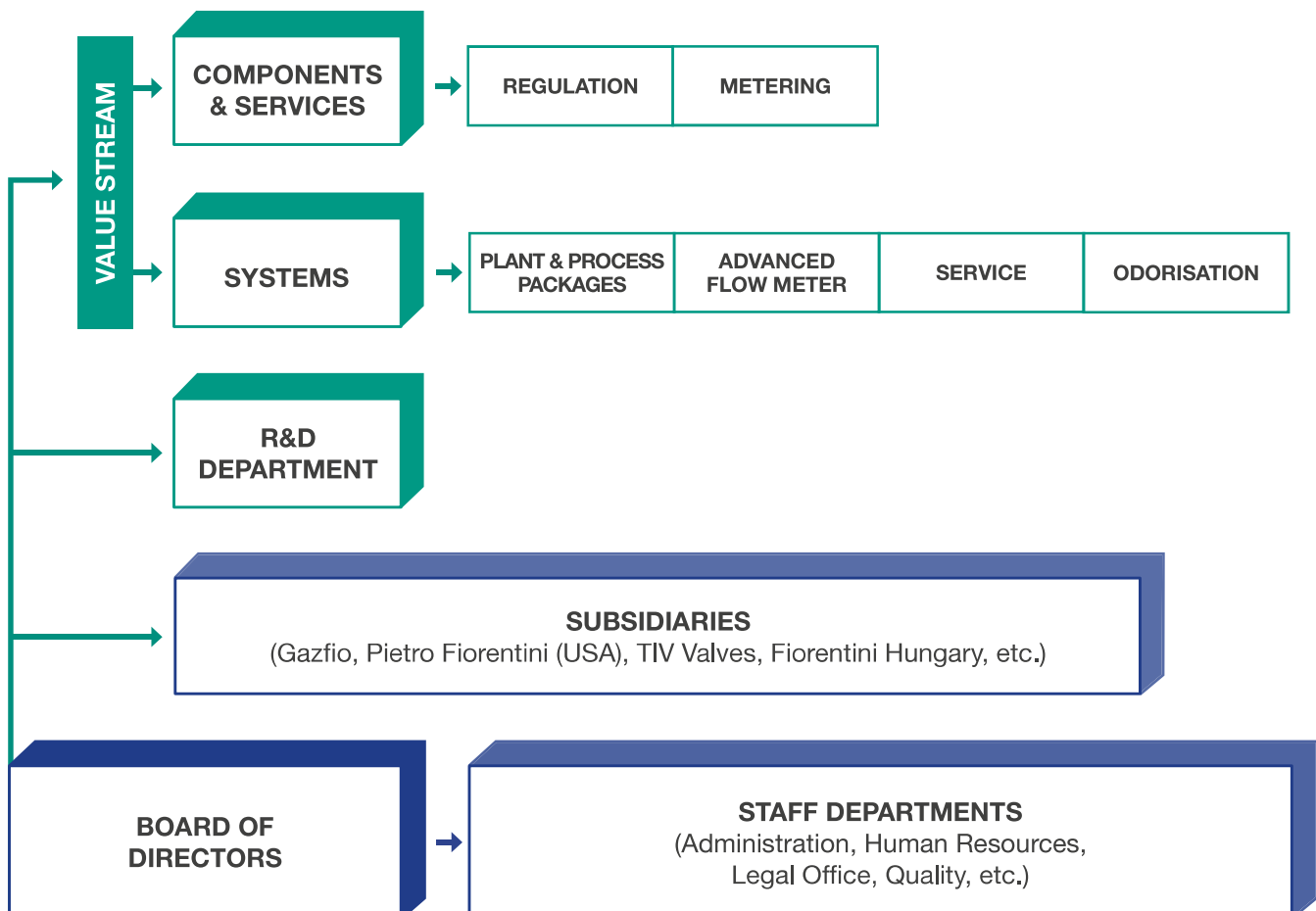
GOVERNANCE AND CONTROL SYSTEMS

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

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

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

GOVERNANCE AND TRANSPARENCY





ESG GOVERNANCE IN PIETRO FIORENTINI GROUP

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

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



ESG INTEGRATION INTO THE BUSINESS¹

Obtaining a certification in the field of social responsibility

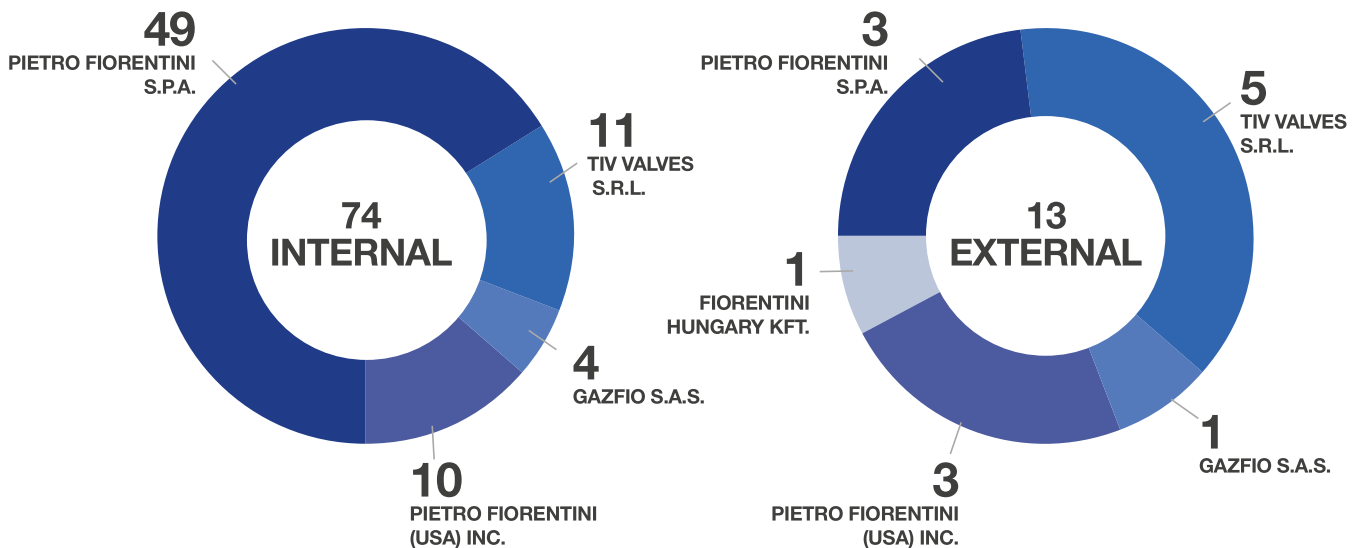
CONTROL MEASURES AND MANAGEMENT SYSTEMS

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

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

¹ Goal that refers just to Pietro Fiorentini S.p.A.

AUDITS CONDUCTED IN 2021



THE COMMITMENT TO FIGHT CORRUPTION

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

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

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

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

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

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

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

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

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

RISK AND OPPORTUNITY MANAGEMENT

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

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

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

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

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

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

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



DIGITALISATION AND MANAGEMENT OF CYBER RISKS

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

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

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

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

Pietro Fiorentini has introduced the position of **Information Security Manager (RSI)** in charge of defining, reviewing, and monitoring objectives, implementation, achievement of compliance with the reference legislation, and the continuous improvement of the ISMS.

7

APPENDIX

124	ENVIRONMENTAL AND SOCIAL PERFORMANCE
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ENVIRONMENTAL AND SOCIAL PERFORMANCE

MANAGEMENT OF ENVIRONMENTAL IMPACT

ENERGY CONSUMED WITHIN THE ORGANISATION¹

GRI STANDARD 302-1

	2019	2020	2021
ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES			
DIRECT ENERGY CONSUMPTION			
└ Natural gas [m ³]	609,612	722,283	820,183
└ Fuel oil (for heating) [l]	2,000	2,500	2,000
└ Fuels used for the car fleet (corporate fleet) [l]	287,000	296,420	337,989
└ Diesel (for car fleet) [l]	287,000	294,200	332,144
└ Petrol [l]	-	2,200	5,845
INDIRECT ENERGY CONSUMPTION			
└ Electricity [kWh]	6,695,651	7,539,606	7,807,698
└ Thermal energy (from district heating) [kWh]	395,742	345,980	-

ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES [GJ]

DIRECT ENERGY CONSUMPTION			
	35,279	40,660	46,229
└ Natural gas	24,245	28,621	32,573
└ Fuel oil (for heating)	85	107	85
└ Fuels used for the car fleet (corporate fleet)	10,949	11,931	13,571
└ Diesel (for car fleet)	10,949	11,210	12,683
└ Petrol	-	722	888
INDIRECT ENERGY CONSUMPTION			
	25,529	28,583	28,108
└ Electricity	24,104	27,337	21,108
└ Thermal energy (from district heating)	1,425	1,246	-
Total energy consumption	60,808	69,243	74,337

ENERGY INTENSITY²

GRI STANDARD 302-3

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

¹ Please note that, compared to last year, the reporting scope has been expanded and the report also considers Fiorentini Hungary for both 2020 and 2021.

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

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

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

GRI STANDARD 302-1

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

WATER WITHDRAWAL⁷ [MI]

GRI STANDARD 303-3

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

**PRODUCED, RECOVERED, AND DISPOSED WASTE,
BY TYPE OF WASTE⁹ [t]**

GRI STANDARD 306-3,4,5

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

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

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

PERSONNEL MANAGEMENT

EMPLOYEES BY CONTRACT TYPE AND GENDER¹⁰ [n]

GRI STANDARD 102-8

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

EXTERNAL WORKFORCE BY CONTRACT TYPE AND GENDER¹² [n]

GRI STANDARD 102-8

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

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

¹¹ The definition of permanent contract is not applicable in the United States as collaborators are categorised according to the national legislation in force ("at-will employment") according to which both parties can withdraw from the relationship at any time.

WORLDWIDE EMPLOYEES BY EMPLOYMENT TYPE¹⁴ [n]

GRI STANDARD 102-8

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

**EMPLOYEE DIVERSITY
BY PROFESSIONAL CATEGORY¹⁷ [%]**

GRI STANDARD 405-1

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

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

EMPLOYEES BELONGING TO PROTECTED GROUPS²⁰

GRI STANDARD 405-1

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

COLLECTIVE BARGAINING CONTRACTS AND TRADE UNION REPRESENTATION²¹

GRI STANDARD 102-41

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

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

²¹ The percentages of employees covered by collective bargaining agreements and represented by a union organisation refer to Countries where the employees of the Group are covered by collective bargaining agreements and where there is active dialogue with the unions (Italy, France, and Hungary). The employees at Pietro Fiorentini (USA) are excluded from the perimeter.

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

NUMBER OF CESSATIONS²³ [n]

GRI STANDARD 401-1

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

OFFBOARDING TURNOVER²³ [%]

GRI STANDARD 401-1

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

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

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

²⁵ The “Abroad” category includes the data relating to Gazfio S.A.S., Pietro Fiorentini (USA) Inc., and Fiorentini Hungary Kft.

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

HEALTH AND SAFETY IN THE WORKPLACE

WORKERS COVERED BY A SYSTEM FOR THE MANAGEMENT OF HEALTH AND SAFETY IN THE WORKPLACE²⁹

GRI STANDARD 403-8

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

EMPLOYEE ACCIDENTS³⁰

GRI STANDARD 403-9

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

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

SUPPLY CHAIN MANAGEMENT

DESCRIPTION OF THE
SUPPLY CHAIN AND SUPPLIER TYPE³²

GRI STANDARD 102-9

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

PERCENTAGE OF PURCHASES
FROM LOCAL SUPPLIERS³³ [M€]

GRI STANDARD 204-1

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

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

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

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

GRI CONTENT INDEX

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

INDICATOR	DESCRIPTION	PARAGRAPH - NOTES
102-1	Name of the organisation	Pietro Fiorentini: about us p.10
102-2	Activities, brands, products and services	Our presence in Italy and around the world p.14-15; The enabling factors of our business model p.22-27; Our supply chain: services and solutions for our customers p.52-58; Markets and customers served p.96-97
102-3	Location of the main site	Our presence in Italy and around the world p.14-15
102-4	Location of the operational sites	Our presence in Italy and around the world p.14-15
102-5	Proprietor set-up and legal format	Our presence in Italy and around the world p.14-15; Sociogram p.16-17
102-6	Markets served	Our presence in Italy and around the world p.14-15; Our supply chain: services and solutions for our customers p.52-58; Innovation for the sustainable management of water resources p.59-60; Innovation and sustainability of our products p.60-61; Markets and customer served p.96-97
102-7	Dimension of the organisation	Highlights 2021 p.4-5; Our presence in Italy and around the world p.14-15; Our supply chain: services and solutions for our customers p.52-58; People Strategy and human capital p.74-77; The creation of value in Pietro Fiorentini p.94-95; Markets and customer served p.96-97
102-8	Employees by contract type, gender, geographical area, job classification	Our presence in Italy and around the world p.14-15; People Strategy and human capital p.74-77; Environmental and social performance p.130-136
102-9	Description of the organisation of the supply chain	We build trust-based relationships with our suppliers p.102-105; Environmental and social performance p.142
102-10	Significant changes in the organisation and in the supply chain	Our presence in Italy and around the world p.14-15; We build trust-based relationships with our suppliers p.102-105; Methodological note p.143
102-11	Mode of application of the principle or prudential approach	Risk and opportunity management p.118-121
102-12	Adoption of external economic, social and environmental codes and principles	Our fundamental values p.18-19; Governance and control systems p.110-112; Control measures and management systems p.112-114; Management, Organisation and Control Model p.115; Methodological note p.143
102-13	Participation in trade associations	Intesa Sanpaolo Innovation Center and Pietro Fiorentini: together we select and support the best startups in the field of energy transition p.26; Value partnership: together towards energy transition p.62-63; Our commitment to train the future generations p.107; We work together with the local communities p.106
Strategy		
102-14	Declaration of a member of top management	Letter to our stakeholders p.3
102-15	Key impacts, risks and opportunities	The enabling factors of our business model p.22-27; Building the future: our priorities p.36-41; The main strategic priorities of the Group p.44-45; Risk and opportunity management p.118-121
Ethics and Integrity		
102-16	Values, principles, standards, and rules of conduct	Our fundamental values p.18-19; Control measures and management systems p.112-114

INDICATOR	DESCRIPTION	PARAGRAPH - NOTES
201	Economic Performance (2016)	
201-1	Economic value directly generated and distributed	The creation of value in Pietro Fiorentini p.94-95
Material Topic: Sustainable Supply Chain		
103-1	Explanation of material themes and any limitations	Building the future: our priorities p.36-41
103-2	Description of the components of the management approach	We build trust-based relationships with our suppliers p.102-105; Control measures and management systems p.112-114
103-3	Assessment of the means of management	We build trust-based relationships with our suppliers p.102-105
204	Procurement practices (2016)	
204-1	Proportion of purchases from local suppliers	We build trust-based relationships with our suppliers p.102-105; Environmental and social performance p.142
Material Topic: Business Ethics		
103-1	Explanation of material themes and any limitations	Building the future: our priorities p.36-41
103-2	Description of the components of the management approach	Pietro Fiorentini: leading the way to energy transition p.48-51; Our environmental performance p.67-71; Our efforts to promote circular economy p.64-66; Control measures and management systems p.112-114; The commitment to fight corruption p.114-116; Management, Organisation and Control model p.115
103-3	Assessment of the means of management	Pietro Fiorentini: leading the way to energy transition p.48-51; Our environmental performance p.67-71; Our efforts to promote circular economy p.64-66; The commitment to fight corruption p.114-116; Management, Organisation and Control model p.115
205	Anti Corruption (2016)	
205-1	Operations assessed for risks related to corruption	The commitment to fight corruption p.114-116
205-2	Communication and training on anti-corruption policies and procedures	A learning organisation for continuous growth p.85-87; The commitment to fight corruption p.114-116
205-3	Episodes of anti-corruption and actions taken in response to cases of corruption	The commitment to fight corruption p.114-116 <i>On 6 November 2019, the Court of Cassation (section II no. 45599/2018 G.R.) rejected the appeal of Pietro Fiorentini S.p.A. against the sentence issued by the Milan Court of Appeal, Third Penal Section, Gen. App.Reg. 004285/2016 on data 28.11.2017 which confirmed the sentence issued at first instance by the court of Milan (sent. No. 10088 of 20/09/2011). The judgment sentences the Company to an administrative sanction of €50,000.00, as well as the seizure of assets for the amount of EUR 166,962.00, because it did not adopt and effectively implement, before the commission of the crimes ascribed to it, organisation and management models that can prevent crimes similar to that attributed to the top management (art. 110, 321, 319, 319bis of the (It.) Penal Code). The facts in issue date back to the period 2000-2004. No episodes of corruption were recorded during 2021.</i>
206	Anti-Competitive conduct (2016)	
206-1	Legal actions taken for anti-competitive, anti-trust conduct and monopoly practices	In 2021, there are no reported legal actions (current or concluded) regarding anti-competitive behaviour and violations of antitrust regulations and relating to monopolistic practices, in which the organisation has been identified as a participant.
307	Environmental Compliance (2016)	
307-1	Sanctions for failure to comply with laws and regulations on the environment	No significant non-conformities to laws and regulations were recorded during 2021.

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

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

BY

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