



# Sustainability Report

Fiscal year 2023

GOALS FOR  
SUSTAINABLE DEVELOPMENT



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# introduction

## a New Path to Sustainable Development

*During the drafting phases of this Report, in April 2024, the acquisition of a large majority stake in the Sofinter Group by Nova Energy Holding S.r.l., representing the industrial investment fund Mutares Holding-64 GmbH and Axiom Partners 12 s.a.r.l., was finalized. This investment operation further strengthens Mutares' Engineering & Technology segment, anticipating significant synergies with other companies in the Mutares portfolio.*

*Significant changes have immediately affected the corporate and organizational structure of the Sofinter Group, following the entry into the shareholding by the new Holding, which holds over 89% of the share capital. Moreover, in June 2024, a swap operation was also executed, following which AC Boilers returned to being 100% owned by Sofinter, while 60% of the share capital of CCA was sold to a third company; the remaining 40% of CCA continues to be owned by AC Boilers. Additional synergies and partnerships have been identified between ITEA and Europower.*

*At the helm of the Group, as President and CEO of Sofinter, Engineer Paolo Pietrogrande was appointed, who boasts extensive international experience in the energy and contracting sectors. Numerous organizational changes have already been implemented and will materialize in the upcoming period.*

*The entry of Mutares marks a significant turning point for the evolution and future of the entire Sofinter Group, defining a new path also on the theme of Sustainable Development.*

*Mutares operates as an international investor that actively supports companies in its portfolio in defining and implementing comprehensive turnaround and optimization programs. Acting responsibly is anchored in the company's values.*

*Concrete sustainability goes beyond environmentally friendly measures, but also includes social aspects and the principles of good corporate governance. Mutares signed the United Nations Global Compact in 2021 and commits to respecting and implementing the ten principles established therein, requiring all companies in its portfolio to diligently carry out a continuous improvement process towards sustainability themes.*

<https://mutares.com/en/compliance-esg/>

*The current report updates the main Environmental, Social, and Governance results achieved by the Sofinter Group during the 2023 fiscal year.*

<https://www.sofinter.it/sostenibilita/>

## sustainable strategy

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# sustainable strategy

how we work

**Sofinter Group: the most agile and ready global reference for steam generation.**

For chemical, industrial, and energy players, our Group leverages the talent and imagination of our people to deliver advanced steam generation technologies that drive the energy transition, through optimized engineering and future-proof solutions.

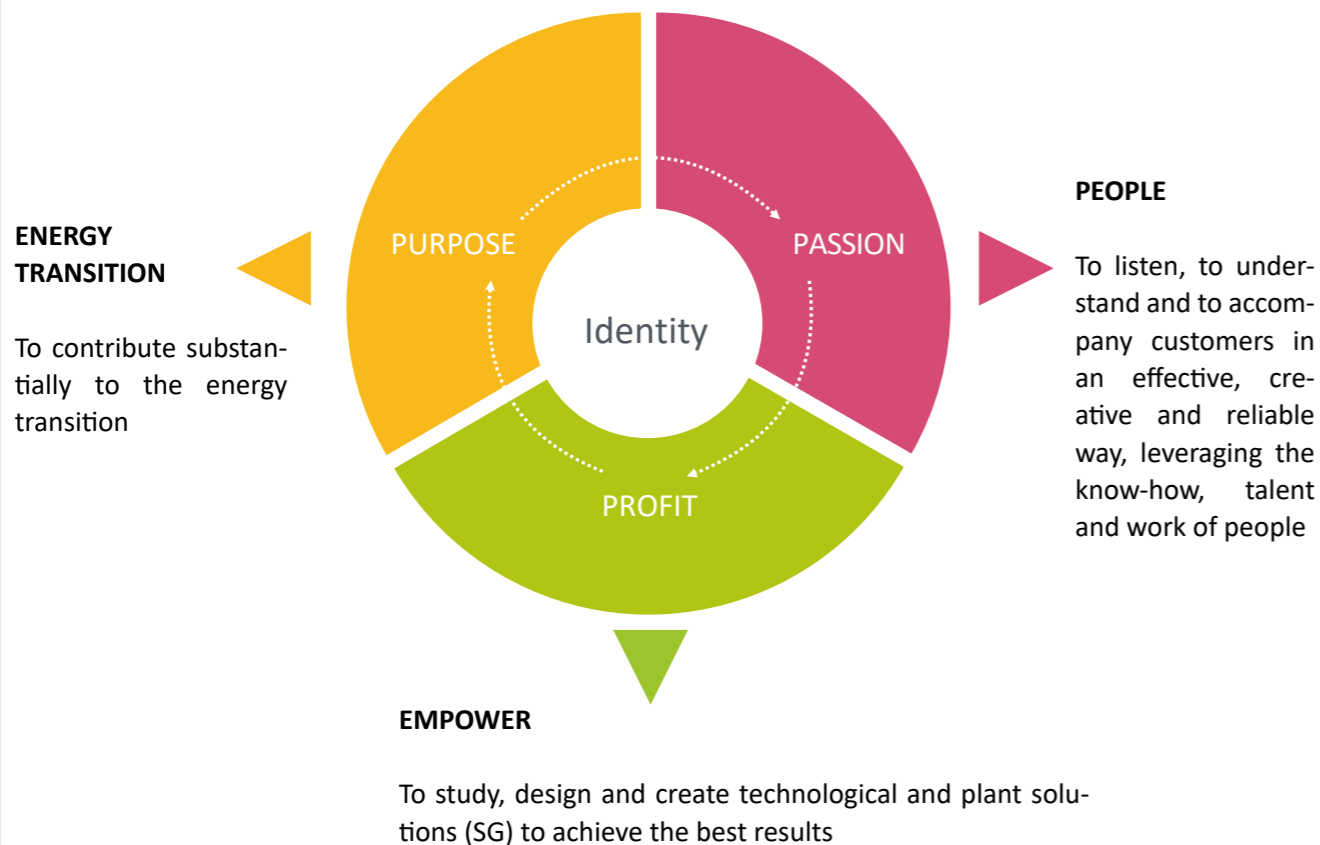
The Group, active in the international energy market, provides plants and components for the production of steam for industrial use and for the generation of electricity, for waste treatment and incineration, and for water treatment.

Within the Group, about 700 people operate and collaborate, committing through their work to represent and promote our values. Our values are at the heart of Sofinter Group's business sustainability model.

With this report, referring to the 2023 fiscal year for the Italian sites, we intend to share our commitment and our results with the entire community and stakeholders.

## PEOPLE EMPOWER ENERGY TRANSITION

The Sofinter Group envisions a world where the global energy transition is driven by human talent and technological innovation. In this world, advanced Steam Generation (SG) solutions play a critical role in helping creating a more sustainable, efficient, and secure energy future.



Sofinter designs, develops, and delivers cutting-edge steam generation technologies, harnessing the knowledge and creativity of its team to support the chemical, industrial, and energy sectors. By promoting the energy transition through sustainable and reliable technologies, Sofinter enables its partners to achieve long-term efficiency and environmental goals.

At Sofinter, we envision a world where innovation, driven by human ingenuity, leads the global energy transition. We believe that technology alone isn't enough to change the world—it's the creativity, talent, and commitment of people that make real transformation possible. Every step we take is guided by the principle that the energy of people fuels the energy of tomorrow.

People Empower Energy Transition is not just a slogan; it's the foundation of everything we do. Our people are at the heart of the solutions we design, and we empower them to push boundaries, explore new ideas, and create technological breakthroughs. Their knowledge and creativity form the bedrock of our ability to deliver sustainable, reliable, and advanced energy solutions. Our focus is on Steam Generation (SG) technology, a key element in reducing environmental impact and optimizing industrial processes. By harnessing wasted heat, we create cleaner, more efficient power systems that help industries thrive while contributing to a lower-carbon future.

This commitment to sustainability isn't just a part of our mission—it's a moral imperative. We are shaping a future where energy is produced responsibly, with a focus on reducing emissions, conserving resources, and improving the quality of life for all.

But at Sofinter, we don't stop at the technical side of the equation. Our approach is holistic. We see ourselves as partners to our clients, working alongside them to tackle the challenges of the energy transition. Whether in the chemical, industrial, or energy sectors, we provide more than just technology—we offer solutions designed around the specific needs of each client, ensuring that our innovations are practical, scalable, and future-proof. We are committed to excellence in every aspect of our business. From the initial concept to delivery and beyond, we maintain the highest standards in product development, customer service, and ethical business practices.

We pride ourselves on the integrity and transparency of our operations, building long-term relationships based on trust.

We strive for perfection not only in our technological achievements but in the way we work with our partners and communities.

Our role in the energy transition is clear: We empower industries to lead the change. As the world faces unprecedented challenges in achieving sustainability goals, Sofinter stands at the forefront of the effort to make energy production cleaner, more efficient, and more reliable. We aim to be the global reference point for steam generation, leveraging our innovative technologies to support the energy transition in a way that drives real, measurable impact. At the core of our success is our relentless pursuit of achievement and empowerment. Every project we take on is an opportunity to achieve something greater, to push the limits of what's possible, and to empower not only our team but the entire ecosystem we operate within. We create value by unlocking the potential of our people, technology, and partnerships.

Together, we are building a better future. We believe that through collaboration, innovation, and unwavering commitment to our mission, we can make a profound difference in the energy landscape. We are Sofinter, and we are more than just a company—we are a force for positive change. We are shaping the energy of tomorrow, today.



### Innovation and Technological Development

Steam generators systems are indispensable in supporting the current period of energy transition. This is why we are constantly seeking out new ideas and technologies to be developed, so that we may experience and avail of energy resources in an increasingly sustainable way



### Product Excellence

Our plants are the result of over 150 years of experience in the study, design, and implementation of energy systems. They represent the integration and evolution of technical and specialized knowledge in the sector. These are solutions introduced by us and applied by the market



### Environmental Responsibility

In our work, we pay the utmost attention to the protection and enhancement of the environment, reducing the footprint and impacts of our products, of our organisation to the full extent possible and the environmental performance of our customers



### Enhancing Resources

Essential for long-term development is reducing the social impact during the Group's progress phase, in conjunction with increasing the skills and enhancing the professionalism of our employees and partners

# Sustainable Strategy

## message to Stakeholders

*“The historical period we are living through, although at times critical and very complex from an economic and socio-political point of view, represents an important moment of reflection on the destiny of the world of energy. It will allow a strong push for change and a total rethinking of technologies, energy sources, and engineering approaches.*

*It is precisely from change and this opportunity for transformation that the Sofinter Group wants to re-start: a Group that has made steam generation its own standard, exporting its ‘made in Italy’ expertise all over the world, in some cases even over the span of three centuries of history, making it an important and certified reference of industrial excellence.*

*The enhancement of existing assets, the establishment of a solid value chain, and low-impact technological innovation are the fundamental points of this new phase, an evolutionary and competitive path that is sustainable and lasting, in favor of all stakeholders, including institutions and the local population.*

*At this moment, our Group is making a strong commitment to develop trust with our shareholders and the Credit System, reconsolidate partnerships with Clients and credibility with all suppliers, while simultaneously relaunching our Companies, brands, and technology in the international market.*

*Macchi, which has achieved significant successes and recognitions in steam generation in the Oil & Gas sector, also thanks to “Plug & Play” solutions, is ready to embrace the new challenge of Hydrogen, completely rethinking the fuel-burner system, allowing also the conversion of existing plants and significantly reducing CO2 emissions for the same thermal power delivered.*

*AC Boilers, a historic brand derived from Ansaldo, present since 1853 in the energy landscape, is consolidating the entire range of “Waste-to-Energy” technologies, in order to valorize poor fuels such as waste, scraps, or biomass into high-performing steam production systems, in combination with cogeneration systems with environmental, energy, and economic benefits.*

*The pressurized oxy-combustion developed by ITEA allows, in the absence of flame and in a clean mode, the resolution of environmental problems – primarily the management of waste and low-calorific-value processing residues – with high-tech technology, reducing CO2 emissions to almost zero.*

*The SWS division – Saline Water Treatment is instead focusing on another environmental matrix strongly impacted by human development and ongoing climate changes: water.*

*The experience in seawater desalination projects and in the treatment of water used in refineries and power plants constitutes an added value in supporting power plants and municipal services.*

*The operation on behalf of third parties and the maintenance of power generation, cogeneration, and waste-to-energy plants, through the expertise of Euro-power, ensures greater efficiency and optimization of the combustion process, both traditional and new concept.*

*Finally Centro Combustione Ambiente, listed in the register of ministerial research laboratories, in partnership with Universities, continues the development of international projects supporting global technological innovation, particularly for the use of Hydrogen in gas turbines, in order to unlock a zero-impact future in the field of propulsion and power generation, or towards the promising use of ammonia as an alternative fuel.*

*The common thread of all the companies in the Sofinter Group is the constant and innovative support for the ongoing energy transition, aimed at structuring a future where business goals are indissolubly merged with corporate sustainability, whether environmental, social, or business governance.*

*Therefore, I ask you to consider this Sustainability Report an open invitation to observe and monitor our continuous transformation, participating in the dialogue that will shape the course of our future”.*

**Paolo Pietrogrande**  
CEO Sofinter S.p.A.

# sustainable strategy

## group organization- *The History*

1979

*Giampietro Tedeschi founds Commissioning S.r.l., quickly establishing a name for himself in the field of providing start-up, operation and maintenance services for industrial plants.*

1987

*Sofinter S.p.A. is founded as the holding company of an established group of industrial service companies, including some foreign firms.*

1997

*Sofinter acquires a shareholding in Macchi S.p.A., specialising in the design and construction of industrial boilers for the Oil & Gas sector. In the same year, it establishes the company Saline Water Specialists (SWS) S.r.l., dedicated to the business of desalination and water treatment for industrial plants.*

2001

*Sofinter acquires a shareholding in Termosud S.p.A., with its factory in Gioia del Colle (BA), named Ansaldo Caldaie S.p.A., a leading company in the design, construction and installation of large-scale boilers. Centro Combustione Ambiente (CCA) joins the Group.*

2002

*Sofinter acquires Macchi S.p.A. and Itea S.p.A.*

2003

*Sofinter acquires Ansaldo Caldaie S.p.A.*

2004

*Macchi and SWS become operational divisions of Sofinter. Sofinter founds Euroboiler S.r.l. (later to become Macchi Romania), a company under Romanian law, located on the Danube, dedicated to the construction of boiler pressure parts.*

# sustainable strategy

group organization- *The History*

**2005**

*Ansaldo Caldaie Boilers India Private Limited, a subsidiary of Ansaldo Caldaie, established in Chennai, India, active in the design, manufacture, supply and after-sales service of power boilers in the country.*

**2008**

*International partner GAMMON India joins Sofinter's shareholder base.*

**2011**

*BT Global enters the Sofinter stockholding.*

**2013**

*The founding of the US headquarters of the Macchi division marks a new phase for the Sofinter Group, with its entry into one of the world's major markets. Ansaldo Caldaie celebrates its first 100 years of industrial history.*

**2015/2017**

*Ansaldo Caldaie becomes AC Boilers S.p.A. Ansaldo Energia acquires 10% of AC Boilers.*

**2019**

*The Group signs an agreement that ensures banking support for the activities of all Companies.*

*A process is also underway to find a new investor for the Group.*

**2020/2023**

*The procedure for the search of an investor for the acquisition/participation in the social capital continues, within the difficult international context determined by the Covid pandemic and the implications of the energy market and materials impacted by the Russian-Ukrainian conflict.*

**2024**

*The acquisition of a large majority stake in the Sofinter Group by Nova Energy Holding S.r.l., representing the industrial investment fund Mutares Holding-64 GmbH and Axiom Partners 12 s.a.r.l., has been finalized.*

# sustainable strategy

group organization- *the Companies*

The Sofinter Group, in its current organizational structure composed of 5 companies - Sofinter, AC Boilers, Itea, Europower, CCA - represents the evolution of the steam and energy production sector from gas, biomass, urban waste and ensures effective cooperation and sharing of means and technologies of the member companies, serving the end customer and the entire community.

Sofinter S.p.A., established in 1987 and including the Macchi and SWS divisions, is the leader of the Group and the owning company, in partnership with other industrial partners, of AC Boilers S.p.A., Europower S.p.A., Itea S.p.A., and CCA S.p.A.

Sofinter S.p.A. provides support and services to all the Companies and Divisions of the Group through the departments of Purchasing, Service, Human Resources, Environment and Safety, Legal, Communication, Technological Infrastructures, Administration, Finance and Control, Maintenance, and General Services.



Macchi, a division of Sofinter S.p.A., operates in the design and construction of industrial steam generators and recovery for co-generative cycles (CHP) and boasts a long and consolidated experience in supplies intended for the industrial sector in complex plants all over the world.

The technologies under the Macchi brand are as follows:

- Industrial steam generators with two cylindrical bodies bearing horizontal (TITAN M) or vertical paths;
- Single-drum radiant-type industrial steam generators (MRD);
- Recovery steam generators downstream of gas turbines (HRSG) for Combined Heat and Power (CHP) cycles;
- Recovery boilers (WHB) on industrial processes.

Founded in 1959 and becoming part of the Sofinter Group in 1997, Macchi was incorporated into Sofinter S.p.A. as an operating division in 2004.

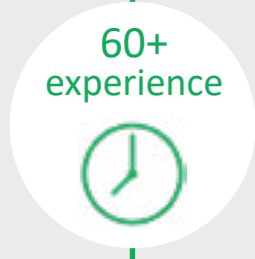
On the strength of its know-how, consolidated and perfected over 60 years, Macchi supplies major international Engineering, Procurement and Construction (EPC) companies and International Oil Companies (IOCs) with products manufactured in accordance with the most pertinent technical standards in the industry.

**Clients and Sectors:**

- Oil & Gas: 45%
- Chemical: 25%
- Industry: 10%
- Power Generation: 15%
- Others: 5%

This Division is an important reference in the global market with approximately 600 units still in operation, for which Macchi is able to:

- extend the useful life
- improve efficiency
- increase flexibility on usable fuels



AC Boilers S.p.A., formerly Ansaldo Caldaie, is active in the design, construction and installation of large steam generators including:

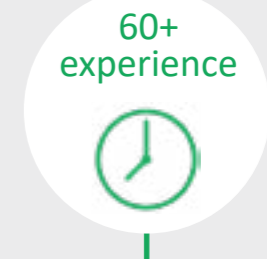
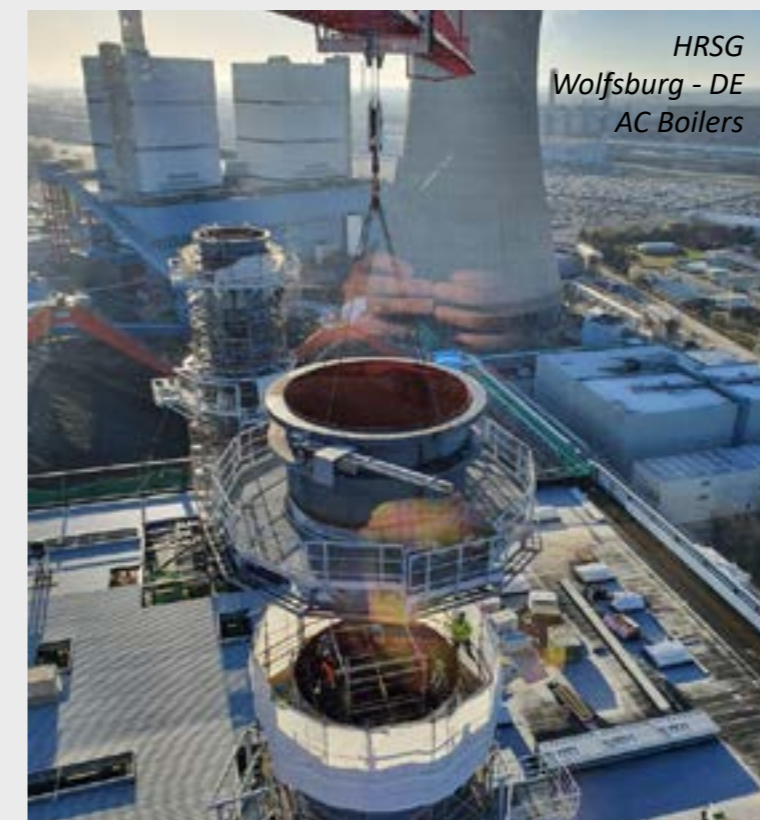
- Steam Recovery System Generators downstream of gas turbines for combined cycle plants (Heat Recovery System Generator or HRSGs);
- Biomass steam generators;
- Steam generators for municipal solid waste and waste-derived fuels (Waste-to-Energy or WTE plants);
- Power steam generators for steam plants for the production of clean electricity from fossil fuels (Supercritical and Ultra-Super-Critical power plants);
- Combustion systems optimised for NOx reduction (DeNOx);
- Energy Storage Systems

**Clients and Sectors:**

- Power Generation: 65%
- Industry: 17%
- Oil & Gas: 11%
- Chemical: 7%

AC Boilers ensures technological operational flexibility, allowing plants designed for base-load service to operate intermittently according to the energy production needs.

Founded in 1853 as Ansaldo, as a result of the merger of the two leading 20th-century Italian manufacturers, the company was acquired in 2001 by Sofinter S.p.A. under the name Ansaldo Caldaie S.p.A.





*The cutting-edge solution provider in flameless technology*

Within the Sofinter Group, Itea S.p.A. is involved in the development and marketing of plants based on the ISOTHERM Pwr® “flameless” Oxy-Combustion pressure technology.

Itea is a fundamental component supporting the energy transition as its mission aims to “burn without polluting” and use secondary raw materials that would otherwise be destined for landfill.

The Research and Development division at Itea is of primary importance, being the base for developing new and complete turnkey plants and providing the technical assistance needed to guarantee possible technological solutions for existing plants.

Flameless technology enables the production of low-cost energy (steam and electricity) using lean fuels such as municipal waste, industrial waste, heavy oils, acid gases, petroleum coke and lean-grade coal. This technology ensures a quality of emissions that exceeds the requirements of current environmental regulations, for any combustible/material treated.

ISOTHERM Pwr® technology renders it possible to treat – even simultaneously – combustibles and waste with completely different characteristics and, when applied to the treatment of liquid and/or solid industrial waste, is even capable of treating hazardous industrial waste, including waste accumulated in landfills over decades.



*Gioia del Colle Plant - Bari - IT  
Itea and CCA*



*The partner to design and supply turn-key plants and systems, technical assistance and global services for plants*



*A specialized player for industrial water treatment solutions and seawater desalination*

Europower S.p.A. deals with the design, construction, commissioning, operation and maintenance of industrial plants in the sectors of electricity production, thermal energy, waste-to-energy, biomass plants, waste and water treatment, and industrial utilities.

Founded in 1979 as Commissioning Italia S.p.A. and becoming Europower S.p.A. in 2005, it also designs, supplies, and builds turnkey plants and operates them through a dedicated Operation and Maintenance Global Service team.

Saline Water Specialists (SWS) designs and builds seawater desalination plants and industrial water treatment plants in general.

Established in 1996 as an independent company, SWS has created plants for the energy, refining and petrochemical industries.

In addition to desalination, SWS’ experience covers all water treatment plants used by power plants and refineries.

SWS designs and supplies degassers of any capacity up to 2,000 T/h in a single unit, being capable of operating under the broadest range of operating conditions, including in a vacuum.

SWS’ experience includes condensate polishing plants for steam cycles in thermal power plants and refineries, realised with ion-exchange resins and both internal and external regeneration.

In 2005, Sofinter acquired all shares from the other partners to become the sole owner of SWS.



*JRC Ispra (VA) - IT  
Europower*



*Desalination unit  
Lampedusa - IT  
SWS*



Centro Combustione Ambiente (CCA) S.p.A., a company dedicated to supporting the development of new products and technologies in the energy and combustion sector, pays special attention to environmental protection and sustainability.

CCA was founded in 1989 as the Ansaldo Group's combustion research centre, with the aim of developing low-NOx burners for steam generators then subsequently, in conjunction with Ansaldo Energia, carried out experiments from 1995 onwards to develop new burners for gas turbines.

Following the privatization process of Ansaldo Caldaie, in order to offer the acquired services and expertise to a wider market, the company 'Centro di Combustione Ambiente Srl' was founded in 2006 and transformed into a joint-stock company (S.p.A.) in 2019. In July 2024, 60% of the share capital of CCA was sold to Ansaldo Energia; the remaining 40% of CCA continues to be owned by AC Boilers.

CCA offers an extensive range of industrial-scale experimental tests in the field of combination and energy recovery both for the Group's own products (AC Boilers and Macchi) and for third parties, in particular:

- low-emission burners for steam-electric
- industrial burners for gas turbines
- burners for process applications (refineries, steel industry and so on)

CCA is equipped with experimental equipment able to test the most important fuels in the energy transition: biomass, hydrogen, natural gas and low-calorific gases for energy recovery.

The company is listed in the research laboratories register of the Ministry of Education, Universities and Research, is a member of DiTNE (the National Energy Technological District) and founded the ETF (Energy Transition for the Future) laboratory in conjunction with the Polytechnic University of Bari for the numerical modelling of innovative solutions in the energy sector.



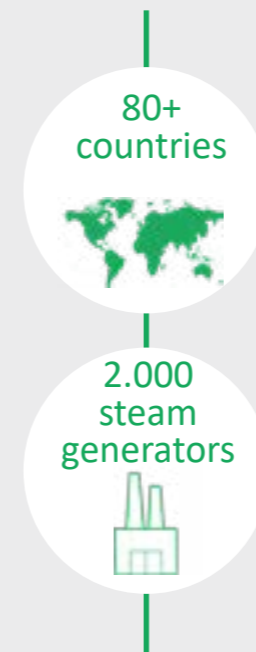
Although not established as a company, the importance of the Group's Service Department should be emphasised, operating from its headquarters in Gallarate (VA) to provide products and services to both Italian and international customers, aimed at keeping steam generators operational as well as their maintenance or complete rehabilitation. These generators can be of Macchi, AC Boilers or third-party manufacture.

**Products**

- Pressure parts
- Auxiliary systems
- Combustion technologies

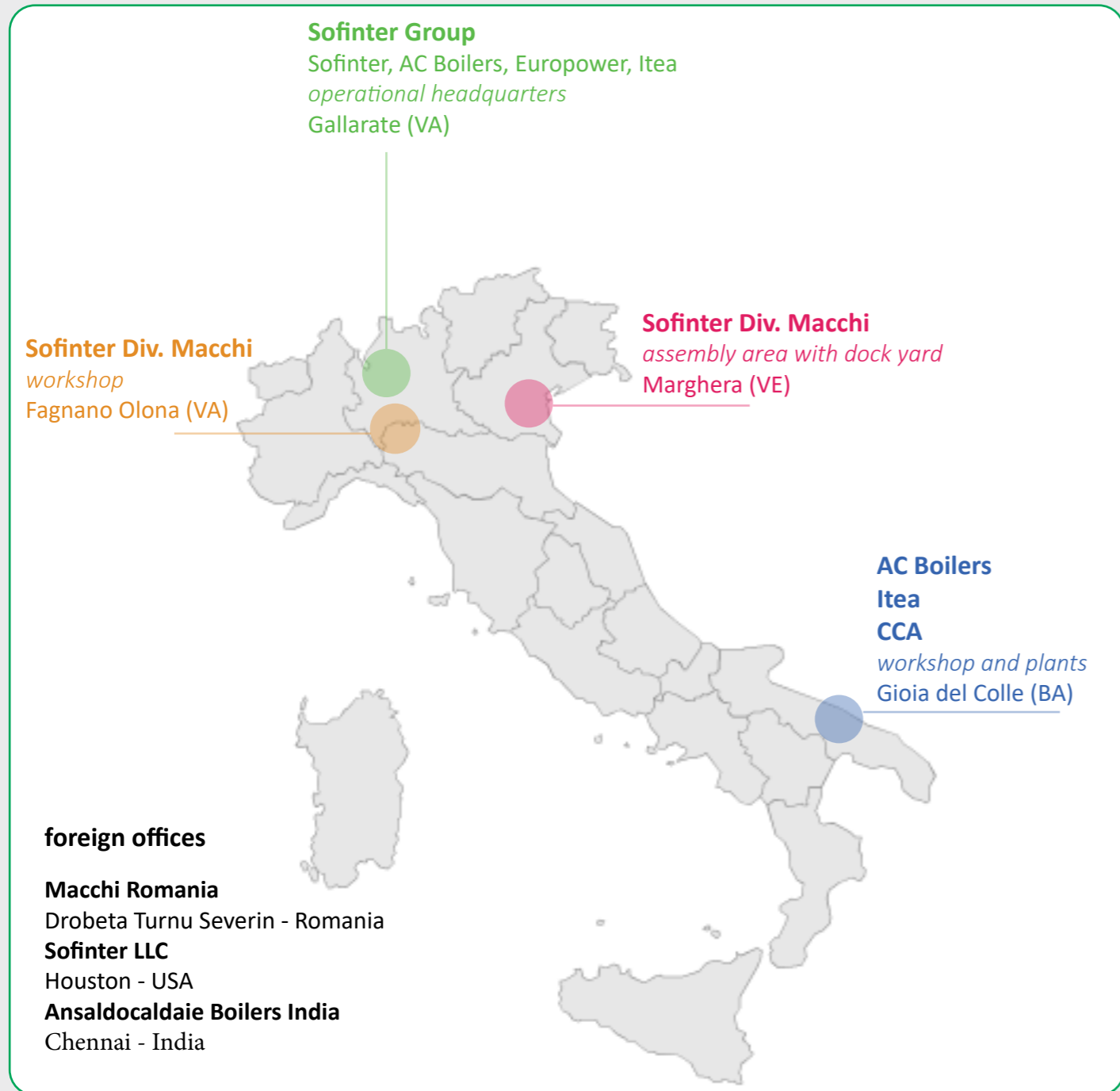
**Service development**

- life extension;
- flexible loads;
- performance enhancement;
- LTSA: Long Term Support Agreements



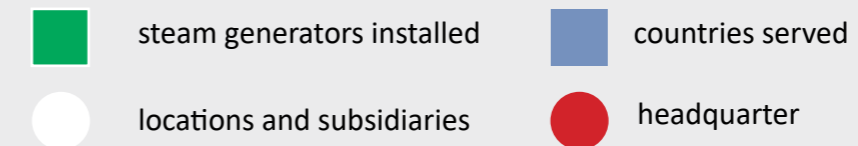
# sustainable strategy

group organisation



# sustainable strategy

group organisation - *presence around the world*



# sustainable strategy

## our commitment

In 2022, the Group established a new Sustainability function with the goal of actively focusing, with dedicated resources, on the Environmental, Social, and Governance pillars, developing policies that contribute to achieving sustainable growth and profitability objectives.

The function has incorporated the Department of Environment, Health and Safety and supports, for Sustainability issues, all other business areas: from Commercial for responding to Customer requirements and ESG rating, through Operations for improving environmental and energy performances, Engineering for the sustainable development of products, Management for carrying out projects dedicated to employee well-being and the refinement of corporate governance, to Purchasing for assessing the sustainability level of the Supply Chain.

ESG performances are periodically discussed in the Sustainability Board - which includes the CEOs of all the companies in the Group and the Senior Executives - and reported to the Board of Directors of the parent company Sofinter S.p.A., which represents the highest governing and decision-making body regarding the organization's impacts on the economy, the environment, and people.

*The ratification of this commitment was the publication of the "Sustainability Strategy," which formalizes the commitment to Environmental, Social, and Governance issues and represents one of the fundamental starting points in the Sustainability journey that the Group is undertaking.*



# Sustainable Strategy

*"Conducting a business sustainably from an economic, social, and environmental point of view is a fundamental value for the Sofinter Group, which, at this particular historical moment, in an energy context in full transformation, is indissolubly linked to the development of the Energy business.*

*Integrating Sustainability into the strategy and activities of a company represents the achievement of the Group's path of progressive evolution, which has led over time to an increasingly strong involvement of all stakeholders, whose interests, expectations, and needs are the foundational elements for decision-making processes and the creation of such value.*

*Sofinter Group, reinforcing what is indicated in the Ethical Code of its companies and in the Management Systems Policies, aims to guide the business in an integral, inclusive, responsible, and sustainable way. It draws inspiration from the Ten Principles of the United Nations Global Compact, which stem from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.*

*Sofinter Group operates through the Environmental, Social, and Governance pillars with the involvement of the entire value chain, requiring the commitment of its Suppliers and demonstrating the results achieved to Customers, Institutions, the local Community, and all stakeholders.*

## Environment

*The Group is aware that the activities of building large steam and energy generation plants have impacts on the environment. For this reason, it is oriented towards the prevention of such impacts already in the research, development, and design phase, achieving greater efficiency in the use of fuels and studying to make new alternative energy sources to fossil fuels operational as soon as possible, where feasible. This contributes to the reduction of emissions into the atmosphere and*

*the fight against climate change, as well as the rationalization and reduction of raw materials and natural resources used in the subsequent construction phase, in collaboration with its supply chain.*

*The development of performance monitoring systems and predictive maintenance for components and spare parts of plants installed at customer sites also allows for additional environmental benefits in terms of emissions, material use, and waste management, while simultaneously extending the life of the plant, delaying its revamping and final decommissioning.*

## Social Sustainability

*The Group's strength and vitality are founded on people. The centrality and development of human capital in the transformation of businesses and companies represent the main engine for generating new ideas, developing technologies, innovative products, and offering excellent services. The commitment is therefore focused on searching, selecting, and retaining talent, valuing human resources and supporting them in the development of their careers, structuring new methods to identify professional and personal needs, increasing competencies, and social and work well-being.*

*The Group is also active in ensuring a workplace based on the principles of gender equality, respect for differences, and the promotion of inclusion, supporting the effort to create a corporate culture against discrimination and the spread of stereotypes.*

*Fundamental remains the corporate responsibility towards the protection of human rights, the fight against child labor, and the improvement of safety and health at work, supporting a participatory process of risk management and reduction, and raising awareness among all staff to promote and disseminate such values.*

# Sustainable Strategy

## Governance

The companies of the SOFINTER Group have structured a Corporate Governance system in compliance with civil law regulations, the self-regulation principles set by the competent authorities, and the best international practices. Within this system, the foundational elements of corporate governance are ensured, in the interest of Shareholders, Employees, Collaborators, and all those who enter into business relationships or come into contact with the Group. These elements include compliance with regulations, crime prevention, and the fight against corruption in all its forms, in a transparent, objective, and documented manner.

To achieve these goals, an Ethical Code, Anti-Corruption Manual, and Export Control System Manual have been adopted, valid for all the companies of the Group; an Organization, Management, and Control Model pursuant to Legislative Decree 231/2001 by the Parent Company and the main Italian subsidiaries; specific policies on Quality, Safety, and Environment implemented through Management Systems compliant with ISO standards.

In addition to the Supervisory and Control Bodies required by law, the Group has also equipped itself with an Internal Control and Risk Management System, structured on the basis of recognized international guidelines; the management and monitoring of strategic, operational, compliance, and financial risks are an integral part of the corporate business model.

Furthermore, the SOFINTER Group, in addition to acting according to the principles of the Global Compact, integrating them into its strategy and activities, intends to commit to pursuing some of the 17 Sustainability Development Goals defined by the United Nations 2030 Agenda, focusing primarily on those that are technically feasible and applicable to its reality, in order to contribute to solving social and environmental challenges through collaboration and technological innovation.

The degree of achievement of objectives and the results of Environmental, Social, and Governance performances will be periodically monitored and evaluated in corporate reporting documents and collectively accounted for in a Sustainability Report. Through this report, the Group intends to maintain an active dialogue with all stakeholders and reaffirm its commitment and full responsibility in the sustainable evolution of the Energy world.

## Sofinter Group

# sustainable strategy

reference context - *stakeholders*

In terms of stakeholders, our values are manifested and communicated in different ways to various interested parties: each stakeholder is sensitive to one or more corporate development perspectives, in which they identify their needs, expectations, beliefs, and priorities.

Sofinter Group believes that an adequate system of identification, communication, involvement, and engagement of stakeholders is of fundamental importance in improving the overall sustainability performance of the organization. For this reason, the Group has developed a policy of dialogue with the various interlocutors to assess individual needs and ensure greater sharing of corporate objectives.

The protection of the environment and territory, the enhancement of social aspects, and the protection of human rights are the main sustainability issues shared with the various stakeholders.

The network of stakeholders of the Sofinter Group, which constitutes the system of internal, external, institutional relationships, and generally represents the context of influence, is shown in the following figure.

## Stakeholders Groups



clients



shareholders and landers



suppliers



collaborators



community

- citizens
- institutions
- universities
- associations

# sustainable strategy

reference context - *clients*

The Sofinter Group is oriented towards the greatest satisfaction of the expectations and interests of its customers, with whom it shares its business values, with its organisation being open to all requests and insights on environmental and social sustainability. All Sofinter Group companies are committed to improving their performance in order to meet the needs and align with the proposals made by their clientèle, as part of the Qualification, Project Execution, Evaluation and Performance Monitoring phases.

In 2023, Macchi boilers were chosen by some Clients as images for their websites or appeared on the cover of Sustainability reports.

[Sustainability Report 2023 GCGV](#)

In addition to being a source of great pride for the Sofinter Group, these projects represent examples of great success from an engineering perspective, in terms of realization and installation at the Clients' sites, in the global panorama of Sustainable Energy.

Sofinter, AC Boilers, Europower, Itea, and CCA consistently welcome Clients who wish to deepen the technologies and services offered by the Group and at the same time verify the solidity of the organization, its performance, and the results achieved.

This takes the form of open days at Group workshops and worksites, inspections at third-party plants, audits and occasions for sharing and aligning common needs and interests.



In June 2023, Edison inaugurated a new generation thermal power plant in Porto Marghera (Venice) with an installed capacity of 780 MW and an energy efficiency of 63%.

This performance is the highest made available today by technology, capable of ensuring a reduction of specific emissions of nitrogen oxides by up to 70% and carbon dioxide emissions by up to 30% compared to the average of the current Italian thermoelectric park, meeting the annual equivalent needs of about 2 million families.

AC Boilers, in collaboration with Ansaldo Energia, participated in the revamping project. A key component of the thermal power plant is precisely the AC Boilers' heat recovery steam generator.

The construction work lasted a total of 4 years, employing up to 1,000 workers during peak phases and 250 supplier companies, for a total investment of about 400 million euros.

The optimized design of the AC Boilers' heat recovery steam generator meets the requirements of the highest pressures and steam temperatures in order to achieve the best energy efficiency of the most advanced Combined Cycle systems based on Class H Gas Turbines.

[Thermal power plant revamping in Marghera](#)

# sustainable strategy

reference context - *suppliers*

Over time, the companies of the Sofinter Group have built partnerships with their suppliers in order to raise awareness throughout the supply chain on sustainability issues, defining a shared improvement plan for the reduction of environmental and social impacts, in line with the needs of the ongoing energy transition context and promoting community health and well-being themes. In particular, with their suppliers and partners, structured moments of dialogue and sharing such as the Key-Supplier Day have been activated.

Since 2022, the Group has also integrated into its Supplier Qualification and Selection system, in addition to the already present Environmental and Health and Safety performances, the verification of Social and Governance aspects, allowing for the creation of a specific sustainability rating for the supply chain.

This activity, especially for strategic or critical suppliers, translates into active collaboration for the improvement of ESG performances, identifying measures for impact reduction, supply optimization, the definition and monitoring of common sustainability goals, awareness-raising, and encouragement of improvement in line with the principles of the United Nations Global Compact.

Over the course of 2023, the supplier ESG performance evaluation system was further developed through a detailed analysis of policies, requests for data quantification and indicators, and understanding of medium and long-term goals related to various themes.

Suppliers were involved in a differentiated manner, based on the volume of orders and categories of belonging:

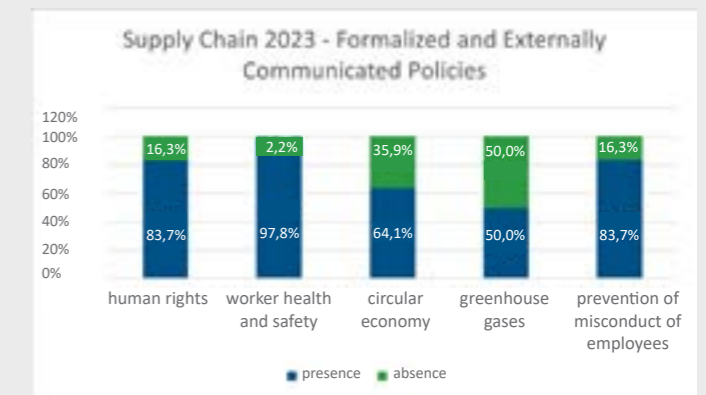
- 81 suppliers with orders exceeding €1 million during the year;
- 77 suppliers with orders between €300K and €1 million during the year;
- 13 additional suppliers in the Vendor List, regardless of the value of supplies, for a total of 171 suppliers and partners.

Below are some of the main indicators representing the maturity level of Sofinter Group's supply chain concerning sustainability themes, based on data processed during the year 2023.

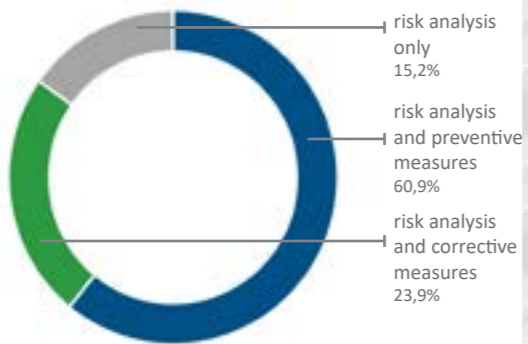
In general, all suppliers, regardless of company size and turnover, are very sensitive to the protection of health and safety at work and human rights, with respectively 98% and 84% possessing policies formalized and communicated externally.

Regarding Governance management, the prevention of misconduct by employees and partners is very important, with 84% of policies formalized, while in the Environmental field there is less interest in setting concrete goals for the reduction of Greenhouse Gases and the development of a Circular Economy (50% and 64% respectively).

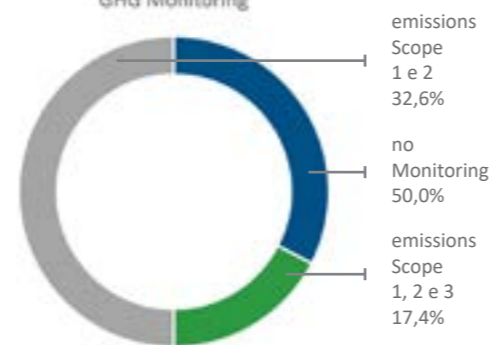
Partnerships with suppliers of materials that constitute the main components of steam generators are fundamental. With these suppliers, in addition to quantifying their environmental footprint in the product realization, common strategies are being studied to allow end customers better access to more efficient plants and technologies, which reduce emissions and waste of materials and resources during operation, maintenance, and final decommissioning.



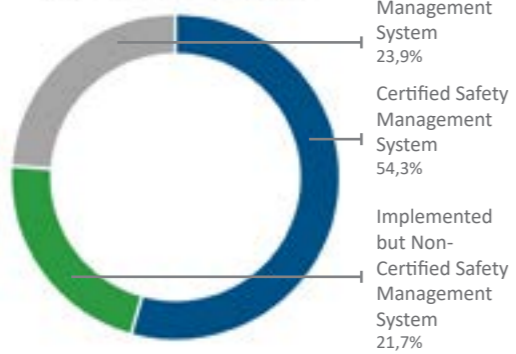
Supply Chain (over 1M€) -  
Human Rights Risk Management



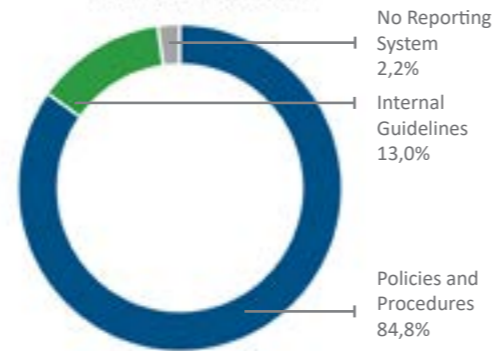
Supply Chain (over 1M€) -  
GHG Monitoring



Supply Chain (over 1M€) -  
Safety Management System



Supply Chain (over 1M€) -  
Whistleblowing System



# sustainable strategy

reference context - *community*

## Ecomondo

Itea participated as a speaker at the 2023 edition of Ecomondo, held in Rimini from November 7th to 10th. The main themes of Ecomondo are six, namely **Waste as Resource, Sites & Soil Restoration, Circular & Regenerative Bio-economy, Bio-Energy & Agroecology, Water Cycle & Blue Economy, Environmental Monitoring & Control.**

The historical core of the event, the thematic area “waste as resource” has represented the most substantial part of the Ecomondo 2023 conferences and workshops calendar, built together with partners such as ISWA (International Solid Waste Association), Italian and foreign universities, business associations.



In the context of interventions related to innovative technologies for material recovery and the closure of the waste cycle, ITEA presented the internationally patented Flameless Pressurized Oxycombustion, which allows replacing ordinary combustions in industrial processes.

In addition to minimizing the emissions of gases, liquids, and solids in terms of the quantity and quality of pollutants to near zero, flameless oxy-combustion also generates raw materials for new uses: glassy material - end of waste - instead of ashes. It also allows for the avoidance of waste landfilling and offers a technological tool capable of performing reclamation of exhausted landfills by recovering material.

Flameless oxy-combustion allows for the avoidance of dangerous and climate-altering fumes due to the thermal treatment of waste.

## Open Day - Gioia del Colle

On July 2nd 2023, an Open Day - Factories Open to the public was organized at the Gioia del Colle (BA) plant, where the staff of the Sofinter Group companies, AC Boilers, CCA – Centro Combustione Ambiente, and Itea, welcomed employees, families, and citizens to share and show the structure, organization, and new technologies adopted at the plants and the local facility.

visita le nostre fabbriche

INQUADRA IL QR CODE E REGISTRATI ALL'EVENTO

Via Milano Km 1,600  
70023 Gioia del Colle (BA)

## Hydrogen Expo

From May 17th to 19th 2023, Macchi participated in the Hydrogen Expo fair in Piacenza. During the three days, we had the opportunity to present a report within the inaugural conference of the fair. On this occasion, our innovative technologies related to the use of hydrogen were exhibited, particularly with the burner capable of operating with various fuel mixtures and with pure hydrogen up to 100% hydrogen utilization.

The need to reduce greenhouse gas emissions in a context of increasing demand for steam for process/industrial applications is leading to the development of a new generation of burners capable of accompanying and promoting the energy transition towards renewable energy sources, in addition with the aim of paying increasing attention to atmospheric pollution and global climate change, as also required by the COP26 protocols.

Hydrogen Expo also allowed us to participate, with our burner, in the IHTA “Italian Hydrogen Technology Awards 2023” and receive the award for the best Innovation in the Application Field- Energy Sector. The burner consists of a plurality of injectors capable of operating separately or jointly with different fuels, and in particular with pure hydrogen.



Engineered through CFD - Computational Fluid Dynamics simulations, which confirmed its design correctness, the construction of the 35 MWth industrial-scale burner was then started at the Environmental Combustion Center. This was followed by functional tests at 35 MWth to monitor the typical parameters of the burner, especially the Nox emissions.

The innovative features of the burner allow it to operate with traditional fuels while waiting for the availability of hydrogen. Indeed, it can be said that the burner is “Ready to Hydrogen Switch” as it has been designed to be installed in new steam generators but also in existing ones to replace previous generation burners.



# sustainable strategy

reference context - *community*

## University

The Polytechnic University of Milan supports AC Boilers in specific research and development activities, which generally have the following objectives:

- Adapting their products to increasingly critical operating parameters, linked to the general evolution of plants towards higher values of efficiency, power, or flexibility: this may involve the development of new technological solutions, the study of new materials, and the analysis of the impact of greater operational flexibility on specific components;
- Development of new products to be introduced into niche markets (for example, thermal storage systems or concentrated solar power), or anticipating a future market need;
- Updating their own computer systems to the latest technological developments;
- Analysis of technological and market prospects in light of ongoing changes in the energy field.

Meanwhile, CCA has established an important collaboration agreement with the Polytechnic University of Bari, creating the ETF laboratory “Energy transition to the Future” with the aims of:

- Supporting community strategies in the energy field;
- Creating and maintaining synergy between university and industry;
- Promoting common RD&D projects;
- Participating in national and international projects;
- Identifying and implementing new models and strategies to strengthen the connection with the territory.

## Educational Institutions

### Talent Day

Sofinter and AC Boilers participated in the first Talent Day organized by Confindustria Varese, which took place throughout the day at the Ville Ponti Congress Center in Varese. The senior students from the schools of the Varese area had an opportunity to directly engage with entrepreneurs and Human Resources managers from the surrounding manufacturing industries and delve into specialized courses, soft skills, and the competencies necessary to begin professional careers within the local companies. The managers, on the other hand, were able to start getting to know those who, in the future, may take on collaborative roles in their activities.

The meeting between the young students and the company representatives was jointly organized by “Generazione d’Industria,” a decade-long project aimed at students from the technological and economic schools of the area with the goal of reviving industrial culture and valuing student merit, which the Sofinter Group has been part of for several years, together with the Young Entrepreneurs Group, a movement involving business owners under 40 from Confindustria Varese.



In the context of universities and institutes, the event also featured “one to one” moments between students and companies to simulate real direct interviews, organized at the various desks of the companies participating in the initiative.

Nearly 200 senior students from the 17 technical and economic institutes of the province of Varese and 24 local companies represented by their owners or HR Managers attended the Talent Day. Also present at the event and participating in the interview sessions were the 6 ITS foundations (Higher Technical Institutes) of the Varese area, to make the students aware of the opportunities offered by their post-diploma courses.



### Education Day

Thanks to the established network with Confindustria Varese, Sofinter also participated in the second edition of Education Day. As part of the Generazione d’Industria project, students (this year over 300 from elementary, middle, to high schools) who excelled in the four Programs that the industrial association carries forward together with associated companies and local schools were awarded.

Sixty scholarships were awarded to the best students indicated by the Technical Industrial and Economic Institutes participating in the project.

For the Ponti school in Gallarate, the scholarship was awarded to a student who, during his fourth year in Mechatronics, completed his School-Work Alternation path in our Group, within the Service Department.





# sustainable strategy

reference context - *collaborators*

The relationship with local Institutions and Regulatory Authorities is ongoing, which also allows for the enhancement of the relationship with all employees and trade union representations. One of the initiatives in which the Sofinter Group is involved is the WHP Project- Workplace Health Program.

## WHP - Workplace Health Program

Since 2022, Sofinter and AC Boilers have joined the WHP (Workplace Health Program) project “Workplaces that promote health” - organized by the Lombardy Region in collaboration with ATS Insubria. The primary goal of the program is to reduce the preventable burden of morbidity, mortality, and disability from chronic and degenerative diseases defined as MCNT (sedentariness, overweight/obesity, smoking, etc.) by promoting health in the workplace and making it conducive to the competent and conscious adoption of healthy lifestyles. To implement the program at the Gallarate and Fagnano Olona sites, even in 2023, all employees were actively involved in a series of activities aimed at improving their well-being both in the company and in private life. In addition to the activities already carried out previously, a smoke-free company policy was drafted following a survey sent to all employees regarding tobacco and/or e-cigarette consumption. On March 5, 2024, Sofinter and AC Boilers received a recognition certificate from ATS Insubria as a Company that promotes health in the workplace for the activities carried out during 2023. The WHP network currently involves 99 companies and a total of about 26,000 workers.



### SMOKE-FREE COMPANY CORPORATE POLICY

*“The SOFINTER group is aware of the health damages caused by smoking, the consumption of tobacco in general, and other nicotine-containing products on the market. These damages are well-known, proven over the years, and scientifically verified: in particular, tobacco consumption has become globally the leading cause of preventable death, disability in Italy, and a harmful agent linked to the onset of numerous diseases. For this reason, SOFINTER and AC BOILERS intend to commit themselves, also within the framework of the Workplace Health Promotion – WHP project of the Lombardy Region Lombardy, on a path of information and awareness among employees about health damages, while simultaneously promoting initiatives for voluntary and individual smoking cessation and combating smoking in the workplace, with particular reference to the Gallarate and Fagnano Olona locations...”*



# sustainable strategy

materiality: our priorities

The assessment of material aspects is one of the fundamental processes in corporate sustainability management, aimed at identifying the focuses and priorities not only from the company’s perspective but especially from that of all stakeholders.

Over time, numerous approaches for such assessment have been developed or have seen substantial evolution, from the Global Reporting Initiative (GRI) Standard to the European Union Directive on Corporate Sustainability Reporting (CSRD).

In particular, in recent years, the methodological approach distinguishes “single materiality” from “double materiality”.

Double materiality implies that companies should assess both the risks and opportunities related to ESG (Environmental, Social, and Governance) themes that can influence the company’s value creation (“internal impacts”) and the ESG impacts that the company can have on the planet and external society (“external impacts”).

The Sofinter Group has assessed its material sustainability aspects according to a dual materiality approach, which, based on the ESG pillars, combines qualitative and quantitative data to articulate, in the simplest way possible, the themes that are important to focus on in the near future in the exercise of business.



# sustainable strategy

materiality- sustainability themes

## themes

The identification of sustainability themes was carried out by verifying both internal aspects and external sources, international standards, the UN's SDGs, industry benchmarks, data based on technical-scientific evolution, and debates reported by the media. The identified sustainability themes, divided among the Environmental, Social, and Governance pillars, are reported in the following table.

ENVIRONMENTAL	SOCIAL	GOVERNANCE
climate	workers health and safety	laws and regulations
energy	diversity and inclusion	business integrity
water	development of human capital	privacy
discharge	labor standards	
sustainable design	employee welfare	
biodiversity	economic contribution	
	humanitarian initiatives	

# sustainable strategy

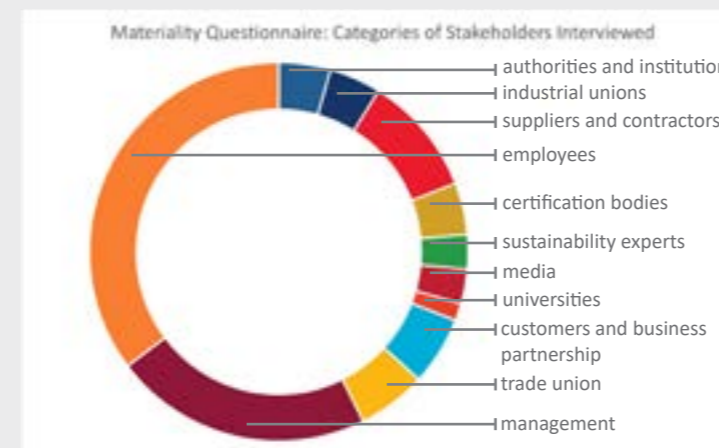
materiality- stakeholder engagement

In order to involve our stakeholders and analyze their perspective on sustainability themes, representatives from different areas were identified, in order to obtain an objective representation of the Sofinter Group's stakeholders.

In particular, a Sustainability Questionnaire was created, submitted to stakeholders for completion following information and explanation of the objectives related to the materiality analysis.

A total of 68 people were involved, both internal and external to the corporate organization, divided percentage-wise into the categories listed below.

The responses obtained from the Questionnaire were subsequently categorized and the priorities assigned by the stakeholders to the material themes were defined.



The theme of Energy, closely related to that of Climate, has been the main material aspect of an environmental nature to which stakeholders, both internal and external, have given the most importance.

This likely reflects the general concern related to climate changes that are determining extremely negative impacts on the environment and the territory, as well as the possibility of access to energy sources that are always available, clean, and at contained costs.

Regarding other environmental themes, while internal stakeholders have also shown an interest in maintaining high standards for Discharges and Emissions, all respondents considered it very important for the Sofinter Group to focus on Sustainable Design of its products.

The Development of Human Capital has been evaluated as a priority among the Social themes, as well as the protection of Health and Safety at Work, the latter in particular supported by external stakeholders, followed by Standards of Work and Employee Well-being.

Among the Governance themes, all respondents attributed greater importance to Corporate Integrity, which must constitute the main driver for the Group to manage a responsible and sustainable business, followed by the guarantee of compliance with Laws and Regulations.

The size of the icons reported in the Materiality Matrix reflects the importance given by stakeholders to the ESG sustainability theme.

# sustainable strategy

materiality- outward impact assessment

An analysis was conducted to verify which themes the Sofinter Group has the greatest external impacts on.




The impacts were evaluated on a simplified value chain:

- Upstream – suppliers of goods and services
- Operations – workshops, construction sites, and offices
- Downstream – plants and end customers

The data were researched within the relevant sector (mechanical engineering, energy, oil), conducting an analysis and a benchmark with the data made available by the main players among customers and suppliers, then calibrating and integrating them

internally through experts and references for the various topics. Each impact was estimated considering the size of its field of application, severity and frequency, reversibility of the damage, and control capacity by the Sofinter Group.

The results thus obtained have determined a lesser or greater relevance of the topic on the planet and the external society, reflecting the contribution on the X-axis of the Materiality Matrix.

	theme	upstream	operations	downstream
 environment	climate	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■
	water	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■
	energy	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■
	discharge	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■
	sustainable design	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■
 social	biodiversity	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■
	workers health and safety	♥ ♥ ♥ ♥ ♥	♥ ♥ ♥ ♥ ♥	♥ ♥ ♥ ♥ ♥
	diversity and inclusion	♥ ♥ ♥ ♥ ♥	♥ ♥ ♥ ♥ ♥	♥ ♥ ♥ ♥ ♥
	development of human capital	♥ ♥ ♥ ♥ ♥	♥ ♥ ♥ ♥ ♥	♥ ♥ ♥ ♥ ♥
	labor standards	♥ ♥ ♥ ♥ ♥	♥ ♥ ♥ ♥ ♥	♥ ♥ ♥ ♥ ♥
	employee welfare	♥ ♥ ♥ ♥ ♥	♥ ♥ ♥ ♥ ♥	♥ ♥ ♥ ♥ ♥
	economic contribution	♥ ♥ ♥ ♥ ♥	♥ ♥ ♥ ♥ ♥	♥ ♥ ♥ ♥ ♥
humanitarian initiatives	♥ ♥ ♥ ♥ ♥	♥ ♥ ♥ ♥ ♥	♥ ♥ ♥ ♥ ♥	
 governance	laws and regulations	🔒 🔒 🔒	🔒 🔒	🔒 🔒
	business integrity	🔒 🔒	🔒	🔒
	privacy	🔒	🔒	🔒

# sustainable strategy

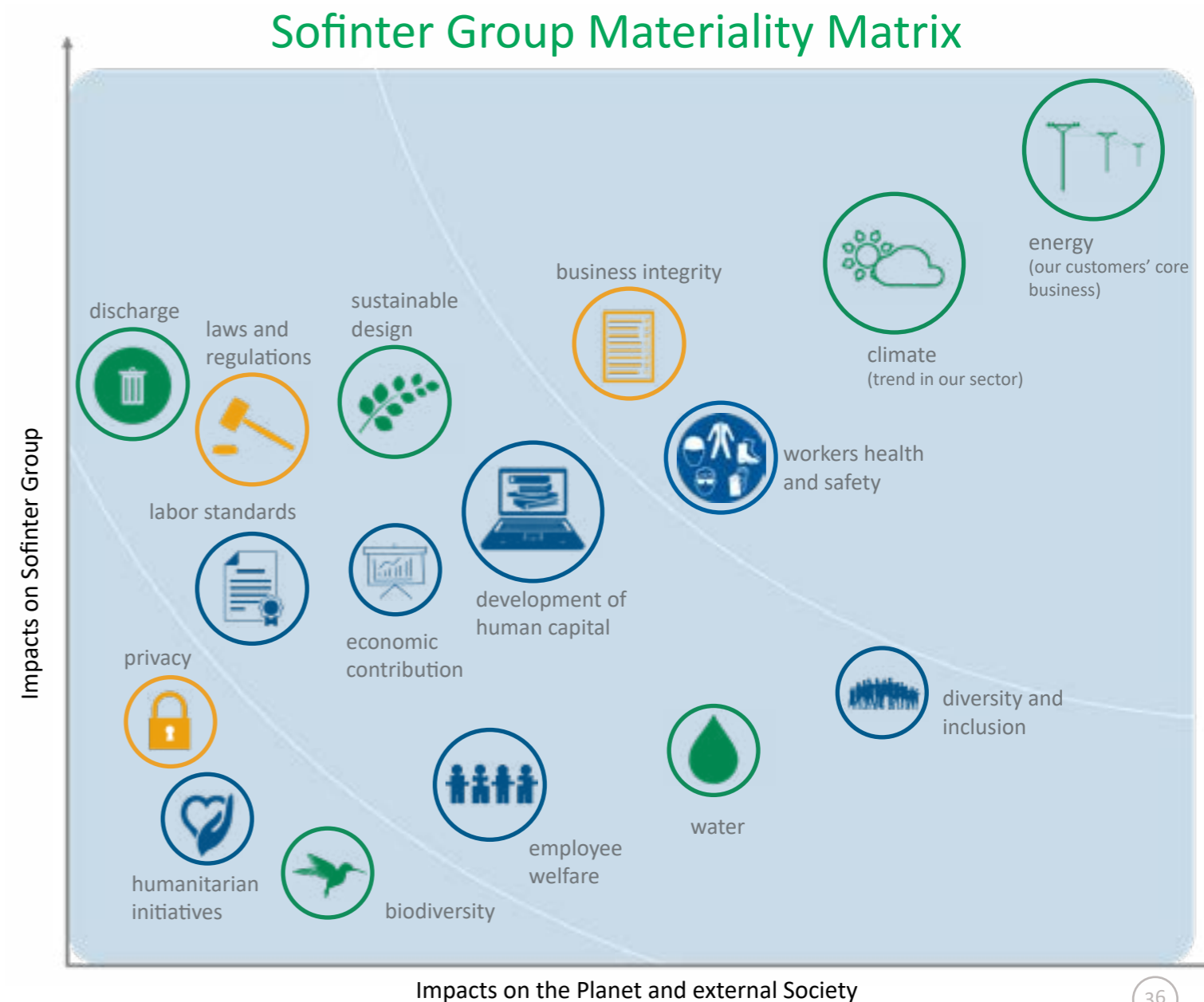
materiality- inward impact assessment

Finally, according to the principles of double materiality, the impacts of sustainability themes on the Sofinter Group in terms of risks and opportunities for the organization itself were evaluated.

The impacts were determined by considering the results of the sustainability ratings of the Group's companies, where available, legislative developments on ESG issues, internal and sector risk analyses, as well as data from questionnaires filled out by stakeholders.

The results thus obtained, combining risks and opportunities, have determined a lesser or greater relevance of the topic on the organization of the Sofinter Group, reflecting the contribution on the Y-axis of the Materiality Matrix.

The Materiality Matrix of the Sofinter Group was thus constructed using all the inputs collected in the process of evaluating material aspects.

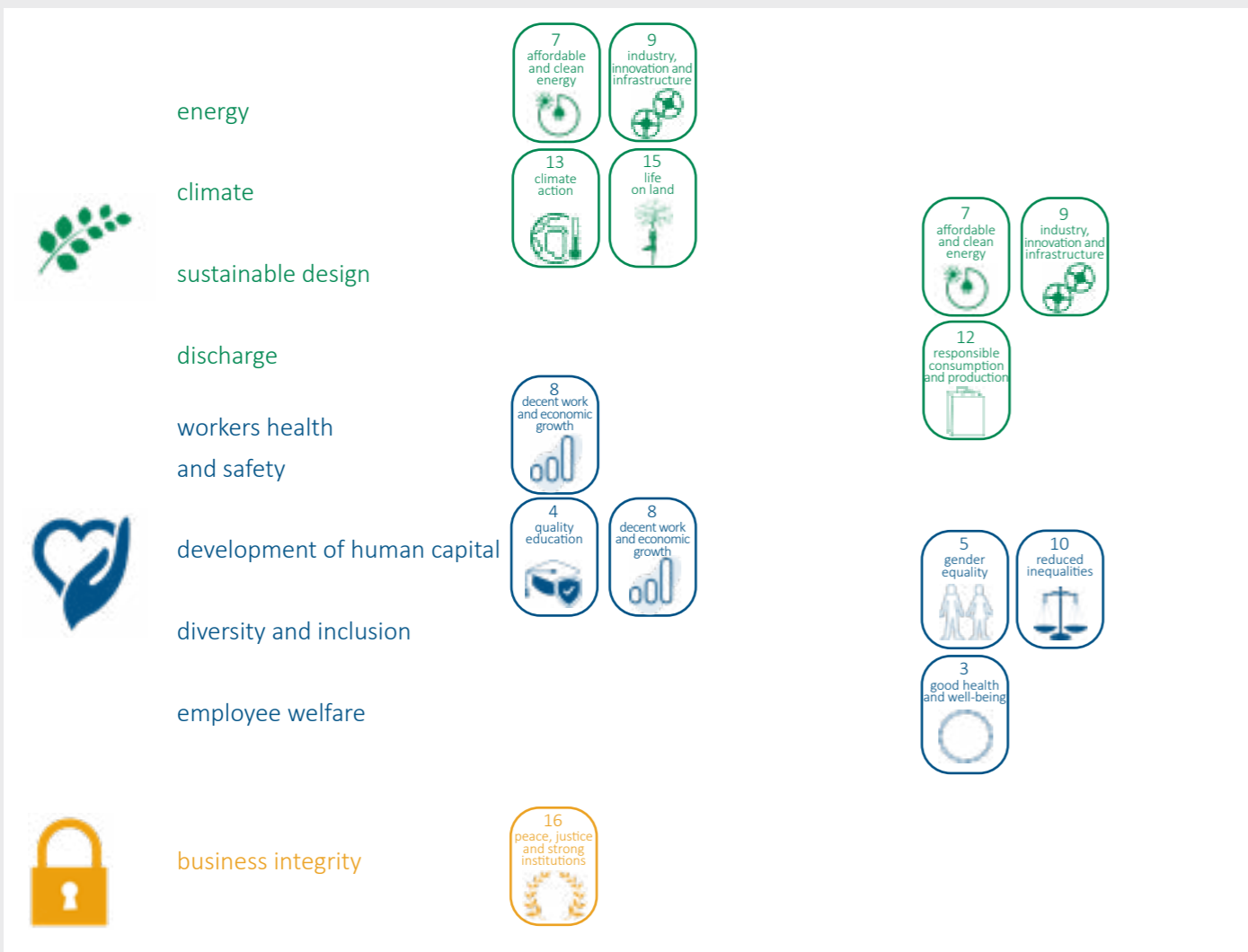
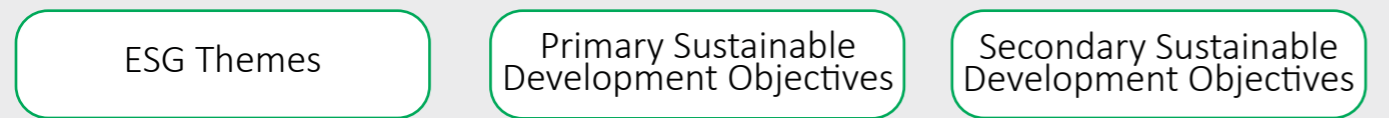


# sustainable strategy

materiality - Sustainable Goals

Since 2015, the member countries of the United Nations have adopted a set of goals to end poverty, protect the planet, and ensure prosperity for all as part of a new development agenda. The 17 Sustainable Development Goals (UN Sustainable Development Goals) require strong involvement from all sectors of society, from businesses to the public sector, from civil society to philanthropic institutions, from universities and research centers to information and culture operators. The role of businesses is, of course, significant.

In light of this, the Sofinter Group has correlated the material aspects identified with the 17 “Sustainable Development Goals” proposed by the United Nations, in order to harmonize its sustainability objectives with the classification proposed at the international level.



# sustainable strategy

objectives and future challenges








In relation to the evaluation of the main aspects of materiality and corporate priorities, also considering the interests of all stakeholders, the Sofinter Group has defined a Strategic Sustainability Plan for the three-year period 2023-2025, identifying the following Objectives.

In addition to the correlation with the UN’s SDGs, the objectives are broken down into specific activities applicable to all companies in the Group regarding operational aspects or product development and refer to the current status or degree of maturity, taken as a reference and baseline.






## Roadmap 2023/2025

Aspect	Objective	SDG Context	Activities	Baseline Actual state	KPIs TARGET
climate	Contribute to the fight against climate change	13 climate action 15 life on land	<b>operations</b> Data certification by a third-party organisation and development of a dedicated CO <sub>2</sub> calculation system (Scope 1 + 2 + 3)	Data validated by energy suppliers and calculated with ESG rating system tools	100% certified fuel and energy data by 2025
			<b>product</b> Timely definition of the carbon footprint of different types of products and installations	Monitoring of CO <sub>2</sub> Emissions Scope 1 and 2	- 10% ton. CO <sub>2</sub> eq. emissions (vs baseline 2020) by 2025
			<b>product</b> Dissemination of hydrogen technologies, WTE installations, biomass and oxyfuel plants	The development and initial implementation of hydrogen technology, realisation of WTE and biomass plants, testing and first implementation of oxyfuel plants	on going

Aspect Objective SDG Context Activities Baseline Actual state KPIs TARGET

 <b>discharge</b>	<p>Reducing pollutants in the environment to a technically-feasible minimum.</p>	 	<p><b>operations</b> Maintenance of high percentages of waste for reclamation or recycling in offices, factories and construction sites</p>	<p>High percentage of special waste destined for recovery or recycling (94% in 2023)</p> <p>●●●</p>	<p>Percentage of waste recovered &gt; 95%</p>
	<p>Promoting the enhancement of energy from waste</p>		<p><b>products</b> Further improvement of combustion parameters (NOx, CO, particulates) in relation to the change in technologies used.</p> <p>Use of waste as a resource for energy production through WTE plants, biomass, and oxy-combustion technology</p>	<p>High performance of emission parameters in traditional methane combustion processes.</p> <p>Exploitation of waste resources in the realized WTE and biomass plants</p> <p>●●●</p>	<p>on going</p> <p>on going</p>
 <b>workers health and safety</b>	<p>Protecting workers and ensuring a safe and healthy workplace</p>		<p><b>operations</b> Further improvement in safety performance, elimination of serious injury incidents, and reduction of minor injuries for all types of contracts (employees, temporary workers, contractors)</p>	<p>Absence of serious injuries, gradual reduction over time of minor injuries</p> <p>●●●</p>	<p>Creation, calculation, and monitoring of an integrated injury index for all types of contracts by 2025</p>
	<p>Developing inclusive workplaces</p>		<p><b>operations</b> Promote a culture of diversity and inclusion, improve gender equality at all organizational levels</p>	<p>Limited female representation in executive and managerial roles (17% and 6% in 2023)</p> <p>●●●</p>	<p>18% → 25% total percentage of women in the Group</p> <p>8% → 10% percentage of women in managerial roles by 2025</p>
 <b>diversity and inclusion</b>		 	<p>Board of Directors as the sole governance body on diversity and inclusion issues</p> <p>●●●</p>	<p>Establishment of the Gender Equality Committee by 2025</p>	

Aspect Objective SDG Context Activities Baseline Actual state KPIs TARGET

 <b>development of human capital</b>	<p>People's professional and personal growth</p>	 	<p><b>operations</b> Improvement of the development and training path for employees in both qualitative and quantitative terms, also within the context of technological, digital, and social change</p>	<p>Continuous training path within the company, evaluation and improvement of skills in the ESG field</p> <p>●●●</p>	<p>Extension of roles also to workshop staff by 2025</p>
	<p>Focus on well-being and job satisfaction in the workplace</p>		<p><b>operations</b> Reshaping corporate culture concepts, further involving employees in physical and mental well-being projects</p>	<p>Participation in institutional projects (Workplace Health Promotion) to improve well-being in the company and promote healthy behaviors</p> <p>●●●</p>	<p>on going</p>
 <b>employee welfare</b>	<p>Healthy work environment and absence of corrupt practices</p>		<p><b>operations</b> Implementation of a new Group 'whistleblowing' system</p>	<p>Reporting of illegal and irregular activities through the new Whistleblowing system</p> <p>●●●</p>	<p>Creation, dissemination, and use of the IntegrityLine Cockpit platform by 2025</p>

- Limited level of implementation/high risk
- Medium level of implementation/medium risk
- High level of implementation/limited risk

## energy

energy transition  
steam generators  
combustion process optimization  
oxy-combustion  
digital solutions



## energy

### energy transition

The contribution of Sofinter Group's products and services in the current global energy transition phase examines the technological prospects of the steam generation sector and their role in reducing emissions and increasing energy efficiency.

These last two aspects are closely related as the contribution of steam generators to the reduction of greenhouse gas emissions, essentially CO<sub>2</sub>, is directly proportional to fuel consumption and thus to the reduction of energy consumption of the plants.

The application of steam generators in the context of alternative energy solutions that prevent CO<sub>2</sub> production is fundamental.

#### Technological Perspectives

International forecasts for the near future regarding thermal-electric plants show that the energy transition will be based on multiple energy sources (renewable and fossil) applied in combination with the highest energy-efficient technological solutions.

Thermal energy from fossil fuels with low CO<sub>2</sub> emissions will contribute to supporting the growth of renewable sources and, over the next three decades, will remain an important source of electric power generation, with over 50% of global generation.

Natural gas will remain the last fossil fuel in use in Combined Cycle plants based on gas turbines, steam turbines, and Heat Recovery Steam Generators (HRSG).

Furthermore, the Oil&Gas industry sector aims to increase the energy efficiency of plants and reduce environmental impact through "Clean Energy" solutions that involve the use of refinery "Waste Gas" with medium and low calorific value that were traditionally burned in flares ("flare gas") in an uncontrolled manner, thus increasing the emission of CO<sub>2</sub> and polluting gases into the atmosphere.

The goal of "zero flaring" by 2030, which is shared by most of the major international companies in the Oil&Gas production sector, is significantly supported by the combustion systems of industrial steam generators.

Another innovative aspect is the use of hydrogen, which is considered a priority in the development programs of new energy technologies at the international level, particularly in Europe (European Commission's plan "A Hydrogen Strategy for a climate-neutral Europe").

#### European Energy Regulation

The new European energy strategies, based on the objectives of reducing CO<sub>2</sub> emissions and the consequent gradual elimination of coal, are founded on the recent European Regulation of the internal electricity market (2019/943/EU).



## Product Development

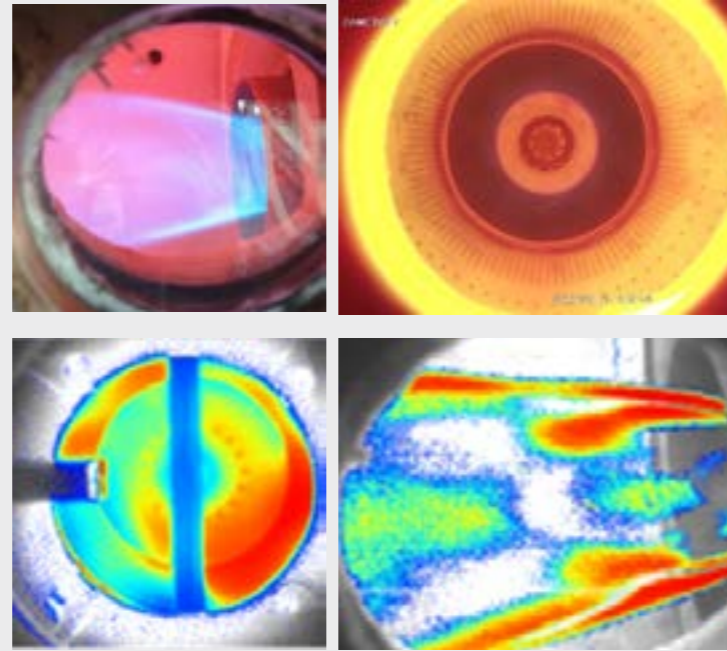
The development of AC Boilers and Macchi steam generators is oriented towards solutions that significantly contribute to “decarbonization,” both directly through the use of renewable energies and through the sustainable use of fossil fuels.

This is achieved through the application of established technologies that allow for minimal greenhouse gas (CO2) production and minimal environmental impact in terms of emissions, in line with international agreements and initiatives for climate control.

Steam generators are considered essential for the generation of electrical energy and for co-generation in industrial plants to ensure on-demand, in the coming decades, a sustainable, safe, continuous, and efficient production necessary to support the increasing share of renewable sources (such as wind and photovoltaic solar).

The Business Model of the Group is based on Research and Development activities of innovative technological solutions in the field of energy transition and decarbonization, supported by a significant digitalization process and articulated on 3 main drivers:

- Optimization of combustion processes;
- Participation in the energy transition and decarbonization;
- Recovery of exhausted energy and materials.



Hydrogen Combustion in Gas Turbines  
Study of Thermoacoustic Phenomena

## Reduction of materials used

AC Boilers and Macchi are engaged in a broad project to reduce the weight of their products in order to offer the market solutions with the highest energy efficiency and minimal emissions associated with containment of investment and maintenance costs.

We report below some significant examples.

AC Boilers has reduced the weight of the HRSG product by over 8% for a corresponding overall reduction of about 600 tons with reference to HRSG for large-scale high-efficiency combined cycles.

Macchi has further optimized the solutions for maximum modularization of industrial boilers according to the proprietary Plug&Play design. This solution allows a high level of pre-assembly in the workshop with the shipment of the boiler in a single large package, which results in a significant reduction in assembly times with important reductions in the number of resources present on site and therefore the associated environmental impacts.



# energy

## steam generators

### Steam generators for thermal power plants

Heat Recovery Steam Generators (HRSG) are an essential component for Combined Cycle power plants where the HRSG recovers heat content from the exhaust gas of the gas turbine and feeds the produced steam to a steam turbine.

Combined Cycles allow achieving the highest energy efficiencies (over 63%) and low CO2 emissions (about 40% less) by using natural gas as fuel.

Steam generation systems for renewable energies are capable of using thermal energy from renewable sources such as municipal solid waste (“Waste to Energy Boilers”) or biomass with their combustion systems.

The development of WTE plant technologies is important for reducing environmental impact globally as currently, 70% of produced waste is sent to landfills, and the prospect is for a 60% increase in global waste generation by 2050.

Biomass steam generators can use an extremely wide range of renewable energy sources in environmentally sustainable conditions, such as wood pellets and chips, recycled wood, straw, a variety of agricultural or forestry plant residues, sugarcane processing residues, etc.



### Steam generators for industrial plants

Industrial steam generators in the Energy Transition thus remain a key component of industrial processes and are characterized by the ability to ensure the change of the fuel mix towards clean solutions with less environmental impact and CO2 production thanks to the improvement of combustion systems in terms of efficiency and pollutant abatement systems:

- greater use of gas instead of oil;
- increased plant energy efficiency through the use of process gas;
- residues with medium-low calorific value;
- use and recovery of “flare gas”.



# energy

## combustion process optimization

CCA, AC Boilers, and Macchi are engaged in the BE-4GreenS project, funded as part of a Program Agreement with the Puglia Region, aimed at innovating traditional combustion systems through solutions with minimal environmental impact:

- **burners for industrial steam generators using natural gas** (Macchi MARS II model) with very low nitrogen oxide emissions.

- **Macchi “multi-fuel” burners for industrial steam generators** for efficient and low-emission combustion of refinery gas mixtures with medium and low calorific value and gas that were traditionally burned in flares (“flare gas”) in an uncontrolled manner.

- **AC Boilers burners for low-emission combustion of natural gas** in supercritical power boilers for high-efficiency steam cycles.

- **AC Boilers burners for high-efficiency combustion of pulverized solid fuels.**

### Hydrogen

Macchi has developed and manufactured a burner capable of operating with various fuel mixtures and with pure Hydrogen. The burner consists of a plurality of injectors able to operate separately or jointly with different fuels, and in particular with pure Hydrogen.

Specifically, a refractory cone (called a “thermal shield”) has been developed that separates the outer injectors from the airflow. A central stabilization injector equipped with a flame arrester is provided.

The burner was engineered through CFD simulations that confirmed its design correctness. Once the engineering phase was completed, the construction of the industrial-scale 35 MWth burner began.

The construction was carried out within the Sofinter Macchi Group at the CCA - Centro Combustione Ambiente in Gioia del Colle (Bari). After construction, a functional test at 35 MWth was conducted to monitor the burner’s typical parameters, particularly the NOx emissions.

### Ready to Switch

The burner has been designed to be installed in both new and existing steam generators to replace burners from previous generations. The ability to operate with hydrogen mixtures allows for a reduction in CO2 emissions into the atmosphere while delivering the same thermal power.

### Hydrogen vs Natural Gas

Every ton of Hydrogen that replaces the equivalent thermal contribution of natural gas in a steam generator helps save about 6.6 tons of CO2. The combustion of hydrogen alone does not produce CO2 and is therefore by definition zero CO2 emissions, meeting the requirements of international and European development programs (EU plan “A Hydrogen Strategy for a climate-neutral Europe”) in the transition towards a clean energy system.







## environment

discharges and emissions  
climate  
water  
wastes  
packaging



## environment

### discharges and emissions

The companies of the Sofinter Group classify atmospheric emissions as a significant environmental aspect, particularly those arising from workshop activities and related to welding processes, the use of production machinery, and heat treatment in furnaces.

The main sites that determine atmospheric emissions are the AC Boilers plant in Gioia del Colle (BA) and, to a lesser extent, the Macchi workshop in Fagnano Olona (VA). There are also marginal industrial emissions in the Macchi port assembly area in Marghera (VE), as well as emissions related to civil uses – heating originating from the head office in Gallarate (VA) and other locations.

Activities related to the optimization tests of combustion parameters conducted by the Combustion Environment Center – CCA, as well as, to a lesser extent, the experimental campaigns of oxy-combustion technologies by Itea, can determine discontinuous emissions at the Gioia del Colle (BA) site.

Discharges into the environment are exclusively of a water nature and originate from the civil uses of offices and workshops.

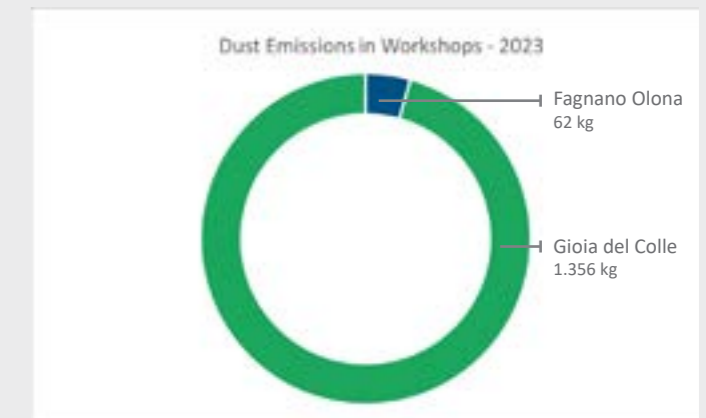
#### Dust Emissions

The main type of emission in the workshops consists of dust, originating from manual and automatic welding processes, thus directly influenced by the workload and the projects of Sofinter and AC Boilers.

Over the course of 2023, the total quantity of dust emitted remained substantially unchanged compared to 2022, moving from 1,374 kg to the current 1,418 kg (+3%), in a general downward trend compared to the previous two-year period (2,249 kg in 2020).

This trend is related to the reduction in working hours at the two workshops in Fagnano Olona and Gioia del Colle. The total emission parameter remains unchanged at 0.0051 Kg/h.

It is emphasized that, compared to the limits imposed by current regulations and referring to the best available technologies for atmospheric emissions, the dust emitted, both in terms of concentration and emission factor and mass balance, is more than twenty times lower at Fagnano Olona and between seventy and a hundred times lower at Gioia del Colle.



#### Welding Emissions

Welding produces airborne substances in the form of small particles. A considerable part of these particles (with a size smaller than 10 micrometers, known as PM10) are breathable, meaning they reach the innermost parts of the respiratory system and are called welding fumes. PM10, considered a good indicator of air quality, is made up of a mix of solid particles of different nature, chemical composition, and size (between 10 and 2.5 microns); numerous chemical substances, such as polycyclic aromatic hydrocarbons (PAHs) and metals (such as lead, nickel, cadmium, arsenic, vanadium, chromium), can adhere to the surface of fine dust, determining effects on the health of the exposed population.

Atmospheric particulate matter remains in the air for a fairly long time and can, therefore, be transported over great distances. Atmospheric phenomena such as wind and rain help to dilute and lower PM10 levels in the air, causing it to fall and deposit on the ground.

### Air Quality in 2023

The year 2023 has been the best since data on PM10 and PM2.5 have been available, both in terms of exceeding the daily PM10 threshold and in terms of average annual values.

The data indeed seem to confirm the trend observed in the period 2013-2022, with a significant reduction of PM2.5 at the majority of measurement points and a reversal of trend in 2023 compared to the last 4 years, in which a substantial stability of PM10 levels

was highlighted. The annual limit values for PM10 ( $40 \mu\text{g}/\text{m}^3$ ) and PM2.5 ( $25 \mu\text{g}/\text{m}^3$ ) are respected across the entire national territory, with a single exception for a PM2.5 measuring station.

This is the first time, since PM10 measurements have been carried out, that the annual limit value for this pollutant has been respected at all measurement points in Italy.

[Source: SNPA Data Report 2023]



# environment

## climate

The urgency to address climate change through concrete actions and a plan shared among all the States of the World, after years of discussions and contrasts, is now fully recognized both in the scientific and political fields.

The climate crisis indeed threatens multiple aspects of life on planet Earth, from the degradation of ecosystems to human health, from extreme environmental events to food security, from the reduction of biodiversity to the possibility of accessing water resources.

The latest Conference of the Parties (COP28) took place in Dubai from November 30 to December 13, 2023, after intense negotiations on the final declaration, which led to a compromise on the “transition from fossil fuels”.



COP28  
UAE



The decisions taken and the highlights of COP28 were as follows:

Establishment of a “loss and damage” fund for countries most vulnerable to climate disasters

The year 2023, the hottest ever recorded, reached  $+1.4 \text{ }^\circ\text{C}$  above the pre-industrial average

The commitment of oil companies, aimed at “zero CH4 emissions,” is considered insufficient

134 countries have signed a declaration to address the climate impacts of the agri-food industry

22 countries have signed a declaration calling for a tripling of nuclear energy production capacity between 2020 and 2050, in order to reduce dependence on oil, gas, and coal

60 countries have committed to reducing air conditioning emissions by 2050

35 countries have committed to recognizing certificates of clean hydrogen

A compromise was finally reached in the final declaration, where the original recognition of the need to “abandon fossil fuels” was included as the need for a “transition from fossil fuels.”



The Sofinter Group, aware of its role in this global challenge, especially in terms of technological innovation and the development of more efficient systems, in collaboration with clients, research institutes, and scientific partners, is designing plants that, in addition to optimizing consumption or varying the type of fuels used, allow for a drastic reduction of greenhouse gas emissions.

Additionally, in addition to the constant monitoring and reduction, where technically possible, of emissions in their operational processes, in collaboration with the entire supply chain, they are proceeding with the identification and management of the carbon footprint in their facilities, through the selection of materials and suppliers attentive to the CO2 associated with their products. Furthermore, the development and dissemination of technologies that allow the use of alternative sources to fossil fuels (e.g., Hydrogen) or from renewable sources (e.g., solar) is fundamental.

#### Climate Trend in Italy 2023

In the year 2023, a decrease in greenhouse gas emissions of 27 million tonnes was estimated in Italy: if confirmed, this value would allow staying on track towards the European targets for 2030.

Although the decrease in emissions was driven by a mix of factors, primarily conjunctural, it is good news. Among the drivers that caused the reduction are to be mentioned a rather mild winter, the lesser use of coal (which had been resorted to temporarily replace gas), and a drop in industrial production.

But also the recovery of electric renewables, with the new record of wind and photovoltaic, represents an excellent signal of response to energy risks by companies and citizens.



Below are the 10 indicators on the Climate in Italy for the year 2023.

### Climate crisis

**1** new record of extreme weather events and second hottest year \ 3,400

### Emissions

**2** a substantial and compatible reduction with the 2030 targets \-6.5%

### Energy

**3** the energy intensity of the economy continues to decrease, and consumption falls by 3%.

### Electric generation

**4** record reduction in kWh emissions thanks to less gas and coal usage, down 18%

### Energy dependence

**5** still high, but Russia out of the top 10 importers \ 77%

### Electric renewables

**6** one fifth of the production comes solely from wind and photovoltaic sources, which equates to 20%

### Wind and solar

**7** new plants are growing, but Italy is still behind in Europe \ +5.7GW

### Buildings

**8** in three years, the number of refurbished homes has tripled to 700,000

### Electric car

**9** sales are increasing, but the market remains very immature \ 4.2%

### Water and snow

**10** record deficit in spring stock levels, drought remains a threat- down 60%

[Fonte: I4C- Italy for Climate "I 10 key trend sul clima in Italia"]



### The Commitment to Counteracting Green House Gases

All companies of the Sofinter Group have been committed, since 2020, to a path of reducing carbon dioxide emissions:

- generated directly by the consumption of fuels in factories, offices, and construction sites, and by company vehicles (Scope 1 of the GHG Protocol);
  - generated through the use of electric energy, steam, or heating/cooling of water states or acquired from third parties (Scope 2 of the GHG Protocol);
- The Sofinter Group indirectly generates value chain emissions such as the purchase of goods and materials, business travel, and employee commutes, as well as the transportation and distribution of raw materials and products. This also includes the use and management of generators and goods sold to customers (Scope 3 of the GHG Protocol).

In the fight against climate change, the Sofinter Group is at the forefront of developing steam generators and technologies that allow for the optimization of combustion processes, as described in the dedicated chapter, to reduce the use of fossil fuels and limit CO2 emissions into the atmosphere.

Concurrently, the use of alternative energy sources, particularly the development and application of renewables like solar energy, enables end-users to eliminate CO2 emissions from the generator.

### Decarbonization Pathway

The decarbonization pathway of the Sofinter Group for direct emissions (Scope 1) and indirect emissions (Scope 2) aims to achieve neutrality by 2030 through the following actions:

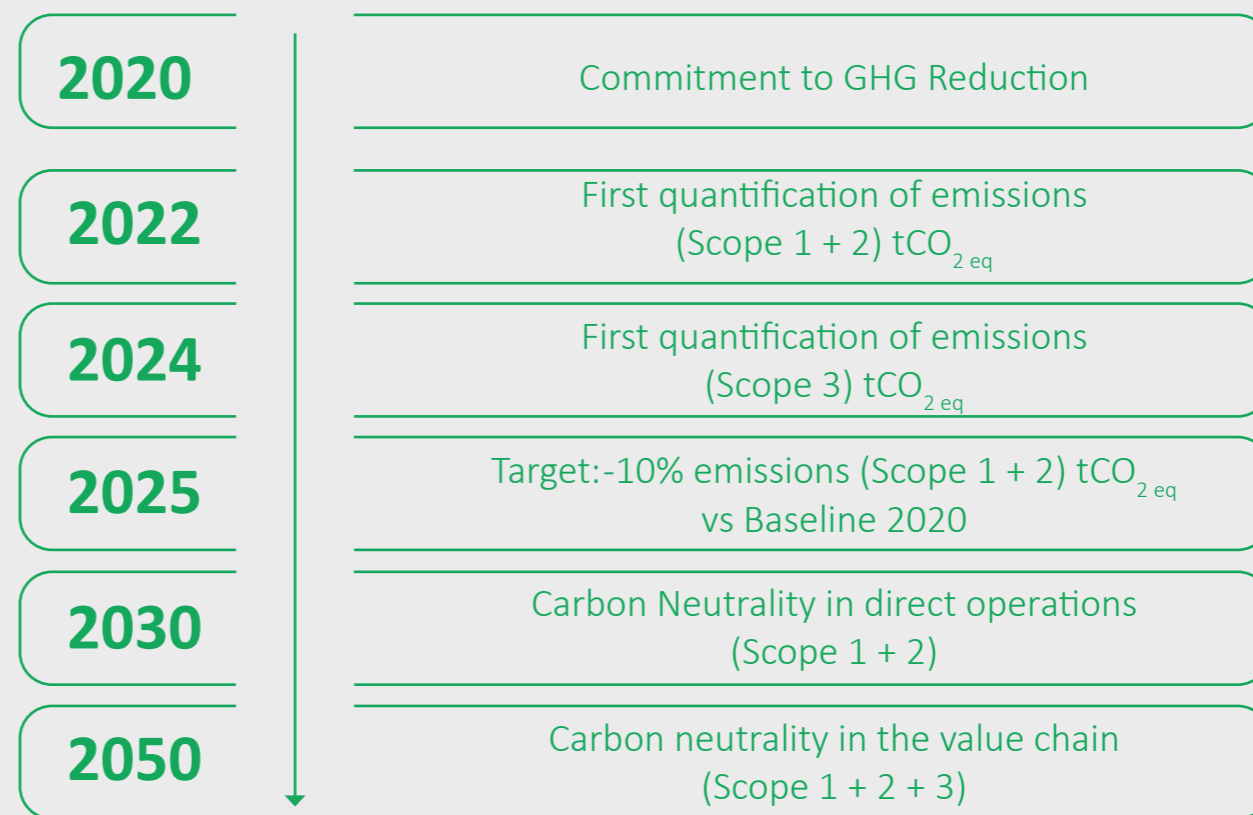
- Replacing fossil fuels with renewable resources;
- Optimizing energy use and process efficiency;
- Purchasing electricity from renewable sources from suppliers;
- Offsetting CO<sub>2</sub> emissions.

Scope 3 emissions, which will require the collaboration and engagement of the entire supply chain and customers/partners throughout the entire lifecycle of the Group's products and services, are estimated to be gradually reduced, achieving neutrality in the near future.

A detailed accounting of Scope 3 emissions is expected starting from 2024 data, with the determination of reduction targets beginning in 2025 and a possible condition of neutrality for this category of greenhouse gas emissions by 2050.



### Carbon Neutrality Roadmap



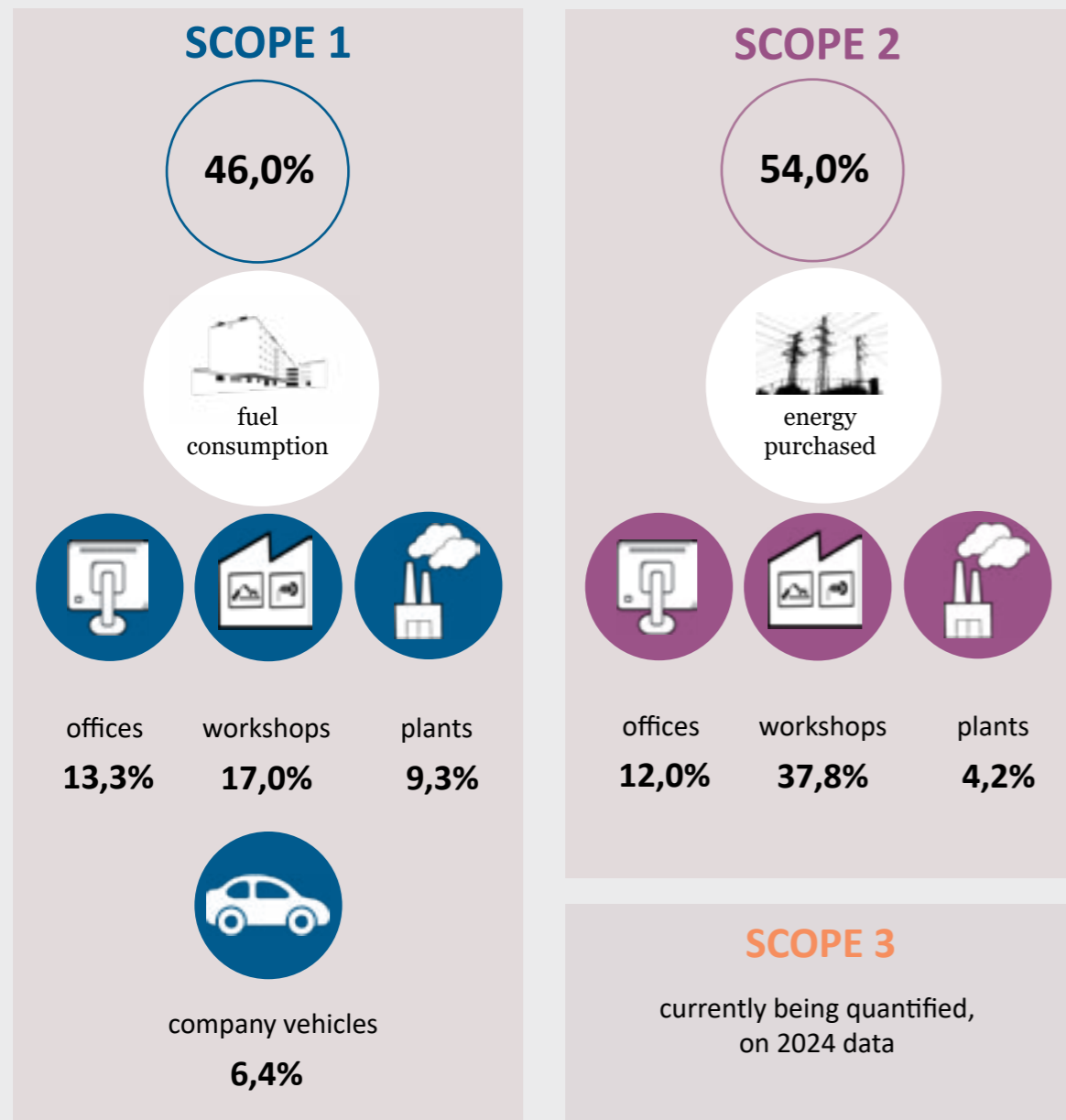
## Calculation of the Carbon Footprint

The calculation of GHG emissions for Scope 1 and 2 related to the direct activities of the Sofinter Group companies was conducted using a calculator developed by a sustainability rating company, starting from fuel and energy data certified by providers and energy service suppliers.

The methodology used by the calculator is that indicated by the GHG Protocol formulated by the World Resources Institute (WRI) in collaboration with the World Business Council For Sustainable Development (WBCSD).

The emission factors considered were derived from the EPA's Emission Factor Hub database for fuels and from the ADEME, Association of Issuing Bodies (AIB), and Institute for Global Environmental Strategies (IGES) databases for electricity, specifically applicable for countries outside the USA.

## Carbon Footprint Map year 2023



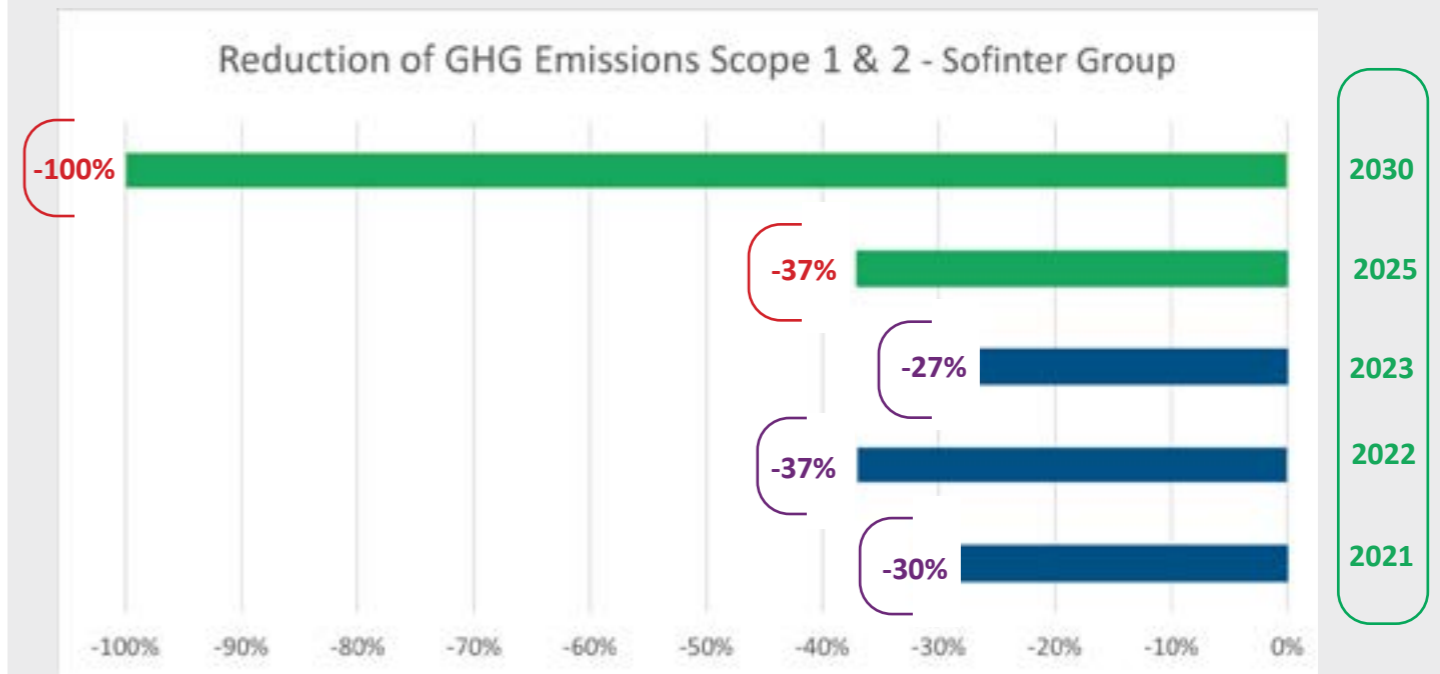
## Decarbonization Path

Over the last three years, following the calculation of the Carbon Baseline for the year 2020, the Sofinter Group has consistently monitored its performance in terms of CO2 emissions for Scope 1 and 2, verifying a progressive reduction of greenhouse gases emitted in the context of its direct operations.

The initial reduction leap achieved in 2021 (-27%) can be primarily attributed to a contraction of production activities in the workshops. Subsequently, in 2022, following some interventions for energy efficiency and reduction of consumption, especially at the headquarters, there was a further decrease in the tonnes of CO2eq emitted, up to -37%.

In 2023, the relative decrease compared to the Baseline year, in which the Group operated at full capacity despite the pandemic period, was re-established at -27%. Currently, some important corporate reorganization processes are underway, with some outsourcing of operational activities, consequently, the expected trend will be a further contraction of Scope 1 and 2 emissions, but at the expense of Scope 3 emissions, which are currently being quantified.

## GHG Reduction Pathway Scope 1 e 2



# environment

## water

Industry and water are interconnected: the industry influences and is influenced by freshwater. The industrial sector uses a significant amount of water, polluting it and damaging ecosystems. At the same time, the availability (or scarcity), quality, and accessibility of water generate risks for the industrial sector, exposing it to supply chain disruptions, while climate change multiplies the episodes of flooding and drought and their impacts. According to data, the industrial and energy sectors together use about 17% of the global freshwater withdrawals. Given that 10% is used for energy production, it can be deduced that the industry uses about 7% of the freshwater.

The greatest operational risk concerns supply and supply chains. There may be a trend towards a decrease in water withdrawals by the industry; about two-thirds of companies heavily dependent on water have reported maintaining or reducing their withdrawals from 2019 to 2020 (CDP, 2021).

Source: UN, World Water Development Report 2024

### Water Supply

The main use of the water supplied in the Sofinter Group Companies is for sanitary purposes, while industrial use is much more limited, mainly for hydraulic testing purposes in workshops and construction sites, but on an occasional basis.

The Sofinter Group, therefore, having a limited impact on water resources in direct operational activities, is aware of the importance of the water resource and that “every drop counts”.

For this reason, the Group has committed to:

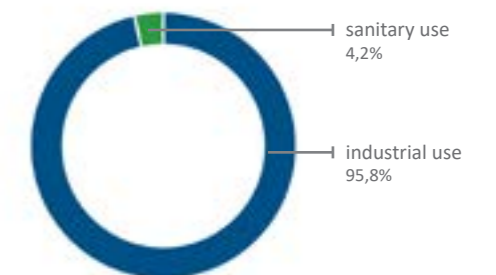
- carrying out internal awareness actions towards all employees on water consumption and sustainable management of water resources;

- ensuring workers – and the personnel of their contractors – access to drinking water dispensers and spaces designated for personal hygiene within company facilities;
- verifying that their production processes and construction site activities in any country do not impact water resources or cause harm to local communities.

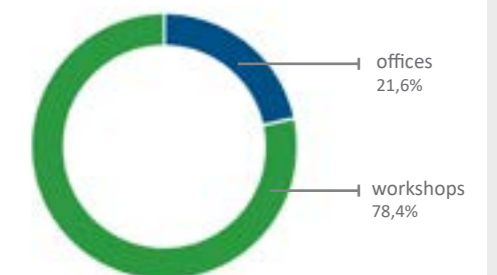
During 2023, the total amount of water used by the Sofinter Group further decreased by 31% compared to 2022, going from 13,438 to 19,550 m<sup>3</sup>.

This reduction is mainly due to the contraction of activities at the Gioia del Colle site, which has also implemented a significant project to make the water distribution lines of the plant more efficient.

Water uses - 2023



Sanitary water consumption - 2023



## Treatment and Purification

The companies of the Group also collect, in accordance with local legislation, the rainwater runoff from the external surfaces of workshops and plants and separate the waters from the first and second rainfall. The collected rainwater is purified through different systems depending on the environmental and territorial context.

At the Sofinter workshop and dockyard- Macchi Division in Marghera (VE), the goal is to return the water to a quality that allows it to be discharged into the Venetian Lagoon, following strict protocols of the competent Authority, arising from the complexity and sensitivity of the Site of National Importance for contamination.

In 2023, the Macchi Division treated and discharged into the lagoon 10,418 m<sup>3</sup> of water originating from meteorological phenomena. In Gioia del Colle, due to the absence of watercourses or nearby sewer systems, the system for collecting, separating, and treating rainwater falling on the draining areas of the AC Boilers workshop, as well as the Itea and CCA plant areas, includes a treatment and purification system with subsequent sub-irrigation of the soil's surface layers, in the green area of the production site.

In 2023, AC Boilers, located in Gioia del Colle, treated and allocated 54,210 cubic meters of water originating from meteorological phenomena for sub-irrigation.



# environment

## wastes

### Wastes and Circular Economy

Even in a circular economy, products inevitably reach the end of their life cycle. Waste management is probably the most mature aspect of the circular economy, reflecting a long-standing political focus on it. Although waste production shows a modest decoupling from economic growth, a significant reduction in waste production by 2030 is unlikely.

Recycling has increased over time, but rates have remained stagnant in recent years. To support the ambitions of circularity, greater efforts are needed to regain momentum, along with a systemic shift towards high-quality recycling.

Achieving effective “circularity” requires functioning markets, but for many recycled materials, the markets for secondary raw materials are not performing well, reflecting the urgent need to address challenges related to pricing, standards, and supply stability.

The focus on waste management should now shift to the production of high-quality recycled materials that can compete in the market with virgin raw materials.

Source: European Environment Agency, Accelerating the circular economy in Europe – October 2023

### Material selection and reduction

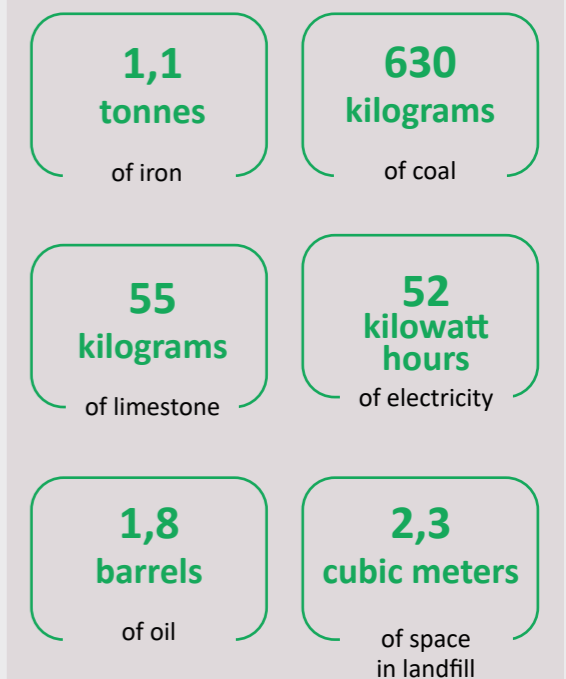
The companies of the Group, particularly Sofinter-Macchi and AC Boilers, which have significant product construction and assembly activities at their workshops, are engaged in a constant selection of materials for steam generators and an ever-greater reduction of raw materials used. This, coupled with an increase in the level and efficiency of technology deployed, leads to the following advantages:

- Reduction in resource consumption and related costs;
- Optimization of components and greater speed in boiler production;
- Lightening of weights and optimization of boiler transport by land and sea;
- Improvement of management, maintenance, and upkeep processes;
- Reduction of dismantling and final disposal impacts.

### Iron and alloys

Pipes, collectors, burners, cylindrical bodies, as well as other main boiler components are manufactured from recycled ferrous scrap. The recycling and recovery industry of ferrous scrap is strategic within the development of the circular economy: the recycling of metals, and steel in particular, represents not only a means to acquire a raw material for steel production but also allows for the conservation of natural resources. Throughout 2023, Sofinter and AC Boilers have exclusively used steel and alloys from metal recycling processes for the production of their steam generators.

### 1 TON OF RECYCLED STEEL ALLOWS TO SAVE



[source: Siderweb]



The companies of the Group that predominantly use packaging and can generate packaging waste through their operations, adhere to the National Packaging Consortium (CONAI). A private, non-profit consortium that serves as the tool through which producers and users of packaging in Italy ensure the achievement of recycling and recovery targets for packaging waste as set out by law.

Sofinter and AC Boilers fall under the category of users, as importers of “full packaging” (i.e., packaged goods) and therefore participate in the Consortium. Every importer, when purchasing goods abroad, also acquires the packaging containing them and consequently introduces these packages into the national territory. From this perspective, an importer can be likened to a producer, as it “generates” materials destined to become packaging waste (and to be collected and recycled at the expense of the national system).

### Special Waste

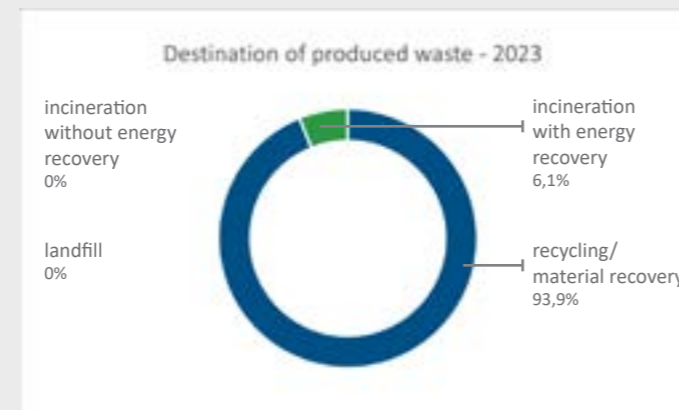
In 2021, the national production of waste generated by the national production system recorded a significant increase compared to 2020, amounting to 165 million tonnes (+12.2%, equivalent to +18 million tonnes). Avoiding a direct comparison with 2020, compared to 2019, the pre-pandemic year, the increase is more moderate, at 7.1% (+11 million tonnes). Non-hazardous waste, which represents 93.5% of the total waste produced, saw an increase of 17.1 million tonnes (+12.5%), while hazardous waste increased by about 820 thousand tonnes (+8.3%).

From the data analysis, it can be observed that 27.9% of the special waste produced by the manufacturing sector can be attributed to the metallurgy sector (Ateco 24), amounting to almost 8.4 million tonnes, while the manufacture of metal products, excluding machinery and equipment (Ateco 25), accounts for 13% of the total (3.9 million tonnes). Together, these two sectors have generated approximately 12.3 million tonnes of non-hazardous and hazardous special waste (10.9 million tonnes in 2020).

ISPRA, Special Waste Report ed. 2023

The correct separation of waste in order to increase recovery and recycling is one of the main objectives of the Sofinter Group companies, in line with the European Union’s waste policy, which aims to contribute to the circular economy by extracting as many high-quality resources from waste as possible. The urban waste or waste similar to urban waste produced by activities carried out mainly at the offices of the Group is separated according to local regulations for separate collection and conferred to the municipal management and treatment system.

The special waste resulting from the productive and industrial activities carried out at the workshops, plants, and construction sites of the Sofinter Group companies is predominantly non-hazardous (97% in 2023) and, due to its nature and type, is almost entirely conferred for recycling or material recovery (94%). Only a limited percentage, about 6% of the total, is destined for incineration for energy recovery. During 2023, no waste from the Group’s companies was destined for incineration without energy recovery or disposed of in landfills.



# environment

## packaging

### Optimization of packaging management

In April 2024, the European Parliament approved new measures on packaging to make it more sustainable and reduce waste within the EU. The rules, resulting from a provisional agreement with the Council, include packaging reduction targets (5% by 2030, 10% by 2035, and 15% by 2040) and require EU countries to particularly reduce plastic packaging waste. Under the new regulations, all packaging (with few exceptions) must be recyclable based on strict criteria.

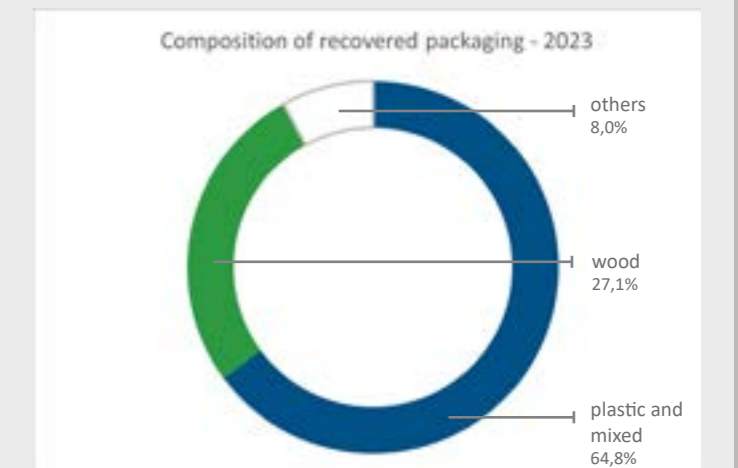
The measures also include targets for the minimum recycled content in plastic packaging and minimum recycling targets in terms of weight for packaging waste.

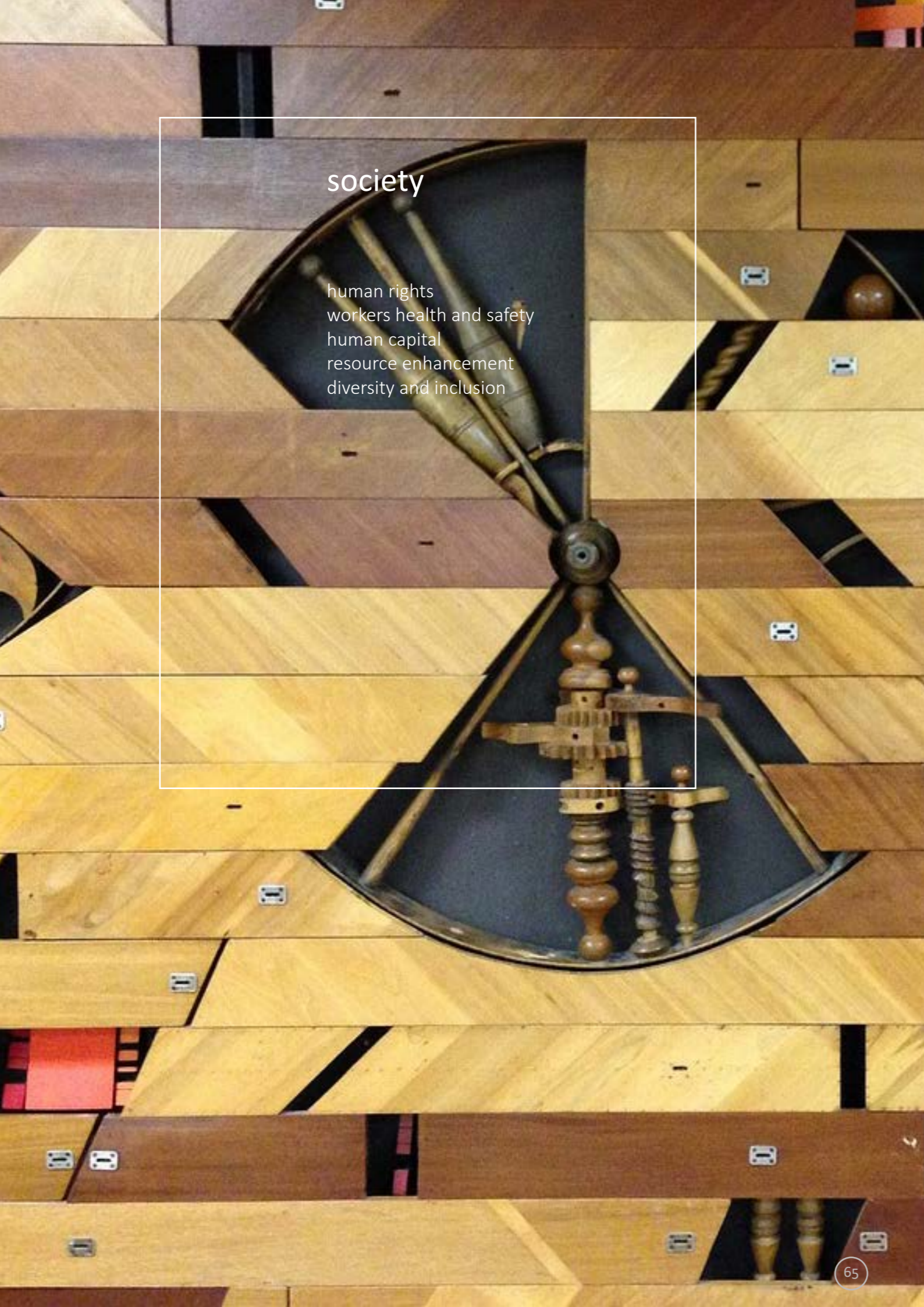
Source: European Parliament, Press Releases- April 2024

Over the years, agreements have also been consolidated with some suppliers for the return of intact packaging that can be reused for packaging goods.

Packaging constitutes about 15% of the ordinary waste produced by the operations of workshops, construction sites, and plants.

In particular, in 2023, 65% of the packaging consisted of Plastic and Mixed Materials similar to plastics, 27% of Wood, while the remaining approximately 8% was made up of other materials, in line with the percentages of the previous three-year period.





## society

human rights  
workers health and safety  
human capital  
resource enhancement  
diversity and inclusion



## society

human rights

The idea of human rights is as simple as it is powerful: that people have the right to be treated with dignity. Human rights are inherent to all human beings, regardless of nationality, place of residence, gender, national or ethnic origin, color, religion, language, or any other status.

Every individual has the right to enjoy human rights without discrimination. These rights are all related, interdependent, and indivisible.

(United Nations Global Compact)

### The basic principles

Generally, the companies of the Sofinter Group refrain from having any kind of relationship with subjects that:

- are not in compliance with current legislation;
- are part of or support criminal organizations;
- employ workers irregularly or violate workers' rights;
- operate or are linked to terrorist activities.

During the checks carried out by the Group, particular attention is given to activities, projects, and relationships with countries that do not have a structured legislation to protect human rights, workers, safety and sanitary conditions, gender equality, or the most weak and vulnerable categories.

### Human Rights 75

In the aftermath of World War II, on December 10, 1948, the United Nations General Assembly adopted the Universal Declaration of Human Rights (UDHR).

The 75th anniversary of the Universal Declaration of Human Rights was a moment to rekindle the hope of human rights for every person: a year of commemoration of one of the most innovative international commitments on a global scale. In the decades since 50 countries signed the Universal Declaration of Human Rights, we have expanded the frontiers of medicine, technology, the environment, social and political expression, economic and labor laws, and more.

Progress is a process, and we have much to build upon. The Declaration reflects an agreement that equality, freedom, and justice are values that guide a prosperous society when everyone can experience equal access to opportunities in these areas and in whatever they choose. The Declaration is a guide to life that includes 30 articles addressing rights and benefits, which have been realized by many but remain out of reach for others. These include access to education, employment, fair pay, the right to vote, healthcare, and more; the values of freedom of speech, privacy, and mutual respect regardless of gender, race, ethnicity, or religion are highlighted by the Declaration.

Human Rights 75 is an initiative whose three main goals focus on universality, progress, and commitment under the guidance of the United Nations for human rights, along with its partners. The initiative culminated in a high-level event in December 2023 that announced global commitments and ideas for a vision for the future of human rights.

(United Nations Human Rights)

For the Sofinter Group, the protection and promotion of the rights of all stakeholders is fundamental. With its presence in countries and markets around the world, the Sofinter Group works to support human rights within the organization and throughout the value chain, including suppliers and business partners.

The foundational principles on which the Sofinter Group's sustainability strategy is based are derived from the Universal Declaration of Human Rights.

Additionally, the Group draws inspiration in conducting its business from the foundational and operational principles outlined in the Guiding Principles on Business and Human Rights (UNGPs), which define:

- the duty to protect Human Rights;
- the responsibility to respect Human Rights;
- the obligation to remedy any detected violations.

Following the definition of principles and the dissemination of content both inside and outside the organization, as well as the preliminary assessment of impacts on human rights, the greatest challenge in maintaining high attention and effective control over this issue is represented by the necessary periodic monitoring and verification of constant compliance, especially within an international, diverse, and complex supply chain.

In this context, in addition to auditing activities on processes and evaluating the sustainability performance of suppliers, the Group intends to implement by 2025, an internal verification system and on the supply chain through the deepening of social issues, including respect for human rights, also in accordance with the guidelines on the duty of diligence of companies, currently under discussion in the European Union.



# society

## workers health and safety

Workers Health and Safety is regulated at the international, regional, and national levels. These standards apply not only to typically hazardous jobs, such as working at heights or with chemicals but to all workplaces, including offices.

The burden of occupational mortality and morbidity is not evenly distributed across the world, industries, and workforce. It is estimated that about two-thirds (65%) of global work-related mortality occurs in Asia, followed by Africa (11.8%), Europe (11.7%), the Americas (10.9%), and Oceania (0.6%). Fatal workplace injury rates per 100,000 workers also show strong regional differences, with rates in Africa and Asia being 4 to 5 times higher than those in Europe.

Moreover, the manufacturing industry, construction, transportation, and storage are sectors that record the highest level of workplace injuries. In these highly hazardous sectors, as elsewhere, workplace injuries are not evenly distributed among the workforce. Workers most exposed to workplace injuries are those with precarious employment (temporary, casual, or part-time workers), workers in informal employment, those working in small and medium-sized enterprises (SMEs), and work performed by groups subject to workplace injury discrimination and marginalization (such as migrant workers, young workers, and racial and ethnic minorities).

United Nations Global Compact

The Sofinter Group has always been committed to providing a healthy and safe workplace that promotes a culture of risk prevention. Over time, methodologies, procedures, and control systems have been developed in offices, workshops, plants, and construction sites to improve the management of health and safety for employees, collaborators, and anyone working for the Group.

This approach is based on recognized international guidelines and standards, including the prominent ISO 45001 standard, which has enabled the design and implementation of management systems for monitoring health and safety performance, verified both internally and externally.

Currently, the entire organization of Sofinter S.p.A., with all its divisions and workplaces (offices, workshops, and construction sites), as well as Europower S.p.A., are ISO 45001 certified by an independent third-party body. AC Boilers S.p.A. is ISO 45001 certified for activities carried out at offices and construction sites, both in Italy and abroad.

### Prevention Activities

The continuous and systematic activity of hazard identification and risk assessment in all workplaces is one of the main prevention tools implemented by the Group, as well as the elimination of risks during the design phase of work stages and the engineering of plants, to protect both employees and collaborators, but also third-party workers from clients and end-users.

During 2023, the Group's overall injury frequency rate, per million hours worked, was 13.17 (compared to 8.28 in 2022 and 10.60 in 2021).

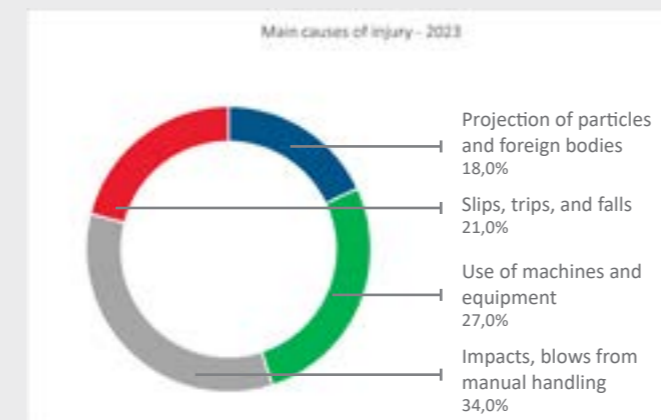
The overall severity index, per thousand hours worked, was 0.45 (compared to 0.15 in 2022 and 0.31 in 2021).

There were no work-related deaths among employees, temporary workers, or contractors.

In 2023, there was an accident that occurred during the home-to-work commute.

For each recorded incident or injury, a thorough root cause analysis is conducted, with the aim of implementing appropriate actions to systematically prevent recurrence.

The main direct causes that led to the occurrence of injuries during 2023 are shown in the following chart.



### Safety Culture

The Group firmly believes in the process of developing a safety culture, perceived as a fundamental value and the foundation of everyday work. For this reason, especially for roles exposed to higher risk in workshops, construction sites, and plants, it commits to spreading this value through moments of discussion and sharing with all workers.

The use of Tool-Box meetings is one of the main tools that the companies of the Group employ for this purpose during regular work activities: they are quick, effective, and experienced directly in the work environment, related to specific themes or risks, before starting new activities, in small or large groups, to review issues, and to verify the effectiveness of processes.

Another element of success is the capitalization of systems and tools adopted by major Italian and international clients, which allow for the internalization and improvement of processes for detecting near misses, observing behaviors, valuing good practices, and monitoring performance and effectiveness of the actions taken.

The workers of the Group's companies are periodically called upon, through specific surveys, the tools provided, or during moments of discussion, to express their opinions or suggestions, as part of a participatory process of raising the safety culture.

The most important feedback and suggestions that have determined the greatest positive impacts on the organization and improvements in health and safety performance can also be the subject of rewarding systems for the workers themselves, through agreements with trade union representations.



## Safety Management in the Supply Chain

Within the corporate responsibility to protect and respect human rights as outlined in the United Nations Guiding Principles on Business and Human Rights (UNGP), the right to safe and healthy workplaces for workers must be reflected in the human rights due diligence approaches conducted by companies.

Although health and safety risks are inherent in all workplaces around the world, companies must pay particular attention to workplaces in countries with limited resources, weak legal frameworks, and inadequate enforcement and support functions.

The International Labour Organization and the United Nations Global Compact have identified nine business practices to improve safety and health through supply chains and create a culture of prevention and protection:

- 1) Mapping supply chains to better understand the existing challenges in occupational health and safety;
- 2) Including the protection of health, safety, and workplace injuries in procurement practices;
- 3) Improving compliance monitoring in health and safety, also through closer engagement with suppliers;
- 4) Promoting vertical and horizontal knowledge and capacity sharing;
- 5) Aligning and integrating the national legal and policy framework and being a driver of improvement in health, safety, and protection from workplace injuries;
- 6) Promoting worker participation and social dialogue;
- 7) Supporting efforts to improve the reporting, recording, and notification of occupational injuries and diseases to enhance data collection;
- 8) Engaging development partners to share knowledge of good practices and innovative approaches to develop capacities and partnerships;
- 9) Participate in international initiatives to support the development of national policies and strengthen national institutions in supplier countries on health, safety, and protection from workplace accidents.

All companies of the Sofinter Group are actively committed to involving their Supply Chain on the topic of health and safety, through:

- a pre-Qualification System that verifies compliance status, the robustness of the Health and Safety organizational structure, the presence of procedures and certifications, the absence of serious injuries and occupational diseases;
- the definition of contractual clauses in the area of risk assessment, prevention of injuries and occupational diseases, and the application of disciplinary systems towards suppliers;
- the execution of audits and documentary and field verifications, particularly for contractors operating in the Group's construction sites and workshops;
- the definition of reporting and the constant monitoring of injury rates, occupational diseases, accidents, and near-misses of contractors at the Group's construction sites and workshops.

Furthermore, the Group is structuring a due diligence system on Human Rights and Environmental protection in compliance with the Corporate Sustainability Due Diligence Directive (CSDDD).

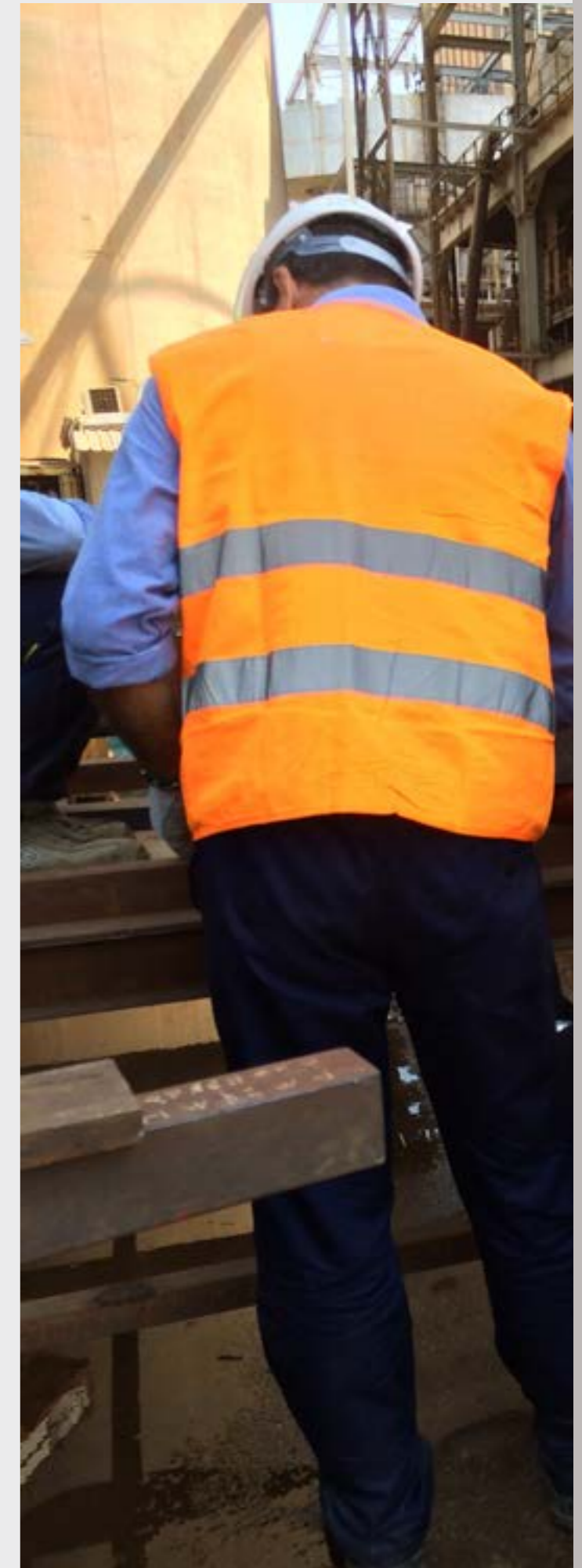
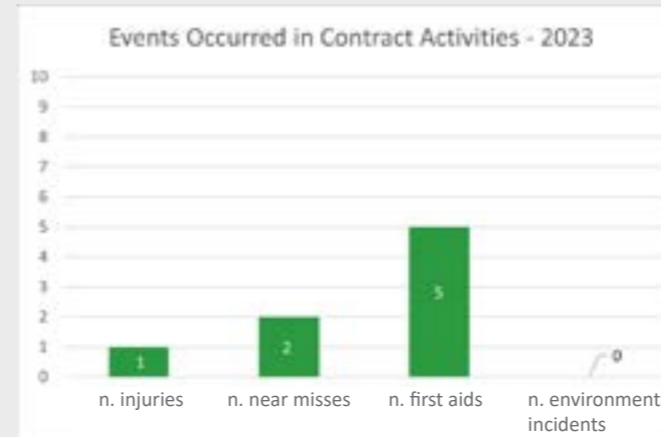
Over the course of 2023, the Health and Safety performance of no. 88 Contracting Companies at Italian Workshops and Construction Sites in Italy and Abroad were punctually monitored, employing 700 workers (297 in the Workshop and 403 on the Construction Site), for a total of 191,387 hours worked.



Against almost 200,000 hours worked, during the course of the year, there was a unique accident at a foreign construction site.

The overall frequency index of contractor accidents, per million hours worked, was 5.23, while the severity index, per thousand hours worked, was 0.16.

These indices are in line with those related to the occurrences of personnel with direct employment contracts of the Group's companies, although the goal is the reduction to zero, with the total elimination of any harmful event.



# society

## human capital

Since 1953, the United Nations Economic Department defined Human Capital as “the investment made to increase the productivity of the workforce”. About fifty years later, in 2001, the Organisation for Economic Co-operation and Development (OECD) spoke of Human Capital as the set of “knowledge, skills, competencies, and other attributes of individuals that facilitate the creation of personal, social, and economic well-being.

In addition to an idea of progress that implies factors such as well-being, there is an emphasis on the qualitative aspects of the contribution that human labor brings to economic progress.

Today, Human Capital is universally recognized as the decisive factor in development.

All collaborators of the Sofinter Group, regardless of role, geographical location, type of employment, or length of service, have the right to work in fair conditions.

Treating people with respect and dignity is fundamental, in line with the principles on which the Code of Ethics is based and which guide the corporate conduct of all the companies in the Group.

### Labor rights

Labor rights are an integral part of human rights. The Sofinter Group recognizes the rights of workers, promoting stability and collaborative working relationships, ensuring high standards of employment.

A constructive commitment with worker representatives is fundamental for effective labor relations.

All companies of the Group are committed to respecting the rights of workers to establish or join unions and other labor representation organizations of their choice.

Regular and very frequent are the interactions with the corporate, local, and national union representations, in order to establish a dialogue capable of leading to common goals of prosperity, well-being, and growth.

National and collective labor agreements govern many of the terms and conditions of the employees' work and include agreements related to working hours, health and safety at work, holidays, salaries, grievance management procedures, and termination of the relationship.

Employees of all the Group's companies are informed of their rights through the corporate Human Resources function, which punctually explains the reference collective agreement (Italian Metalworking Industry), the policies, and internal regulations related to personnel management, as well as the company's Code of Ethics.

### Attraction and retention of talent

One of the fundamental pillars, also expressed in the Sofinter Group's Sustainability Strategy, in order to constantly develop and increase Human Capital, is the attraction and retention of talent within the organization.

Over the last three years, the labor market has experienced a significant impact due to global variables such as the pandemic, the energy and economic crisis, the evolution of traditional work methods, the acceleration towards digitalization, and new technological developments. This has led to a desire among workers to improve their working conditions, better accommodate their career development, and generally to a real “thirst for change.”

This has generally translated into the manifestation of sometimes unexpected turnover, which the companies of the Group have had to face in order to consolidate skills and know-how and avoid the risks determined by this accelerated trend.

The negative turnover rate in 2023, relating to all the companies of the Group, was 15.3%, equal to that of the year 2022, while the positive turnover rate was 8.2%, against 9.7% in 2022.

All new hires and those who changed roles underwent the induction process, which allows for the formation or consolidation of knowledge related to the business and products, internal regulations and procedures, corporate management systems, as well as sustainability issues.

The onboarding process is constantly monitored, not only by direct and area managers but also by the Human Resources function, which directs and guides the staff in their new work path.

### Group Employees

As of December 31, 2023, the employees of the Group's companies in the Italian locations, the subject of this report, were 549.

Regarding professional categories, Employees constituted 55% of the workforce, Workers 27%, followed by Middle Managers and Executives (11% and 7% respectively).



# society

## resource enhancement

The history and evolution of the Sofinter Group has proceeded hand in hand with that of its organization, the people who have experienced the corporate context and have contributed, with their work, to the achievement of important strategic objectives, both for the business and for society as a whole.

The skills and abilities of these individuals are therefore critical and strategic in maintaining the high quality standards of the Group and in improving its performance, by developing talents and capitalizing on the experiences of the most valuable resources.

### Training and Skill Development

One of the fundamental processes within companies to consolidate and develop new skills is that of continuous training. Training in the Sofinter Group is developed at all levels, for all roles and positions, at different times in people's careers, supported by increasingly advanced means, also to facilitate learning and integrate, in the most natural way possible, this process into everyday activities.

With this in mind, over the past few years, the Group has promoted the use of tools, both internal and external, such as webinars, e-learning, digital workshops, in order to optimize learning in a more agile, effective manner and limiting staff travel.

The development of video courses, distributed through the company's intranet platform, has been an additional factor of success. Promoted by internal departments with the support of the Group's Information Technology, they have allowed the dissemination of specific themes, particularly related to corporate regulation, regulatory deepening, and technological evolution.

Another key factor in the training process and skills development is to critically assess what employees need, when, and how to make it most effectively available. Many training needs have arisen from the skills assessment process as well as direct requests from Managers and Management. This has translated primarily into technical and managerial training courses aimed at workshop operators, site supervisors, and the technical staff of the headquarters.

During 2023, the Group delivered 3.487,15 hours of training to employees, which rise to 12.994,9 when considering the development of skills of apprenticeship staff, within the framework of continuous training projects and partnerships with external entities.

The main macro training themes of the Group are as follows:

- HSE: concerns both the mandatory courses related to the management of employee health and safety, and those related to certified Management Systems, the safe use of machinery and equipment, the issuance of new instructions and operational procedures, tool-boxes in the field, and in recent years, the improvement of staff well-being;

- Management: courses for improving organizational and management performances, work activity planning, project management, logistics and expediting, the quality of company processes and products;

- Technical: training aimed at workshop operators (welding, machine operation, handling, equipment use) as well as engineering personnel and those responsible for supervising processes (design, checks in the production and construction process, detailed mechanics, etc.).

- Regulation: evolution of binding legislation and corporate governance regulations (privacy, compliance programs, prevention of corporate crimes and anti-corruption, etc.);

- IT: courses for the improvement of basic and specific skills on the tools provided by the companies of the Group, courses for designers, ERP usage courses, cyber-security, prevention of IT issues, and issuance of new IT procedures.

### Skills and Performance Evaluation

For nearly a decade, the Group has managed a structured process of evaluating the technical and managerial skills of the staff: through computerized evaluation systems for Sofinter and AC Boilers, accompanied by discussions and meetings between managers and collaborators; in a traditional manner for the other companies, through interviews with managers and management.

The goal is to verify the level of maturity of human resources and the coverage of the repertoire of fundamental skills for effective execution of activities, pursuing business objectives, and personal and professional growth of employees.

Starting from 2022, Sofinter and AC Boilers have introduced a new Performance Appraisal System application for performance evaluation, in order to improve and historicize the management of performance data, obtain advanced reporting of individual resources, teams, and the entire company, in line with the corporate organizational evolution.

Over the course of 2023, Sofinter and AC Boilers have carried out evaluations of technical, managerial, and transversal skills of 322 resources.

The screenshot displays the myALLIBO Sofinter intranet interface. At the top, there are navigation tabs for 'Pagina iniziale', 'Clienti', 'Lezioni della', and 'Monitora i tuoi risultati'. The main header shows the date 'Martedì 27 Agosto 2024' and two primary buttons: 'EMPLOYEES LI' and 'PERF'. Below this, a green navigation bar contains icons for 'Home', 'Me', 'Corsi', 'Prestazioni', 'Report', and 'Materie'. The main content area features a search bar and a table of performance evaluation results.

	Stato	OK	NO	CC	CCM	Info	Stato
Valutazione Performance ciclo 1	1	✓				Materie	Completato 26/08/2024
Valutazione Performance ciclo 2	107	✓				Esigibile	Completato 26/08/2024
Valutazione Performance ciclo 3	33	✓				Esigibile	Completato 26/08/2024
Valutazione Performance ciclo 4	44	✓				Esigibile	Completato 26/08/2024
Valutazione Performance ciclo 5	44	✓				Esigibile	Completato 26/08/2024
Valutazione Performance 2023	248	✓				Esigibile	Completato 16/08/2024
Valutazione Performance 2021	30	✓				Esigibile	Completato 16/08/2024
Valutazione Performance 2022	45	✓				Esigibile	Completato 16/08/2024

# society

## diversity and inclusion

In accordance with Principle 6 of the Ten Principles of the United Nations Global Compact, discrimination in the workplace refers to any distinction, exclusion, or preference that has the effect of placing certain individuals in a position of exclusion or disadvantage in the labor market or workplace due to their race, color, religion, sex, disability, political opinion, social origin, or any other characteristic that has no relation to the function to be performed.

Diversity, equity, and inclusion are different but complementary concepts. A company is required to implement all three aspects to reap all the benefits of a diverse, equitable, and inclusive workforce that contributes with a range of skills, knowledge, and experiences.

Source: United Nations Global Compact

### Code of Ethics - extract on diversity and inclusion

*The Group promotes respect among people, considering itself impartial in the choices made during its activities concerning sex, age, race, religion, and political affiliations. Every Employee, Collaborator, member of the Boards of Directors, and member of the Boards of Statutory Auditors of the Group is required to observe these Principles.*

*The abilities and skills of each Employee must be valued so that they can express their potential, and the competent company functions must:*

- understand the capabilities and attitudes of candidates during the selection phase and be able to assess whether they are in line with business needs;
- apply criteria of merit and professional competence towards Employees;
- select, hire, train, remunerate, and manage Employees without favoritism, nepotism, or any discrimination, ensuring that everyone can enjoy fair and equal treatment, regardless of sex, age, nationality, religion, and ethnicity;
- guarantee equal opportunities for each Employee.

The Group's commitment is aimed at valuing the diversity present in the company (employees with disabilities, of different ethnicity, of another religion, etc.), establishing practices that can reconcile extra-professional needs with work requirements (for example, by extending parental leave to fathers as well) and improving the work environment to make it healthier, more respectful, and inclusive also through dedicated and control procedures (Whistleblowing procedure, gender harassment, sexual harassment, and bullying).

Raising awareness on the issues of diversity and combating all forms of discrimination and promoting a culture dedicated to respect for others are fundamental themes included in the Group's Code of Ethics.

## Gender Equality

Gender equality is not only a fundamental human right but its realization has enormous socio-economic ramifications and implications. The empowerment of women fuels thriving economies, stimulating productivity and growth.

For this reason, the Sofinter Group, in its Sustainability Road Map 2023/2025, has set the challenging goal of increasing female presence by +10% in the total employee count and by +25% in leadership and managerial roles.

The companies of the Group also intend to be inspired by the 7 Principles of the United Nations' "Women Empowerment Principles," gradually introducing actions over time to substantially develop the role of women in the workplace.

principle 1		Establishing high-level corporate leadership for gender equality
principle 2		Treat all women and men fairly at work, respecting and supporting human rights and non-discrimination
principle 3		To ensure the health, safety, and well-being of all workers, both female and male
principle 4		Promote education, training, and professional development for women
principle 5		Implement business development, supply chain, and marketing practices that empower women
principle 6		Promote equality through community initiatives and patronage
principle 7		Measure and publicly report on progress towards achieving gender equality

## Nations Represented

Sofinter Group also strives to strengthen the diversity of nationalities within our companies' workforce, considered a competitive value in the various organizational facets and business approaches.

By the end of 2023, the employees of the Group's companies - Italian locations - represented 19 nationalities, contributing to an international culture that generates value in employees.

Italy	
Argentina	
Belgium	
Egypt	
Germany	
Ghana	
India	
Iran	
Jordan	
Kuwait	
Pakistan	
Poland	
Romania	
Russia	
Serbia	
Switzerland	
USA	





### Convenient Services for Employees

The Group has activated multiple agreements available to employees, usable depending on each one's workplace.

These agreements, grouped into macro-categories (Welfare, Well-being, Health), aim to guarantee a set of benefits and non-monetary services provided for the employees, with the purpose of improving the quality of life and well-being of the workers and their families.

Among these, for example, are agreements with Insurance Entities to facilitate discounted rates for policies (vehicles, real estate...) or with car rental companies and parking lots, especially near airports.

Regarding well-being, agreements have been established with gyms close to the group's headquarters, offering the possibility to choose which service package to purchase. Moreover, the Group has also joined e-commerce platforms that guarantee employees discounts on cultural, recreational events, and travel, as well as on the purchase of coupons for household utility goods (such as appliances, furniture, personal care, offers for electricity and gas...) and for dining.

The agreements with pharmacies, dental clinics, and opticians, however, fall within the benefits provided in the health section.

### Additional Benefits for Employees

Starting from January 1, 2023, the Group has increased the value of the meal vouchers for employees working at the corporate headquarters and who carry out their work activities throughout the day. The value of these vouchers will be further increased during 2024.

Moreover, all employees of the Group are granted - as part of the corporate welfare - once a year, vouchers worth 200 euros as provided by the National Collective Bargaining Agreement of the Metalworking Industry.

Lastly, a percentage of workers at some of the Group's locations have been included in the individual Smart Working project. Starting from 2024, the Companies of the Group intend to increase the number of people who will benefit from the agile work mode - Smart Working - reaching all employees working in the offices.



## governance

corporate governance  
risk management  
ethics and business integrity  
management systems



## governance

### corporate governance

The Corporate Governance System (CGS) of the Sofinter Group companies complies with civil law regulations, the self-regulation principles set by the responsible Authorities, and international best practices. Reputation is a value of fundamental importance for the Group. To this end, it is necessary that in the administration, in the interest of the Shareholders, employees, collaborators, and all those who enter into business relationships and/or come into contact with the Group, the principles of corporate governance most suitable to ensure the best realization of the Group's activities are observed, in compliance with the rules of good corporate governance and the provisions of the Code of Ethics.

The administration and control model of all the Legal Entities of the Sofinter Group is the traditional one, which includes the presence of the shareholders' meeting, the Board of Directors, the Board of Statutory Auditors and the Auditing Firm. The corporate bodies are appointed by the shareholders' meeting and remain in office for up to a maximum of 3 fiscal years.

The representation of independent directors and the role they exercise within the respective Boards of Directors of the Group's companies constitute suitable safeguards to ensure an adequate balancing of the interests of all shareholder components, as well as a guarantee of a significant degree of debate in the discussions of the Boards of Directors. Sofinter Group has also established an Internal Control and Risk Management System structured on the basis of recognized international standards, such as the "CoSO Report – Internal Control Integrated Framework".

The Control System complies with the main regulations and guidelines in the field of Corporate Governance, including Italian Legislative Decree 231/2001 – Administrative Responsibility of Entities.

Within the scope of their functions and competencies, the Executives of the Group participate in the creation and implementation of an effective corporate control system and involve their subordinates in this process. Similarly, the Group's employees are required, within their competence:

- to define and ensure the correct functioning of the control system;
- to responsibly safeguard the company's assets, whether material or immaterial, instrumental to the activity carried out, and not to make improper use of them.

The Group's Internal Audit Department and the appointed Auditing Firm have free access to data, documentation, and any information useful for carrying out internal control and audit activities.



# governance

## risk management

The integrated Risk Management system of the Sofinter Group is aimed at protecting and increasing the value of the Company for the benefit of its stakeholders, supporting its objectives through the establishment of a methodological framework that allows for a consistent and controlled execution of every future activity, the improvement of the decision-making process, planning, and prioritization through a comprehensive and structured understanding of the activity itself. Particularly, the purpose of risk mapping is to design an integrated model of risk-opportunity control inspired by international standards of Enterprise Risk Management (ERM), with the definition of a global corporate risk model and risk assessment methodologies aimed at identifying the company's priority risks, assessing the potential of major adverse events, and implementing the most appropriate actions to mitigate them. This model aims to involve not only the top corporate levels, known as "apical," with a "Top Down" approach but also the managers of the main sensitive processes in place through a "Bottom up" activity.

This approach includes all areas of risk that are potentially significant for each of the companies in the Group and are represented in the "Group Risk Map" that collects the 4 macro-categories of risks, of both endogenous and exogenous nature, characterizing the business models of the Sofinter Group entities:

**Strategic risks - risks arising from internal and external factors to the Group's companies, such as potential changes in the market context, the inability to generate future cash flows;**

**Operational risks - risks inherent in the operational part of business processes that determine the inability to create value, compromising the continuity of the business;**

**Compliance risks refer to the dangers associated with the failure to adhere to laws, regulations, and rules which can lead to the imposition of sanctions, fines, revocation of licenses, and in the most severe cases, the suspension of operations.**

**Financial/reporting risks are those that affect the reliability of financial balances and the representation of business performance.**

The management and monitoring of such risks are an integral part of the Group's business operational model. The main safeguards implemented in relation to the identified risks, particularly with reference to the sustainability issues most relevant to the Sofinter Group, relate to organizational and control models as well as policies developed by the Group, including:

- the adoption of an Ethical Code, Anti-Corruption Manual, and Export Control System Manual, valid for all companies within the Group;
- the adoption by Sofinter S.p.A. and its main Italian subsidiaries of the Organization, Management, and Control Model pursuant to Italian Legislative Decree 231/2001;
- the adoption of specific policies on quality, safety, and the environment;
- the implementation process of specific certified management systems or systems to be certified as better illustrated in the following paragraphs, as well as the progressive implementation of initiatives aimed at improving the quality and reliability of products from a customer satisfaction perspective;
- constant monitoring of health and safety conditions at work, any non-compliance also in environmental, social, and labor matters, and the main impacts generated or suffered in connection with the Group's activities.

In relation to the potential risks associated with the responsible management of the supply chain, each company has established its own supplier qualification procedures which contain specific provisions concerning ethical aspects, quality, health and safety, and environmental protection. Further integrative information regarding the policies, procedures, operational instructions, and specific initiatives adopted by the Group in the field of sustainability, useful for mitigating the related risks, are developed in the subsequent paragraphs of this document. As for the economic and financial risks, please refer to what is described in the Group's Consolidated Financial Statements.

# governance

## business ethics and integrity

The business activities are carried out in line with what is established by the Sofinter Group's Code of Ethics, in order to ensure full compliance with the regulations in force at the national and international levels. This document represents the ethical principles such as values, commitments, ethical responsibilities, business conduct, and behaviors to be maintained in the conduct of business and corporate activities undertaken by the various companies of the Group. Moreover, it regulates and governs the rights and duties that the Sofinter Group expressly assumes towards the stakeholders with whom it interacts.

The parent company Sofinter S.p.A. and the main controlled Italian companies (AC Boilers S.p.A., Europower S.p.A., and Itea S.p.A.) have adopted their own Model of Organization, Management, and Control pursuant to Italian Legislative Decree 231/2001 in order to prevent, as much as possible, the commission of crimes listed in the same Decree.

To actively promote ethics and business integrity, the most involved subjects and the "apical" subjects carry out training activities on the themes related to Italian Legislative Decree 231/2001 and, more generally, on compliance issues.

To strengthen the commitment against corrupt conduct, in accordance with the Code of Ethics, the Sofinter Group has also adopted an Anti-Corruption Manual, in order to allow the carrying out of corporate activities in a lawful and ethical manner. The document, disseminated to all companies of the Group, has made the application of the principles and rules of conduct binding for the reasonable prevention of active or passive corruption crimes, whether direct or indirect, towards third parties (public and private) both national and foreign.

In particular, the document defines the rules of conduct to be observed in relation to various activities and cases, including the management of gifts, presents and representation expenses, payments, reimbursements or advances of travel costs, provision of contributions, use of commercial intermediaries, establishment of joint ventures, acquisitions, prohibition of granting incentives, expenses for personnel security, preservation of company documents, and management of conflicts of interest.

As evidence of the commitment made in the fight against corruption and other crimes listed in Italian Legislative Decree 231/2001, in addition to what has been described above, the Group's companies have equipped themselves with specific control protocols and operational procedures aimed at defining the behavioral rules to safeguard against the risk of active and passive corruption, money laundering, corporate crimes, health and safety in the workplace, computer crimes, etc.

The set of manuals, codes, models, procedures, and operational instructions that ensure the compliance of corporate activities with organizational provisions and regulations are included in the Sofinter Group's Corporate Compliance Program, which has the broader goal of preventing the risks of non-compliance of corporate activities with the set of current corporate norms and regulations.

To safeguard against the aforementioned risks, the companies within the Group undergo periodic audit rotations by the Group's Internal Audit Department aimed at carrying out specific tests and controls. The Group's Code of Ethics, together with their respective Organization, Management, and Control Models pursuant to Italian Legislative Decree 231/01, and the Anti-Corruption Manual are also published on the respective websites of the Group's companies.



## Whistleblowing

The Sofinter Group is committed to the constant updating and improvement of the Corporate Compliance Program, an internal governance system adopted to prevent the commission of offenses, while ensuring a safe and respectful work environment. For this reason, the Corporate Compliance Program has been supplemented with a new procedure for reporting irregularities, called “Whistleblowing”, intended to describe and regulate the reporting system providing adequate indications to any whistle-blowers for making a report – in compliance with Italian Legislative Decree 24/2023 –and outlining the related management process.

The Whistleblowing Procedure adopted by the Company applies to all executives, employees, collaborators of the Group, as well as all third parties (e.g., contractors, suppliers, and consultants) who interact with it in any way.

In the reporting system, you can quickly and easily report concerns about actual or suspected misconduct that may have a negative impact on our company or on the well-being of people, using the online channel available at the following link <https://sofinter.integrityline.com/>

As an alternative to the online platform, it is possible to: (i) send report in written form, by correspondence addressed to the Whistleblowing Officer (function entrusted to the Head of the Sofinter Group Internal Auditor) or (ii) request a direct meeting with the Whistleblowing Officer.

The identity of the Whistleblower is exempt from the application of Article 15, paragraph 1, letter g of the GDPR and cannot be revealed throughout the procedure, except to the person involved in the report. The Whistleblower may also make external report, through one of the channels provided by ANAC – National Anti-Corruption Authority- which ensure, even through the use of encryption tools, the confidentiality of the identity of the whistleblower, the reported party, as well as the content of the report and its related documentation.

## Cybersecurity

The Group has set the goal of activating new solutions for the prevention and protection against digital intrusions to defend the capitalization of data. The commitment is to ensure the protection of computer systems and data by minimizing the risks of network breaches, and to ensure the full operational continuity of the Group’s information systems. In particular, guidelines have been outlined in terms of compliance assurance towards the GDPR for the protection of personal data and in the field of Cybersecurity, namely to monitor the vulnerability of systems, introduce new state-of-the-art security measures, and promote awareness and training programs for employees on IT security.

In 2022, the SOC and EDR projects were completed.

SOC stands for Security Operation Center, an external facility operating 24/7, which analyzes network anomalies and can quickly implement remediation interventions to mitigate the risks of computer security; the additional audit and risk management activities provided by the external SOC involve, with the application of consolidated international methodologies in accordance with ISO/IEC 27001:2005 and ISO/IEC 27005:2008 standards, the periodic generation of security assessment reports.

EDR stands for Endpoint Detection and Response, which is an advanced technology that operates through automatic behavioral learning and artificial intelligence to track potential threats and intervene in a timely manner.

In 2023, the Group activated a new Disaster Recovery system, fully replicated in the cloud on IaaS and PaaS systems, capable of ensuring a Recovery Point Objective (RPO) of 30 minutes.

Finally, employees are constantly informed about the risks of Cybersecurity with the sending of informative and educational emails focused on behaviors to maintain to avoid the risk of phishing and subsequent data leakage.

# governance

## management systems

The Management Systems, designed and implemented in accordance with international ISO standards, represent the foundational structure of the organization, governance, and the engine of continuous improvement of the Sofinter Group in relation to Environmental, Health and Safety, Energy, Social Responsibility themes.

The Group’s Integrated Policy for Environment, Health and Safety, which also includes aspects related to Corporate Social Responsibility, respect for Human Rights, and Anti-Corruption principles, expresses the main concept of the company’s Sustainable Development.

In addition to the Quality Management System in accordance with ISO 9001 standard, all companies of the Sofinter Group possess or are structuring:

Environmental Management System  
in compliance with ISO 14001 standard;

Worker Health and Safety Management System  
in compliance with ISO 45001 standard;

Additionally, Social Responsibility Management Systems are being designed in compliance with the ISO 26000 standard, and Energy Management Systems in accordance with the ISO 50001 standard.

The complete implementation and subsequent certification by an Independent Third Party of the Management Systems represent one of the main sustainability goals that the Group has set for the near future.



## ISO: Global standards for trusted goods and services

Standards define what great looks like, setting consistent benchmarks for businesses and consumers alike — ensuring reliability, building trust, and simplifying choices.

Making lives easier, safer and better.



## reporting

sustainability rating  
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## reporting

### sustainability rating

In addition to the Corporate Sustainability Reporting Directive (CSRD) concerning the disclosure of non-financial data of companies, the European Commission has recently published the proposal for a Directive on corporate due diligence for sustainability, requiring them to assess the potential risk to human rights and the environment within their value chains and to account for the proactive actions they are taking to address them.

To increase the robustness and transparency of ESG assessments by companies, it is also important to use reporting standards that can guide transparent reporting of their performance and that allow linking corporate objectives regarding environmental, social, and governance aspects to objective, quantifiable, and measurable parameters.

Over the past few years, within the Group, Sofinter and AC Boilers have verified their ESG performance through the rating company EcoVadis, which has developed a dedicated platform for assessing environmental, social, governance performance, and recently also the sustainable management of their supply chain.

The use of such a structured rating system has allowed the two companies of the Group to:

- undergo a performance evaluation with a methodology aligned with international standards, specific for sector, country, and company size;
- understand the results and sustainability scores, identifying strengths and areas for improvement, as well as perform benchmarks with competitors and companies in the same sector;
- improve performances and track progress over time, monitoring quantitative parameters or implementing appropriate corrective actions;
- interact with external stakeholders (customers, commercial partners) and call on their suppliers to improve their ESG performances.

This journey, initially undertaken within the value chain of the major players in the international Energy and Oil & Gas sectors, has recently been structured as an individual challenge for improving internal and external sustainability results, achieving significant outcomes.

Regarding the 2023 performances, both Sofinter and AC Boilers have obtained the Silver Medal with overall scores of Good performance, ranking within the top 25 percent of companies analyzed by EcoVadis that have achieved the best evaluations.








has been awarded a  
**Silver medal**  
as a recognition of their EcoVadis Rating




# society

## Key Performance Indicators

topic	performance indicators KPI	baseline	2021	2022	2023	target
WASTES 	Total quantity of waste produced [ton]	2.534	2.327	2.298	719	--
	Quantity of ordinary waste produced	686	932	740	719	--
	Quantity of hazardous waste [ton]	94	55	29	25	--
	Percentage of recycled/recovered waste	96,6%	98%	98,4%	93,9%	>95%
	Percentage of waste incinerated with energy recovery	3,3%	2,0%	1,6%	6,1%	<5%
	Percentage of waste incinerated without energy recovery	0%	0,1%	0%	0%	0%
	Percentage of waste sent to landfill	0%	0%	0%	0%	0%
	Total quantity of packaging [ton]	116	106	151	110	--
	Percentage of packaging on total waste	4,6%	3,3%	6,6%	15,3%	--
	Percentage of packaging on ordinary waste	16,8%	11,4%	20,5%	15,3%	--
	Percentage of plastic and mixed packaging	62,1%	66,3%	60,4%	64,8%	<=60%
	Percentage of wood packaging	32,5%	30,8%	35,2%	27,1%	--
	Percentage of other packaging	5,4%	2,9%	4,4%	8,0%	--
EMISSIONS 	Total particulate emissions in Workshops [Kg]	2.249	n.d.	1.374	1.418	--
	Particulate emission factors in Workshops [Kg/h]	0,0072	n.d.	0,0051	0,0051	--
WATERS 	Total volume of water used [m³]	27.391	22.755	19.550	19.550	--
	Total volume of water used in Offices [m³]	1.658	2.067	2.733	2.733	--
	Total volume of water used in Workshops [m³]	25.733	20.688	16.817	16.817	--
	Total volume of stormwater treated in Workshops [m³]	110.84	62.486	96.378	96.378	--

topic	performance indicators KPI	baseline	2021	2022	2023	target
CLIMATE AND ENERGY 	Total energy consumption in offices, workshops, and plants [GJ]	68.737	47.968	43.495	49.089	--
	Total fuel consumption [GJ]	22.878	16.643	13.115	19.263	--
	Scope 1 - total CO2eq [ton]	1.291	953	762	1.100	--
	Scope 1 - total CO2eq from offices [ton]	270	330	293	317	--
	Scope 1 - total CO2eq from workshops [ton]	349	199	212	406	--
	Scope 1 - total CO2eq from plants [ton]	546	279	102	223	--
	Total electricity consumption [MWh]	5.857	4.001	3.880	3.810	--
	Total electricity from renewable sources [MWh]	1.378	1.358	1.317	1.293	--
	Scope 2 - total CO2eq [ton]	1.983	1.354	1.314	1.289	--
	Scope 2 - total CO2eq from offices [ton]	297	302	317	287	--
	Scope 2 - total CO2eq from workshops [ton]	1.558	960	914	902	--
	Scope 2 - total CO2eq from plants [ton]	128	92	83	100	--
	Scope 1 + 2 - total CO2eq [ton]	3.274	2.307	2.076	2.389	-50% by 2025 (vs 2020)
HUMAN CAPITAL 	Number of Group employees	660	623	588	549	--
	Number of employees in the Executive category	47	45	44	41	--
	Number of employees in the Manager category	78	74	66	59	--
	Number of employees in the Staff category	358	347	323	301	--
	Number of employees in the Worker category	177	157	155	148	--
	Negative turnover rate	6,6%	12,3%	15,3%	15,3%	--
	Positive turnover rate	10,2%	6,8%	9,7%	8,2%	--

topic	performance indicators KPI	baseline	2021	2022	2023	target
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<b>RESOURCE ENHANCEMENT</b> 	Average number of training hours (full-time equivalent, excluding apprentices)	4	25	10	44	--
	Average number of training hours (full-time equivalent, including apprentices)	17,5	45,5	29	78	--
	Number of employees evaluated for technical-managerial skills	371	--	367	332	--
	Percentage of employees evaluated for technical-managerial skills	77%	--	85%	56%	>90% by 2025

<b>HEALTH AND SAFETY</b> 	Frequency Index of Group employees' injuries (per 1 million hours worked)	6,14	10,60	8,28	13,17	--
	Severity Index of Group employees' injuries (per thousand hours worked)	0,29	0,31	0,15	0,45	--
	Number of fatal injuries among Group employees	0	0	0	0	--
	Number of commuting injuries (home-work route) among Group employees	0	0	3	1	--
	Number of reported occupational diseases for Group employees	0	0	0	0	--
	Number of reported occupational diseases for former Group employees	1	1	2	4	--
	Average number of training hours on health and safety topics (total employee workforce)	1,5	3	3,5	3	--

<b>DIVERSITY AND INCLUSION</b> 	Percentage of female employees in the Group	13%	16%	16%	17%	20% by 2025
	Percentage of female Managers and Executives	1,7%	1,9%	2,1%	1,7%	--
	Average age of Group employees	45,6	45,7	46	46,4%	--
	Percentage of employees by age group					
	- under 30 years	7%	7%	7%	8%	--
	- between 30 and 40 years	22%	22%	22%	20%	--
	- between 40 and 50 years	39%	37%	35%	34%	--
	- between 50 and 60 years	24%	28%	29%	33%	--
- over 60 years	7%	6%	7%	6%	--	
Number of nationalities among Group employees	11	11	7	19	--	

topic	performance indicators KPI	baseline	2021	2022	2023	target
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<b>MANAGEMENT SYSTEMS</b>	Percentage of Group companies certified ISO 45001	20%	20%	60%	60%	100% by 2026
	Percentage of workshops certified ISO 45001	0%	0%	75%	75%	100% by 2026
	Percentage of construction sites certified ISO 45001	33,3%	33,3%	100%	100%	--
	Percentage of Group companies certified ISO 14001	20%	20%	60%	60%	100% by 2026
	Percentage of workshops certified ISO 14001	25%	25%	100%	100%	--
	Percentage of construction sites certified ISO 14001	33,3%	33,3%	100%	100%	--

<b>CORPORATE GOVERNANCE</b>	Number of audits related to risk and compliance topics	9	11	8	9	10 by 2024
	Training activities on risk and compliance topics	0	1	1	1	--
	Group Risk Map update activities	1	0	1	0	ongoing
	Average number of training hours on Corporate Governance topics (total employee workforce)	0,5	1,5	2	1,5	--

<b>BUSINESS INTEGRITY</b>	Number of remediations/recommendations received	21	23	11	24	--
	Percentage of remediations/recommendations addressed and managed by the Group	100%	91,4%	73%	83,3%	100%

<b>SUPPLY CHAIN SUSTAINABILITY</b>	Percentage of strategic suppliers involved in the evaluation of sustainability performance	--	--	100%	100%	--
	Percentage of suppliers with Health and Safety management policies and systems	--	--	81,6%	97,8%	100% by 2025
	Percentage of suppliers with formalized policies for managing Human Rights and child labor risk	--	--	85,3%	83,7%	100% by 2025
	Percentage of suppliers developing Circular Economy	--	--	--	64,1%	>70% by 2025
	Percentage of suppliers with policies and systems for preventing illegal activities	--	--	--	83,7%	> 90% by 2025
	Percentage of suppliers with policies and objectives for reducing Greenhouse Gases	--	--	58,8%	50%	> 75% by 2025

# reporting

## methodological notes

This document constitutes the second sustainability report of the Sofinter Group and has been internally drafted by the Group Sustainability Department, with the contribution of the Communication function and the involvement of all the interested corporate departments.

The report has been prepared according to the “Sustainability Reporting Standards” of the Global Reporting Initiative (GRI) updated in January 2023. All data and information presented in this document, which will be updated and revised, if necessary, in future publications, have been derived from the certified Management Systems of the Group and from the Governance and Compliance System.

The Sustainability Board of the Group’s companies, in agreement with the Board of Directors of the parent company Sofinter S.p.A., will evaluate the possibility of submitting the Sustainability performance reported in the report to complete external assurance.

### Reporting Principles

This report has been drafted by applying the reporting principles provided by the GRI standards (Global Reporting Initiative - updated January 2023):

- **Accuracy:** the data reported are extracted from the Management and Governance systems of the Sofinter Group, from consolidated balance sheets and reports that have been verified by third parties;
- **Balance:** the overall balance reports both positive and negative performances and harmoniously addresses all the sustainability issues of the Sofinter Group;
- **Clarity:** the structure of the report allows adequate reading and understanding by stakeholders, in addition to the final methodological notes related to GRI reporting;

- **Comparability:** the KPIs and data are presented in such a way that they can be compared over time and with other sustainability reports;
- **Completeness:** all the material topics of the Sofinter Group are addressed, as well as the issues prescribed by the GRI standards, for the reporting period of 2023, with comparison versus the years 2020-2022;
- **Sustainability Context:** the report considers the broadest possible context of sustainable development, within the scope of reporting (Italian sites);
- **Timeliness:** the 2023 sustainability report is the second one produced by the Sofinter Group and refers to the performances of the year 2023 compared with the three-year period 2020-2022. The drafting of subsequent reports is planned on an annual basis, within the first semester of the year following the last one considered;
- **Verifiability:** data, indicators, documents, and information sources have been presented and organized to facilitate verification by third parties as much as possible.

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