# Sustainability Report

Gruppo Pittini

2023

SUSTAINABILITY
IS IN OUR DNA

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# Letter from the Chairman to Stakeholders

GRI 2-22

Dear Stakeholders,

It is with great pride that we once again present our Sustainability Report, now in its fourth edition. This document is a milestone in sharing with you, our partners and employees, our achievements and ongoing projects, as well as our continued commitment to combining business growth with respect for the environment and society.

In 2023, extreme weather events were a dramatic demonstration of the need for urgent and systemic change. Aware of these challenges, our company has intensified its efforts to reduce the environmental impact of its operations. In particular, we have devoted significant resources to improving the energy efficiency of our manufacturing processes and reducing greenhouse gas emissions, with the aim of progressively reducing the carbon footprint of our business. However, this is not the end of the journey: our commitment is unwavering and is aimed at finding innovative solutions to further improve the efficiency and sustainability of our processes.

The safety and health of our employees and partners remains a top priority. There can be no talk of sustainable growth without a safe working environment. That is why we have further strengthened our measures to protect those who work with us, making our plants models of excellence in occupational safety.

We also believe training is essential to developing a successful business. Our Corporate School remains a benchmark for the professional development of our employees, offering innovative training programmes that enrich the wealth of knowledge and skills needed to meet the challenges of the future. Added to this is the important role of our Foundation, which contributes to the development of the area and the community in which we operate through its solidarity and training projects.

In 2023, we also significantly accelerated our industrial plan, with investments targeted at Industry 4.0 and technological innovation, key elements in maintaining our leadership position in the international steel sector. Our aim is not only to meet industry standards, but to exceed them.

Finally, I would like to thank you for your continued support and trust in our company. Our achievements are the result of our collective efforts and we are confident that together we can successfully meet the challenges of the future and continue to grow in a sustainable and responsible manner.

I hope you enjoy reading our Sustainability Report.

Yours sincerely,
Federico Pittini - Chairman



# Report highlights

The fundamental principles that guide the activities of the Pittini Group can be summarised in three pillars:

**RELIABILITY**
Which allows for objectives to be achieved by guaranteeing professionalism and quality, meeting the expectations of all Stakeholders.

**INNOVATION**
which means evolving constantly, in production methods, processes and organisation in order to anticipate and be ready for the challenges that the future holds.

**PEOPLE**
which means feeling part of the organisation, developing one's full potential and doing one's best to help achieve the company's results.

## THE GROUP TODAY

Data referring to 2023 for Compagnia Siderurgica Italiana S.p.A. (sub-holding of the Gruppo Pittini).

**1°**
**Italy's leading** steel producer in the **long steel sector**

**3 mln**
**tons of steel** produced **every year**

**65**
**Countries** worldwide where our products are sold

The **Group** consists of:

- **17** companies
- **22** production plants
- **4** sales and logistics service facilities

## GOVERNANCE

Data referring to 2023 for Compagnia Siderurgica Italiana S.p.A. (sub-holding of the Gruppo Pittini).

**2.022€ MILION***
**Turnover**

**63€ MILION***
**Investments**

**2.486€ MILION**
**Economic value generated**, of which **99%** was distributed

**63%**
of total sales are **exported abroad**

** Figures for Compagnia Siderurgica Italiana S.p.A.; investments for the reporting companies amount to €61.2 milion.*

Find out more on page 59

## Environmental protection

**-11,0%**

in **ENERGY CONSUMPTION** compared to 2021

**-2,9%**

of **WATER** consumption compared to 2021

**92,1%**

of the **WASTE** produced in Italy is sent for recovery/ recycling, an increase of 19.8% compared to 2021

**-15,6%**

of $CO_{2eq}$ **EMISSIONS** di compared to 2021

Data referring to 2023 and relating to the Italian companies of Compagnia Siderurgica Italiana S.p.A. (sub-holding of the Pittini Group).

Find out more on page 31

## Steel: a Circular Economy

Steel is completely **RECYCLABLE**

**100%**

Steel can be recycled **INFINITELY** without losing its properties

**100%**

The policy of **TURNING** potential residues into products

**ZERO WASTE**

Tonnes of potenzial residues turned into **RESOURCES**

**503.000**

## Research and innovation

**12**
**R&D PROJECTS**
ongoing

**3**
**FACTORIES**
involved

**119**
**PARTNERS**
of which 15 universities and 6 research centres

**9,673**
**HOURS**
of R&D activities

Data referring to 2023 and relating to the Italian companies of Compagnia Siderurgica Italiana S.p.A. (sub-holding of the Pittini Group).

Find out more on page 70

## Our people

**120**
new **HIRES**

**1,995***
**EMPLOYEES**

**96%**
with **OPEN-ENDED** contract

**-29%****
**DAYS LOST DUE TO INJURIES** recorded compared to 2021

**53,899****
total **HOURS OF TRAINING** provided during the year

**The number of collaborators of the Companies subject to reporting is equal to 1,748.*

***Data relating to the companies subject to reporting.*

Data referring to 2023 for Compagnia Siderurgica Italiana S.p.A. (sub-holding of the Gruppo Pittini).

Find out more on page 47

# 1. Overview

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# 1.1 Company profile

The Pittini Group, with its main headquarters in Osoppo (Udine), is a steel group with a strong international vocation that bases its production processes on the electric furnace. With approximately 3 million tons of steel produced, it is the leading Italian producer of long steels for construction and mechanics, equal to **12% of the entire national production and 27% of the production of long steels.**[1]
The Group consists of 17 companies and 26 **production plants as well as 4 commercial and logistics structures for the distribution** located in **Italy** and **Central Europe**. Ferriere Nord, Siderpotenza and Acciaierie di Verona are the most representative companies and are based in Italy. The data presented in this Sustainability Report cover the activities of the production companies of the Pittini Group, with the exception of SteelAG, which has been recently acquired and is still being integrated.

### MELTSHOPS AND ROLLING MILLS

**Ferriere Nord**
Osoppo (UD), Italy
- Meltshop with electric arc furnace
- Wire rod rolling mill
- Rebar rolling mill

**Acciaierie di Verona**
Verona, Italy
- Meltshop with electric arc furnace
- Wire rod rolling mill

**Siderpotenza**
Potenza, Italy
- Meltshop with electric arc furnace
- Rebar rolling mill

### COLD STEEL PROCESSING

**Ferriere Nord**
Osoppo (UD), Italy
- Electro-welding wire mesh plant and recoiling plant

**Acciaierie di Verona**
Verona, Italy
- Recoiling plant

**Ferriere Nord**
Nave (BS), Italy
- Electro-welding wire mesh plant

**La Veneta Reti**
Loreggia (PD), Italy
- Electro-welding wire mesh plant and recoiling plant

**BSTG**
Linz, Austria
- Electro-welding wire mesh plant

**BSTG**
Graz, Austria
- Electro-welding wire mesh plant

**Kovinar**
Jesenice, Slovenia
- Electro-welding wire mesh plant

**SIAT**
Gemona del Friuli (UD), Italy
- Cold drawn wire and flat production

**Pittarc** Division of Siat
Osoppo (UD), Italy
- Welding wires production plant

**SteelAG**
Kralupy, Czech Republic
- Cold steel processing

**SteelAG**
Bánovce, Slovakia
- Electro-welding wire mesh plant

**Drat Pro**
Kralupy, Czech Republic
- Cold drawn and cold rolled wire plant

### AGGREGATE PRODUCTION PLANTS

**Ferriere Nord**
Osoppo (UD), Italy
- Granella® plant

**Siderpotenza**
Potenza, Italy
- Granella® plant

### SALES OFFICES AND DISTRIBUTION CENTRES

**Siderpotenza**
Ceprano (FR), Italy
- Distribution centre

**Pittini Stahl**
Aichach, Germany
- Sales office

**Pittini Siderprodukte**
Geroldswil, Swiss
- Sales office

**SteelAG**
Aichach, Germany
- Sales office

**Verona servizi logistici**
Verona, Italy
- Logistic services


1 Percentages calculated based on the 2023 Steel Economy published by Federacciai. In the terminology of the steel industry, long products refer to steel products, including wire, wire rod, tracks and bars, as well as types of sections and structural beams; the distinction compared to flat steels is due to their geometric conformation

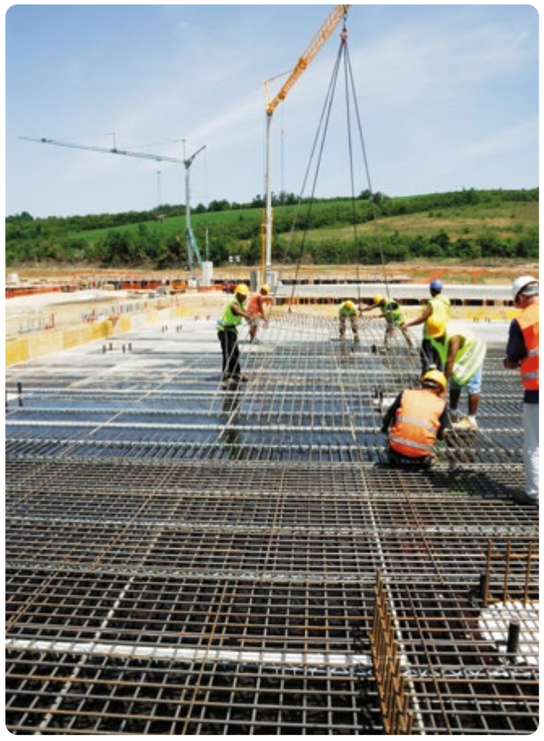
# 1.2 Business sectors

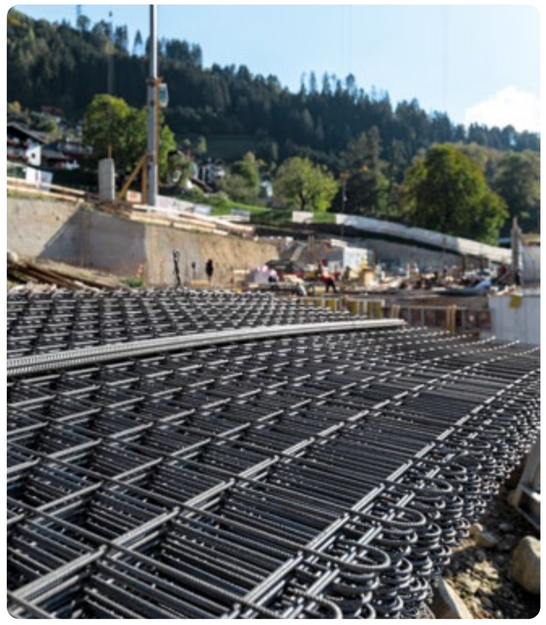
## STEEL FOR BUILDINGS

The Group stands out for its innovations in this sector:

- contribution to the industrialisation of reinforcements in the '60s, with the introduction of **lattice girder** and **electro-welded mesh**;
- in 2002, the Group was the first producer in the world to make **hot-rolled coils**, creating a new reference point in the sector with **Jumbo®**, the rebar in coils that, since 2015, is also available in a 5 ton version to better meet the logistical and production needs of the Group's partners;
- introduction, in the late '90s, of the **HD brand**: high-ductility steel developed for earthquake-resistant constructions.

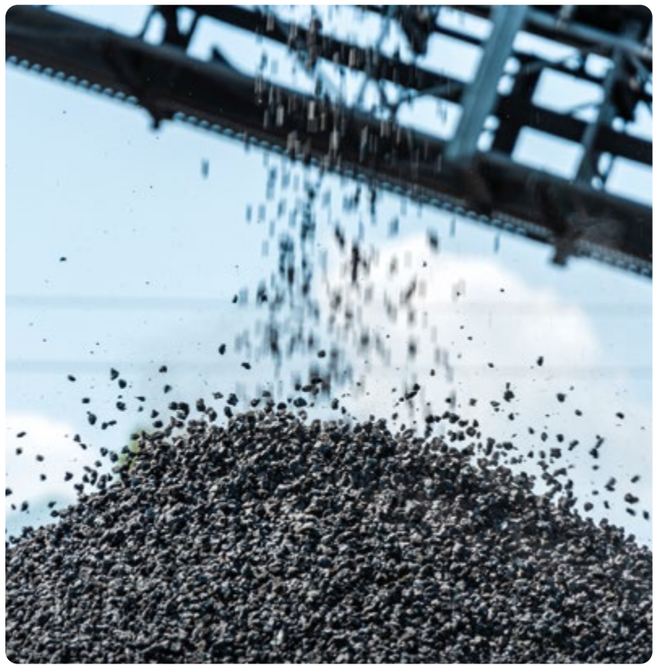
The **reinforced concrete steels** produced in the Osoppo plant have obtained the **EPD - Environmental Product Declaration certification.**





## MECHANICAL

Pittini is a reference in the market for the production of quality **wire rod** with low, medium and high **carbon** content. The wire rod produced by the Osoppo and Verona plants is used in the mechanical industry where it is then turned into a wide variety of products and components for everyday use. The wire rod produced has obtained the **EPD - Environmental Product Declaration certification**.



## INFRASTRUCTURE AND ROAD PAVING SOLUTIONS

The Group provides a series of solutions for the construction of roads and viaducts that stand out for their sustainability, innovation and ease of laying. In particular, Pittini is one of the first steel producers to reinterpret the production cycle with a view to the **Circular Economy**, also involving potential industrial residues to use them in new ways. Electric furnace slag has been the subject of continuous analysis and research, which has led to it being appreciated as an actual product for which the **Granella®** brand was registered in 2009. Granella® is used as an aggregate when making bituminous coverings, cement mixes and concrete mixes[2], allowing it to replace valuable aggregates of natural origin such as basalt, diabase and porphyry. In this way, millions of tons of slag, otherwise headed for disposal, have become a valuable component in many new projects, with a positive environmental impact..

Granella® was the first aggregate deriving from steel mill slag with a **certified environmental product declaration**.

[2] A focus on "Circular economy and raw material recycling" can be found in Section 2.



## COLD DRAWN AND COLD ROLLED PRODUCTS

The Group's verticalisation process aimed to expand its offer with a wide range of cold-drawn and cold-rolled steel products.
These **SIAT-branded** products are made for the window and door, household appliance, automotive and construction industries. Their versatility is such that rolled plate is used in the production of enamelled grids for hobs as well as for the reinforcement and protection of off-shore submarine cables.

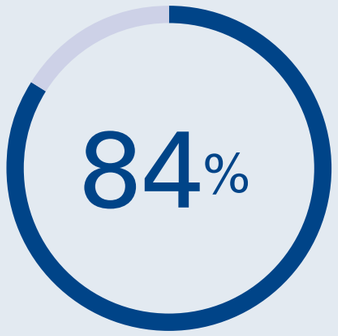
## WELDING WIRE

Thanks to almost 50 years of experience, the **PITTARC division** has developed technologies, plants and production processes that make it a leader in the welding wire sector, using wire rod from the Pittini Group's steel mills.
The welding wires are made for the mechanical, pressure vessel, piping (in particular Oil&Gas), energy and heavy and light carpentry industries.

The Group produces **nearly 3 million tons of steel every year**, with constant growth based on three fundamental pillars:

- the pursuit of an increasingly solid production **verticalisation**;
- **continuous investments** in product and process innovation also aimed at environmental protection;
- a strong **dedication to people**.

Construction, infrastructure and the mechanical industry are the main target markets for the Group's products, for which steel is specifically designed and manufactured. As proof of this, the Group's production shares are equal to 57% of all the wire rod produced in Italy and 22% of the national production of reinforcing bars.[3]
The range of steel solutions offered by the Pittini Group is one of the most complete found on the market and can meet every need.




## Shipment destination sectors

**Building: 84%**

**Mechanical: 16%**


## Geographical target markets

**Europe[4]: 56%**

**Italy: 37%**

**Extra Europe 27: 7%**

The reference **market** of the Pittini Group, given the type of product and the high transport costs, is the **European** market where approximately **93%** of sales are concentrated.

3 Percentages calculated based on the 2023 Steel Economy situation published by Federacciai.
4 Italy excluded, Switzerland included.



The size of the Group and the unique know-how it has developed over the years allow it to offer a wide and specialised range of products, which are marketed under different **brands**:

**PITTINI**
Wire rod and Concrete reinforcing steel produced by Ferriere Nord, Siderpotenza, Acciaierie di Verona, La Veneta Reti

**BSTG**
Electro-welded mesh for the Austrian market

**KOVINAR**
Electro-welded mesh for the Balkan market

**SIAT**
Cold-drawn and cold-rolled steels

**PITTARC**
Welding wire

**STEELAG**
Electro-welded mesh and drawn steel for Eastern Europe

## Transparency for certified quality

The laboratory of the leading company Ferriere Nord, which also carries out analyses for the Pittini Group, is accredited according to UNI CEI EN ISO IEC 17025:2018, which attests the technical competence of the staff, the suitability of the equipment and the independence of the laboratory. The accreditation was granted by the national body Accredia, a signatory to the ILAC MRA (International Mutual Recognition Agreements for certification, inspection and testing), which means that the test reports issued are internationally recognised and have full validity worldwide.

# 1.3 Product sustainability

**The quality of a product is measured not only in terms of its functional characteristics and the technical reliability of its materials, but also in terms of its impact on the environment. This approach to quality enables the Pittini Group to offer its customers products that meet both performance and sustainability standards.**

## EPD AND CARBON FOOTPRINT: PITTINI GROUP'S COMMITMENT TO SUSTAINABILITY

For the Pittini Group, a thorough understanding of the environmental impact of its products throughout their life cycle, through **Life Cycle Assessment (LCA)** methodology, is a fundamental prerequisite to providing customers with an ever-increasing level of sustainability transparency. To this end, the Group has obtained the **Environmental Product Declaration (EPD)** certification for structural steel, validating detailed and verifiable environmental data throughout the product life cycle.

EPD is a **voluntary environmental certification according to UNI EN ISO 14025:2010** and is part of the European Union's environmental policy. This certification assesses the environmental impact of products through a life cycle analysis that examines all stages of production, from raw material extraction to final disposal.
The results are summarised in a number of environmental indicators, such as Global Warming Potential (GWP), expressed as **$CO_2$ equivalent per tonne of product**.

The Group's EPD-certified **products** include **wire rod**, **rebar**, **electro-welded mesh**, **hot-rolled coil** and the aggregates **Granella®** and **Siderlime®**. The latter are the first products made from non-metallic steel mill residues to obtain a certified environmental product declaration.
The EPD, issued by the **ICMQ** (**Institute for Certification and Quality Marking for the Construction Industry**), certifies that PITTINI products comply with the environmental requirements of the MEC (Minimum Environmental Criteria) regulations for buildings and roads. It is issued by the Italian program operator **EPDITALY**.
In addition, the hot-rolled products have been the subject of **Product Carbon Footprint (CFP)** studies certified by **TÜV** in accordance with the ISO 14067 standard.

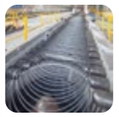
These tools allow the environmental impact of products to be transparently measured and communicated, providing a competitive advantage and ensuring that products meet stringent international environmental standards. They also allow examining **Scope 3 emissions** at the finished product level and identify areas for action along the production chain.
EPDs are recognised across **Europe** and in key **non-European Countries**.
This means that the information they contain is reliable and internationally comparable, making it easier for consumers and businesses to make informed decisions about product sustainability.



### EPD - ENVIRONMENTAL PRODUCT DECLARATION

| Wire rod | Jumbo® | Mesh | Rebars | Lattice girder | Rebar in coils | Granella® | Siderlime® |
|---|---|---|---|---|---|---|---|
|  |  |  |  |  |  |  |  |
| Ferriere Nord, Acciaieria di Verona** | Ferriere Nord | Ferriere Nord | Ferriere Nord, Siderpotenza* | Ferriere Nord | Ferriere Nord | Ferriere Nord, Siderpotenza | Ferriere Nord |

### PRODUCT CARBON FOOTPRINT ISO 14067

| Wire rod | Jumbo® | Mesh | Rebars |
|---|---|---|---|
|  |  |  |  |
| Ferriere Nord, Acciaierie di Verona | Ferriere Nord | Ferriere Nord | Ferriere Nord, Siderpotenza |

### CONTENUTO % DI RICICLATO UNI PDR 88:2020**

| Wire rod | Jumbo® | Mesh | Rebars | Lattice girder | Rebar in coils |
|---|---|---|---|---|---|
|  |  |  |  |  |  |
| Ferriere Nord, Acciaierie di Verona | Ferriere Nord | Ferriere Nord | Ferriere Nord, Siderpotenza | Ferriere Nord | Ferriere Nord Acciaierie di Verona |

### CONTENUTO % DI RICICLATO ISO 14021

| Wire rod | Jumbo® | Mesh | Rebars | Lattice girder | Rebar in coils | Granella® |
|---|---|---|---|---|---|---|
|  |  |  |  |  |  |  |
| Ferriere Nord, Acciaieria di Verona | Ferriere Nord | Ferriere Nord | Ferriere Nord, Siderpotenza | Ferriere Nord | Ferriere Nord | Ferriere Nord, Siderpotenza |

* Certification in progress
** Certifications obtained in 2024

# 1.4 Production cycle

**Steel, a ferrous alloy consisting essentially of iron and carbon, is the basis of a country's industrial activity, and the level of its production helps to define its level of industrialisation. There are two main methods of producing steel: the blast furnace (BOF) and the electric arc furnace (EAF). The blast furnace process starts with iron ore and carbon coke to produce cast iron, which is then converted into steel in converters. The EAF furnace, on the other hand, uses recycled ferrous materials to produce steel. This technology is considered to be the most sustainable and environmentally friendly, as it allows more efficient energy management and significantly reduces emissions compared to blast furnaces, making it an example of the circular economy.**

With full control of the production cycle, our Group follows a **"circular" development model**, offering a wide range of products that meet the highest quality standards.
Starting from an artisan approach, where human intervention was essential to make the machines work, the Pittini Group has continued the technological evolution of its plants. Starting with the **first steel casting in 1975**, we have achieved advanced levels of automation where the human role today is focused on high value-added supervisory activities, contributing to higher productivity, efficiency and quality of finished products.

Our facilities, including steel mills, hot processing plants, cold processing plants (such as the production of electro-welded mesh, hot rolled and rolled/drawn products) and aggregates plants, are **constantly being modernised** and technologically upgraded. These measures are aimed both at **continuously improving safety standards** and working conditions and at preparing our entire production structure for the **digital transformation** of the manufacturing industry.

This approach has led to the Osoppo steel plant being recognised as one of the most productive in terms of the installed capacity of a single furnace, and to the new rolling mill built at the Acciaierie di Verona site being considered a model for the implementation of Industry 4.0.

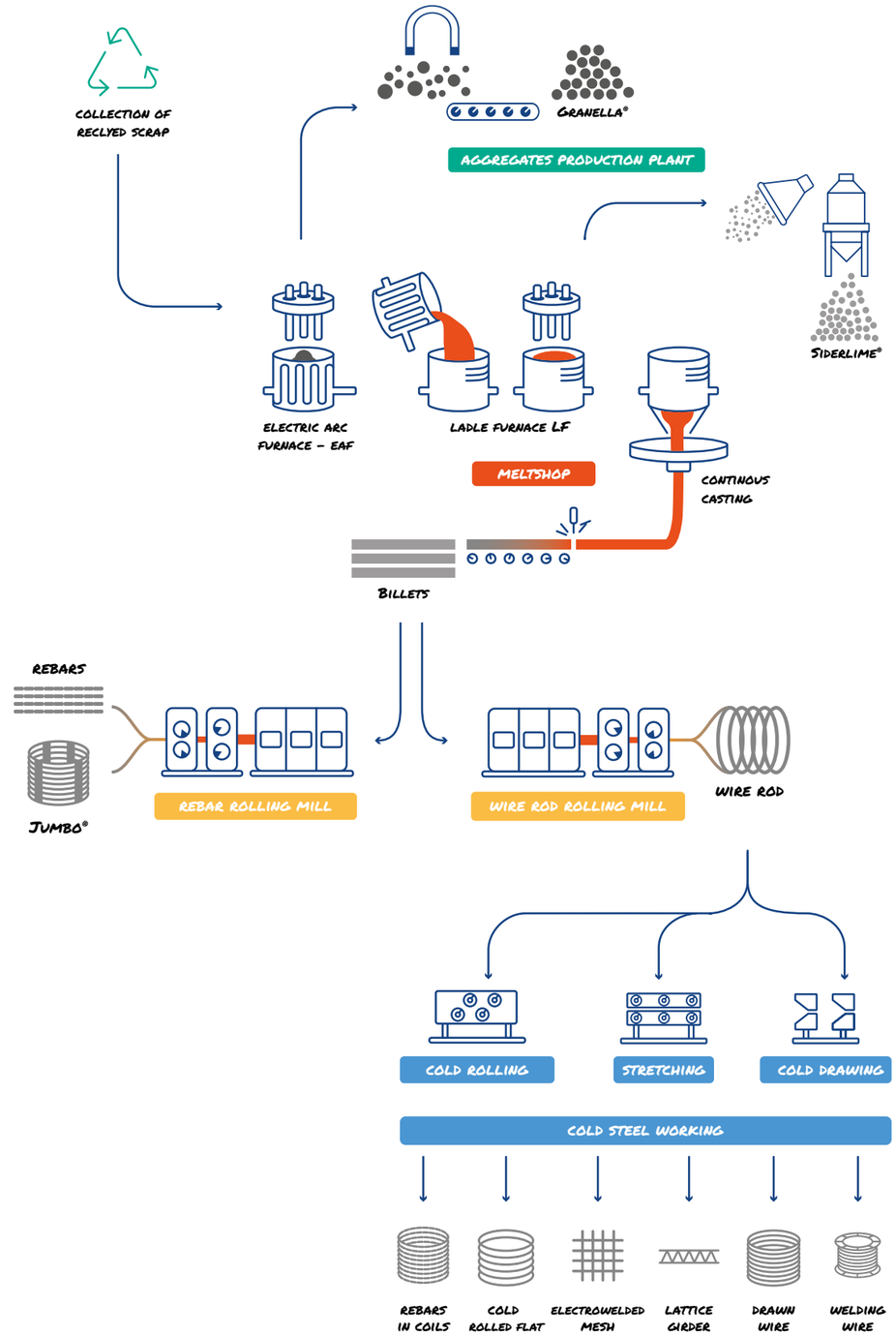
**STEEL IS A MATERIAL THAT CAN BE 100% AND INFINITELY RECYCLED WITHOUT LOSING ITS PROPERTIES.**

**87.8%**

of **STEEL PACKAGING** is sent to **recycling** facilities in italy, meeting the eu directive target for 2030.*

**Source: Ricrea*






*The figure shows each step of the production model, from the input of raw materials, o the output, consisting of the end product.*

# 2. Sustainability for the Pittini Group

GRI 2 - 22 / 29, 3 - 1 / 2

**2030** is the goal set by the United Nations Global Agenda for achieving of the **17 sustainable development goals (SDGs)**, which range from the fight against climate change to the defeat of poverty, from health to quality education, from clean and accessible energy to gender equality, from water protection to decent work.

At the end of 2019, the European Commission launched the "**EU Green Deal**", a program that aims to "transform the European economy towards a sustainable future" and whose main objectives include:

- **accelerating** of the reduction of greenhouse gas emissions by 2030 to achieve climate neutrality by 2050;
- **mobilising** industry for a clean and Circular Economy;
- **guaranteeing** the supply of clean, economical and safe energy;
- **building and renovating** according to energy and resource efficiency principles;
- **preserving** the environment and ecosystems;
- **promoting** sustainable and intelligent mobility.

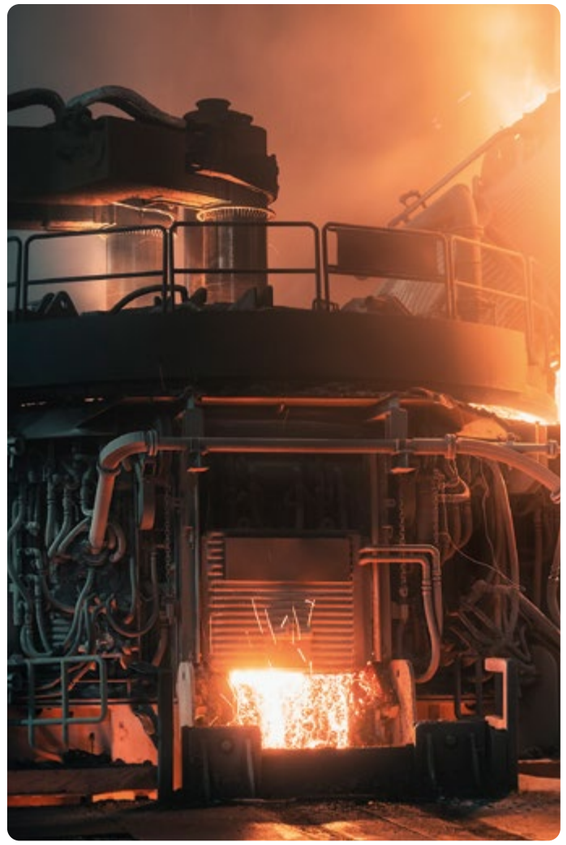
All this will be achieved also through a strong stimulus to research and innovation and by financing the ecological transition.

## Green@Pittini: our commitment

**We use electric arc furnace (EAF) technology to produce steel from recycled ferrous materials.** This technology is considered to be the most sustainable and environmentally friendly. We have been pursuing the principles of the **circular economy** for years, aiming at waste reduction, zero waste and proper management of energy and water consumption.

We want to be at the forefront of the next phase of the **ecological transition** by presenting ourselves as a green company in the steel industry. Our production strategies aim to **reduce** the use of **raw materials of natural origin** and include the reuse of by-products and any waste in our production processes.
To achieve these goals, we are **constantly innovating** processes, equipment and materials.
For us, being a green company means being able to combine increased productivity with respect and care for the environment in which we live.

For years we have been on a path of continuous improvement in the sustainability of our production. A commitment that has been reinforced in recent years through research and development of technologies that have an ever-lower impact on the environment.





# 2.1 The 2030 Agenda targets for the Pittini Group

For many years, the Pittini Group has been oriented towards identifying increasingly innovative and high-performance pathways and processes and is ready to take up the challenge that lies ahead in the near future. Environmental awareness and care is reflected in all company decisions and in all activities and processes, from the importance given to training and occupational health and safety, to fairness in relationships and compliance with regulations. The Pittini Group has assessed how it can contribute to sustainable development with reference to the 17 goals. It then selected 9 objectives and specified the focus areas.

| Themes | Goal | Actions and objectives |
|---|---|---|
| 3 | Ensuring a healthy life, promoting the well-being of all | Pittini is constantly committed to ensuring optimal working conditions by enhancing the culture of safety and organizational well-being. |
| 4 | Ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all | Pittini created a genuine school called Pittini Training Workshop. The Workshop supports not only all Group companies, but also the local area. Since 2004, the Workshop has also been accredited by the FVG Region and promotes projects and training courses. Training and updating are considered decisive factors for the development of the company and its people. |
| 5 | Promoting gender equality and other levels of diversity (age, culture, training) | Pittini guarantees gender equality, as required by current legislation and according to the principles of the company, although the activity carried out requires, mainly, male labour, the company is careful to accept and evaluate in a fair and equal manner all requests that come to its attention. |
| 7 | Ensuring availability of affordable, reliable, sustainable and modern energy services for all | The company ensures that its activities are managed in full compliance with current regulations and, although the company is clearly energy intensive, it constantly strives to find solutions to limit consumption as far as possible. |
| 8 | Promoting lasting and sustainable economic growth, employment development and meaningful work for all | Pittini has always been committed to ensuring the economic advancement of the people involved in its activities, and carries out ongoing communication activities in the region even by means of the 'Pittini Foundation', which promotes and implements projects specifically dedicated to the region, solidarity and training. |
| 9 | Encouraging innovation and the promotion of a sustainable level of industrialisation | The Company's commitment to pushing towards increasingly modern, innovative and sustainable systems is one of the main focuses in the company's strategy. In order to continually improve, Pittini invests in research and innovation in steel production processes, which has an impact on economic, social and environmental performance. Pittini prides itself on continually evolving technologies. |
| 11 | Making cities and human settlements inclusive, safe, resilient and sustainable | The Company's activity is aimed at pursuing the improvement of the quality of life in cities and communities by operating and implementing research and innovation activities for sustainable integration of plants within these frameworks. |
| 12 | Ensuring sustainable consumption and production patterns | Pittini closely monitors developments in market and socio-cultural contexts with regard to sustainability, designing solutions that meet the needs and demands of its partners. |
| 13 | Take urgent action to combat climate change and its consequences | The company is firmly committed to the protection of the environment and contributes to the struggle against climate change and its consequences by creating new steel products, reducing the use of raw materials of natural origin, together with recovery and recycling of residual products in internal processes. Steel can be completely recycled and reused. |

# 2.2 Dialogue with Stakeholders

**GRI 2 - 29**

**The Pittini Group considers its relationship with stakeholders important and special.A number of ESG initiatives have been launched to build and maintain long-term relationships with all stakeholders.**
**Stakeholder definition and identification activities continued in 2023, as shown in the diagram below. An active and ongoing dialogue is maintained with each of them in order to identify their ESG needs. Customer satisfaction surveys are performed continuously by the Group companies, whose management system complies with the ISO 9001 standard.**

### TYPE OF STAKEHOLDERS

No major issues were identified during the reporting period and any suggestions for improvement are analysed annually by a dedicated committee.

- Pittini people
- Customers
- Financial operators
- Local communities and institutions
- Industry operators
- Suppliers

### INTERNAL STAKEHOLDERS

As part of the annual materiality analysis, the Pittini Group has implemented several initiatives to encourage employee participation and input in building a sustainable and innovative future.
The goal is to give every employee, regardless of role, job description or seniority, the opportunity to propose ideas to improve the organisation and innovate the business.
The initiative that stands out from the rest is the "**Idea Box**". This was a pilot project launched at Acciaierie Verona in 2020, which has been extended to several facilities (Compagnia Siderurgica Italiana, Ferriere Nord Osoppo, SIAT and Pittarc Division, Siderpotenza, as well as to the corporate school, Officina Pittini for Training) and gives everyone the opportunity to make suggestions on how to improve the company. Thanks to the active participation of employees, it has been possible to gather suggestions and proposals covering various aspects of company life. This has given a voice to those who work every day in close contact with the production processes. Furthermore, the #PittiniforSustainability initiative was created to share the Sustainability Report with internal staff and to present the concrete actions that demonstrate the Group's commitment to achieving the Sustainable Development Goals set out in the 2030 Agenda. Each quarter, a different dimension of Sustainability is addressed through an informative newsletter and a short video.

### EXTERNAL STAKEHOLDERS

In 2023, the mapping of external stakeholders was updated, also taking into account the extension of the scope of the current Sustainability Report. First, an in-depth benchmark analysis was carried out, taking into account a number of companies in the sector and their respective stakeholders. A questionnaire was then prepared to understand which ESG issues were relevant to them. This was sent to a significant sample of stakeholders to gauge their views.
The initiative selects strategic priorities for sustainability, focusing on issues of relevance to the Group and its stakeholders.

In 2023, several actions were undertaken **to involve stakeholders** in the Group's activities. More specifically: **60 visits** to plants, which involved **441 visitors** (including the Latest Drawing Technologies Conference held in Verona); conferences organised in plants in collaboration with the Board of Engineers of Verona and Ingegneria Sismica Italiana; the conference was attended by over 400 wire drawing experts. Other meetings with stakeholders were held at the trade fairs in which the Group's companies participated: Asphaltica (Verona), Giornate Nazionali della Saldatura (Genova), Interwire (Atlanta - USA), Schweissen und Schneiden (Essen - DE), Wire (Il Cairo - EG).



The Pittini Group has identified the material topics[5] subject to reporting, which are listed below divided by area:

## Environment

- Management of raw materials
- Protection of water
- Energy saving and emission control
- Waste management

## Social aspects

- Occupational health and safety
- Talent management
- Skills enhancement

## Economic and governance aspects

- Respect for ethical principles
- Investments in innovation
- Value distributed across the territory

5 There were no significant deviations from the previous reporting period with regard to relevant thematic issues.

# 2.3 Strategic guidelines for the sustainability of the Pittini Group

**GRI 2 - 22**

The sustainability strategy of the Pittini Group is characterised by continuity with the actions carried out in the past and is attentive, in particular with regard to environmental aspects, to the evolution of the global situation, with attention to the vision developed at national and European level by industry bodies such as ESTEP (European Steel Technology Platform) which has developed the Clean Steel Partnership Road Map.

For an industry characterised by high energy and material consumption such as that of the Pittini Group, the focus is on four areas: Energy, Circular Economy, $CO_2$ Emissions, Water Resource Use. They are closely related and synergic with each other. Much work has been done in the past, often with cutting-edge aspects in the sector, but they still need to receive attention, also by means of the computerisation and increased automation of the industrial processes and by implementing industrial symbiosis principles.

**Circular Economy**

- The pursuit of research activities on materials, dissemination, technological development and promotion for an increasingly technically appropriate use of steel slag processing products.
- Maximisation of the reintegration of its residues into the same or different production cycles.

**Energy**

- The pursuit of the minimisation of specific energy consumption.
- Recovery of energy from thermal processes, allowing it to be reused inside or outside the process and the plant.

**Reduction of $CO_2$ emissions**

- Plant development allowing for the maximisation of energy efficiency, resulting in less use of fossil fuels, or allowing for the partial or total replacement of the energies used, preferring renewable ones.
- Replacement of methane of fossil origin with biomethane.
- Research into technological solutions to replace carbon-based fuels with hydrogen in the manufacturing process.
- Replacement of fossil carbons used in the EAF process with carbon-based materials derived from the processing of plant biomass.
- Preferential choice in the supply of energy and materials that allow for lower $CO_2$ emissions in an overall product life cycle analysis.

**Use of the water resource**

- Automation and computerisation of water quality and quantity monitoring systems, with development of analytical tools for optimal use.
- Increased efficiency of the water resource by integrating the circuits of the different sections of the same plant, transfer of water to circuits with progressively less restrictive requirements, treatment/purification systems capable of restoring water quality to process requirements, pursue of a high degree of recirculation in the same circuit.

**Enhancement of the local area and communities**

The company is committed to building partnerships and positively integrating its plants within the local area, respecting and enhancing its special features. This is with the aim of strategically positioning itself and, above all, representing an element of value for the community and for the entire supply chain, ensuring economic solidity, qualified jobs, skills development, well-being and safety for all collaborators.

**Value of people**

The responsible and transparent management of collaborators, together with the internal enhancement of their skills, are essential elements for the growth and development of the entire organisation.

**Skills management and talent development**

The company focuses on the growth of its people, considering training an essential lever of development for the individual collaborator and for the entire organisation.

**Safety**

Safety at work is a top priority: safe behaviour, equipment and working environments are the hallmarks of the Group's activities. Our commitment is focused on promoting the well-being of all those involved.

**Economic value**

The Group is committed to creating value for the communities in which it operates by supporting its supply chain, particularly local suppliers, including through financial support. Furthermore, it continues to invest in innovation to improve the quality of its products and the energy efficiency its plants, in line with the principles of Industry 4.0.

# 3. Environmental aspects

In the field of steel production and processing, the Pittini Group has always risen to the challenge of reconciling industrial development with environmental protection. This commitment has always motivated the people who have worked and continue to work in the Group.

Over the years, reducing emissions in all environmental matrices (air, water, soil, noise, waste), using resources rationally, managing plants in a sustainable manner as well as their positive relationship with the territory have become increasingly important priorities. These objectives have been pursued through research into systems, production processes and materials.

With the aim of continuously improving its environmental performance and achieving ambitious targets, the Group has implemented a system to continuously monitor the results achieved. To this end, the Group's companies have adopted an Environmental Management System (EMS) in accordance with the UNI EN ISO 14001 standard, which is implemented at various levels in all plants.

The **BAT**s (Best Available Techniques) are the reference for environmental authorisations issued by the authorities and they represent the prerequisite to be able to operate. In the Group's plants, the continuous effort is not only to implement the BATs, but also to seek the possibility of exceeding them by anticipating regulatory indications.
Some examples of work carried out or in progress in some plants are the following:
- the installation of "ultra low NOx" burners in reheating furnaces;
- the installation of activated carbon systems to abate organic micropollutants and control process parameters;
- the continuous revamping of steel mill extraction systems;
- the installation of continuous scrap feeding technology at the steel mill's melting furnace to reduce the potential for fugitive emissions;
- the transfer of billets from continuous casting to the pre-heating furnace of the wire rod rolling mill to obtain the energy savings associated with hot loading.

Environmental and land management is in line with national and regional laws and regulations. All activities in the Group's plants are subject to specific environmental permits. In particular, plants with hot and cold rolling mills and/or steel mills have received the Integrated Environmental Permit (IEP) issued by the competent authorities in accordance with Best Available Techniques (BAT).

A further step towards transparency and sustainability was taken with the participation in the EMAS6 audit scheme in the Verona (in 2020) and Osoppo (in 2021) plants, with the registration of the sites and the publication of the related environmental statements.

The Group's approach to preventing the potential impacts of production activities has led to significant investment in environmental protection, worker safety and product quality.

6 The Eco-Management and Audit Scheme (EMAS) is a voluntary instrument created by the European Community and regulated by Regulation (EC) no.1221/2009 and subsequent amendments and integrations, to which organisations (companies, public bodies, etc.) can voluntarily adhere in order to assess and improve their environmental performance and provide the public and other interested parties with information on their environmental management.



For the Group's activities, there are two main **BREFs (Bat REFerence documents)**:
- BREF for Iron and Steel production (IS) for steel mills.
- BREF for the Ferrous Metals Processing industry (FMP) for rolling mills.

From an environmental organisational point of view, the Group is structured with a strategic HSE manager at corporate level and environmental managers appointed for each plant.

The use of the Deming cycle for continuous improvement (Plan-Do-Check-Act) involves top management, who hold special meetings to review progress against objectives and set new ones when they have been achieved. In this way, the PDCA model takes the form of a virtuous spiral in which repeated improvements lead to ever higher levels.

The Group's policies are communicated to all employees. In addition, specific training sessions, in which the Group's employees are invited to participate in order to reinforce their behaviour and the resulting professional practices, are also essential for their effective implementation.

# 3.1 Materials

**GRI 306 - 1**

Steel is a **permanent material**; this means that it maintains its resistance, ductility and formability intact over time.

Steel is the most recycled material in Europe: it is easy to sort and is 100% and infinitely recyclable without losing its intrinsic qualities.
According to the Ricrea consortium, 428,043 tonnes of steel packaging were recycled in Italy in 2023, with a recycling rate of 87.8%, exceeding the 80% target set by the European Union for 2030.

In the creation of new steel products, the continuous reduction in the use of raw materials of natural origin (in favour of ferrous scrap), together with recovery/recycling activities of residual products in internal processes and "industrial symbiosis" practices, constitute a specific objective for the company; this translates into the economic opportunities that stem from it and the aspects related to the reduction of environmental impacts.

**Industrial symbiosis** is a form of intermediation to facilitate innovative collaboration between companies, so that the waste produced by one of them is exploited as raw materials for another. The word 'symbiosis' is usually associated with relationships in nature, in which two or more species exchange materials, energy or information in a mutually beneficial way.
Local or broader collaboration in the context of industrial symbiosis can reduce the need for virgin raw materials and waste disposal, thus closing the material cycle – a fundamental characteristic in the field of Circular Economy and a driver for sustainable growth and eco-innovative solutions. It can also reduce emissions and energy consumption and create new profitable flows.

# 3.2 Circular Economy and raw material recycling

**GRI 301 - 1 / 2, 306 - 1 / 2**

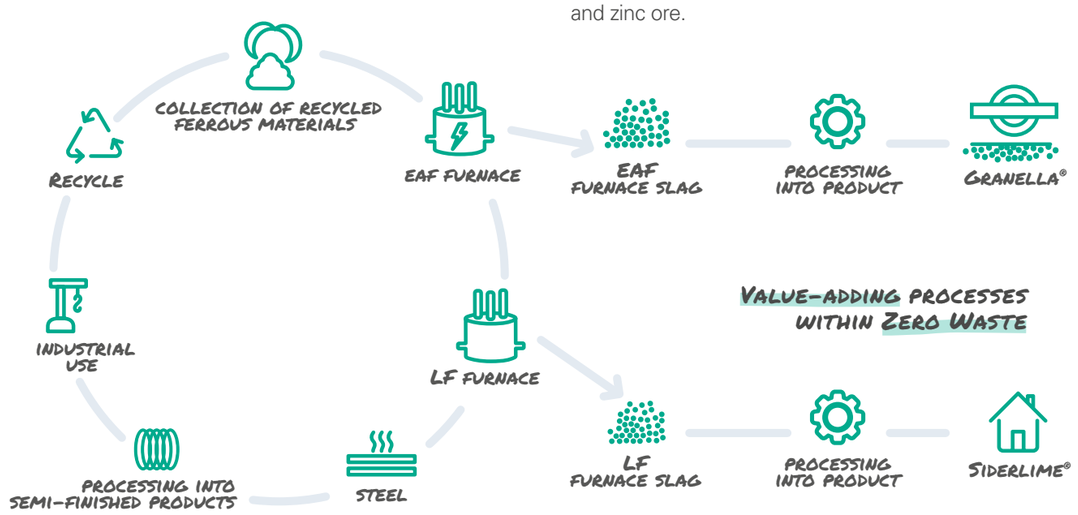
When creating new steel products, the continuous reduction in the use of raw materials of natural origin, together with the recovery/recycling of residual products in internal processes and industrial symbiosis practices, are a real objective for companies in this sector, both for the economic opportunities that derive from them and for the aspects related to the reduction of the environmental impact.

It should be pointed out that, once produced, steel can be recycled and reused due to the fact that it is a permanent material, i.e. capable of maintaining its strength, ductility and formability intact over time. Steel is considered to have **an overall recovery rate of more than 78% and 100% of its by-products are suitable for recycling.**[7] It is a perfect example of Circular Economy.

The materials used in the EAF production process are mainly and essentially made up of ferrous scrap (material classified as "end of waste"[8] according to EU Regulation 333/2011), cast iron and pre-shredded steel, as well as some additives.

The "**Zero waste**" initiative, which started in the mid-90s at the Osoppo site and later extended to other Group production sites and continued to evolve over the years until today, aims at minimising waste by continuously enhancing its positive qualities, resorting to a specific innovation of processes, plants and materials.

Zero Waste mainly focuses on the most important materials in terms of quantity, such as electric furnace slag, ladle furnace slag, fume abatement dust, scale and refractories. Secondary materials that today, thanks to the results of the project, are appreciated within and outside the production cycle, as they can be used to replace other raw materials such as basalt, porphyry, limestone, iron ore and zinc ore.

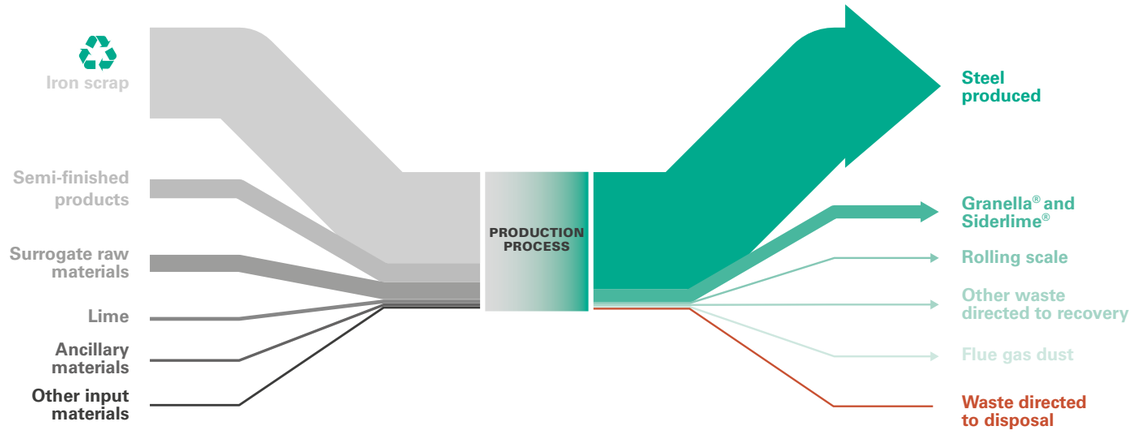



7 According to the White Book of Steel published by the World Steel Association, the steel recovery rate identifies the percentage ratio between the amount of scrap recovered and the amount of scrap available.

8 EU Regulation 333/2011 sets the criteria - such as scrap quality, waste used as material in the recovery operation, and treatment processes and techniques - according to which certain types of scrap iron, steel, aluminium and aluminium alloys cease to be waste and are therefore defined as "end of waste".

As a result, **the portion of material entering** he production process, mainly ferrous scrap from recycling, that **does not become finished steel product:**

- becomes **Granella®**, or **Siderlime®**, two new construction products,
- remains within the production cycle (such as ladle furnace slag fed back into the EAF instead of lime),
- is recovered by third parties with the aim of industrial symbiosis,
- **only a small part cannot be recovered** and is sent for disposal.




*Qualitative representation of the flow of materials into and out of the production process of the 3 meltshops of the Group. The thickness of the arrows is proportional to the total weight.*

For Pittini, recovery and recycling activities are made possible thanks to a production process mainly focused on electric furnace technology based on scrap recovery.
**The entire melting and refining process in the steelworks used, during 2023, a total quantity of more than 3,100,000 tons of raw materials and related materials, of which 80.5% came from a recycling process (down from 81.7% in 2022).**
The raw steel produced by the steel mills (billets) constitutes the raw material (semi-finished product) for the Group's rolling mills to produce wire rod, reinforcing bars in bars and Jumbo® coils, using hot rolling processes.
**In 2023 the production of hot rolled products in the Group was achieved with semi-finished products 76.1% came from recycled material** (in line with the 76.4% of 2022).
The hot-rolled steel, in the form of wire rod or reinforcing rod, is both marketed as is and transferred to the Group's cold processing, where it is transformed into electro-welded mesh, electro-welded lattice, drawn wire, re-coiled wire and from welding wire.
In 2023, the Group's Cold Processing processed 793,000 tons of incoming steel, of which 74.6% came from recycled material.

Only **8%** of production **waste DISPOSAL**

**80,5%** of the **raw materials** used in processes in meltshops comes from **RECYCLING**

**76,1%** of **semi-finished** used in rolling mills comes from **RECYCLED MATERIAL**

**Below are the main results achieved from recovery processes in the logic of the Circular Economy:**

• **EAF slag**: 368,750 tons of Granella® were used instead of natural materials that would otherwise have to be extracted from quarries.
The use of **Granella®** in long-lasting water draining pavements also led to the appreciation of the new material and consolidated a positive relationship with the local area. Another advantage is that an equal amount of material was not sent to landfills.

• **Ladle slag and refractories**: these materials are also used within the cycle in quantities equal to 29,903 tons in 2023, otherwise they would be destined for disposal.

• **Siderlime®**: the creation of a new product derived from the recovery of ladle slag and intended for cement factories as aggregate began in 2022. Production for 2023 amounted to 9,658 tons.

• **Meltshop fume abatement dust** (48,888 tons in 2023) is sent for recovery at third parties for the extraction of zinc and other materials, reducing the use of ore and other metals.

• **Scale**: Scale: 45,677 tons in 2023 are sent for recovery at third parties, saving materials from mining sites.

RESULTS OF THE ZERO WASTE PROJECT

## Natural materials saved from extraction

**503k tons**

368,750 tons Granella® produced
29,903 tons ladle slag and refractories reused in the production cycle
9,658 tons Siderlime® produced
48,888 tons meltshop fume abatement dust recovered
45,677 tons scale recovered



# Siderlime®

**SIDERLIME®**, thanks to its high CaO content, is used in the cement production cycle as a partial replacement of natural raw materials (typically marl and/or limestone) in the preparation of the raw mixture fed to the portland cement clinker kiln; thanks to its hydraulic properties, it is the basic constituent of all types of cements and hydraulic binders.
Thanks to its already decarbonated calcium oxide content, SIDERLIME® contributes to the **reduction of process $CO_2$ emissions** resulting from clinker burning. In 2024, SIDERLIME® manufactured in the Osoppo (UD) plant, obtained the Environmental Product Declaration (EPD).

# Granella®

Already CE marked in compliance with EU Regulation 305/2011 and with the UNI EN 13043, UNI EN 12620 and UNI EN 13242 standards (relating to aggregates for bituminous and cementitious mixtures and for use in civil engineering works and road surfacing), in 2018 Granella® obtained the Environmental Product Declaration (EPD), becoming the **first steel aggregate with a certified environmental product certification**.

Not only does Granella meet the minimum criteria of the new MEC regulations on "Road Infrastructure" and "Construction Interventions", but it also meets some of the award criteria:

- has a 100% recycled content;
- thanks to its mechanical properties, it extends the life of the works, especially in the wear layers;
- is produced in plants covered by the
- EU/ETS Directive;
- Ferriere Nord's production site is EMAS registered.

# Ferrous sulphate

**SIAT** operates a process of **regeneration of the used acids.** Instead of disposing of them, it obtains ferrous sulphate: **a product that becomes a high quality raw material** in the cement production chain and in agriculture.

The SIAT processes are mainly characterised by the consumption of dangerous chemical substances: first and foremost sulphuric acid. It is through the use of sulphuric acid diluted in dedicated tanks that chemical pickling of the wire rod takes place. Once used, the sulphuric acid is sent to the sulphuric acid plants which, through cooling and liquid/solid separation systems, creates two "new" products: **regenerated sulphuric acid** and **iron sulphate crystals**. The first destined again for the chemical pickling of wire rod, the second raw material available for the fertiliser market.

This process is a clear example of sustainability which leads to a reduction in the consumption of raw materials in favour of recovery and subsequent reuse, with the advantage of avoiding the production of processing residues and instead creating a raw material available for others markets. Thanks to this process, **1,070 tonnes of ferrous sulphate** were sold in 2023.



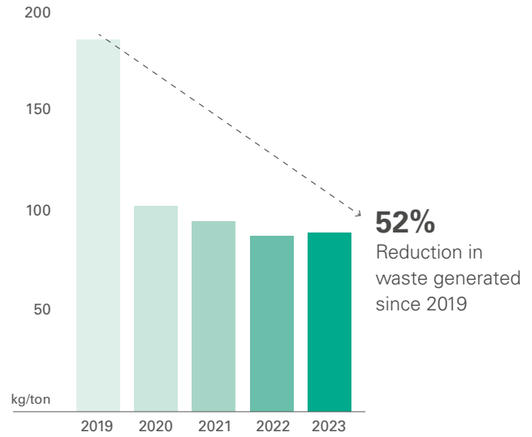
# 3.3 Waste treatment

**GRI 306**

Steel production with an electric arc furnace is normally associated with a significant production of residues, the main ones being slag, fume abatement dust, rolling mill scale and refractories.
**In Europe, steel mills with electric arc furnaces produce between 80 and 400 kg/ton of specific waste.[9] The Italian steel sector is characterised by an average residue production of about 161 kg per ton of steel.[10]**

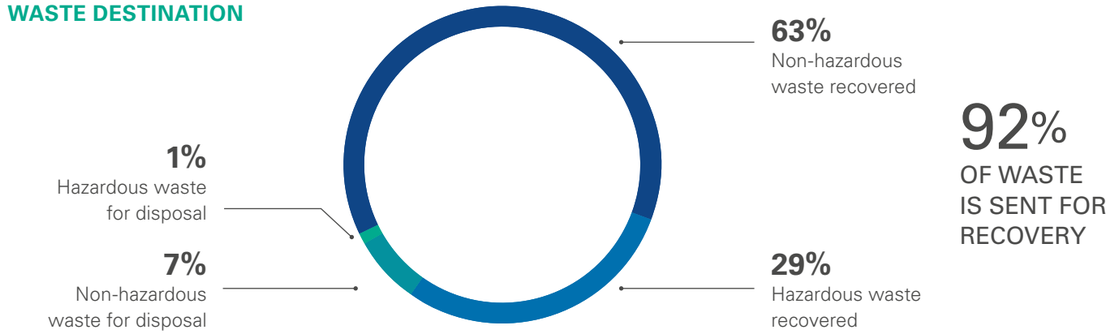
At the Pittini Group, the "**Zero Waste**" initiative has made it possible to exploit the waste generated in greater quantities, transforming it into new products or recycling it within the process, with a view to the **Circular Economy**. As a result, the specific quantity of waste corresponds to the minimum values of the European steelworks panorama and to almost a third compared to the national sector average.
**In fact, in 2023, the total waste generated within the three plants with meltshops was equal to 56.8 kg per ton of processed steel.**
The further reduction is the result of the transformation, at the Osoppo plant, of part of Acciaierie di Verona's slag into Granella®. This activity, which started in 2019, will continue and will be increased over the coming years, with the aim of using all possible slag as product.

**SPECIFIC INDICATOR OF WASTE GENERATED AT ACCIAIERIE DI VERONA**




In the graph, relating to the Acciaierie di Verona plant, it can be seen that the amount of waste produced per tonne of product, from 2019 to 2023, has decreased significantly.
Another consequence of the Zero Waste initiative was the attempt to recover most of the remaining waste through forms of industrial "symbiosis". Fume abatement dust and mill scale are sent to third parties that recover and enhance the substances they contain.

**WASTE DESTINATION**




9 The BREF for steel production reports the following specific waste production values: furnace slag 60-270 kg/ton, ladle furnace slag 10-80 kg/ton, fume abatement dust 10-30 kg/ton, spent refractories 1.6-22.8 kg/ton.

10 Source: Sustainability Report 2023 published by Federacciai for the entire Italian steel industry, including the full-cycle steel industry.

# 3.4 Energy management

**GRI 302 - 1 / 3 / 4**

**The steel production and transformation process is characterised by particularly high energy consumption, which makes the environmental issue a priority for the Pittini Group. The Energy Office is always committed to continuously improving energy performance and reducing consumption, always aiming for maximum efficiency of the Group's systems and infrastructures.**

Steel is vital to modern economies, and so the global demand for steel is expected to grow in the coming decades to meet the growing needs for social and economic well-being.[11]
Meeting this demand presents challenges for the **steel sector** such as trying to follow a more sustainable path while remaining competitive. The sector is currently **responsible for around 8% of the global final energy demand and 7% of the energy sector's $CO_2$ emissions** (including process emissions).[12]

However, through innovation, the use of **low $CO_2$ emission technologies (EAF) and an efficient use of resources**, the steel industry has the opportunity to reduce energy consumption and greenhouse gas emissions, develop more sustainable products and improve its competitiveness.

Steel production and processing activities are highly energy-intensive and impactful in terms of environmental and economic impacts. In 2022, the Electrical Energy requirements of the entire national steel industry amounted to 7,4% of the total E.E. Requirements in Italy.[13]
Starting from the end of 2019, with the entry into force of the Integrated National Energy and Climate Plan 2030 (NECP) and from the beginning of 2020 with the approval of the European Green Deal, the implementation of an industrial decarbonisation process is considered increasingly urgent: for this reason, companies with high energy consumption must move towards new, increasingly efficient and sustainable consumption models.

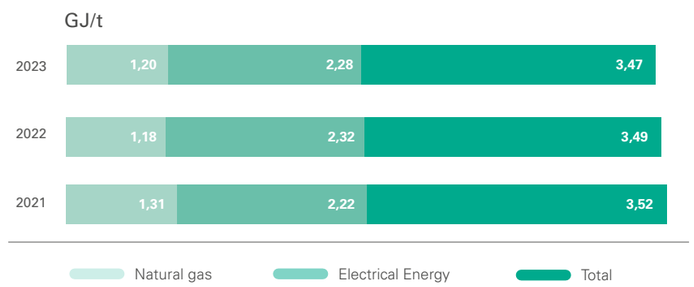
For this purpose, the "**Zero Waste Energy**" – project – launched in 2010 - has led to the census of all energy sources and consumption, resulting in the largest company of the Pittini Group, **Ferriere Nord**, implementing an **Energy Management System (EMS)** – in accordance with Standard UNI EN ISO 50001 – and adopting the relative Energy Policy.
Energy consumption is basically made up of electricity, mainly absorbed by the electric arc furnaces in the steel mills, and natural gas, used mainly in the pre-heating furnaces in the rolling mills to heat the billets before the rolling process.
**The consumption of electricity per ton of rolled product (this ratio is called energy intensity) during 2023 was 2.28 GJ/t.**
Over the years, the Pittini Group has implemented plant efficiency projects and installed photovoltaic systems at the Ferriere Nord site in Osoppo which generated 1,980 GJ of self-produced electricity in 2023. On the basis of an agreement with the municipal company AGSM, Acciaierie di Verona built a **district heating plant** for the benefit of the urban context of Verona, which produced 39,079 GJ of energy in 2023.


Consumption conversions from MWh (for electricity) and Sm3 (for methane- CH4) to GJ are made using the factors in the annual report 'UK Government GHG conversion factors for company reporting'.

Each year, the average natural gas energy intensity of Pittini Group's plants is 60% lower than the national average for the steel industry.[14]

## ENERGY INTENSITY OF ELECTRICAL ENERGY AND NATURAL GAS

*This graph refers to the energy intensities of hot working.*




As for the use of natural gas, mainly used in the rolling mills, 1.20 GJ per ton of rolled product was used in 2023. Savings on natural gas consumption are possible thanks to heat recovery and the loading of still hot billets into the pre-heating furnace (hot loading). Heat from the melting process is recovered through district heating towards company buildings (in Osoppo) or to the benefit of the "city of Verona" and through the production of cool air for the process (in Verona).
The energy intensity data for natural gas, described by production site and over the three years considered, shows a value lower than the national average, which for the iron and steel sector stands at 2.8 GJ/ton.[14]
In 2022, electricity and natural gas saving interventions were carried out, resulting in a **reduction of the total energy consumption at our plants of 850,350 GJ equal to 8.8% of the total consumption**.
The graph on the site refers to the trend in overall energy intensity (electricity, natural gas) net of the above mentioned savings during the three years under review (for reasons of consistency, the energy intensities have all been related to tonnes of rolled product), which is **33% lower** than the sector data for scrap-fuelled EAF production.[15]
This result places Pittini Group's plants among the **most energy-efficient in the world**.

11 At national level, steel production remains the industrial activity with the highest electricity consumption.

12 Data for 2021 according to IEA in the "Iron and Steel Technology Roadmap" report.

13 Source: Terna Statistica Yearbook referring to 2022.

14 Source: Sustainability Report 2021 published by Federacciai.

15 The World Steel Association report gives a value of 5.2 GJ/ton.

# 3.5 Emissions

**GRI 305 - 1 / 2 / 4 / 5**

The atmospheric emission of $CO_{2eq}$, related to steel production, is related to both **direct emissions (scope 1)** influenced by the carbon content of the materials used, in particular coal, natural gas, scrap/cast iron/direct reduced carbon and electrodes, and **indirect emissions (scope 2)** stemming from the use of electricity.

In 2023, the **$CO_2$ emissions** - direct (scope 1) and indirect (scope 2) - amounted to **283 kg of $CO_{2eq}$ per ton produced** (referring to the rolled products produced), in line with previous years.
Furthermore, this figure is lower than the average $CO_2$ emissions recorded for EAF electric furnace steel producers powered by scrap such as the Pittini Group. In particular, consumption is 6% lower than the figure of 0.3 $tCO_{2eq}$/ t according to the findings of the World Steel Association and the International Energy Agency (IEA).[16]

For **direct emissions** (scope 1 only), the average Value for 2023 was **109 kg $CO_{2eq}$ emitted per tonne of hot-rolled steel produced**, with a slightly decreasing trend over the three-year period under review.

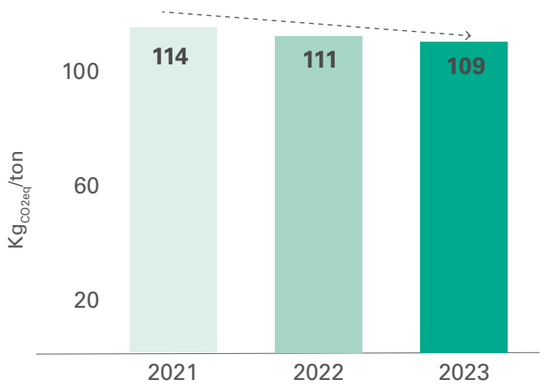
**SPECIFIC EMISSIONS OF $CO_{2eQ}$/t (Scope 1 and 2) OF HOT-ROLLED STEEL PRODUCED**




**$CO_{2eq}$ total emissions DECREASED**
**by 9%**
in 2023
compared to 2022

**49,049 TONS OF $CO_{2EQ}$ AVOIDED IN 2023**

**INTENSITY OF EMISSIONS OF $CO_{2EQ}$ (Scope 1) OF HOT-ROLLED STEEL PRODUCED**




16 Data according to IEA in the "Iron and Steel Technology Roadmap" report.



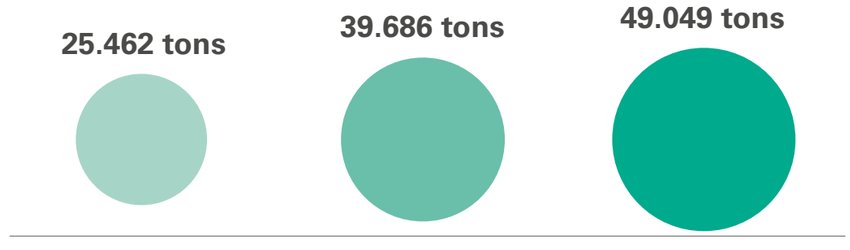
# 3.6 Reduction of energy consumption and GHG

**GRI 302 - 4, 305 - 5**

Constant efforts to improve the efficiency and innovation of production plants and organisational interventions aimed at energy optimisation have made it possible to avoid the emission of significant quantities of direct and indirect greenhouse gases over the years.

During 2023, considering only the emissions due to plant activities (scope 1) and energy savings (scope 2), almost **49,049 tons of $Co_{2eq}$ were avoided**, whereas, when considering the entire three-year period 2021-2023 under review, the avoided emission amounts to more than 114,196 tonnes of $CO_{2eq}$.

**TONS OF $CO_2$ NOT EMITTED IN THE ATMOSPHERE**





Acciaierie di Verona

# 3.7 The water resource

**GRI 303 - 1 / 3 / 4 / 5**

**The water supply by the Group companies takes place both through the supply of the aqueduct and through withdrawal from the company wells. The use of water from the aqueduct mainly occurs for civil uses and constitutes a quantitatively low consumption compared to the total.**

In order to reduce water withdrawal and discharge as far as possible, the "**Zero Waste Water**" project was implemented in the Osoppo plant in 2012. The objective was to reduce as far as possible all the discharges and purges of the cooling circuits of the steelworks and rolling mills, **maximising recycling within the production processes**. The project continues to bring considerable water savings, both in terms of quantities withdrawn from the aquifer and of volumes discharged.

Also at the Osoppo plant, a **complete renovation project of the water treatment plant** was launched in 2020 and was completed at the end of 2021, allowing use of the water resource to be further rationalised.
The activity of steel mills involves the use of water mainly for cooling of the systems and for the treatment of semi-finished and finished products. The impacts related to the use of water resources mainly concern the withdrawal of groundwater and the discharge into sewers of water with lower quality characteristics than the original ones. A very important portion evaporates following the system cooling processes.
All the plants transmit to the competent bodies the results of monitoring of the quantity of water withdrawn and discharged and its quality. The Osoppo and Verona plants draw water to serve the industrial systems from the underground aquifer via wells, while the Siderpotenza plant receives water from third parties (Lucano Aqueduct). In these factories the cooling water is recovered, treated and recirculated in the circuits and is therefore **partially reintegrated**.

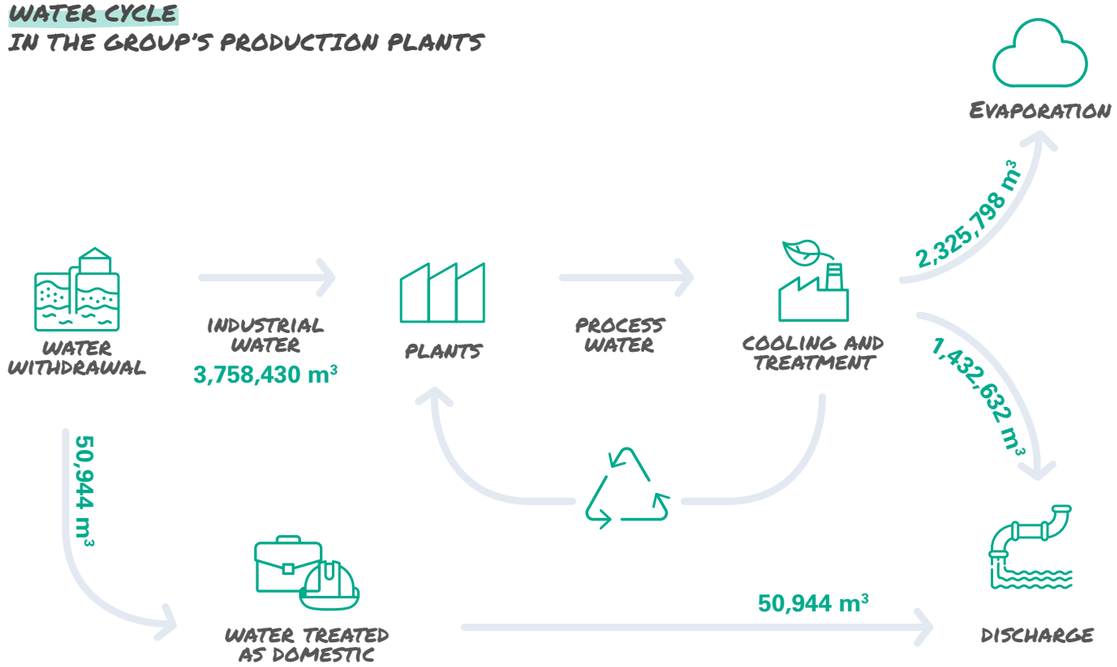
A quantity of wastewater, after adequate treatment, is discharged into consortium sewerage networks or, in the case of Verona, into surface waters. **Chemical-physical analyses are performed periodically** to control the quality of the water discharged in relation to the limits set by the individual authorisations and to the applicable legal provisions. The industrial wastewaters of Osoppo and Potenza are managed by a consortium for the industrial area, while the wastewaters of Verona are managed by a company purifier which introduces wastewater into the surface body.

Water for human consumption is taken, for all plants, from private or public aqueduct services present in the area.
The rainwater, collected in the storage yards of ferrous scrap and finished products, is appropriately collected, treated and sent for drainage.
Regarding the use of water in cold processing plants, it is mainly water intended for sanitary and industrial use (plant cooling and pickling).

**WATER WITHDRAWAL**
**decreased** by
3,9%
in 2023 compared to 2021

**WATER CONSUMPTION**
**drecreased** by
2,9%
in 2023 compared to 2021

## WATER CYCLE IN THE GROUP'S PRODUCTION PLANTS




## USE OF WATER RESOURCE

*Data referring to the Group's hot processes*

# 4. Social aspects

GRI 2 - 7 / 30, 3 - 3, 402, 406

**Positive integration** with the territories in which we operate is fundamental and represents a crucial element in respecting our values in defining our actions. The principles that guide us are **reliability** towards customers and stakeholders, constant **innovation** in terms of organisation and processes, and **attention to people**, understood as care for their well-being and development of their skills. These principles are not only the basis of our corporate culture but also outline the style and collaborative approach with which we relate to local communities, institutions and to the reference supply chain. Furthermore, they constitute the guidelines for selecting which initiatives with strong social value to support and promote. The Pittini Group's commitment moves in the direction of generating income for the local areas in which it is present and in building valuable partnerships that benefit the community, respecting diversity and enhancing the peculiarities that characterise each community. The strategic positioning of the company is also an important lever in terms of economic solidity and allows us to offer qualified jobs, promote the development of skills, guarantee the well-being of all our collaborators and be a relevant player for the entire supply chain.

**People are our most important resource** and making each collaborator aware of their contribution is an objective that the company pursues on a daily basis. For this reason, each phase of our work places the human element at the centre and the functions responsible for managing and developing internal staff operate at Group level, supporting the business and acting as a point of reference for all the associated companies. The **management of human resources in fact** involves a vast range of guaranteed and recognisable activities in all offices, conducted in order to disseminate a shared internal culture, to guarantee the same quality standards to everyone and to promote equal opportunities for growth and development. **Internal communication** is also a function of responsibility of the Human Resources area in order to improve the flow of information within the organisation and to allow a better understanding of company strategies and objectives, thus strengthening mutual trust between staff and company in achieving common objectives.
"**People**" identifies one of the three founding pillars of the Pittini Group, fundamental in the continuous innovation path undertaken by the organisation, and the same attention dedicated to people within the organisation can also be seen in external relations with customers, suppliers, stakeholders and potential talents.

The Group has defined strategic objectives that focus on a balanced **combination of business activities and Corporate Social Responsibility**. This strategy is aimed at generating a positive impact on society, taking on both economic and ethical-social commitments to contribute to general well-being.
In pursuit of this solidarity approach and with a view to returning part of the benefits received to the community, the **Pittini Group Foundation** was set up in June 2020. The activity undertaken by the new non-profit organisation represents a significant passing of the baton between the company and its foundation of the same name, highlighting and confirming the solid commitment towards people and the territory and intervening for the benefit of the local communities of reference, especially those in specific vulnerable situations.

Aware that training is an important key to competitiveness, we act to set an example also from the point of view of investing in internal skills and developing professionalism. The Group's Corporate School, Officina Pittini per la Formazione, plays an essential role in terms of the **growth of internal staff**, the training offer aimed at the territory and the close relationship with the world of education. This takes place through training programs dedicated to both individuals and companies, highly specific professional refresher courses and regional funded training initiatives. We have launched **orientation and experience projects in the company** aimed at students of secondary schools, universities and higher technical institutes (ITS). Furthermore, we actively collaborate with other companies in our sector and with category representatives at local and national level. These partnerships allow us to grow together with the communities in which we operate and contribute positively to society as a whole.

The Group's collaborators are the first beneficiaries of the **company's commitment to social sustainability**. Managing our collaborators responsibly and transparently, as well as developing their internal skills, represents a crucial element for the growth and development of the entire organisation. In particular, the ability to attract new talents with different skills and professionalism, and to cultivate their potential over time, constitutes a fundamental strategic lever for building of the future of the Pittini Group.

Initiatives aimed at **attracting candidates and positioning the company** as a place to work are based on the principles of fairness and respect for individuality, taking into consideration the different personal, cultural and demographic characteristics of the company population.

The hiring process includes various phases and activities aimed at ensuring the positive integration of everyone within the Group. The entire **selection process is managed internally**, which ensures future collaborators a professional, transparent and clear approach from the first contact with the Human Resources specialists.
At the same time, to ensure a positive start to their experience and career in the company, we are committed to ensuring that each individual feels

## FONDAZIONE GRUPPO PITTINI

The Pittini Group Foundation is the group's corporate foundation, set up in 2020 to concretely express the group's social responsibility towards the communities and territories in which it operates, with particular attention to its employees.
It is a non-profit organisation that independently creates, develops and finances projects, promotes socially relevant initiatives and supports sporting, artistic and cultural projects.
The aim of the Pittini Group Foundation, which has inherited the Group's focus on training, is to improve the quality of training for new generations. To this end, it has awarded individual scholarships to students who have taken part in the National Student Olympiad and to those who, at the end of the "Pittini Challenge" project, have stood out for the quality of their work.
Pittini Challenge, the first training project, which together with Territory and Solidarity make up the 3 pillars of the Foundation, was set up in 2020 to create a seamless link between the company and the world of work, and encourages students to think, create and design an innovative project linked to a real business case, reaching a workable solution using both the knowledge acquired at school and the support offered by company tutors. The Project, thanks to the originality of the chosen method, the high degree of innovation and creativity and the activity performed in support of quality technical-professional training, was awarded the Special Mention at the "Dual Excellence Award 2021": recognition which highlights the excellence in the dual system active in Italy and promoted by the Italian-German Chamber of Commerce (AHK Italien) with the support of the German Ministry of Education and Research (BMBF) and of the German Office for international Cooperation in Vocational Education and Training (GOVET).
The Pittini Group Foundation also aims to develop human resources and combine the three pillars that make it up - territory, solidarity and training - to build communities that are cohesive and ready to face the challenges of tomorrow. This is demonstrated by the established collaboration with ASUFC - which over the years has led to the delivery of an ambulance, the donation of a state-of-the-art DNA sequencer and the launch of a pet therapy project, one of the first in Italy, involving more than 100 paediatric and neuropsychiatric patients throughout the region - as well as the proximity to the Group's employees and their families. To celebrate one of the most special moments in their lives and to enhance human capital, the Foundation, through the "Garden of the Future" project, gives a tree to every newborn child, recognising the great personal and professional value of motherhood and fatherhood and providing financial support to the parents. Finally, the Foundation looks at the entire value chain, dedicating individual tributes to employees who have retired after more than 30 years of service. This demonstrates the Foundation's commitment to recognising the great value of the passion and professionalism dedicated to the Group and passed on to the new generations.
The Foundation is also a partner of the Uniud E-Racing Team, which participates in the Formula Student Championship, a competition reserved for electric cars built by university students from all over Europe. The Foundation has also conceived and funded the project "Divertiamoci a migliorare il futuro" (Let's have fun and improve the future), which encourages secondary school students in Gemona del Friuli to clean up, restore and enhance areas through active citizenship.
The Foundation also supports other initiatives such as the Ecological Day - with the aim of collecting abandoned waste in the industrial area of Osoppo and raising awareness of environmental protection and care - the temporary exhibition organised by the San Floriano Committee in the Carnic village of Illegio (UD), local sports clubs, from football to basketball, volleyball and cycling.
These are just a few of the projects of a Foundation that is always looking to the future, with the passion and intention to act and think for its territory, principles that have always distinguished the Group and that find in the Foundation the concreteness and energy to promote new opportunities that guarantee the creation of lasting value and social development.

welcomed from their very first day. The support of new hires continues even after their placement, in particular through **adequate initial training and specific instruction sessions** for those who work in the technical and operational fields in the production departments. Furthermore, during the first period in the company, individual monitoring meetings are scheduled to evaluate the progress of the work experience from the collaborator's point of view.

The organization promotes the **personal and professional growth of people within the Group**, recognising potential and working to make everyone aware of their importance as an individual, even before results or business objectives. Up to five generations coexist within the Pittini Group with different and equally considered needs and expectations. We actively promote intergenerational exchange, the **transfer of skills between colleagues and mutual mentoring**: activities that represent an element of enrichment on both a personal and professional level and are robustly supported by the Group.
**Mobility in the internal labour market** is also promoted through the tools of job rotation and in particular job posting, which allow individual collaborators to become involved in new roles and to take further steps in their career path.
These are long-term investments for the company, which manage to generate immediate impacts for the employee in terms of their motivation and operational performance. In the context of creating a solid link between objectives, skills management and employee involvement, we have implemented a **performance evaluation process**. The process is based on clear expectations, shared indicators and alignment between individual and company objectives. Furthermore, it encourages dialogue between the collaborator and their manager through specific communication opportunities.

The corporate culture is strong and recognised, and is expressed in policies and initiatives designed to encourage the involvement and active participation of employees, listening to their suggestions and harnessing their creative potential to improve processes, products and workplaces. This has a significant impact on the long-term sustainability of the company and its competitiveness, fueling a sense of belonging, encouraging innovation and improving the organisation's performance. An idea management project is active in the Group, launched as a pilot in the Verona plant and expanded to five other Group locations in 2022, which goes precisely in the direction of **encouraging the sharing of ideas**, proposals and suggestions on any theme and corporate area, contributing to improvement of the company. In this sense, the objectives of the initiative are, on the one hand, to make people feel listened to, involved and valued as individuals and, on the other, to foster a **more inclusive working environment** characterised by open and transparent communication.
Again in the direction of involving people, in the reporting year the onboarding process was also reviewed and perfected, paying particular attention to the first few days of hiring, which are crucial for **correct integration into the new working environment**. For the Group it is essential to welcome each new hire and immediately transmit all the information useful for their complete adjustment, both at an organisational and value level. In particular, to strengthen the sense of belonging, in 2022 we developed a welcome kit which is delivered to everyone on the first day and which contains various objects capable of symbolically transmitting the company philosophy and which includes training, Corporate Responsibility and sustainability.

We also place particular importance on **people's well-being**, ensuring a balanced relationship between work and private life and building positive relationships based on mutual trust between the collaborator and the company. From this perspective, we have adopted smart working as a way of working, a choice that required a change of mentality rather than an instrumental one. This initiative entailed investments in infrastructure and in the training of interested collaborators but contributed to making the management of teams and physical company spaces more flexible.

In the reporting year, the Pittini Group employed a **total of 1,995 personnel**, of which 1,748 were operating in the reported companies. Looking specifically at the companies under review, **96% of staff are employed on permanent full-time contracts**, in line with previous years. The total turnover rate is 13%.

During 2023, the Group continued the process of stabilising fixed-term contracts, thus contributing to consolidating the skills present in the various offices.



We recognise the importance of providing stability to our employees and therefore the Pittini Group applies the National Category Contract (**CCNL for the metalworking industry**) to all collaborators (100%). This contract offers a comprehensive system of second-level collective bargaining that covers both economic and other aspects of the employment relationship, including safety, training and professional development. The contractual conditions and salaries of each collaborator respect the levels defined in the relevant CCNL and take into account their professional profile, the skills required by their specific role and the experience accumulated. Furthermore, within the organisation, we promote and encourage constructive dialogue with the Workers' Representatives and with the Social Partners in order to guarantee a fair and collaborative working environment.
The Group communicates significant operational changes to its employees and to their representatives according to the methods and deadlines set out in the relevant CCNL.[17]

Within the company, we guarantee a working environment that fully respects **the rights of each individual**, without any discrimination based on gender, origin, nationality, ethnicity or religious belief. Furthermore, there are no salary differences between men and women who occupy the same role.
For us, the concept of "inclusion" **means valuing the professional community in its different characteristics and facets**. We promote the growth and development of our human capital based on individual performance and attitudes, eliminating any form of stereotype or prejudice and recognising diversity as a source of enrichment for the entire organisation.
**At Pittini, no incidents of discrimination based on race, colour, gender, religion, political opinion... or other forms of discrimination involving internal and/or external stakeholders occurred during the reporting period.**
All collaborators are able to report at any time behaviours deemed discriminatory or harmful to the person, whether implemented directly, indirectly or structurally. The reporting takes place via dedicated e-mail indicated on the INAZ employee portal.

## SKILLS ASSESSMENT

In 2021 the Pittini Group began using a skills and performance evaluation model called "INSIDE".
The shared company definition is the following:
**"INSIDE is a skills and performance evaluation process useful for understanding how much people contribute to company results and to enhance and maximise the performance of the individual."**

The company's desire is to define a structured and shared process for the assessing of skills and performance that is effective and useful for involving and motivating people and for enhancing their skills. We started with a pilot project that involved a part of the company population and the future intent is to increase its adoption through an agile approach.

With INSIDE, each collaborator has the opportunity to define and share objectives and expectations with their manager and increase awareness of their role and related individual contribution. We also aim to improve the quality and frequency of feedback through formal events of exchange and discussion.

Skills and performances become observable and measurable: the model is characterised by **Objectives**, **Soft skills** and **Hard skills**.
The objectives are shared and defined between manager and collaborator from year to year, are specific to the role and have indicators that make them measurable. They can be characterising for the role or evolutionary and define the "why, what and how I do it" attributing meaning and value to the role.
The **soft skills** common to all functions and applicable to all employees have been defined at corporate level, based on the Pittini Group's values: Reliability, Innovation and People. The company values have been translated into measurable and assessable skills through the observation of behaviours.

17 The Group's foreign companies apply their national contracts to all their employees.

**Hard skills**, on the other hand, are technical skills. The model identifies three categories of hard skills:

- generic: "Languages" and "computer skills";
- specific: these are linked to our reference sector and are divided into "Systems and production phases", "Technical processes linked to the production and processing of steel", "Products and applications", "Safety at work";
- role-specific: these are the technical skills that characterise each specific role.

Both generic and specific skills, such as soft skills, are common to all collaborators but with different expectations depending on the specific role.
The roles and related hard skills were defined by the managers of each function, together with Human Resources, in order to build a model that is as effective and efficient as possible.

The INSIDE process develops throughout the year in the manager-collaborator relationship but is characterised by three formal events:

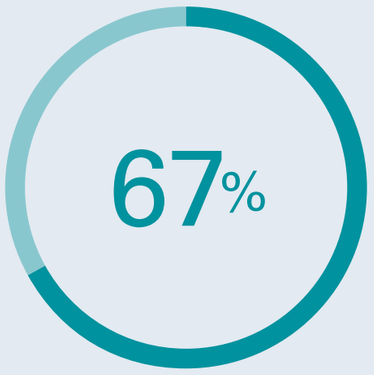
- at the beginning of the year, the objectives are shared between the manager and the collaborator and the expectations regarding skills, i.e. soft and hard skills, are defined;
- halfway through the year, the employee and the manager discuss the status of the objectives;
- at the end of the year, the employee's self-assessment and the manager's assessment of objectives and skills are shared. This meeting is also an opportunity to set the objectives for the following year.

In summary, the evaluation process adopted allows the clarification of expectations, objectives and goals, to give structured mutual feedback, to analyse the results and to define the areas of improvement and/or potential on which to intervene, for example with training.

Management of the process is facilitated by a specific management software that allows sharing of the evaluations made during the collaborator-manager meetings.
The choice of a flexible and customisable tool such as SAP SuccessFactors proved successful in defining a tailor-made process, made easily accessible thanks to the application of shared "best practices" which raised the level of receptivity to change.

The Pittini Group obtained the "Rapid time to value" recognition at the 2021 SAP Quality Awards, which celebrate customers who have distinguished themselves in the implementation of their SAP solutions in compliance with quality principles ranging from planning and effective management of implementations to simplifying processes and producing significant benefits for the business.

For the year 2023, 455 collaborators were identified within the Group, of which **306** had completed the skills assessment process.




**Collaborators who completed the INSIDE path**



# 4.1 Training

**GRI 403 - 5, 404 - 1 / 2 / 3**

For Pittini, investment in training plays a strategic role and this is why, to guarantee high quality standards, in 2003 it decided to found a Corporate School serving the Group's collaborators, **Officina Pittini per la Formazione**.
The school is responsible for the training projects for all the Group's offices, based on specific training needs and on the budget defined annually, focussing on the development of people as well as on the **growth of technical and transversal know-how** and guaranteeing, at the same time, the **growth of the organisation** as a whole.
Upskilling and reskilling are key factors to ensure the competitiveness of the Group. In fact, they are opportunities that the Group offers to all collaborators in order to continue along the path of innovation and changeof systems and processes but also to make the individual responsible for personally directing their own career path.
To facilitate participation in the courses, to guarantee the quality of the sessions and to positively involve people, the training is provided in varying and complementary ways: classroom courses, practical tests in specific company areas and, last but not least, in online mode via the **MyOPF** platform, activated in 2020 and still in use for synchronous courses and **e-learning**.

### DISSEMINATION OF POLICIES ON ENVIRONMENTAL SUSTAINABILITY

With the reporting of the first sustainability report, an internal promotion campaign was launched regarding the Group's ESG activities with a series of dedicated meetings, informative newsletters and a dedicated "Green@Pittini" column within the company magazine. In particular, the governance bodies participated in town halls on the topic of sustainable development. These activities were not counted as training activities given the choice of tools used.

The choice to **train internally also has positive repercussions on personnel research and selection activities**: not only in terms of reducing turnover but also as a facilitator in the inclusion of difficult-to-find professional figures. This last aspect, characterised by the lack of technical profiles with specific skills available with respect to the needs of the production departments, is filled both by the highly specialised internal training provided by the Corporate School through work-training courses aimed at recent graduates and new engineers and thanks to the Pittini Group's constant commitment to enhancing the education of new generations through dedicated projects. The professionalism and structuring of the proposed paths have allowed two associated companies of the Group to obtain important recognition from Confindustria: since 2018 **Ferriere Nord Osoppo** has boasted the **BAQ - Quality Alternation Seal** and the **BITS - Business Seal in ITS**, while **Acciaierie di Verona** received the **BITS** starting from the year 2020. These awards were also reconfirmed in 2023.

To confirm what has been described, the 2023 data can be analysed for the companies subject to reporting, in which a total of **53,899 hours of training** were provided: an increase of 10% compared to the previous year, with an average of 30.81 hours per collaborator. To confirm this commitment, the **investment in training** also increased for a total amount of **€ 823,394**.



The BITS (Technical Institute stamp) and BAQ (Quality Alternation stamp) certifications were obtained and maintained in recent years.

## Officina Pittini per la Formazione

**Officina Pittini per la Formazione is a Corporate School founded in 2003 as an integral part of the Pittini Group. Thanks to the constant attention to the quality of the training and to the participants themselves, it obtained accreditation from the Training Directorate of the Friuli-Venezia Giulia Region already in 2004.**

The school has a clear mission: development of the Group's collaborators. Officina Pittini per la Formazione is responsible for mapping, organising and managing training courses for all the associated companies. Its commitment is focused on crucial issues such as innovation, safety, digitalisation and process sustainability. The range of courses is extremely wide, ranging from safety to the technical details of the systems, and including modules dedicated to Industry 4.0 and to keeping up with the latest trends in the sector. Furthermore, Officina Pittini per la Formazione dedicates significant space to the development of linguistic and transversal skills, thus contributing to the personal progress of each individual.

Over the years, OPF has expanded its range of action even outside the Pittini Group, becoming a **professional learning laboratory** accessible to everyone, from companies to local users. Its presence is crucial in promoting an entrepreneurial culture oriented towards innovation, seeking to bridge the gap between the educational and working environments.

In 2021, Officina Pittini per la Formazione received two important awards. The **National Council of Engineers (CNI)** awarded the title of authorised provider for the organisation of non-formal, frontal and distance learning activities, valid for the updating of professional skills. The Italian Association of Workplace Safety Trainers instead accredited OPF as an **AIFOS Training Centre (CFA)** to issue certifications on health and safety in the workplace in compliance with Italian Legislative Decree. 81/2008. Both awards were confirmed in the year 2023. Last but not least, quality is a central element for Officina Pittini per la Formazione. To guarantee a high standard, the organisation has chosen to implement a **Quality Management System (QMS)**, certified according to the internationally recognised ISO 9001 standard.

**53,899**

**HOURS OF TRAINING**

**823,394€**

**INVESTED in training**



### MANAGEMENT4STEEL

In 2019, the Pittini Group, in collaboration with Aso, Duferco and Feralpi, launched a **high-level training project** with the support of Officina Pittini per la Formazione: the creation of a Steel Academy. This initiative aims to enhance the internal talents of the companies involved and to prepare them for important managerial roles.
"**Management 4 Steel**" is the name of this training program. Its main objective is the training of high potential collaborators from each of the promoting companies. The focus of the training is twofold: on the one hand, it aims to acquire technical and management skills oriented towards **Industry 4.0**; on the other hand, the aim is to strengthen **soft skills**, which are fundamental in the corporate world.
Another motivation behind this initiative is the creation of a mutual exchange network between the main companies in the steel sector. This network aims to make collaboration between companies a strategic asset in the current industrial landscape, allowing the **exchange of knowledge and best practices between important companies in the same sector**.
The third edition of this project took place in 2023, with a final event organised at the Dallara Academy. The final event gave participants the opportunity to see the real-world application of many of the topics covered during the course through the experience of a technologically advanced company.

### STEEL ENGINEER

The Pittini Group has recently introduced an innovative professional growth path, called "**Steel Engineer**", dedicated to **recent graduates in Engineering**. This initiative involves selection through an assessment centre and direct permanent hiring within the company. The Steel Engineer training experience aims to enrich the skills of the participants, including steelmaking knowledge, specialist, management and transversal techniques. This path integrates synergistically with the academic experience of new engineers, providing a 360-degree vision of the processes and company organisation.
During the twelve months of training, participants have the opportunity to alternate practical activities in the various production departments, periods of coaching in the corporate areas involved and advanced theoretical training sessions. The third edition of this project was launched in 2023 and included **314 hours of classroom** training and **1600 hours of on-the-job training** (12 months of training).
This project, conceived to respond to actual needs that emerged within the organisation, represents only the latest initiative conducted within the Pittini Group. It was designed by management with the support of the corporate school Officina Pittini per la Formazione.

### STEEL TRAINING

In 2019, in collaboration with the Bearzi Salesian Institute of Udine, an annual **training-work project** aimed at **recent technical graduates** called "**Steel Training**" was launched. In the reporting year, there were seven participants in the project, selected through the assessment centre and hired by the Pittini Group on a permanent contract. The training plan was characterised by an in-depth study of both technical skills and soft skills, obtained through a balanced alternation of theoretical classroom training (334 hours) and direct work experience in the various company departments (1,854 hours of practical activity).

During the course, the participants acquired the skills necessary to be technicians specialised in the operation and maintenance of automated systems and, at the end of the training program, they were integrated into the production departments of the various Pittini Group factories.
In 2022 Steel Training **won** the "**Learning**" **category at the Best HR Team Certification** promoted by the HRC Community, an annual competition that rewards the best company projects undertaken in the Human Resources field.




## 4.2 Employee's health and safety as essential elements

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

The Group's primary objective is the protection of health and safety at work. For this reason, it has developed a detailed activity plan on the basis of which to plan the most appropriate measures to guarantee the health and safety of people inside the factories and who live in the surrounding areas.

To create and disseminate the culture of health and safety, the Pittini Group makes use of the Corporate School Officina Pittini per la Formazione, which provides all collaborators with specific programs aimed at increasing awareness of both the risks associated with work and how they can be managed and prevented effectively. Furthermore, on the initiative of the Pittini Group, the general **Safety for Workers training course was developed and activated in 2023 in e-learning mode**, further facilitating access to training and the dissemination of correct behaviours and practices. These activities only concern employees the Pittini Group and not employees of third-party companies operating within the reported facilities.

The Group has voluntarily chosen to equip itself, in every production plant where the safety risk makes it appropriate, with a **voluntary Health and Safety Management System** (SGS) according to the ISO 45001:2018 standard, to support the Prevention and Protection and within the scope of the activities envisaged by Italian Legislative Decree 81/08. All employees, workers of contracting companies, visitors, the related activities (according to the responsibilities defined by Italian Legislative Decree 81/08) and the workplaces in which they take place are covered by the SGS. The process of identifying dangers in the workplace, performed according to specific plant procedures and to methods open to proposals from the workers themselves, allows the subsequent risk assessment to be conducted on the basis of the probability of occurrence of the accident event and of its severity. The hierarchy of measures in order to eliminate dangers and to reduce risks to an acceptable level is that defined by the art. 15 of Italian Legislative Decree 81/08. The outcomes of the evaluation process are reported in the **Risk Assessment Document** (DVF001) in the context of which the improvement plan is also developed. The quality of the process, with particular attention to those workers who could be more exposed to the risk of accidents or occupational diseases, is guaranteed by a system of periodic and systematic internal and third-party audits of the system, on the basis of which corrective or ameliorative measures can be introduced. The result is the ability to plan improvement objectives and goals.

In accordance with Article 41 of Legislative Decree 81/2008, all workers undergo health surveillance with periodic medical examinations based on a protocol prepared by the designated Occupational Physician for each Company. In addition, as provided by the National Collective Labor Agreement (CCNL), the Group offers its workers and their immediate family members enrollment in a Supplemental Health Care Fund, which workers can access for specialist consultations and preventive care plans.

### IN DETAIL

The risks to which operators are exposed are often intrinsic to the type of activities carried out and the characteristics of the steel sector: however, although they cannot be completely eliminated, they must be the subject of intense activity aimed at reducing them as much as possible. The Group has developed ad hoc projects to emphasise how important it is to protect its employees and bring the issue of safety to everyone's attention. To increase awareness of the most critical activities and processes in terms of health and safety, an area dedicated to training in work at heights and confined spaces has been equipped. In this way, it is possible to experiment and simulate, in a protected environment and in a practical way, the various rescue intervention situations.
With regard to the companies under review, in 2022, **79 accidents** were recorded; the **frequency index was 27.87**, whereas the **severity index was 0.70**.

# 5. Governance

GRI 2 - 6 / 28; 3 - 3

# 5.1 The commitment of the Group and the creation of economic value

**GRI 201 - 1**

**The steel industry represents one of the main production sectors on which the national economy of a country is based. This is due to the fact that steel products are basic elements widely used in various production fields, almost irreplaceable in many economic sectors, including construction, mechanics, automotive, the production of household appliances, shipbuilding, energy and transport services.**

The Pittini Group ensures the sustainability of the business by creating economic value while generating shared value for all stakeholders. On the basis of the Income Statement of the Balance Sheet, it is possible to calculate the Economic value generated and distributed, values which show the distribution of value for the benefit of the main categories of stakeholders.
In 2023, despite the fact that the cost of currency during the year reached its highest level in the last two decades, the Group continued with its scheduled development plan, due in part to its capital strength. During the year, investment plans in technical fixed assets continued and a number of acquisition transactions were concluded, which will enable the Group to continue its path of growth and to further structure the verticalisation of the Group's business chain.

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| Turnover in billions of Euro | 2.29 | 2.73 | 2.02 |
| of which % Export | 70% | 72% | 63% |

In relation to the companies covered by this report, the data relating to the creation of economic value are reported:

| Directly generated economic value | 2021 | 2022 | 2023 |
|---|---|---|---|
| Directly generated economic value corresponds to the wealth produced | 2,922,187,642 | 3,383,453,274 | 2,485,593,217 |

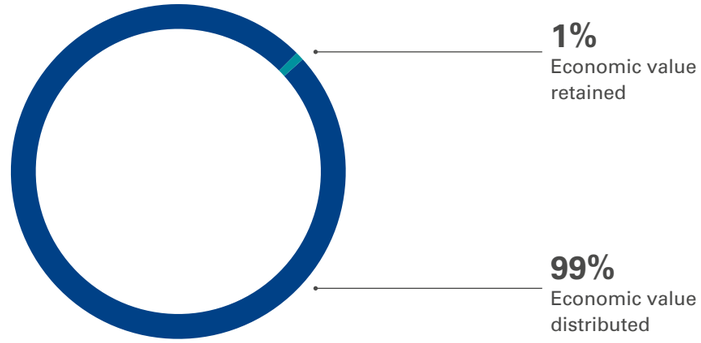
| Distributed economic value | 2021 | 2022 | 2023 |
|---|---|---|---|
| These are the operating costs: personnel, financial charges... | 2,827,910,222 | 3,018,551,931 | 2,449,999,253 |

| Retained economic value | 2021 | 2022 | 2023 |
|---|---|---|---|
| It is the value generated minus the value distributed | 94,277,420 | 364,901,343 | 35,593,964 |

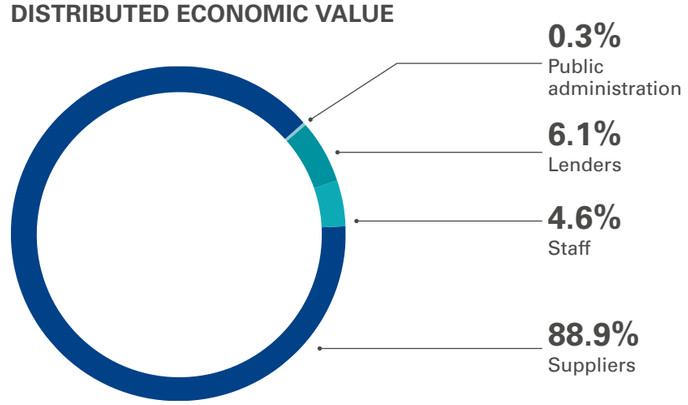
Most of the economic value created is distributed, with only 1% retained.
Most of the distributed value goes to suppliers, creating value throughout the supply chain.
A significant proportion is then allocated to staff and lenders, while the remainder is reserved for public administration (in the form of taxes and administrative charges). The investment for local development and communities has been made by the Pittini Group Foundation.

A distinction is made between: the **Generated Economic Value** achieved through the activities of the Company (sales, the increase in the Value of fixed assets for internal works and other income); the **Distributed Economic Value**, which is a "cost" item that includes the expenses for raw materials, services, rentals, leases, hires, operating management charges, financial burdens, payments to the Public Administration and donations to charities; the **Retained Value**, which is the difference between Economic Value Generated and Distributed Economic Value.

**GENERATED ECONOMIC VALUE**




**DISTRIBUTED ECONOMIC VALUE**




**113.5MIO€**

paid to all **PEOPLE EMPLOYED** by Group's companies subject to reporting.

*The graphs refer to the companies covered by this report.*

# 5.2 The Governance

**GRI 2 - 9**

On 5 April 2023, Compagnia Siderurgica Italiana S.p.A., as part of the Group's growth path, completed the acquisition of the entire share capital of the German company SteelAG Deutschland GmbH, parent company of the Czech company SteelAG Praha S.r.o. which, in turn, holds 99.98% of the Slovak company SteelAG Bánovce S.r.o. and 63.25% of the Czech company Drat Pro S.r.o.. Acquisition of the companies of the SteelAG group is considered strategic in order to continue the internationalisation process of the Pittini Group through consolidation of the commercial and production presence in the markets of Central and Eastern Europe.

The other Companies of the Group are:

- **Ferriere Nord S.p.A.**

Home to the Group's headquarters, the Osoppo (UD) plant is a complex of international importance in the production of long steels.

- **Acciaierie di Verona S.p.A.**

An industrial enterprise with a long iron and steel tradition, part of the Pittini Group since 2015, in recent years it has been involved in a profound modernisation of all the systems.

- **Siderpotenza S.p.A.**

Part of the Pittini Group since 2002, the production site includes an innovative steel mill and a bar rolling mill serving the Mediterranean market.

- **La Veneta Reti S.r.l.**

Historic factory specialised in the production of electro-welded mesh based on specific customer designs, it has made flexibility its strong point.

- **Kovinar D.o.o.**

Welded mesh production plant, a point of reference in Slovenia and for the Balkan market.

- **BSTG G.m.b.H.**

The market leader in Austria in the production and sale of standard and special electro-welded mesh, with two production sites in Linz and Graz.

- **S.I.A.T. S.p.A.**

Leading company in the production of drawn and polished rolled steels for the mechanical industry.

- **Pittarc** - Division of S.I.A.T. S.p.A.

Brand specialised in welding with over 40 years of experience in the production and marketing of gas-protected and submerged arc welding wires.

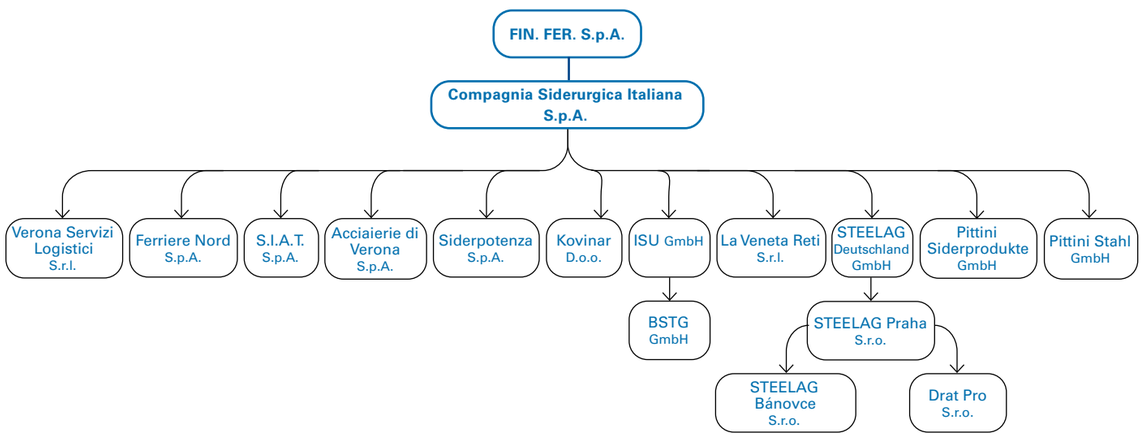
- **Pittini Stahl G.m.b.H.**

This Company, based in Germany, markets the products of the Group companies in Austria and Germany.

- **Pittini Siderprodukte G.m.b.H.**

The object of this joint venture is to market high-quality wire rods manufactured by other Group Companies in Switzerland and Germany. Compagnia Siderurgica Italiana S.p.A. holds 60% of its share capital.

### PITTINI GROUP ORGANIZATION






## The governance structure

The Pittini Group has launched a revision process of its governance system to support the overall strategic development of its many diverse manufacturing entities. More specifically, the reorganisation process has been developed in two directions: the revision of the governance mechanisms in the Parent Company and in the subsidiaries, as well as the redefinition of the organisational model, with a specific focus on information systems. The corporate reorganisation of the Group had the objective of implementing policies geared towards achieving a more advanced integration of the supply chain and increased organic specialisation in terms of production.

The sub-holding company, named **Compagnia Siderurgica Italiana S.p.A.**, is responsible for the management and coordination of all the subsidiaries, simplifying the decision-making processes and administrative activities of the Group. The management boards of each individual operating company report to the Corporate structure and perform their functions in line with the strategic guidelines defined by the senior management of the Group.[18]

## The management systems

In relation to the quality of its processes and activities, the Pittini Group has chosen to certify its Management Systems in accordance with the applicable Standards described below for the companies indicated.

| | | |
|---|---|---|
| **Environment Sector** | UNI EN ISO 14001:2015 | • Ferriere Nord S.p.A. (Osoppo)<br>• Acciaierie di Verona S.p.A.<br>• Siderpotenza S.p.A.<br>• S.I.A.T. S.p.A.<br>• La Veneta Reti S.r.l. |
| | Reg. CE 1221/2009 (EMAS) | • Ferriere Nord S.p.A. (Osoppo)<br>• Acciaierie di Verona S.p.A. |
| | Reg. 333/11 | • Ferriere Nord S.p.A. (Osoppo)<br>• Acciaierie di Verona S.p.A.<br>• Siderpotenza S.p.A. |
| **Energy Sector** | Energy UNI CEI EN ISO 50001:2018 | • Ferriere Nord S.p.A. (Osoppo)<br>• Siderpotenza S.p.A.*<br>• La Veneta Reti S.r.l.* |
| **Quality Management Systems** | UNI EN ISO 9001:2015 | • Tutte le aziende del Gruppo |
| **Occupational Health and Safety Management Systems** | ISO 45001:2018 | • Ferriere Nord S.p.A. (Osoppo)<br>• Ferriere Nord S.p.A. (Nave)<br>• Acciaierie di Verona S.p.A.<br>• La Veneta Reti S.r.l.<br>• Siderpotenza S.p.A.* |
| | UNI10617 | • Ferriere Nord S.p.A. (Osoppo) |
| **Competence of testing and calibration laboratories** | ACCREDIA accreditation according to Standard UNI CEI EN ISO IEC 17025:2005 | • Ferriere Nord S.p.A. (Osoppo)<br>• Siderpotenza S.p.A. |

18 The chairmen of the boards of directors of the companies being reported are not employees of the companies and therefore do not have operational roles within them.

* Certifications obtained in 2024.

# 5.3 Code of Ethics and association

**GRI 2 - 28**

Ferriere Nord S.p.A. has made its Code of Ethics public and has approved the organisation, management and control model pursuant to Italian Legislative Decree 231/2001. The other companies subject to reporting will undertake the same path.[19]

- The corporate **Code of Ethics** of Ferriere Nord S.p.A. intends to disseminate the values that distinguish the Company's activity and which its employees, collaborators and partners constantly draw inspiration from. The document was distributed to collaborators via the INAZ employee portal, and is publicly available at the link: *https://www.pittini.it/wp-content/uploads/Gruppo-Pittini-codice-etico.pdf.*
- The **Organisation, management and control model** adopted by Ferriere Nord S.p.A. aims to prevent committing of the crimes provided for by **Italian Legislative Decree 231/2001** and to raise awareness of all subjects who, in various capacities, collaborate with the Company.; the document can be consulted at the link: *https://www.pittini.it/wp-content/uploads/Gruppo-Pittini-linee-guida-modello-231.pdf.*

Pursuant to Italian Legislative Decree No. 24/2023, transposing UE Directive 2019/1937, the Companies of the Pittini Group have implemented their own information channels through the adoption of the **Whistleblowing Platform**. *https://whistleblowersoftware.com/secure/GruppoPittini.*

### MEMBERSHIP OF ASSOCIATIONS

The companies of the Pittini Group are associated with the territorial **Confindustrie** as well as with **Federacciai**, the federation of Italian steel companies.
The Group also adheres to the activities of **Ingegneria Sismica Italiana** to encourage and contribute to the growth of design and construction culture in the structural and seismic field.
It is also associated with **ACIMAF**, an association with the aim of promoting the image of Italian technology in the sector of machines and products for the ferrous and non-ferrous metal wire and cable industry.
The Pittini Group is part of **SITEB**, Strade Italiane e Bitume, a non-profit association that brings together the main operators in the road and waterproofing membrane sector across the board.
We join **INFRASTRUTTURE SOSTENIBILI**: a technical-scientific association whose objective is to encourage the diffusion of a broad and qualified culture of sustainability and an ever-increasing awareness of the social and economic value of having sustainable infrastructures.

19 Also the Holding Fin.Fer. S.p.A. Has made its Code of Ethics public and has approved the Organisation Model.



# 5.4 Suppliers and value of supplies

**GRI 204**

**Suppliers** represent a **crucial link in the value chain** in which the companies of the Pittini Group are integrated; in fact, 90% of the economic value distributed is destined to them.

In supplier and supply value reports, it is clear that suppliers in the local area where the plants are located are privileged. As many as **57% of suppliers in 2023** were in fact **local** (i.e. related to the regions where the plant's legal and operational headquarters are located), compared to 85% of domestic suppliers and 15% of foreign suppliers.[20]

Over the years, projects have been launched to support the supply chain, including the **Discounting Project** with the aim of supporting its supplier base and therefore the entire supply chain.
This new service allows suppliers to collect their invoices in advance, opening a facilitated liquidity channel. This means strengthening the relationship between the Pittini Group and its suppliers, simplifying processes, allowing liquidity to circulate faster and thus allowing everyone to focus on strategic activities for business growth.

A concrete step towards building an increasingly solid relationship based on trust between the companies of the Group and the supply chain of which each supplier is an essential link.


Bureau Veritas Certification

**DICHIARAZIONE DI VERIFICA**
Rilasciata a:

**COMPAGNIA SIDERURGICA ITALIANA**
Zona Industriale Rivoli, snc - 33010 OSOPPO (UD)

**Sede oggetto di certificazione:**
Zona Industriale Rivoli, snc - 33010 OSOPPO (UD)

*Bureau Veritas Italia S.p.A. (organismo di verifica di terza parte) dichiara che:*

*L'ethical Claim "Ferriere Nord, Acciaierie di Verona, Siderpotenza si impegnano a sostenere finanziariamente almeno la metà dei fornitori PMI ricorrenti, rendendo disponibili al pagamento anticipato le fatture da questi emesse, a tassi di sconto inferiori rispetto alla media di mercato" – dal 09/11/2022 al 09/11/2023*

*è stato creato e gestito nel rispetto dei requisiti della Technical Specification*

**ISO/TS 17033:2019**

*in accordo a quanto definito nel disciplinare di proprietà dell'azienda:*

**DISCIPLINARE**
**PER LA VALIDAZIONE/VERIFICA DI CLAIMS ETICI del 13/05/2020 rev. 1 –**

**FINDYNAMIC S.R.L. – Contratto F 9431511**

*Le attività di verifica sono state eseguite nel rispetto dello standard ISO/IEC 17029 e del seguente regolamento di Bureau Veritas Italia: CER-REG-01_DAM Rev.2 del 2-5-17*

*I dati dai quali è stato ricavato il claim sono: dati storici, proiezioni ecc*

Data di rilascio della presente dichiarazione **09 novembre 2022**

**N° Dichiarazione - Revisione: IT298197/003 - 1** **del: 09 novembre 2022**

GIORGIO LANZAFAME – Local Technical Manager

Indirizzo dell'organismo di certificazione:
Bureau Veritas Italia S.p.A., Viale Monza, 347 - 20126 Milano, Italia

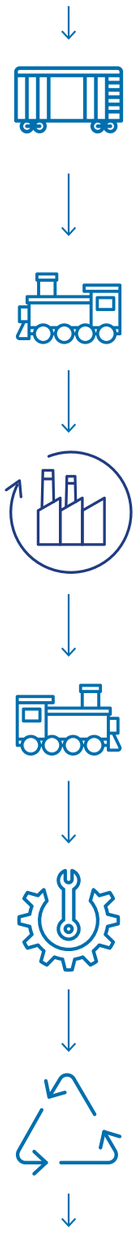
La validità del presente certificato è subordinata a sorveglianza periodica ed è consultabile sul sito: www. bureauveritas.it. Ulteriori chiarimenti riguardanti lo scopo di questo certificato e l'applicabilità del sistema di gestione possono essere acquisiti contattando l'organizzazione

Partners are selected on the basis of an evaluation process that considers their commitment to ESG issues (supplier qualification questionnaire).

Ferriere Nord, Acciaierie di Verona and Siderpotenza undertake to financially support at least half of the recurring SME territories, making invoices issued by them available for advance payment, at discount rates lower than the market average.

20 The supplier count does not include suppliers of raw materials and energy, as they are strategic suppliers and it is not possible to choose to support local players.

# 5.5 Value Chain



## Procurement

Scrap suppliers
Producers of ancillary materials
Suppliers of recovery/reuse products from other cycles
Production and transport of energy sources
Technology and system suppliers

## Inbound logistics

Road transport vehicles
Rail transportation vehicles

## Production cycle

Steel mills and rolling mills
Aggregate production plants
Cold processing

## Outbound logistics

Road transport vehicles
Rail transportation vehicles

## Market

Construction sector
Mechanical sector
Road surfacing

## Circular economy

Production waste
Recovery
Recycle

Actors external to the Pittini Group

Pittini Group internal workflow



### PROCUREMENT

The first step in creating new steel products is to purchase high quality and sustainable raw materials and equipment. This is why the continuous **reduction in the use of raw materials of natural origin**, together with the recovery/recycling of residual products in internal processes and "industrial symbiosis" practices, is a priority for the Pittini Group. Steel production is an energy-intensive activity, which is why the Group's main plants have implemented an **energy management** system certified to UNI CEI EN ISO 50001:2018, which allows energy consumption to be monitored, measured and continuously optimised.

### INBOUND LOGISTICS

Logistics is an essential issue in the assessment of a company's economic impact and competitiveness, and therefore the Pittini Group's **Logistics and Services divisions** are committed to observing the reality that surrounds us and the needs of the company's customers in order to provide the necessary answers. As part of their commitment to finding more sustainable solutions, the Group's companies have switched to **rail transport**, with significant results.

### PRODUCTION CYCLE

The Group's **hot processing operations** cover the entire production cycle, from the **melting** of the raw material (recycled ferrous materials) to the finished product with the production of billets and subsequent **rolling** into rebars for reinforced concrete, rolls and wire rod. In **cold working**, the wire rod is further processed into electro-welded, rolled and drawn products for the construction sector, such as mesh and lattice girders. The steel mills of the Group: Ferriere Nord S.p.A., Acciaieria di Verona S.p.A. and Siderpotenza S.p.A. use hot processing and in some cases cold processing, whereas the Group's other mills only use cold processing.

### OUTBOUND LOGISTICS

Outbound logistics is organised by the customers themselves or by the facilities where the wire rod is verticalised. **Awareness-raising activities** have had an impact on the optimisation and sustainability of these practices. At Acciaierie di Verona S.p.A., for example, software is being developed to plan, manage and track the flow of people and vehicles entering and leaving the site. The automation of these processes has an impact both inside the plant, alleviating some critical situations, and outside the plant, reducing traffic and emissions.

### MARKET

The Pittini Group's products are used in a wide range of industries. Steel is the essential component of modern **construction** and major **infrastructure**. The wire rod produced by the Group is used in the **mechanical industry**, where it is transformed into various products and components for everyday use: from the automotive industry to construction, from household appliances to doors and windows, from the cable industry to mechanics. By reinterpreting the production cycle, the Group offers a range of sustainable solutions for the construction of **roads and viaducts**.

### CIRCULAR ECONOMY

Steel is **100% and infinitely recyclable** without losing its properties. This is due to the fact that it is a permanent material, i.e. it retains its strength, ductility and formability over time. **Electric arc furnace (EAF)** production allows steel to be produced from recycled raw material (ferrous scrap), significantly reducing environmental impact and providing an example of circular economy. With its **Zero Waste** project, the Pittini Group has reinterpreted its production cycle in terms of circular economy, giving new life to production waste by creating new products and entering new business areas.

# 5.6 Sustainable logistics

A sustainable approach to logistics is a set of actions aimed at **minimising the environmental impact of transport**, including reducing greenhouse gas emissions, air pollution and consumption of natural resources. This is a key issue for the Group, given the significant amount of material that is transported in and out of the factories. In response to these challenges, the Pittini Group has embarked on a journey of innovation and transport optimisation, with a particular focus on increasing the use of more sustainable means of transport.

In recent years, the Group has **increased its use of rail** and **intermodal** transport for product handling, with the aim of reducing road transport and its environmental impact. This shift has been supported by numerous initiatives and investments to prioritise rail transport, which is widely recognised as a more sustainable and efficient solution. Evidence shows that this has made a significant contribution to reducing the environmental impact of transport.

In Verona, **the RELOAD project** aims to disseminate and promote the introduction of 4.0 technologies in the logistics process and supply chain management. The innovative actions it promotes aim to digitalise the entire supply chain to ensure greater resilience, flexibility, end-to-end transparency and efficiency, in line with environmental, social and economic sustainability objectives.

**- 55,188**
**TRUCKS**
that **did not travel** by road, thanks to the expansion of rail transport

*(Hypothesis: 40 ton truck, 28 net tons of goods, 70% load factor)*

**33,684**
**TONS**
**$CO_{2eq}$ NOT EMITTED**
thanks to the use of rail transport


This is green.
DB Cargo
Carbon Footprint
**Acciaierie di Verona S.p.A.**
has significantly reduced its transport emissions in the period 01.01.2023 – 31.12.2023 by using rail (tonnage: 57.368 to).
The total emissions saved compared to the alternative transportation by truck amount to:
**2,929 tons of $CO_2e$**
According to this evaluation created with EcoTransIT World, the environmental impact of your transports was reduced to 450 tons of $CO_2e$.
Your company is thus supporting the goal of reducing global greenhouse gas emissions and making a positive contribution to climate protection.
Thorsten Meffert
DB Cargo
Head of Marketing
Pauline Lang
DB Cargo
Sustainability Manager
Calculated in accordance with DIN ISO 14083 (default values EcoTransIT World).
Find out more about environmental protection at DB Cargo at: www.dbcargo.com/climateplus

**1,545,260**
**TONS**
of goods transported **BY RAIL** in 2023

**- 90%**
**REDUCTION IN $CO_2$ EMITTED**
thanks to the choice of transporting goods by rail


MERCITALIA RAIL
EcoTransIT
Gentile Cliente,
il Libro Bianco sui trasporti formulato dalla Commissione Europea prevede obiettivi ambiziosi in termini di **riduzione dell'impatto ambientale dei trasporti**.
*Entro il 2030, il 30% dei traffici merci stradali superiori a 300 km dovranno passare ad altre modalità (tra cui la ferrovia), il 50% entro il 2050.*
Nel 2023, molte tonnellate di CO2 sono state risparmiate all'ambiente anche grazie all'**entità rilevante dei vostri traffici ferroviari**, dei quali vi trasmettiamo il **calcolo di impatto ambientale**.
Molto ancora si può fare. **Mercitalia Rail** è al vostro fianco per studiare **soluzioni a basso impatto ambientale,** che diano ampio **respiro al vostro business** e il giusto **spazio all'ambiente**.
Cordiali saluti,
Stefano Mansani

***Source:*** *Mercitalia Rail & DB, data referring to the Pittini Group, 2023.*



# 5.7 Digital transformation and Cybersecurity

Digital transformation is a megatrend that is rapidly reshaping business and society. For this reasons, the Pittini Group is implementing a **series of digitalisation projects** to help companies adapt to the challenges of digital transformation. In particular, the **NEXT project** was launched with the aim of implementing a new integrated information management system that would enable the Group to grow through an IT infrastructure capable of supporting accelerated expansion. In order to achieve these objectives, the **integrated SAP system**, used by many market leaders, has been chosen. The implementation of a new ERP system represents an evolution in the Group's digital transformation process, which will enable it to meet the challenges of the future.

## Cybersecurity

Cybersecurity is about protecting computer systems and networks from threats, attacks and unauthorised access. It involves preventive measures, defensive techniques and risk management practices to ensure the confidentiality, integrity and availability of an organisation's data and technology resources. **Protecting sensitive data**, such as financial, proprietary or personal information, from unauthorised access and identity theft is paramount. In addition, a robust cybersecurity strategy helps prevent operational disruptions caused by attacks that could compromise business systems, cause data loss or shut down operations.

The consequences of a security breach can include reputational damage, legal sanctions and significant financial losses. Investing in advanced cybersecurity practices is therefore essential to protect the organisation's digital assets, ensure business continuity and strengthen the trust of customers and stakeholders in general.

Cybersecurity is not limited to protecting systems. It also includes preventing, detecting and responding to attacks through the use of technological and behavioural measures. With the exponential growth of data being stored and exchanged online, it is becoming increasingly important to protect this sensitive information.

To meet the challenges posed by these threats, the Group has developed a cybersecurity strategy based on in-depth risk assessment, rigorous governance and ongoing employee training to promote a culture of security at all levels of the organisation. Raising awareness is crucial as many breaches are caused by human error, such as clicking on phishing emails or malicious attachments, which is why nearly **2,000 hours of cybersecurity** training were provided to all Group employees in 2024, with an attendance rate of around 75%.

The Group is working on several fronts to improve corporate security by integrating processes, technology and governance. Specific policies and procedures have been developed to govern the management of IT security, while the Group's extended and articulated digital perimeter is carefully protected. At Group level, an intensive, timely and proactive IT anomaly monitoring system has been implemented with the support of cybersecurity experts who constantly monitor the Group's infrastructures to ensure effective and continuous protection.

Access to the network and corporate data is guaranteed only to devices certified and authorised by the IT department and to users protected by **Multi-Factor Authentication** solutions.

The Group is also structured to manage and regulate cybersecurity in the world of factory production, in order to comply with the latest European regulations.

# 5.8 Research and Development assets

**In the 2023 financial year, the Group companies continued and expanded their research and development activities, with particular focus on European projects related to the issues of environmental sustainability and process digitalisation.**

The Group actively participates in the **European technology platform ESTEP**, through its subsidiary Ferriere Nord S.p.A., and in the **public-private Clean Steel Partnership** with the aim of continuing the decarbonisation process undertaken by the European steel industry.
There are **12 active research and development initiatives**, primarily related to the subsidiary Ferriere Nord S.p.A., all of which are financed through collaborative projects at the European level, involving **119 partners** of which are **15 universities** and **6 research centres**. A total of **9,673 hours** were expended **on research and development activities** during the year.
The Group's sensitivity to innovative topics was further highlighted with a special focus on those with an environmental impact and, most importantly, on the issue of **decarbonisation**. Of particular interest are projects related to the study of new alternative materials to replace hard coal (which is considered a critical raw material under EU regulations) in the electric arc melting process and the use of hydrogen in production processes.

In this context, the Group decided to embark on a strategy of exploring the use of the energy vector, strongly supported by the European Commission, with the aim of assessing the impact on processes and products, by participating, among other things, in the **North Adriatic Hydrogen Valley project**, financed with Horizon Europe funds and supported by the Friuli Venezia Giulia Region. Despite the scarcity of the resource and the difficulties in its procurement, a number of projects have been identified to enable plant and process adaptation while patiently waiting for the scenario envisaged by the European Union to materialise. This scenario is seen by the European Union as a pivotal, strategic energy vector.

Lastly, it should be noted that the corporate structure coordinating the research activities of the Group Companies at the holding company Compagnia Siderurgica Italiana S.p.A. is positively pursuing involvement of affiliates in order to strengthen and consolidate the technical skills available at each plant, thus enabling the development of synergies as well as the transfer of knowledge that has already been acquired at the other plants. During the year, a new collaborative research initiative was launched at Siderpotenza S.p.A. and a project proposal was also submitted by Acciaierie di Verona S.p.A. for the Research Fund for Coal and Steel, which received a positive appraisal by the Commission and was, therefore, financed.
Activities will also continue in the financial year 2024.



# Research and Innovation Projects

We have always innovated processes and products to be at the forefront of the steel sector.
Investments in Research and Innovation activities are a central element of protecting and promoting the competitiveness of our companies in the medium and long term, with favourable effects on economic, environmental and social performance. Among the objectives of continuous technological evolution at plant level arethe achievement of ever greater productivity and the improvement of the quality of the finished products.
Our Research & Development department collaborates with universities and research centres in Italy and abroad. It continuously conducts experimental activities aimed at increasing the quality of products, the technological improvement of the factories with a view to Industry 4.0 and the efficiency of production processes, with a particular focus on the synergies that can be developed in the context of the reduction of environmental impacts, the circular economy and health and safety in the workplace.
Below we report some of the research projects demonstrating the Pittini Group's commitment in these terms.

## RETROFEED

The Pittini Group was involved in the European Project H2020 Retrofeed until 2023 to develop innovative solutions to **replace traditional fossil fuels** (coal and methane) used in electric arc furnaces (EAFs) **with materials of biogenic origin**.

The aim of the research was to reduce the environmental impact of steel production, reduce CO2 emissions and promote the circular economy by evaluating new materials and implementing artificial intelligence solutions such as Decision Support System and Digital Twin. The researchers evaluated a wide range of waste materials which were processed and turned into products, such as plastics, different types of biochar and used tyres, to determine their potential as alternatives to fossil fuels, both to address rising energy costs and scarcity of raw materials.

To optimise the use of these new materials, Pittini has developed flexible injectors and burners that can adapt to the specific characteristics of each raw material. Extensive testing has been carried out on the correct methodology for using such products to optimise their use in EAFs.

## DevH2forEAF

Since 2021, the Pittini Group has been participating in the European project DevH2forEAF which has the long-term objective of **using hydrogen in steel production processes using an electric arc furnace**. The result of this work will represent a fundamental stage for the use of hydrogen in the steelworks and the first step towards decarbonisation of the steel industry.

The main aim of the companies participating in the project is to develop and create burners capable of using hydrogen, to replace natural gas, in the combustion during the melting phase of steel in EAF furnaces. Hydrogen is a low-polluting fuel with a high calorific value which makes it particularly efficient.
The burner prototypes are made and tested at the Ferriere Nord factories in Osoppo (Udine). Experimental tests analyse the performance of the burner which must ensure mechanical and thermal resistance to the operating conditions of the electric arc furnace.

# 6. Methodological note

**GRI 1, 2 - 1 / 2 / 3 / 4 / 14**

This Sustainability Report, reporting year 2023, is the fourth published by the Pittini Group. Data for 2021 and 2022 have been revised compared to previous reports to reflect the companies added to the reporting scope and the change in the conversion factor used to calculate $CO_{2eq}$. It has been prepared and drawn up with reference to the **Consolidated Set of the GRI Standards 2021**, according to the GRI-referenced method. The **new EU Sustainability Reporting Guidelines** have been taken into account and implementation measures are being evaluated..

The scope of reporting on qualitative and quantitative data and information contained in the Sustainability Report relates specifically to the performance of the Pittini Group[20]: Ferriere Nord S.p.A., Siderpotenza S.p.A., Acciaierie di Verona S.p.A., S.IA.T. S.p.A., La Veneta Reti S.r.l., BSTG GmbH and Kovinar D.o.o. for the **2023 reporting period**. Data from different reporting periods are presented for comparative purposes (where available).
The preparation, drafting and publication of the Sustainability Report is a voluntary activity carried out on a **regular annual basis**. **The reporting period is the "calendar year".**
For all **material issues** identified through stakeholder engagement, the Organisation defines objectives within the framework of its sustainability strategy, as well as the risks and opportunities associated with their implementation.

All information provides a consistent picture of "impacts"; **both positive and negative impacts** are considered and reported. The emphasis on the different topics in the Report reflects their relative priority.
This Sustainability Report describes the data and their units of measurement, defines the basis and means for consultation and verification, and explains what the data is intended to show.
This document contains a summary index of information on the different areas covered (GRI Content Index) and reported in accordance with the GRI Standards in a way that allows traceability of indicators and other quantitative and qualitative information presented in the Sustainability Report. The specific techniques and tools used, where applicable, are also explained.
Other paper or digital documents may summarise the data, information and content of the Sustainability Report.

The Sustainability Report partly combines disclosures 305-1 and 305-2.

The preparation of the Report is subject to the approval of the boards of directors of the reporting Companies, which submit them to the chief executive officers for review.

### Assumptions and methodologies underlying the calculations performed on energy and emissions

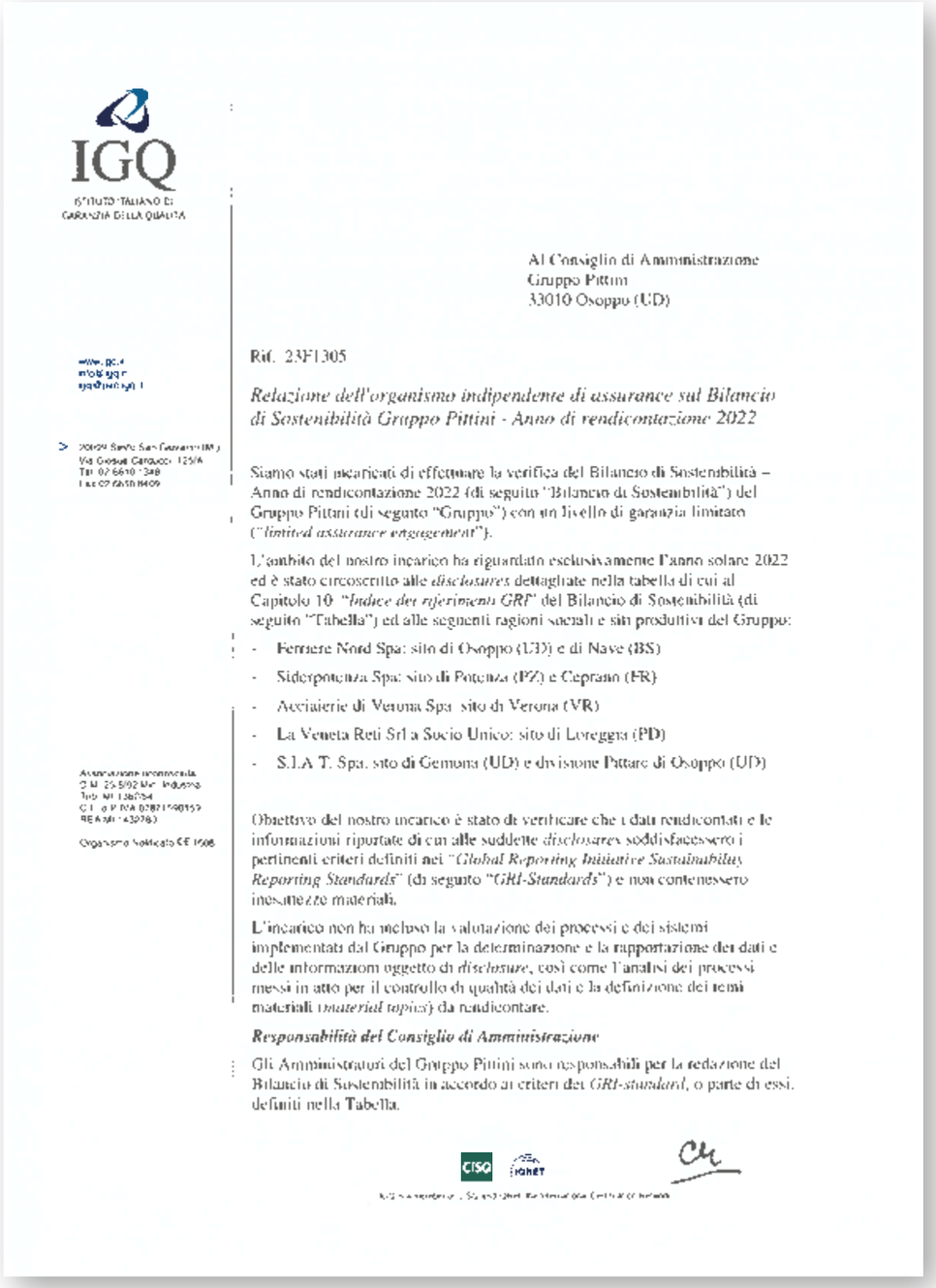
The databases prepared by the Organizations and available for consultation may include sources related to recognized Bodies and Institutions in the form of access links to relevant information (e.g., conversion coefficients). Standard emission and conversion factors have been adopted from national or international governmental entities.

20 With the exception of the companies belonging to the newly acquired SteelAG GmbH Group, for which information is only available for part of the year 2023 and which cannot be compared with previous years. These companies will be covered in future Reports.



# 7. External assurance

**GRI 2 - 5**



IGQ
ISTITUTO ITALIANO DI GARANZIA DELLA QUALITÀ

Al Consiglio di Amministrazione
Gruppo Pittini
33010 Osoppo (UD)

Rif. 23F1305

*Relazione dell'organismo indipendente di assurance sul Bilancio di Sostenibilità Gruppo Pittini - Anno di rendicontazione 2022*

Siamo stati incaricati di effettuare la verifica del Bilancio di Sostenibilità – Anno di rendicontazione 2022 (di seguito "Bilancio di Sostenibilità") del Gruppo Pittini (di seguito "Gruppo") con un livello di garanzia limitato (*"limited assurance engagement"*).

L'ambito del nostro incarico ha riguardato esclusivamente l'anno solare 2022 ed è stato circoscritto alle *disclosures* dettagliate nella tabella di cui al Capitolo 10 *"Indice dei riferimenti GRI"* del Bilancio di Sostenibilità (di seguito "Tabella") ed alle seguenti ragioni sociali e siti produttivi del Gruppo:

- Ferriere Nord Spa: sito di Osoppo (UD) e di Nave (BS)
- Siderpotenza Spa: sito di Potenza (PZ) e Ceprano (FR)
- Acciaierie di Verona Spa sito di Verona (VR)
- La Veneta Reti Srl a Socio Unico: sito di Loreggia (PD)
- S.I.A.T. Spa: sito di Gemona (UD) e divisione Pittare di Osoppo (UD)

Obiettivo del nostro incarico è stato di verificare che i dati rendicontati e le informazioni riportate di cui alle suddette *disclosures* soddisfacessero i pertinenti criteri definiti nei *"Global Reporting Initiative Sustainability Reporting Standards"* (di seguito *"GRI-Standards"*) e non contenessero inesattezze materiali.

L'incarico non ha incluso la valutazione dei processi e dei sistemi implementati dal Gruppo per la determinazione e la rappportazione dei dati e delle informazioni oggetto di *disclosure*, così come l'analisi dei processi messi in atto per il controllo di qualità dei dati e la definizione dei temi materiali (*material topics*) da rendicontare.

***Responsabilità del Consiglio di Amministrazione***

Gli Amministratori del Gruppo Pittini sono responsabili per la redazione del Bilancio di Sostenibilità in accordo ai criteri del *GRI-standard*, o parte di essi, definiti nella Tabella.

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Gli Amministratori sono altresì responsabili per l'individuazione e l'applicazione di metodi appropriati per redigere il Bilancio di Sostenibilità, così come di fare ipotesi e stime ragionevoli relative alle singole *disclosures*.

Inoltre, gli Amministratori sono responsabili dei controlli interni ritenuti da loro necessari per consentire la preparazione di un Bilancio di Sostenibilità che non contenga inesattezze materiali, sia che siano dovute a frodi o a comportamenti o eventi non intenzionali.

***Indipendenza dell'organismo di assurance e Controllo della Qualità***

Siamo indipendenti in quanto operiamo con un sistema di procedure documentate finalizzato a salvaguardare i principi di imparzialità, competenza, responsabilità, trasparenza e riservatezza richiesti dalla norma ISO 17021-1 "*Requisiti per gli organismi che forniscono audit e certificazione di sistemi di gestione*" e ISO 17029 "*Valutazione della conformità – Principi e requisiti generali per gli organismi di validazione e verifica*". Il nostro organismo di certificazione e verifica è accreditato dall'ente Accredia in accordo alle suddette norme.

***Responsabilità dell'organismo di assurance***

È nostra responsabilità esprimere, in base alle attività di verifica condotte, una conclusione circa la conformità del Bilancio di Sostenibilità rispetto alle parti dei *GRI-Standard* definiti nella Tabella.

Abbiamo eseguito l'incarico in accordo ai principi ed alle indicazioni contenute nel documento ISO 14016 2020 "*Environmental management Guidelines for the Assurance of environmental reports*", per quanto applicabile, emanato dall'International Standard Organization.

Lo svolgimento del nostro incarico ha richiesto l'applicazione di un processo di verifica tale da acquisire un livello di garanzia limitato ("*limited assurance engagement*") che il Bilancio di Sostenibilità non contenesse inesattezze materiali. Ciò ha comportato che l'estensione del nostro lavoro fosse inferiore a quella necessaria per ottenere un livello di garanzia ragionevole ("*reasonable assurance engagement*") e, di conseguenza, non abbiamo la sicurezza di essere venuti a conoscenza di tutti i fatti e le circostanze significativi che potrebbero essere identificati considerando un tale livello di garanzia.

***Attività condotte***

Le attività di verifica condotte sul Bilancio di Sostenibilità si basano sul nostro giudizio professionale ed hanno compreso, in relazione alle *disclosures* identificate nella Tabella ed all'ambito del nostro incarico sopra descritto:

- comprensione dei processi implementati dal Gruppo per la raccolta, il trattamento e la gestione dei dati quantitativi e delle informazioni qualitative riportati nel Bilancio di Sostenibilità;
- interviste con il personale di Gruppo preposto all'acquisizione, analisi, consolidamento ed elaborazione dei dati ed alla stesura del Bilancio di Sostenibilità;
- controllo di fonti di dati esterne, qualora pertinenti per le *disclosures* oggetto di verifica;
- verifica per campionamento dei dati quantitativi e delle informazioni risalendo, qualora necessario, alle registrazioni dei dati primari;
- riesame di documenti e loro coerenza con le informazioni di tipo qualitativo;
- riesame di registrazioni, ricalcoli e verifica della correttezza delle elaborazioni sottese ai dati quantitativi rendicontati;
- verifica della corretta trasposizione dei dati e delle informazioni verificate nel Bilancio di Sostenibilità.

***Conclusioni***

Sulla base delle attività svolte non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che il Bilancio di Sostenibilità del Gruppo non sia stato redatto in conformità ai *GRI-Standard* per quanto attiene alle *disclosures* elencate nella Tabella e riferite all'ambito del nostro incarico.

Sesto San Giovanni, 09 novembre 2023

Per IGQ
Carlo Urbano
prof. ing. Carlo Urbano
(Presidente)

# 8. GRI content index

Pittini reports its sustainability performance against the 2021 GRI Standards for the period 01.01.2023 - 31.12.2023.

**For all GRI Standard topics used for reporting, the disclosure 3.3 Management of material topics of the consolidated GRI 2021 Standard applies.**

| GRI Standard/ Other source | Disclosure | | Omitted | | |
|---|---|---|---|---|---|
| | | | Omitted requirements | Reason | Explanation |
| GRI 2 GENERAL DISCLOSURES 2021 | 2-1 Organisational details | Ch.s 1 and 6 | | | |
| | 2-2 Entities included in the organisation's sustainability reporting | Ch.s 1.1 and 6 | | | |
| | 2-3 Reporting period, frequency and contact point | Ch. 6 | | | |
| | 2-4 Restatements of information | Ch. 6 | | | |
| | 2-5 External assurance | Ch. 7 | | | |
| | 2-6 Activities, value chain and other business relationships | Ch.s 1 e 5 | | | |
| | 2-7 Employees | Ch.s 4 and App. | | | |
| | 2-8 Workers who are not employees | | All | Not applicable | No activities of workers who are not employees within plants were reported, as they were contracted to other suppliers with direct control over their employees. |
| | 2-9 Governance structure and composition | Ch.s 5.2 and App. | | | |
| | 2-10 Nomination and selection of the highest governance body | | All | Confidentiality | |
| | 2-11 Chair of the highest governance body | Appendix | | | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Appendix | | | |
| | 2-13 Delegation of responsibility for managing impacts | Appendix | | | |
| | 2-14 Role of the highest governance body in sustainability reporting | Ch. 6 | | | |
| | 2-15 Conflicts of interest | Appendix | | | |
| | 2-16 Communication of critical concerns | Appendix | | | |
| | 2-17 Collective knowledge of the highest governance body | Appendix | | | |
| | 2-18 Evaluation of the performance of the highest governance body | | All | Confidentiality | |
| | 2-19 Remuneration policies | | All | Confidentiality | |
| | 2-20 Process to determine remuneration | | All | Confidentiality | |
| | 2-21 Annual total compensation ratio | | All | Confidentiality | |
| | 2-22 Statement on sustainable development strategy | Letter of the Chairman, Ch. 2 | | | |
| | 2-23 Policy commitments | Appendix | | | |
| | 2-24 Embedding policy commitments | Appendix | | | |
| | 2-25 Processes to remediate negative impacts | | All | Confidentiality | |

| | | | | | |
|---|---|---|---|---|---|
| GRI 2 GENERAL DISCLOSURES 2021 | 2-26 Mechanisms for seeking advice and raising concerns | Appendix | | | |
| | 2-27 Compliance with laws and regulations | | All | Confidentiality | |
| | 2-28 Membership associations | Ch. 5.3 | | | |
| | 2-29 Approach to stakeholder engagement | Ch.s 2.2 and App. | | | |
| | 2-30 Collective bargaining agreements | Ch. 4 | | | |
| GRI 3 GENERAL TOPICS 2021 | 3.1 Process to determine material topics | Ch. 2 and App. | | | |
| | 3.2 List of material topics | Ch. 2 and App. | | | |
| | 3.3 Management of material topics | Ch.s 3, 4 and 5 | | | |

| Economics aspects and governance | | | | | |
|---|---|---|---|---|---|
| GRI 201: Economics Performances - 2016 | 201 – 1 | Ch. 5.1 and App. | 201 – 2 / 3 / 4 | Confidentiality | |
| GRI 204: Procurement practices - 2016 | 204 | Ch. 5.4 and App. | | | |

| Environmental aspects | | | | | |
|---|---|---|---|---|---|
| GRI 301: Materials - 2016 | 301 – 1 / 2 | Ch. 3.2 and App. | 301 – 3 | Not applicable | Not applicable to the products of the Group |
| GRI 302: Energy - 2016 | 302 – 1a-e,g / 3 / 4 a,b | Ch.s 3.4, 3.6 and Appendix | 302 – 2 | Impossibility of obtaining accurate and reliable measurements | Energy consumption outside organisations is so complex that accurate and reliable measurements are impossible |
| | | | 302 – 5 | The requirement "Reductions in energy requirements of products and services" is not applicable | |
| GRI 303: Water and water effluents - 2018 | 303 – 1a / 3 a,b,c / 4 a,b,c / 5 a,b | Ch.s 3.7 and App. | 303 – 2 | Not applicable | Compliant with current laws |
| GRI 305: Emissions - 2016 | 305 – 1 a,b,d,e,g / 2 a,c,e,g / 4 / 5 a-d / 7 | Ch.s 3.5, 3.6 and Appendix | 305 – 3 | Not applicable; Impossibility of obtaining accurate and reliable measurements | Emissions outside organisations are so complex that accurate and reliable measurements are impossible |
| | | | 305 – 6 | Not applicable | No ODS substances are produced, imported or exported |
| GRI 306: Waste - 2020 | 306 | Ch.s 3.1, 3.2, 3.3 and Appendix | | | |

| Social aspects | | | | | |
|---|---|---|---|---|---|
| GRI 402: Relations between workers and management - 2016 | 402 | Cap. 4 | | | |
| GRI 403: Occupational health and safety - 2018 | 403 – 1* / 2* / 3 / 4 a,b / 5 / 6 / 8* / 9 a,c,e / 10 a | Ch.s 4.1, 4.2 and App. | 403 – 7 | Not applicable | Compliant with current laws |
| GRI 404: Training and Education - 2016 | 404 – 1 / 2a / 3 | Ch. 4.1 and App. | | | |
| GRI 406: No discrimination - 2016 | All | Ch. 4 and App. | | | |

*Applicable only to Italian Group Companies.

## CONTACTS

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