





TABLE OF CONTENTS

Highlights				
Letter to the Stakeholders Methodological note				
				GNU
1.1	History	,		
1.2	Profile	1		
1.3	Our Purpose	1		
1.4	Governance	1		
1.5	Ethics, Integrity and Compliance	2		
1.6	Risk Management	2		
1.7	Stakeholders	3		
1.8	The Materiality Matrix	3		
	Sustainable Development Goals	3		
1.10	Projects for the environment	3		
PE0	PLE			
2.1	Workforce	4		
2.2	Customers	5		
	Local Communities and Territory	5		
DI A	NET			
3.1	NET Materials	5		
3.2	Energy	5		
3.3	Waste	5		
3.4	Water Resources	5		
3.5	Mitigation of Environmental Impacts and Biodiversity	6		
3.6	Emissions	6		
•••••				
	SPERITY			
4.1	Market, Products and Processes	6		
4.2	Certifications	6		
4.3	Sustainable Supply Chain Management	6		
4.4	Research and Development	7		
4.5	Economic Performance	7		
Table		7		
	. .	/		





People

404 Employees (**401**; **+0,7**%)

100% Employees with open-ended contract (97.8%)

10.4% Recruitment rate (10.1%)

1,571 hours of training provided (**838**; **+87.4**%)

3.9 hours of training per capita delivered (2.1 +86.2%)



Prosperity



EUR 155.4 million in revenues (EUR 135.4 million, +15%) EUR 18.7 million of EBITDA (EUR 12.9 million, +45.5%)



Planet

92,895 GJ Energy consumption **(99,927 GJ)**

8,059 tCO₂ Scope 1 emissions + Scope 2 Location-based emissions (8,739; -7.8%)

13,499 tCO₂ Scope 1 emissions + Scope 2 Market-based emissions (14,593; -7.5%)

11,266 m³/kg Water intensity (12,300 m³/kg)



Letter to the Stakeholders



lways striving to create value, GNUTTI CIRILLO S.p.A. has decided to implement its first Sustainability Report 2022, as a preparatory exercise to initiate the change of pace necessary to address the upcoming new sustainability reporting requirements that will apply with the implementation of the Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464), a directive that extends the sustainability reporting obligations of companies beyond the current scope of the Non-Financial Declaration pursuant to Art. 2 of Legislative Decree 254/2016.

The Sustainability Report 2022 was implemented with the aim of being increasingly transparent to the market, adopting the three-pillar structure 'People, Planet, Prosperity'. It illustrates the company's main achievements during 2022 and its contribution to the three pillars and the 17 Sustainable Development Goals (SDGs) of the United Nations, through their interconnection with the corporate strategy and the material issues identified.

In the financial year 2022, the company achieved significant production, economic and financial results. Revenues increased by 15% over the previous year's figure, from EUR 135.4 million to EUR 155.4 million. Sales of Finished Products (+28%), the company's core business, grew strongly.

In terms of margins, GNUTTI CIRILLO S.p.A.'s EBITDA amounted to EUR 18.8 million, up from EUR 12.9 million at the end of 2021.

These results confirm the application of an approach increasingly focused on the concept of value creation without precluding a similar possibility for future generations by means of a responsible consumption of the resources used.

The decision to adopt a Sustainability Report is also a confirmation of GNUTTI CIRILLO S.p.A.'s desire to continue to actively contribute to decarbonisation and energy efficiency, sharing with its stakeholders the importance of a collective commitment to a sustainable future in the face of the risks arising from climate change.

Lumezzane, 21 June 2023

Giuliano Gnutti (Chairman)

METHODOLOGICAL NOTE



GNUTTI CIRILLO S.p.A.'s Sustainability Report 2022 aims to transparently communicate the company's approach to sustainability and its performance in the areas of environmental, social and economic sustainability.

It reports on the company's activities, performance and impact on environmental, social and personnel issues, the fight against active and passive corruption and respect for human rights.



The reporting period runs from 1 January 2022 to 31 December 2022; data from previous years are reported, where available, for comparative purposes.

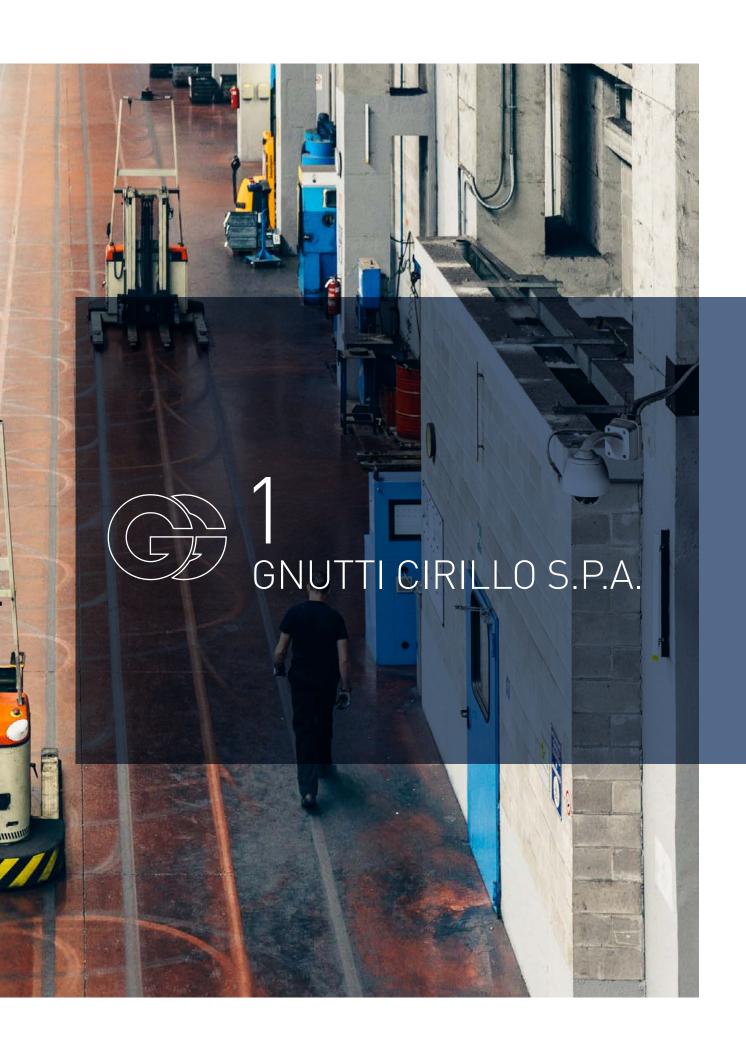
The contents were selected on the basis of what emerged from the materiality analysis process, which included a comparison of the material topics with industry best practices and were represented loosely following the scheme of the 'GRI Standards' defined by the Global Reporting Initiative.

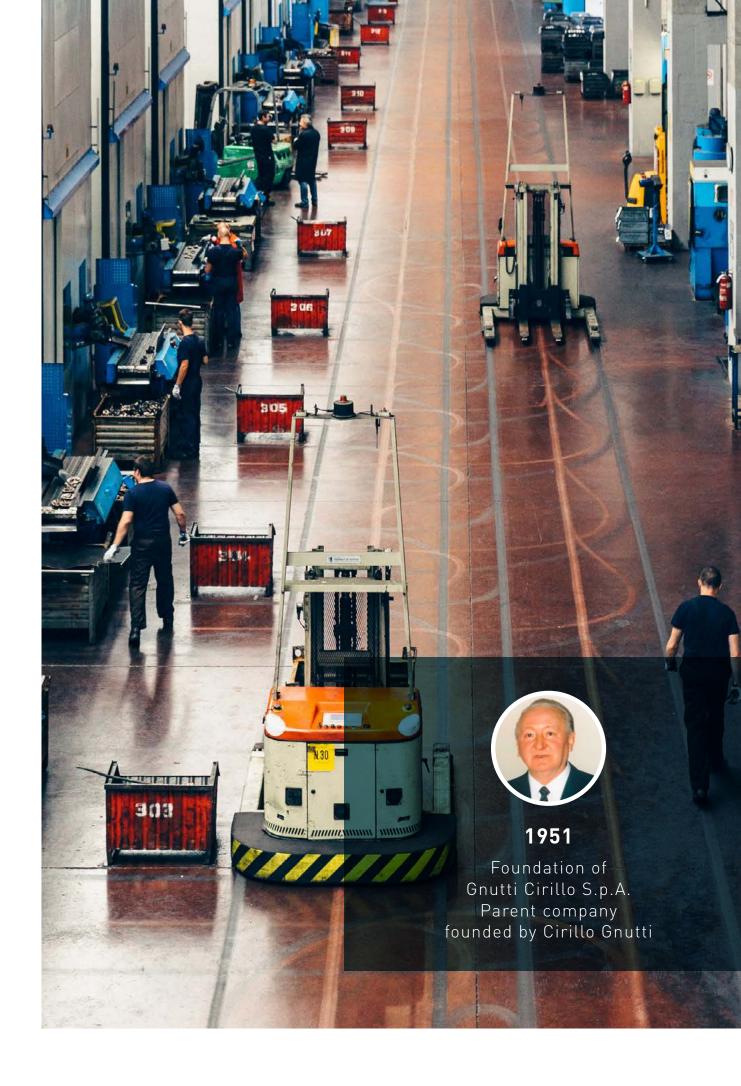
This Sustainability Report represents the first sustainability reporting exercise of the company GNUTTI CIRILLO S.p.A., as an expression of the company's will to start a path that would favour the continuous improvement of sustainability reporting, thus favouring transparency towards the market and inclusion of stakeholders.

For further information, clarification or suggestions: esg@gnutticirillo.it









1.1 History

NUTTI CIRILLO S.p.A. is the parent company of the Gnutti Cirillo Group. Founded in 1951 by Cirillo Gnutti as a mechanical engineering company making tools and dies, it is now the world leader in hot forging and machining of brass and other non-ferrous metals.

GNUTTI CIRILLO S.p.A. has developed a high level of technical expertise that enables it to satisfy any request thanks to its self-sufficiency in the production chain, from design, completely in-house construction of tooling and equipment, brass hot forging, machining, surface treatments, automatic assemblies through to the packaging of the finished product: all customised according to customer specifications. In 1994 the company Tiemme Raccorderie S.p.A., located in Castegnato (BS), joined the Gnutti Cirillo Group. Tiemme Raccorderie, initially engaged in the production and distribution of fittings, brass valves

and piping, expanded its business through the development of integrated heating systems.

Historically based in Lumezzane (Brescia), in the year 2000 Gnutti Cirillo S.p.A. opened a new plant in Odolo (Brescia), a large, state-of-the-art industrial complex specialising in hot forging, equipped with latest-generation modern lines.

Over the years, the internationalisation process of the group continued with the establishment of Metal Forming Technology Inc. located in the state of Michigan (USA). MFT has achieved high standards of efficiency in the production of hotforged brass items machined according to customer specifications.

The company also serves as logistics and customer care centre for GNUTTI CIRILLO S.p.A. for the North American and Canadian markets.



1994

1994 New machining plant built in Lumezzane (Brescia)



2000

Gnutti Cirillo S.p.A. inaugurates innovative plant of Odolo (Bs) for hot forging



1.2 Profile

NUTTI CIRILLO S.p.A. is the parent company of the Gnutti Cirillo Group consisting of the following companies:

- **GNUTTI CIRILLO S.p.A.**
- MFT Metal Forming Technology Inc.
- Tiemme Raccorderie S.p.A.
- **Elettromaule Component Srl**

GNUTTI CIRILLO S.p.A.

GNUTTI CIRILLO S.p.A. is the parent company. Founded in 1951 by Cirillo Gnutti as a mechanical company for the construction of tools and dies, today it is a world leader in the hot forging and mechanical machining of brass and other non-ferrous metals.

GNUTTI CIRILLO S.p.A. has developed a high level of technical expertise that enables it to satisfy any request thanks to its self-sufficiency in the production chain, from design, completely in-house construction of tooling and equipment, brass hot forging, machining, surface treatments, automatic assemblies through to the packaging of the finished product: all customised according to customer specifications.

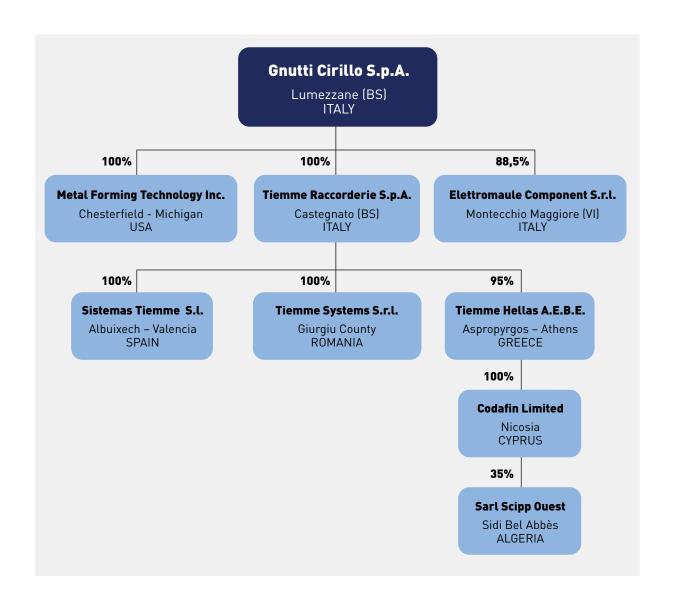
The geographic reference market for the company is Italy, which accounts for about 43% of sales (49% in 2021), followed by the United States with 32% of sales (24% in 2021) and Germany stable at 11%.

Company name **GNUTTI CIRILLO S.p.A.**

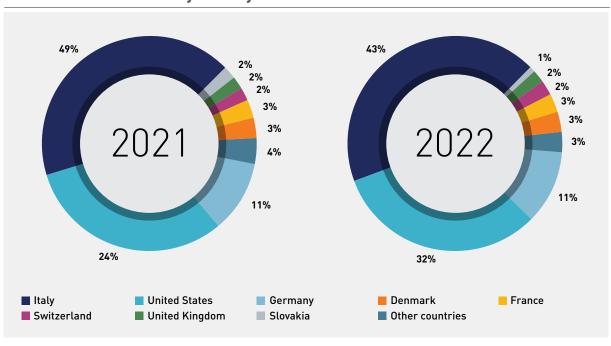
Registered office address Via Ruca 96 - 25065 Lumezzane (Brescia)

Chairman Giuliano Gnutti

General Manager Luca Veronesi



Evolution of customers by country from 2021 to 2022



MFT - Metal Forming Technology Inc.

Over the years, the internationalisation process of the group continued with the establishment of Metal Forming Technology Inc. located in the state of Michigan (USA). MFT has achieved high standards of efficiency in the production of hot-forged brass items machined according to customer specifications. The company also acts as a logistics and customer care centre on behalf of GNUTTI CIRILLO S.p.A. for the North American and Canadian markets.

Tiemme Raccorderie S.p.A.

Tiemme Raccorderie, was founded in the 1980s as a company producing and distributing fittings, brass valves and piping. In 1994 it joined the Gnutti Cirillo Group, the year in which the company underwent a radical change.

The 2000s represented a phase of further growth and evolution for the company through the development of integrated heating systems. In 2012, 'Tiemme Lab', Tiemme's innovative thermotechnical laboratory, was established at the Castegnato (Brescia) site. The subsidiaries in Spain, Greece and Romania are intended to respond to an increasingly large and demanding market by directing the gaze of the company towards internationalisation.

Elettromaule Component S.r.l.

Elettromaule Component S.r.l. is a company established in 2011, specialising in the design, production and marketing of accessories for electrical distribution and power transformers.



LUMEZZANE PLANT

Production site address Via Ruca 96 - 25065 Lumezzane (BS)

Classification of settlement location area B5 - Industrial Area

Year of construction

Total surface area Approximately 15,000 m²

Total workforce

257 people (167 blue-collar workers, 81 white-collar workers, 3 middle managers and 6 top managers)

Working hours:

Continuous working hours in three shifts. Monday to Friday. The shifts are organised as follows: 6.00 - 14.00; 14.00 - 22.00; 22.00 - 6.00.



ODOLO FACTORY

Production site address Via Brescia 7 - 25076 Odolo (BS)

Classification of settlement location area B5 - Industrial Area

Year of construction

Total surface area 40.000 m²

Total workforce

147 people (124 blue-collar workers, 21 white-collar workers, 1 middle manager and 1 top manager)

Working hours:

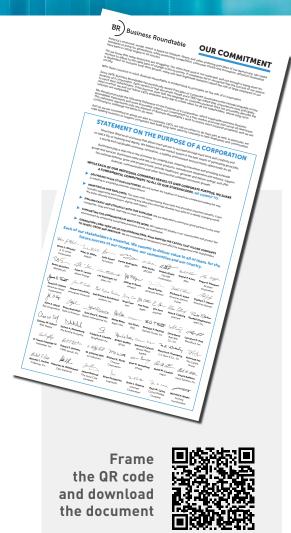
Continuous working hours in two shifts. Monday to Friday. The shifts are organised as follows: 6.00 - 14.00; 14.00 - 22.00.



^{1.3} Our Purpose

GNUTTI CIRILLO S.p.A. endorsed the Purpose Statement formulated by the Business Roundtable in 2019, recognising:

- the vital role of business in creating new jobs, fostering innovation and providing essential goods and services to communities;
- the central role that stakeholders must play in business life and strategy;
- the importance of making an ongoing commitment to create value for all stakeholders, working towards the long-term sustainable success of the company, the community and the country.

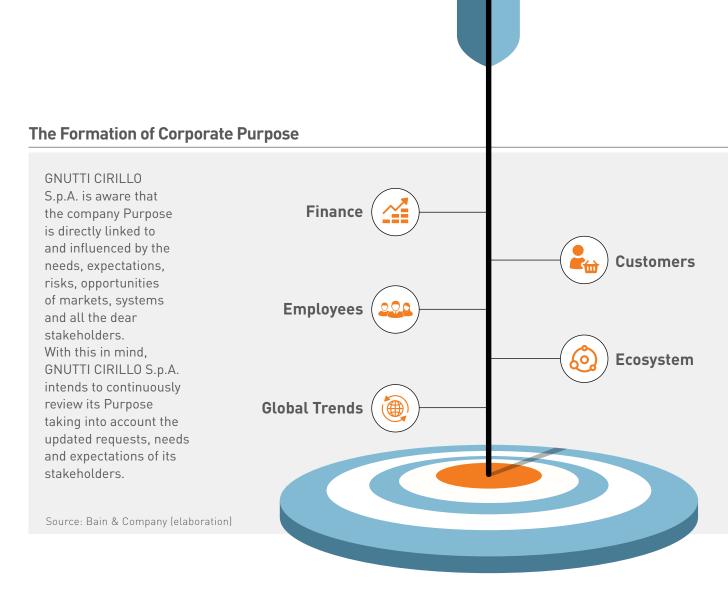


Therefore, GNUTTI CIRILLO S.p.A bases its Corporate Purpose on the following commitments:

- provide value to customers, continuing the company's tradition of meeting or exceeding expectations;
- investing in employees and human capital, compensating them fairly, providing adequate training, supporting skills development, promoting diversity and inclusion, dignity and respect;
- dealing fairly and ethically with suppliers, acting as good partners for other companies, large and small, that support the realisation of the company's mission;
- supporting the surrounding community, respecting its people and protecting the environment by adopting sustainable practices in all business activities:
- generate long-term value for the shareholders, who provide the capital that enables the company to invest, grow and innovate, while always being committed to transparency towards shareholders.

GNUTTI CIRILLO S.p.A. is continuously striving to:

- demonstrate its ability to provide services that comply with customer requirements and the requirements of applicable environmental laws and regulations;
- increase customer satisfaction through the effective implementation of the environmental management system and continuous improvement processes, ensuring compliance with customer requirements and applicable laws and regulations;
- identify in advance the context, stakeholder requirements, risk situations and opportunities for improvement, as required by the international reference standard.



1.4 Governance



NUTTI CIRILLO S.p.A. adopted a so-called traditional administration system. Specifically, it has entrusted management to a Board of Directors consisting of a Chairman and three Directors; the supervisory functions pursuant to Article 2403 of the Italian Civil Code are performed by the Board of Statutory Auditors, while the statutory audit pursuant to Article 2409bis of the Italian Civil Code has been entrusted to a specially appointed auditing company.

The Board of Directors is composed as follows: Giuliano Gnutti (Chairman and Managing Director), Alberto Gnutti (Managing Director), Franco Veronesi (Director), Guido Riccardi (Director),

The company has adopted a Code of Ethics and its own Organisation Model pursuant to Legislative Decree 231/2001 (hereinafter also referred to as 'Model 231'), last updated in 2022. The adoption of these management tools is a concrete expression of a desire to continuously improve governance and to be increasingly oriented towards fairness, transparency and the highest standards of management quality.

With this in mind, GNUTTI CIRILLO S.p.A., despite not having any listed shares to date, has decided to initiate a process to approach good corporate governance practices in accordance with the provisions of the new 2020 Corporate Governance Code of Borsa Italiana.

The impetus came both from corporate ownership and management, always striving for continuous improvement, and from indications of the OECD - currently reviewing the G20/OECD Principles of Corporate Governance - according to which strengthening the corporate governance of unlisted companies can significantly boost productivity growth and support the formation of more informed strategic business decisions.

On this stimulus, always striving for improvement, GNUTTI CIRILLO S.p.A. decided to start an in-depth study aimed at learning the spirit of best corporate governance practices with a view to a possible future adoption on a voluntary basis.

In particular, the company is interested in learning about the best practices in the functioning of the Board of Directors (BOD), including but not limited to: the way board meetings are minuted, criteria for their formation, roles of the board's composition, presence of independent directors, handling of confidential information, procedures for appointing directors and criteria for their remuneration, the internal control committee, transactions with related parties, and relations with institutional investors and other shareholders.

Chairman of the Board of Directors

The Chairman of the Board of Directors has the power to take, with free and disjointed signature, any actions deemed opportune and/or necessary for the implementation of the corporate purposes, such as:

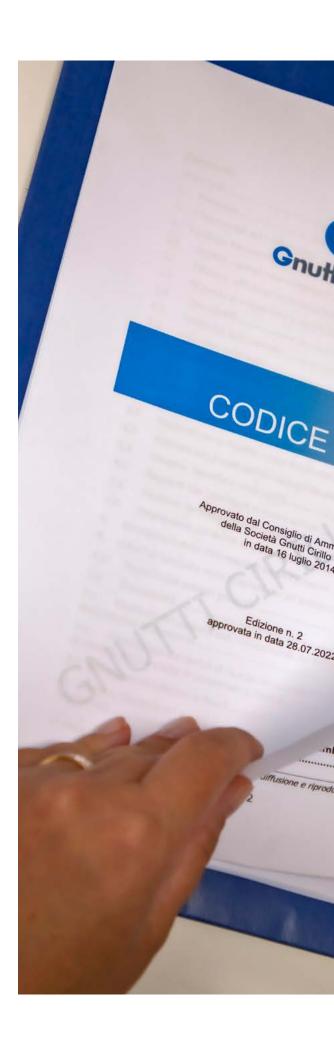
- general representation, carrying out the corporate obligations required by law;
- relations with bodies and administrations, representing the company in dealings with administrative authorities:
- representation of the company towards third parties and in court, both as plaintiff and defendant.
- labour relations and labour powers, hiring, suspending and dismissing employ-
- administrative/financial supervision, overseeing the correct and regular performance of accounting and financial statements preparation activities:
- execution of purchases and investments, concluding and terminating contracts with suppliers;
- business insurance, taking out and renewing insurance policies;
- assignment of sub-delegation powers, appointing proxies and special representa-
- powers in environmental matters, promoting and adopting every initiative and resolution aimed at ensuring that the company's activities are conducted in compliance with the law.

Managing Director

The Managing Director has the power to perform, with free and disjointed signature, the acts deemed opportune and/or necessary for the implementation of the corporate purposes that fall within the perimeter of the Chairman of the Board of Directors, with the exception of powers relating to the environment, which remain outside the perimeter of the Managing Director.

General Manager

The General Manager, in his capacity as the company's Employer, is vested with all the powers necessary to be able to provide, in full autonomy, for the management and control of the company's production and work activities, promoting and guaranteeing all the initiatives necessary to ensure high levels of hygiene, health and safety at work.





1.5 Ethics, Integrity and Compliance

[GRI 205 Anti-corruption, GRI 307 Environmental Compliance, GRI 419 Socio-economic Compliance, GRI 206 Anti-competitive Behaviour]

NUTTI CIRILLO S.p.A. holds in utmost consideration respect for human dignity in all its forms, care and protection of the health and physical and moral integrity of workers, fairness in business relations with suppliers and customers and transparency in relations with the Public Administration and supervisory bodies in all their forms and expressions.

In line with the values expressed in the Code of Ethics and in accordance with its own policies, legality and fairness in business are considered essential elements for developing and maintaining lasting relations with its stakeholders based on mutual respect and trust, and contribute over time to increasing the company's value, reliability and transparency on the market. The reputation that GNUTTI CIRILLO S.p.A. can boast, starting from the territory in which it operates, is the result of a constant operational and managerial correctness over time and of a rigorous approach to the issues of compliance, risk management and control systems.

In order to ensure ethical and responsible conduct, the company has adopted a number of tools, including the Code of Ethics, the Organisation Model pursuant to Legislative Decree 231/01 and a specific whistleblowing procedure. Appropriate information channels have been set up for the communication of any reports of non-compliance regarding organisation's administrative liability.

Code of Ethics

The company's Code of Ethics is the reference tool for the promotion, dissemination, and management of business ethics. The Code also represents an essential element of the organisation, management and control model envisaged and regulated by Legislative Decree No. 231/2001, as it complements that model in terms of the expression and communication of the values and rules of conduct considered fundamental for the company. The Code of Ethics in its first version was approved by the Board of Directors of the company GNUTTI CIRILLO S.p.A. on 16 July 2014. The current version was approved on 28.07.2022.

The company has adopted this Code of Ethics in order to formally set out the principles and the fundamental ethical values which inspire its operations and with which members of the Board of Directors, members of the Board of Statutory Auditors, employees, associates, intermediaries, suppliers, agents and all of those contracted to work for the Company in general (hereinafter collectively the 'Recipients'), even on a temporary basis, are required to comply in the fulfilment of the duties and functions entrusted to them.

Compliance with the provisions of the Code of Ethics is an integral part of Employees' contractual obligations, also for the intents and purposes of art. 2104 of the Italian Civil Code, while their breach on the part of the Recipients may, depending on circumstances, constitute a disciplinary offence (punishable under the relevant regulations or under the provisions of the Organisation Model adopted pursuant to the Decree) and/or a breach of contract, and may lead to the payment of compensation to the company for any damages arising from the said breach.

GNUTTI CIRILLO S.p.A. requires its associates, agents, suppliers and intermediaries to comply with the fundamental ethical principles on which this Code is based, also by virtue of specific contractual clauses.

All those acting within the Group (subsidiary companies and affiliate companies, suppliers) are required to maintain a conduct in line with the general principles of this Code; employees are required to disseminate its contents to all those who come into contact with the company.

The principles set out in this Code of Ethics also aim to regulate relations with all the other stakeholders, such as shareholders, employees, suppliers, the State, the Public Administration and local and national public supervisory authorities with jurisdiction over the areas where the facilities are located.

Fundamental Principles of the Code of Ethics



Organisation, Management and Control Model pursuant to Legislative Decree 231/2001

The adoption of the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001, as early as 2014, is a tangible demonstration of the company's willingness to set its governance in accordance with the most advanced compliance standards. Apart from the specific purposes laid down in Legislative Decree 231/2001, an Organisation Model of this kind fosters greater awareness on the part of human resources with respect to their own spheres of action, also through the constant updating and adjustment of the safeguards put in place to prevent the commission of offences. Nonetheless, with regard to the specific issue of corruption, the Code of Ethics makes precise reference to the need for any activity implemented to be conducted in a responsible, legitimate manner, and consistent with the company's objectives and rules of conduct.

In particular, relations with the Public Administration are the exclusive responsibility of the company functions delegated to them, which are called upon to respect the principles of independence, impartiality, transparency and fairness expressed in the Organisational Models. In accordance with the principles set out above, bribery, whether active or passive, is firmly prohibited by the company's Codes of Ethics, whether towards counterparts within the Public Administration or towards private parties. Finally, all GNUTTI CIRILLO S.p.A. personnel participated in the special training on Model 231 and the Code of Ethics, and has been properly informed of the Group's policies on anti-corruption issues.

Pursuant to Legislative Decree No. 231/2001, a Supervisory Board has also been set up, which has the task of supervising the functioning, effectiveness and observance of the Model, as well as ensuring that it is constantly and promptly updated.

GNUTTI CIRILLO S.p.A. aims to be perceived by local communities as a source of resources and opportunities for the territory. With this in mind, the company pays the utmost attention to complaints, whether related to environmental issues or other impacts on the territory.

During the reporting period, the company did not receive any remarks of non-compliance with laws

and/or regulations on environmental or community-related issues, nor of any proven incidents of corruption or anti-competitive behaviour.

Internal Relationships

As far as internal relations with staff and collaborators are concerned, it should be noted that:

- all the company's personnel are employed with legal employment contracts and the relevant relationship complies in full with the collective contractual regulations of the industry concerned, with fiscal, welfare and insurance regulations, and with immigration
- during employee selection procedures conducted in accordance with the principles set out in this Code of Ethics, with equal opportunities and without discrimination of any kind - the company functions in charge of personnel selection and recruitment work to ensure that the resources employed fit the profiles actually required for the company's needs, with no favouritism or facilitations of any kind;
- as part of the development of human resources, senior management is committed to creating and maintaining the necessary conditions so that the skills, competencies and knowledge of each employee can be further expanded, in order to ensure the effective achievement of the company's objectives; for this reason, senior management is required to pursue a policy aimed at recognising merit, while respecting equal opportunities;
- in the event that independent third parties (such as consultants, agents, suppliers and associates in general) engage in behaviours incompatible with the principles of the Code of Ethics, employees are required to immediately report the case to their superior or directly to the Supervisory Board and take measures aimed at putting an end to such behaviours.

External Relationships

As far as external relations are concerned:

Towards Public Administration:

Relations with the Public Administration and the Authorities performing supervisory functions:

- are based on principles of fairness, truthfulness, transparency, efficiency and coopera-
- are held by persons with the appropriate del-

egated or proxy powers, also with the support of collaborators, under their own responsi-

- comply with the rules of the Code of Ethics, with particular regard to the above-mentioned principles and prohibitions, including but not limited to
 - promise, offer or in any way pay or provide money, gifts or other benefits in a personal capacity to directors, officers, employees or relatives of the Public Administration with the aim of promoting or favouring the interests of the company or of improperly influencing the decisions of officers:
 - o offering or accepting any object, service, provision of value in order to obtain more favourable treatment in relation to any relationship with the Public Sector;
 - o in the course of negotiations, enquiries or business dealings with the Public Administration, take actions that conflict such as:

examining or proposing employment and/or business opportunities that may beneficial for Public Administration employees on a personal level; offering or in any way providing free gifts even in the form of employee-only company promotions or through, for example, payment of travel expenses:

soliciting or obtaining confidential information that may compromise the integrity or reputation of either party.

Towards political parties and trade union organisations

For relations with political parties, trade unions and other interest-bearing associations, the same rules apply as for relations with the public administration.

Strictly institutional forms of cooperation, involving participation in the realisation of events or activities, such as the organisation of conferences, workshops, study and research projects, etc. are permitted provided they are not intended to lead to undue favours.

Towards suppliers

The selection of suppliers of goods or services, and in all cases the purchase of goods and services of any kind, shall be carried out by the specifically assigned company functions on the basis of objective, documentable criteria, which aim to establish the best compromise between economic benefits and quality of performance.

The Recipients shall conduct their relationships with Suppliers in accordance with principles of transparency, equality, fairness and free competition. Within these relationships, Recipients shall:

- establish efficient, transparent relationship of cooperation, conducting an open, frank dialogue in accordance with best business practice:
- obtain suppliers' cooperation in constantly ensuring the best combination of quality, cost and delivery times;
- demand application of the conditions agreed by contract;
- require suppliers to comply with the principles of this Code of Ethics and include a specific provision to this effect in contracts;
- operate within the framework of the laws and regulations in force and demand full compliance with them.

Towards customers

GNUTTI CIRILLO S.p.A. is committed to quaranteeing high quality standards for its products and services, based on contractually recognised and systematically monitored levels. The style of conduct towards customers shall be helpful, clear, respectful, courteous and very responsive to needs, in the awareness that customer loyalty and satisfaction constitute an intangible asset of strategic importance for the company.

Customers are prohibited from making gifts or offering favours of any kind to Company employees or their family members, which may induce GNUT-TI CIRILLO S.p.A. personnel to behave in contrast

Code of Ethics Document

For a complete representation of the principles, rules and prohibitions established by the Code of Ethics of the company GNUTTI CIRILLO S.p.A. please refer to the Code of Ethics document in its entirety, as approved by the Board of Directors on 16 July 2014, last revision no. 2 approved on 28 July 2022, available on the website https://www.gnutticirillo.it/.

with the interests, even moral, of the Company itself. Customers are also encouraged to report any improper behaviour by the staff of both parties. Production site managers are committed to developing quality and constructively accept suggestions and complaints with a view to the continual improvement of their relationship with their customers, which is monitored by means of customer satisfaction tools in accordance with the relevant current international standards on quality management systems.

Company Supervisory Board

The Supervisory Board (also 'SB') has the task of supervising:

- the operation of and compliance with the Code of Ethics:
- the observance, effectiveness, implementation and updating of the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 in its entirety.

The Supervisory Board is endowed with autonomous powers of initiative and control, appointed by the Board of Directors of the Company pursuant to Legislative Decree No. 231/2001, as amended and supplemented. Without prejudice to compliance with all safeguards provided for by the regulations or collective labour agreements in force and without prejudice to legal obligations, the Supervisory Board is entitled to receive requests for clarifications, as well as reports of potential or actual breaches of this Code.

The Supervisory Board is obliged to work in conditions of the greatest confidentiality, with impartiality, authority, continuity, professionalism and autonomy. The Supervisory Board also operates with wide discretionary powers and with the full support of the company's top management, with which it cooperates in complete independence.

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Whistleblowing Procedure

The company has a whistleblowing procedure whereby each recipient must transmit to the Supervisory Board circumstantiated reports of conduct that, in good faith, he or she believes to be unlawful, insofar as it constitutes active or omissive conduct considered as offence by the Decree, resulting in the administrative liability of entities.

Such reports must be based on precise and concordant factual elements. to be attached to the report or indicating references to documents, data and information obtainable by the Supervisory Board from sources accessible by anyone or through access to the company's paper or computer archives.

Whistleblowing reports may be transmitted to the Supervisory Board by e-mail, by sending them to the e-mail address odv@gnutticirillo. it. The whistleblower has the right to confidentiality regarding his or her identity; for the best protection, the company has set up an alternative channel for the transmission of reports to the Supervisory Board, providing a certified email box. The mailbox and the related messages received and sent are hosted on the server of the external provider and are inaccessible to employees and collaborators of the company; the authentication credentials are exclusively available to the members of the Supervisory Board. The address is as follows: OdV_gnutticirillo@legalmail.it

As a further alternative, the Supervisory Board may receive whistleblowing reports in writing, with a letter marked "personal confidential" on the envelope.



1.6 Risk Management

NUTTI CIRILLO S.p.A. considers it essential to integrate and apply a "Risk-based Thinking" approach to its Corporate Policy

and Vision in order to understand what the risks (and opportunities) of its business are. The main risks monitored by the company are:

Main risks to be faced

Risks related to the general conditions of the economy

Risks associated with the market in which the company operates

Credit risk

Liquidity risk

Market risk

Risks associated with the environment and employees



Risk Management System

GNUTTI CIRILLO S.p.A. considers it fundamental to extend and support its Corporate Policy and Vision with a "Risk-based thinking" approach, in order to identify the risks (and opportunities) of its Quality, Environment, Health and Safety System, and its constituent processes, which may affect the company's ability to achieve its objectives.

For this reason, the company decided to:

- produce proof that the risks have been identified and that actions proportional to their consequences have been taken;
- perform reviews of these actions.

GNUTTI CIRILLO S.p.A. approaches risk management according to the principles of the UNI ISO 31000:2018 standard, in the awareness that risk management:

- creates and protects value
- is an integral part of all the organisation's processes
- is part of the decision-making pro-
- deals explicitly with uncertainty
- is systematic, structured timely.

Distinction of risks

GNUTTI CIRILLO S.p.A. distinguishes risks between:

EXTERNAL RISKS

- Competitors
- Customer needs
- Technological progress
- Legal regulations in relevant markets
- Raw material costs
- Exchange rate and interest rate fluctuations
- **Suppliers**

INTERNAL RISKS

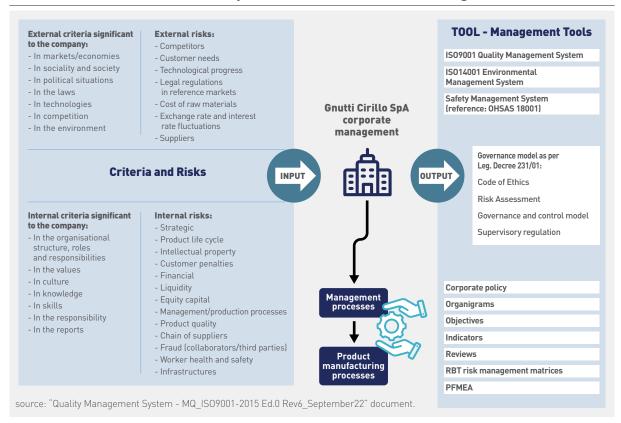
- Strategic
- Product life cycle
- Intellectual property
- Customer penalties
- Financial
- Liquidity
- Equity capital
- Management/production processes
- Product quality
- Chain of suppliers
- Fraud (collaborators/third parties)
- Worker health and safety
- Infrastructures

To this end, GNUTTI CIRILLO S.p.A. has implemented and maintains a Quality and Environment Management System in accordance with the requirements of the UNI EN ISO 9001:2015 and UNI EN ISO 14001:2015 international standards.

Risk Analysis Process

The company's risk management is based on the principle of accountability according to which the risk itself is managed by the person responsible for the corporate process directly involved.

Criteria and Risk identification process – "Risk-based Thinking"



Major risks are reported and discussed at the company management level in order to create the prerequisites for their management, coverage, insurance and residual risk assessment. Risks are also monitored through a set of systems and procedures, including:

- ISO9001 Quality Management System
- ISO14001 Environmental Management Sys-
- OHSAS 18001 Safety Management System
- Organisation model as per Legislative Decree 231/2001
- RBT Risk management matrices
- FMEA process (analyses each process step)
- The presence of a structured Enterprise Risk Management (ERM) with specific reporting to the competent Committee and to the Board of Directors
- Organization, Management and Control Model pursuant to Legislative Decree 231/2001

as amended and supplemented, including:

- Code of Ethics
- Risk Assessment document
- o Organization, Management and Control Model
- o Supervisory regulation

Quality Risks

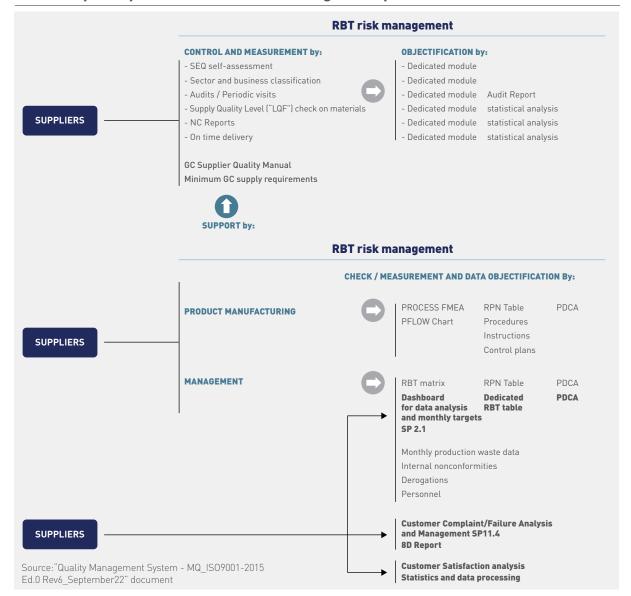
GNUTTI CIRILLO S.p.A. is committed to proper management of the Quality System with the aim of full customer satisfaction through improvements involving the entire company. Product quality is the result of the commitment of all departments and is based on the appropriate use and development of human resources, with the aid of systematic training programmes which involve all levels within the company.

The following objectives have been set in relation to the Quality Management System:

- Satisfaction of the needs of internal staff, through:
 - growth programmes
 - promotion of staff loyalty
- Satisfaction of customers' needs, through:
 - o completeness of product range
 - availability of products in stock
 - o timeliness of deliveries
 - o proper handling of complaints
- Guarantee the quality of the products supplied, through:
 - proper design
 - o precise production
 - o validation of production processes
 - specific testing of production processes

- Guarantee correct plant management, through:
 - renewal of the machinery installed
 - proper maintenance of the machinery in-
 - measurement and monitoring of the efficiency of the production processes
 - improvement plans
- Guarantee the use of reliable suppliers, through:
 - constant involvement
- Guarantee the provision of new products, through:
 - innovation
 - development of new products
 - modifications to existing products.

Non-compliant product/service risk management process



Environmental risk

GNUTTI CIRILLO S.p.A. is fully aware of the importance which must be given to environmental protection and the prevention of pollution, and it is therefore committed to making these values an integral part of the organisation's culture, in order to involve all staff in actions intended to safeguard the environment.

It has therefore decided to focus the efforts of all company staff, both employees and contractors, on the careful management of environmental factors, undertaking to:

- maintain conformity with all current laws and regulations applicable to environmental matters:
- pursue continual improvement intended to prevent and reduce actual and potential environmental impacts related to its operations.

The following objectives have been set in relation to the Environmental Management System:

- to monitor and if possible reduce energy and water consumption;
- to implement pollution reduction policies, involving all corporate staff;
- in the context of technological innovation, to prioritise the purchase of technologies which involve the reduction of the quantities of dangerous substances present and aid their recovery;
- to ensure that everyone who works within the company and deals with environmental aspects understands their environmental responsibilities bears them in mind during their daily working activities;
- to maintain clear, transparent communications with external stakeholders with regard to the environmental impacts generated by the company's activities:
- to quarantee the disclosure and distribution of the contents of its Policy to company staff, suppliers and all those working on behalf of the company, the public and stakeholders:
- to launch actions to involve its suppliers in the correct management of the environmental factors related to their activities.



Occupational safety risks

GNUTTI CIRILLO S.p.A. has also defined internal procedures, in compliance with the UNI EN ISO 45001:2018 international standard, in order to protect the health and safety of workers.

Since 2014, GNUTTI CIRILLO S.p.a. has adopted an Organization, Management and Control Model and a Code of Ethics in accordance with Legislative Decree 231/2001; therefore, it undertakes to operate in compliance with the legislation and all regulations in force, to uphold ethically correct behaviour such as not to prejudice the moral and professional reliability of the company.

All employees of the company, at all levels, are responsible for supporting the principles contained in the following policy by improving the company's quality and environmental performance wherever possible.

In particular, the management is responsible for its distribution, for motivation and above all for monitoring of the level of awareness within its areas of responsibility.



1.7 Stakeholders

NUTTI CIRILLO S.p.A. aims to build, develop and maintain over time a relationship of trust and transparent dialogue with its stakeholders, individuals, groups, entities and organisations whose contribution is necessary to achieve the company's mission, taking into account their needs, expectations and requirements with the aim of creating value in a sustainable manner.

GNUTTI CIRILLO S.p.A. carries out a careful periodic mapping of its stakeholders, also in order to plan specific engagement activities aimed at investigating the importance of different issues for specific stakeholder categories.

Below are the main stakeholders mapped by the company:

- Environment (integrated with respect to the materiality matrix)
- Customers
- Competitors
- Local community and territory
- Suppliers, partners, supply chain companies
- Workers and collaborators of the company
- Financial market
- Public Administration and Institutions
- Shareholders (integrated with respect to the materiality matrix)

The company also set up a stakeholder engagement initiative for the year 2022 by designing and distributing a Customer Satisfaction Form to a selection of customers.

1.8 The Materiality Matrix

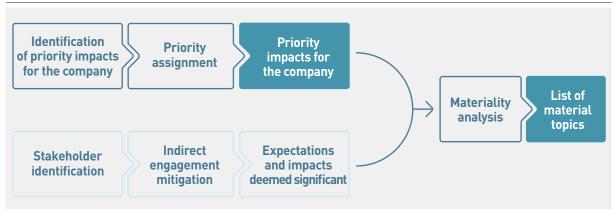
NUTTI CIRILLO S.p.A. has started a process to identify "material aspects" in line with the GRI (Global Reporting Initiative) Standards. Material aspects are defined as those issues that have a high economic, social and environmental relevance and have an influence on the assessments and decisions of both the Group and its stakeholders.

The company has recently equipped itself with a materiality matrix, developed by consultant Studio Fieschi & Soci, part of Warrant Hub, which identifies relevant issues through a twopath methodology:

- Identification of the actual and potential, positive and negative impacts of the organisation on the economy, the environment, people and their human rights, through the involvement of senior management;
- Identification of stakeholder expectations through the involvement of company stakeholders whose views are gathered on the identification of impacts and their prioritisation.



Methodological approach to the formation of the materiality matrix



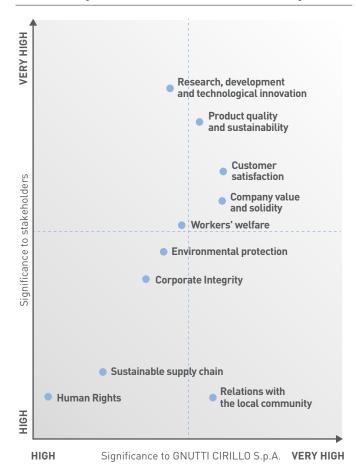
The result of this analysis was the formation of a list of material topics reflecting those issues whose impacts are relevant to the organisation and on which to focus action and reporting commitments.

List of material topics for GNUTTI CIRILLO S.p.A.

Priority topic	Definition	
Company value and solidity	The ability to generate value in order to redistribute it within and outside the company boundaries, also thanks to commercial expertise	
Corporate Integrity	Act with transparency and accountability in full compliance with international, national and corporate standards, regulations and policies	
Product quality and sustainability	Meeting customers' expectations by supplying products that meet the highest quality standards, while also taking care of sustainability aspects	
Research, development and technological innovation	Research and innovation as strategic elements to increase a company's competitiveness and market positioning	
Environmental protection	Correctly manage the implementation of company activities while trying to reduce, as far as possible, impacts on the environment and resources	
Sustainable supply chain	Respect for ethical principles and environmental and social sustainability within its value chain	
Workers' welfare	Protecting the health and safety of employees and promoting their satisfaction through the valorisation of competences and skills	
Human Rights	No tolerance for child, forced or compulsory labour and implementation of practices to assess compliance with these rights	
Customer satisfaction	Ensuring that customers receive quality products, through continuous listening to their needs and transparent communication	
Relations with the local community	Maintaining close ties with the local territory, fostering the development and growth of the local community	

On this list, feedback was gathered from company management first and stakeholders later in terms of materiality, thus forming the following materiality matrix:

Materiality Matrix of GNUTTI CIRILLO S.p.A.



Using the above-described methodology of dual involvement of management and stakeholders, GNUTTI CIRILLO S.p.A. will periodically update the materiality matrix by submitting to the attention of management and stakeholders additional ideas and issues that, if deemed relevant, will be integrated into the materiality matrix. The following are non-exhaustive examples:

- Governance
- Circular economy and renewable raw materials
- Data Protection
- Energy and emissions
- Waste and scrap
- Compliance
- Safety at work
- Training
- Economic Performance
- Diversity and equal opportunities

In parallel with the process of updating the materiality matrix, from 2023 the company will also consider proceeding with the association between material topics and the Sustainable Development Goals (SDGs) to which GNUTTI CIRILLO S.p.A. has declared its commitment.

For more details on the approach followed in the materiality analysis, please refer to the document prepared by the appointed consultant Studio Fieschi & Soci.

1.º Sustainable **Development Goals**

or some time now, GNUTTI CIRILLO S.p.A. has been committed to responsible business management, which is not limited to regulatory compliance and the containment of negative externalities, but focuses on the promotion of a corporate culture oriented towards the creation of lasting value for its stakeholders.

The company carries out its production activities according to an approach based on the responsible and sustainable use of resources, promoting the socio-economic development of the territory in which it operates, the valorisation of its human resources, the adoption of voluntary certifications, adopting the principles of the circular economy and pursuing a sustainable development.

GNUTTI CIRILLO S.p.A.'s sustainability strategy is based on the values and principles of conduct contained in the Code of Ethics, looks at the most relevant international initiatives, such as the Global Compact, and contributes to the achievement of several of the 17 United Nations Sustainable Development Goals (UNSDGs), promoting sustainable development through its own reality and production context, identifying commitments and performance indicators for the selected goals.

Below are the UNSDGs to which the company is committed:





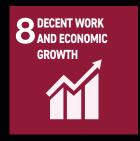






























Targets, indicators and actions identified by Gnutti

SELECTED GOALS	IDENTIFIED TARGETS	RELEVANT INDICATORS	CONTRIBUTIONS AND ACTIONS
3 GOOD HEALTH AND WELL-BEING	Achieve universal health coverage, including protection from financial risks, access to quality essential health services and access to safe, effective, quality and affordable essential medicines and vaccines for all	Coverage of essential health services	Develop corporate welfare that facilitates employees' and collaborators' access to essential health services Promote and support initiatives that favour access to services located in different locations for the benefit of different employee locations
4 QUALITY EDUCATION	By 2030, ensure that everyone acquires the necessary knowledge and skills to promote sustainable development, including, inter alia, education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, citizenship and appreciation of cultural diversity and the contribution of culture to sustainable development.	The extent to which (i) global citizenship education and (ii) sustainable development education, including gender equality and human rights, are integrated at all levels into: (a) national education policies, (b) curricula (c) teacher training and (d) student assessment.	Continuous training plans for all staff on ESG issues
5 GENDER EQUALITY	Ensure full and effective female participation and equal leadership opportunities at every decision-making level in politics, business and public life.	Percentage of women in managerial/leadership positions.	Staff selection procedures ensuring equal opportunities for all Gross annual salary alignment plans.
7 AFFORDABLE AND CLEAN ENERGY	Substantially increase the share of renewable energy in total energy consumption by 2030. Double the global rate of energy efficiency improvement by 2030.	Share of renewable energy in total final energy consumption. Energy intensity measured in terms of primary energy and GDP.	Adopt a policy of controlling and improving energy efficiency within the company's operating properties and work spaces; Increase the share of energy from renewable sources; Enhance company's operating properties by planning and carrying out the necessary interventions aimed at energy saving, consumption reduction and energy efficiency improvement; Work to reduce direct and indirect emissions.

SELECTED GOALS	IDENTIFIED TARGETS	RELEVANT INDICATORS	CONTRIBUTIONS AND ACTIONS
B DECENT WORK AND ECONOMIC GROWTH	Progressively improve global efficiency in resource consumption and production by 2030 and attempt to decouple economic growth from environmental degradation, in accordance with the 10-year Framework of Programmes on Sustainable Consumption and Production, with the most developed countries leading the way. Protect the right to work and promote a healthy and safe working environment for all workers, including immigrants, especially women, and precarious workers.	Material footprint, material footprint per capita and material footprint per GDP. Internal material consumption, internal material consumption per capita and internal material consumption per GDP. Frequency rates of fatal and non-fatal occupational accidents by gender and migrant status. Increased national compliance with labour rights (freedom of association and collective bargaining) based on International Labour Organisation (ILO) textual sources and national legislation, by gender and migrant status.	Promote responsible consumption, adopt and promote circular economy and re-use policies and mechanisms; Increase safety at work, and improve conditions for employees and the community; Ensure full compliance with legal obligations concerning work and safety in the workplace; Adopt an action plan to improve working conditions, as required by questionnaires and meetings with employees.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Improve infrastructure and sustainably reconfigure industries by 2030, increasing resource efficiency and adopting cleaner and more environmentally sound technologies and industrial processes, with all states taking action in relation to their respective capabilities.	CO ₂ emissions per unit of added value.	Enhance the managed real estates by planning and carrying out the necessary energy-saving, energy-consumption reduction and energy-efficiency improvement measures; Work to reduce direct and indirect emissions; Adopt responsible investment policies also based on exclusion criteria; Promote projects aimed at creating sustainable mobility, encouraging smart working, remote meetings and the use of less polluting means among BLUE SGR employees (electric vehicles, bicycles, public transport, car sharing, etc.); Develop a transition plan to decarbonise assets.

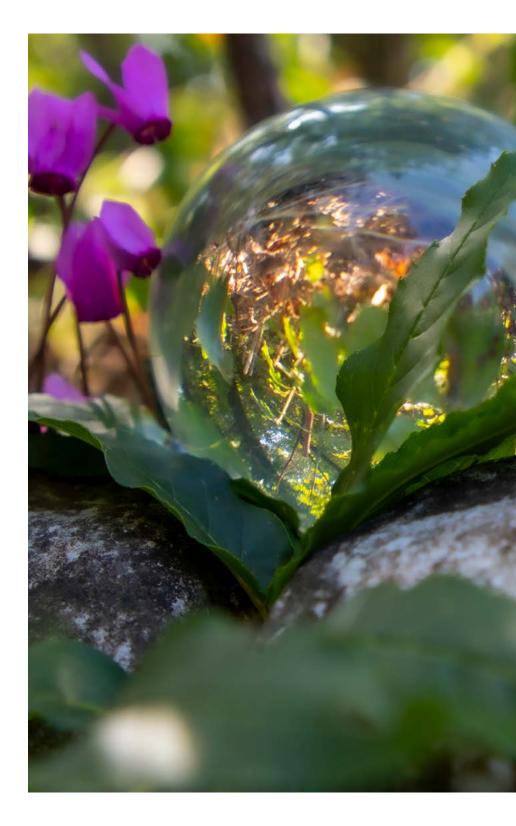
SELECTED GOALS	IDENTIFIED TARGETS	RELEVANT INDICATORS	CONTRIBUTIONS AND ACTIONS
10 REDUCED INEQUALITIES	By 2030, enhance and promote the social, economic and political inclusion of all, regardless of age, gender, disability, race, ethnicity, origin, religion or economic or other status Ensure equal opportunities and reduce inequalities in outcomes, including by eliminating discriminatory laws, policies and practices and promoting appropriate laws, policies and actions in this regard	Percentage of people living be- low 50% of the average income, by gender, age and persons with disabilities Percentage of population who reported feeling personally dis- criminated against or harassed in the previous 12 months on the grounds of discrimination rea- sons prohibited under interna- tional human rights law	Develop company policies that foster the social, economic and political inclusion of all employees and collaborators Promote and support initiatives that foster the social, economic and political inclusion of all in favour of local communities
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	By 2030, achieve sustainable management and efficient use of natural resources. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. Encourage companies, especially large multinational corporations, to adopt sustainable practices and integrate sustainability information into their annual reports.	Material footprint, material footprint per capita and material footprint per GDP Internal material consumption, internal material consumption per capita and internal material consumption per GDP National recycling rate, tonnes of material recycled Number of companies publishing a Sustainability Report.	Promote responsible consumption, adopt and promote circular economy and re-use policies and mechanisms. Adopt separate waste collection and management policies aimed at causing minimum harm to the community and increasing the recycling rate.
13 CLIMATE ACTION	Strengthen resilience and adaptation to climate-related risks and natural disasters in all countries. Integrate climate change measures into national policies, strategies and planning.	Number of deaths, missing persons and persons affected by disasters (per 100,000 people). Number of countries with national and local disaster risk reduction strategies. Percentage of local governments adopting and implementing territorial disaster risk reduction strategies in line with national disaster risk reduction strategies. Number of countries that have reported the establishment or implementation of an integrated policy/strategy/plan that increases their capacity to adapt to the adverse impacts of climate change and promotes climate resilience and low greenhouse gas emission development in a way that does not threaten the production cycle (including a national adaptation plan, a nationally determined contribution, a national communication, a biennial update report or other)	Promote a policy of consumption reduction and control and sustainable energy management within the company's operating properties and work spaces; Increase the share of energy from renewable sources. Enhance properties with energy-saving and energy-efficient initiatives. Mitigate and offset emissions from business activities wherever possible. Promote projects aimed at creating sustainable mobility. Encourage the use of sustainable mobility among company employees.

1.10 Projects for the environment

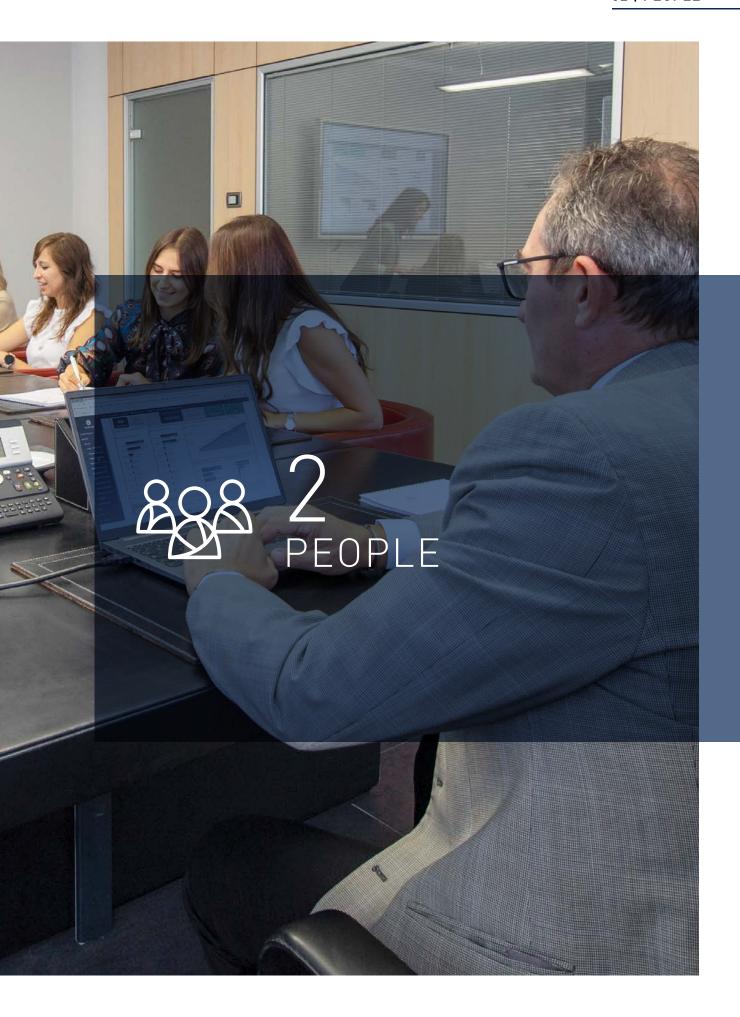
NUTTI CIRILLO S.p.A.'s strategy also aims to create value through the integration of Environmental, Social and Governance (ESG) factors. In the year 2022, the company initiated a series of projects aimed at improving its environmental impact through energy efficiency and CO₂ emission reduction actions, including:

- project to implement the ISO 50001 (energy efficiency) standard;
- project to balance the fumes produced internally by the machinery and the emissions into the atmosphere;
- project of continuous improvement of procedures and actions in accordance with ISO 45001;
- project for the implementation of photovoltaic systems at the Odolo plant (scheduled for completion in 2023);
- relamping project for the Odolo plant.

In 2023 and beyond, the company will continue to implement other projects with the aim of progressively increasing its contribution to the 17 UN Sustainable Development Goals.









^{2.1} Workforce

Management and numbers

[GRI 401 Employment, GRI 405 Diversity and equal opportunity, GRI 406 Non-discrimination]

NUTTI CIRILLO S.p.A. strongly believes that human resources are an indispensable and fundamental asset: people's experience and skills are distinctive elements and make a decisive contribution to building a competitive advantage, even more so in the international context in which the company operates.

As at 31 December 2022, the company's employees amounted to 404 (they were 401 as at 31 December 2021), as shown in the table below:

Workforce by professional category and gender as at 31/12

Professional		2022		2021			
category	Men	Women	Total	Men	Women	Total	
Employees	335	69	404	328	73	401	
Top managers	7	0	7	7	0	7	
Middle managers	4	0	4	4	0	4	
White-collar workers	55	47	102	56	47	103	
Blue-collar workers	269	22	291	261	26	287	
External collaborators	12	2	14	35	3	38	
Temporary workers	12	2	14	35	3	38	
Total workforce	347	71	418	363	76	439	

At the factory level, the breakdown of the workforce is as follows (external employees and temporary workers are excluded from the representation):

Employees by contract type, gender and geographical area as at 31/12

		2022			2021	
	Men	Women	Total	Men	Women	Total
Lumezzane (BS)	190	67	257	185	70	255
Top managers	6	0	6	6	0	6
Middle managers	3	0	3	2	0	2
White-collar workers	36	45	81	35	44	79
Blue-collar workers	145	22	167	142	26	168
Odolo (BS)	145	2	147	143	3	146
Top managers	1	0	1	1	0	1
Middle managers	1	0	1	2	0	2
White-collar workers	19	2	21	21	3	24
Blue-collar workers	124	0	124	119	0	119
Total	335	69	404	328	73	401
Top managers	7	0	7	7	0	7
Middle managers	4	0	4	4	0	4
White-collar workers	55	47	102	56	47	103
Blue-collar workers	269	22	291	261	26	287

404

Total employees of the company*

18.32%

The percentage of employees who are members of trade unions*. In the management of employees, the company is obliged to comply with the applicable regulations and the relevant National Collective Labour Agreement, and to make use of the quidelines set out in the Code of Ethics, as well as to refer to internal rules and regulations on safety and health protection of workers.

GNUTTI CIRILLO S.p.A. has adopted a procedure for selecting, hiring and managing personnel and has always maintained a constructive relationship and dialogue with trade union representatives, pursuing the objective of balancing the needs of human resources with company objectives.

As at 31 December 2022, 18.32% (16.70%) as at 31 December 2021) of employees were members of trade unions, while the percentage of employees covered by collective bargaining agreements was 100% (100% as at 31 December 2021).

^{*}Data as at 31 December 2022

The company evaluates the personnel to be recruited respecting equal opportunities for persons concerned.

Below are two tables summarising recruitment and turnover rates (staff exit data) by gender and age group:

Recruitment rate by gender and age group

	2022 (%)				2021 (%)			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Open-ended contract	4.0	5.2	1.0	10.2	3.7	3.0	1.0	7.7
Fixed-term contract	0.2	0.0	0.0	0.2	0.7	1.7	0.0	2.4
Total	4.2	4.2 5.2 1.0 10.4			4.4	4.7	1.0	10.1

Turnover rate (staff exit data) by gender and age group

	2022 (%)			2021 (%)				
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Open-ended contract	1.2	5.4	3.0	9.6	3.7	2.5	3.5	9.7
Fixed-term contract	0.2	0.0	0.0	0.2	0.2	0.0	0.0	0.2
Total	1.4	5.4	3.0	9.8	3.9	2.5	3.5	9.9

Employees by plant, contract type and gender as at 31/07

		2022			2021 (%)			
	Men	Women	Total	Men	Women	Total		
Lumezzane (BS)	190	67	257	185	70	255		
fixed-term contract	0	0	0	0	2	2		
open-ended contract	190	67	257	185	68	253		
Odolo (BS)	145	2	147	143	3	146		
fixed-term contract	0	0	0	7	0	7		
open-ended contract	145	2	147	136	3	139		
Total	335	69	404	328	73	401		
fixed-term contract	0	0	0	7	2	9		
open-ended contract	335	69	404	321	71	392		



Employee welfare

- Remuneration of all employees above the minimum of the relevant National Collective Labour Agreement (Supplementary agreement - Second-level agreement)
- Compulsory and generic training (Excel, languages, technical, IT security etc.)
- Canteen service
- Company benefits for some employees (company car)
- Shopping vouchers (provided for in the National Agreement)
- Welfare for some employees (occupational and non-occupational risk insurance cover)
- In the case of travel and trips, company insurance cover, reimbursement of expenses.
- Collective holiday management in agreement with trade unions
- Simplified personnel relations management.

Diversity and equal opportunities

GNUTTI CIRILLO S.p.A. considers diversity an element of corporate wealth, a theme that underlies the principles expressed in the company's Code of Ethics. The breakdown of human resources at GNUTTI CIRILLO S.p.A. As at 31 December 2022, the male workforce at the Lumezzane plant was 73.9%, at the Odolo plant it was 98.6% (Lumezzane plant was 72.5%, at the Odolo plant it was 97.9% as at 31 December 2021).

The company's commitment to maintaining a work environment based on fairness and the protection of diversity was formalised in the Code of Ethics approved in 2022. This policy is in line with the principles expressed in the UN Universal Declaration of Human Rights. Initiatives to protect diversity and inclusion at GNUTTI CIRILLO S.p.A. are, for example, in the area of recruitment and selection policies, compensation and benefits, professional development and training, promotions, transfers, dismissals and terminations of employment.

Workforce by professional category and gender as at 31/12

		2022			2021			
	Men	Women	Total	Men	Women	Total		
Top managers	7	0	7	7	0	7		
Middle managers	4	0	4	4	0	4		
White-collar workers	55	47	102	56	47	103		
Blue-collar workers	269	22	291	261	26	287		
Total	335	69	404	328	73	401		
%	82.9%	17.1%	100.0%	81.8%	18.2%	100.0%		

Number of employees by professional category and age group as at 31/12

	2022				2021			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Top managers	0	1	6	7	0	0	7	7
Middle managers	0	2	2	4	0	2	2	4
White-collar workers	11	65	26	102	13	66	24	103
Blue-collar workers	72	137	82	291	70	133	84	287
Total	83	205	116	404	83	201	117	401
%	20.5%	50.7%	28.7%	100.0%	20.7%	50.1%	29.2%	100.0%

As set out in the Code of Ethics, GNUTTI CIRILLO S.p.A. takes the utmost care to avoid any form of discrimination against its employees and collaborators, ensuring that everyone enjoys fair and equal treatment, regardless of gender, age, nationality, religion, ethnicity when selecting personnel or, subsequently, in their professional growth within the company. Access to roles and positions is determined upon consideration of the competencies and skills that the Group is committed to promote.

The company facilitates the inclusion of persons with disabilities in its business activities in accordance with the provisions of Law 68/99 and subsequent amendments. The number of persons belonging to protected categories of workers as at 31 December 2022 was 9, of which 0 were managers, 2 white-collar workers and 7 blue-collar workers.

The Company has an average employee retention of 12.9 years as of 31 December 2022 (average retention was 13.3 years as of 31 December 2021).

It should be noted that no incidents of discrim-

ination have ever been recorded in the history of the company.

Personnel selection

The resource is employed with the company after various selection phases, which are different depending on whether it is a direct or temporary position, and on the type of profile. For senior or managerial profiles, employment takes place after at least 3 selection interviews. Specialised recruitment companies are used in the selection process.

Staff training

[GRI 404 Training and Education]

GNUTTI CIRILLO S.p.A. invests in quality training as a means of developing the transversal skills and professional competence of its resources, so that its employees operate safely, effectively and efficiently. The company strives to enhance the skills of its human resources through training and professional development paths, encouraging their active involvement.

By their very nature, all training activities involve the achievement of objectives aimed at consolidating and implementing professional knowledge acquired for the improvement of the company performance. The company provides the necessary resources to use external collaborations and consultancies, purchase/rent the necessary equipment, involve internal functions for possible teaching activities.

Training is aimed at the continuous improvement and growth of personnel. Each junior figure in the production departments follows a training and education path under the supervision of the area manager:

- training new recruits with assistance by more experienced "senior" figures; it will be the responsibility of the area manager to monitor and evaluate before the end of the probationary period;
- training for new tasks; each area manager, as required, submits to GM and HR possible training projects with assistance of qualified internal or external personnel or alternatively requests the HR function to allow the possible attendance of external training courses.

All training events are documented, the documentation is managed and archived, with the assistance of IT support. After the training has been completed, the department manager assesses the validity of the training performed.

On a yearly basis, a skills appraisal is carried out for all operational production personnel, specifically in the Mechanical Machining, Forging and Quality departments. Each area manager fills out a "Johari window", defining:

- possible interchangeability;
- staff appraisal;
- training needs.

The area manager, in cooperation with the safety and environment manager, is responsible for raising awareness and training in the area of safety and the environment.

GNUTTI CIRILLO S.p.A. pays particular attention to the continuous improvement of the organisation's efficiency by processing and analysing absenteeism, sickness and accident data submitted to the management for review and from which strategies are designed to achieve the objectives of optimal personnel management.

During 2022, training for employees intensified: in addition to the provision of legally mandatory training, employees took part in professional



training courses on initiative of the company or on their own request.

In addition to the training courses related to occupational health and safety issues required by law, which accounted for 20.5% (322 hours) of the total training provided, in 2022 the company organised technical training courses, to offer its employees the opportunity to increase their skills also in relation to phases and projects of reorganisation and implementation of production and technological processes.

Hours of training by professional category and gender as at 31/12/2022

	Men		Wo	omen	Total	
	Hours	Average per capita	Hours	Average per capita	Hours	Average per capita
Top managers	28	4.0	0	0.0	28	4.0
Middle managers	20	5.0	0	0.0	20	5.0
White-collar workers	476	8.6	157	3.3	632	6.2
Blue-collar workers	869	3.2	22	1.0	891	3.1
Total	1,392	4.2	179	2.6	1,571	3.9

Hours of training by professional category and gender as at 31/12/2021

	Men		Wo	omen	Total	
	Hours	Average per capita	Hours	Average per capita	Hours	Average per capita
Top managers	27	3.9	0	0.0	27	3.9
Middle managers	4	1.0	0	0.0	4	1.0
White-collar workers	196	3.5	16	0.3	212	2.1
Blue-collar workers	563	2.2	32	1.2	595	2.1
Total	790	2.4	48	0.7	838	2.1

+87.4%

The increase in training hours in 2022 (1571 hours) vs. 2021 (838 hours)

In 2022 the company provided a total of 1,571 hours of training (838 hours in 2021), an increase of 87.4% compared to 2021.

For the following years, the company will focus on the need to improve the technical and soft skills of certain strategic figures, including executives and middle management, in order to better manage risks and new opportunities in the global context. Training is managed and monitored by the company using special software provided by a leading partner in the provision of human resources services (Zucchetti, JOB 81 - only for mandatory training).



Health and safety

[GRI 403 Occupational Health and Safety] GNUTTI CIRILLO S.p.A. places the health and safety of workers at the centre of its activities, encouraging its employees to pay the utmost attention to their own health and safety.

To this end, the Group promotes the observance of company regulations and legal provisions on health and safety at work, as well as the provisions of the sector's National Collective Labour Agreements.

GNUTTI CIRILLO S.p.A. is gradually adopting internal procedures, in compliance with the international standard UNI EN ISO 45001:2018, in order to protect the health and safety of workers.

During 202, GNUTTI CIRILLO S.p.A. made a major investment at its Odolo plant. The company completely replaced the automatic goods handling system with updated models (AGV-Automated Guided Vehicle forklifts), thus improving safety in the building.

Accidents in 2022

During 2022 the total number of recordable occupational accidents amounted to 8 minor ones, of which 7 were among employees and 1 among external collaborators:

Occupational accidents (employees and collaborators)

Number of accidents	2022	2021
Total fatalities due to occupational accidents	0	0
Total number of serious accidents at work (excluding fatalities)	0	0
Total number of recordable occupational accidents	8	4
Total	8	4



^{2.2} Customers

[GRI 416 Customer Health and Safety, GRI 417 Marketing and Labelling, GRI 418 Customer Privacy].

Customer satisfaction

Customer satisfaction is a central element of GNUTTI CIRILLO S.p.A.'s strategy, an indispensable component in the process of creating value and the company's success. The company intends to establish and maintain consolidated relations with its customers over time, positioning itself as a reference, reliable and proactive partner, providing a complete service that meets the best standards in the sector.

Customers are involved in the company's processes through commercial actions through which the products, quality and distinctive services are illustrated. The top 100 customers, who collectively account for 90% of turnover, are given an annual satisfaction questionnaire

analysing various aspects of product and service quality. In 2022, the questionnaire was administered to 100 customers (100 in 2021) and had a response rate of 75% (66% in 2021). The average rating was 3.5 on a scale of 4 (3.3 in 2021].

GNUTTI CIRILLO S.p.a. places great importance on customer satisfaction, periodically analysing the level of loyalty and the number and nature of complaints.

Aspects that are assessed are the ability to understand the customer's needs, response time, completeness and clarity of feedback, punctuality of deliveries, value for money, product quality, complaint handling.

To this end, the company has a special custom-

er complaint handling process that provides for:

- Registration
- Containment actions
- Complaint analysis
- Corrective actions
- Sharing with customer

To guarantee the quality level, GNUTTI CIRIL-LO S.p.A. has put control procedures into place for incoming materials (supplier verification) and monitoring procedures for inhouse production.

Customer Satisfaction Data Analysis

Strategic customers are assessed on the basis of their answers in the questionnaire according to the dedicated procedure. The processed data are presented during management review for analysis. In the case of "Unsatisfied" ratings, the customer should be contacted in order to identify possible actions to be taken.

Feedback & Soft Facts

All other "feedback information" collected during customer visits by means of interviews and integrated into a summary form is also evaluated and reviewed. When needed, and/ or periodically, Customers or the Third Party Certification Body perform system and process evaluation audits.

Privacy and data management

In order to cope with the risks arising from activities related to data management and use, whether on paper or by means of electronic data processing tools, GNUTTI CIRILLO S.p.A. has adopted adequate security measures to guarantee the protection and safeguarding of personal data and the fundamental rights and freedoms of the persons concerned. All relevant information is processed in full compliance with the rules adopted by the company on the protection of personal data and in accordance with the applicable legislation, in particular Articles 13 and 14 of Regulation (EU) 2016/679 on the Protection of Personal Data.

It should be noted that there have never been any complaints concerning breaches of privacy and/or loss of customer data.

^{2.3}Local communities and territory

[GRI 413 Local Communities]

NUTTI CIRILLO S.p.A considers it indispensable to always be open to dialogue and discussion with the communities and territories in which the company is located. Over the years, it has pursued the goal of being a reliable, proactive, collaborative and transparent production company. The correct and reqular management of all regulatory aspects related to the activities, together with the guidelines adopted over time, have made it possible to establish collaborative discussions with local organisations, associations and authorities.

Training in the territory

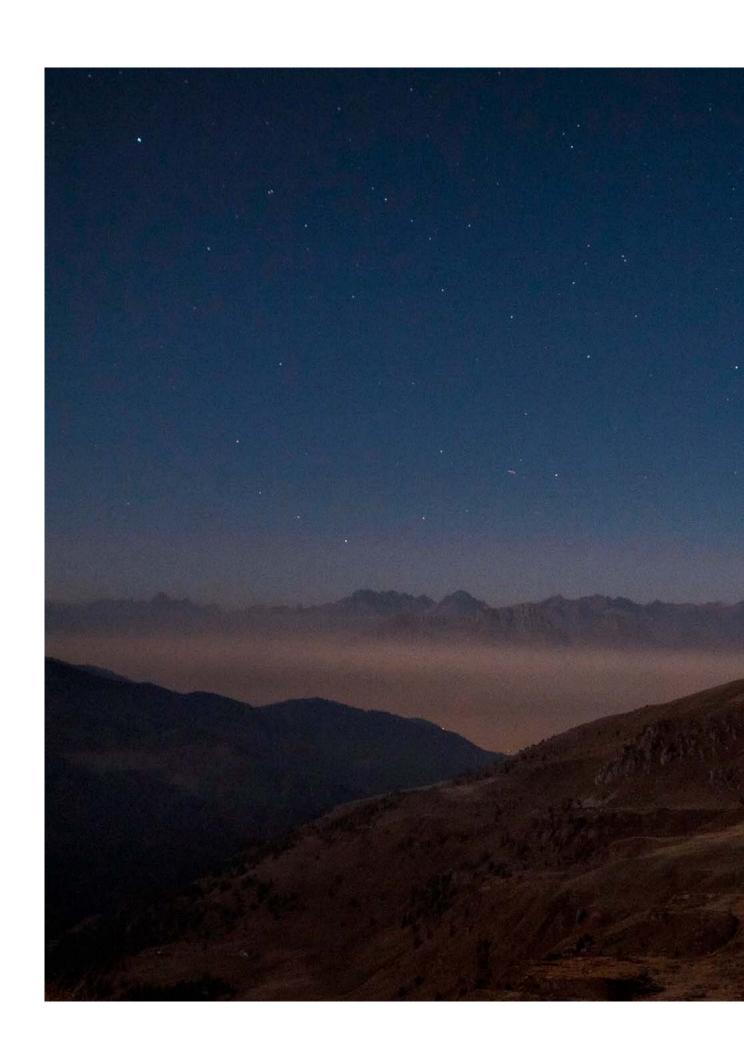
GNUTTI CIRILLO S.p.A is firmly convinced of the need to establish a relationship of dialogue with the local communities in which it operates. In line with this principle, the company has established internship courses, aimed at local high school students

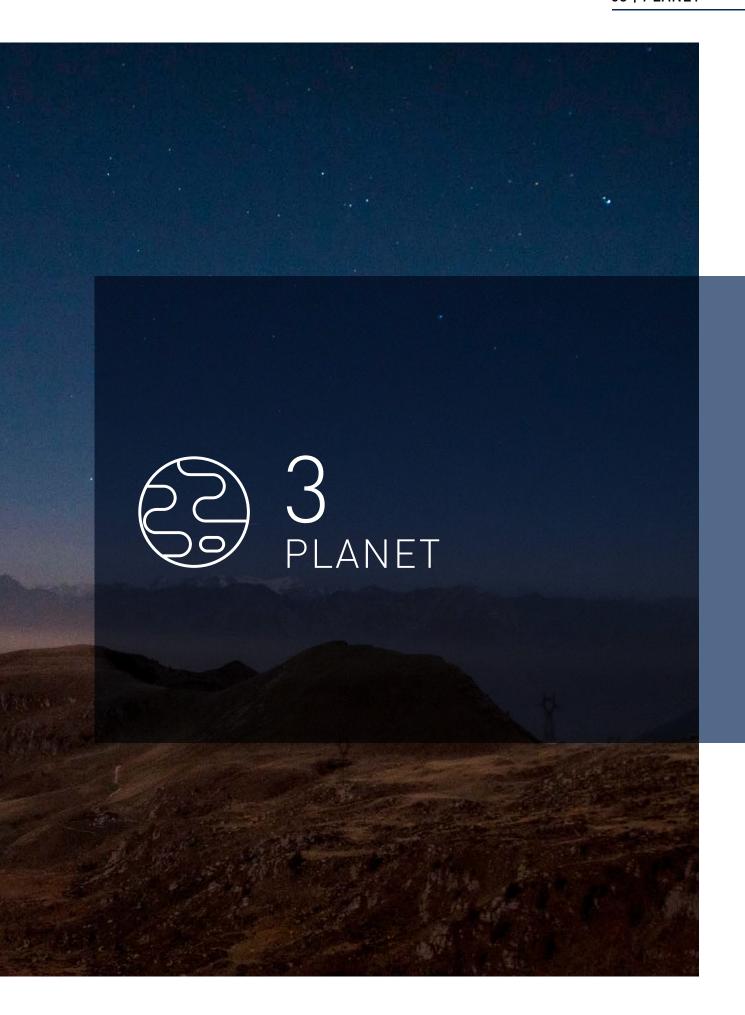
Donations to the community and social and cultural initiatives

Through donations and gifts, the company actively participates in the life of the local community, supporting social and cultural initiatives.

Below are the main initiatives promoted or participated in for the year 2022:

- associations (A.N.M.I.L., Fire Brigade, A.N.M.I., Alpini Group, Civil Protection);
- various Non-profit Organisations;
- various sports associations in the area.





3.1 Materials

[GRI 301 Materials].

n 2022 GNUTTI CIRILLO S.p.A. continued its commitment to responsible and sustainable procurement management and its commitment to the use of renewable raw materials. The company is firmly convinced of the importance of constantly improving its production processes according to the principles of the circular economy, defined as "an economy designed to regenerate itself" (Ellen MacArthur Foundation), aware that raw materials are not infinite and that it is essential to define new models of production and consumption, reducing waste as much as possible and increasing opportunities for recycling and/or reuse. This requires attention to all stages of production and to the entire supply chain involved in the production cycle. GNUTTI CIRILLO S.p.A. regards this approach as a fundamental component of its way of acting in order to simultaneously respond to market needs without compromising the needs of future generations.

Purchase of materials

GNUTTI CIRILLO S.p.A distinguishes purchases in the following categories:

- Material with BoM:
- Material without BoM but with Transport Document:
- Emergency material not in stock;
- Toll processing services;
- Processing services;
- Repair services;
- Maintenance and professional services accompanied by intervention reports;
- Maintenance and services for a defined periodic fee:
- One-off maintenance and services at an agreed amount.
- Transport
- Daily/weekly fees with monthly invoice

Product designation and control

When assessing the supplier's technical capa-



bilities, the Procurement Department requests a sample if necessary. The sampling, documental (certificates) and dimensional control is carried out by the Acceptance Quality Control Department in cooperation with the Technical Department and any departments involved.

The control and validation of the raw material sampling of a new supplier, takes place respecting the following points:

- assessing the documentary completeness of system certifications (Cert. ISO9001 valid) and product following the material (Cert. EN10204 2.2 or 3.1 - Residual Radioactivity Certification - declaration of legal and environmental compliance e.g. REACH and ROSH)
- evaluating its functional behaviour during the bar cutting and forging phases (operating methods are described in the Process Manu-
- evaluating the composition of the raw material, by means of chemical/physical counter-analysis (mechanical tests when and if deemed necessary) of some bar segments, at an external



Since 2011, the company has achieved UNI EN ISO 14001 environmental management system certification: 2015.

Sustainability and the circular economy

The company has embarked on a process of gradually approaching the logic of the circular economy in the use of renewable raw materials and the reuse of waste throughout the entire production and distribution cycle.

The international GRI (Global Reporting Initiative) defines renewable raw materials as anything derived from abundant resources that are rapidly replenished through ecological cycles or agricultural processes; whereas non-renewable raw materials are resources that do not regenerate in short periods of time such as gases, metals, minerals, petroleum.

The table shows the use of renewable and non-renewable raw materials in the last two years.

GNUTTI CIRILLO S.p.A's aim is to continue in this direction and strengthen this commitment, extending the scope of action to tracking and reporting in accordance with specific classification categories from 2023.

third-party (accredited) laboratory, to verify their correspondence with the stated features: what is stated in the certificate must match the laboratory results.

If all three steps are successful, the supplier is qualified and added to the usable supplier list.

Product quality is assessed on the basis of the acceptance test results by means of a merit index called LQF: Supply Quality Level. For suppliers of the raw material (bar), the qualification of the supplied product takes place annually by sending a segment of the material to an external analysis laboratory (according to a pre-established plan).

Planet

	UoM	2022	2021
TYPE OF MATERIAL			
Renewable raw materials	Kg	329,033	331,513
Non-renewable raw materials	Kg	12,494,037	13,244,795
Total	Kg	12,823,070	13,576,309



3.2 Energy

[GRI 302 Energy, GRI 305 Emissions].

NUTTI CIRILLO S.p.A., aware that the increase in the concentration of greenhouse gases in the atmosphere is one of the main factors in the rise in the average temperature of our planet, aims to make production processes more efficient and improve them in order to reduce the impacts generated on the environment. Thanks to the increasing use of renewable energy sources and through the adoption and maintenance of ISO 14001:2015 Environmental Management Systems and ISO 50001:2011 Energy Management Systems, the negative impact in terms of climate-changing emissions of production activities that generate significant greenhouse gas emissions has been reduced over the years.

The company's commitment to the pursuit of its environmental objectives is expressed in the Quality, Environment and Safety Policy and in the

Sustainability Policy adopted by the company (the latter in 2023) in which it undertakes to:

- optimise the consumption of raw materials and their reuse wherever possible;
- reduce waste production;
- study and implement an efficiency action plan;
- define environmental objectives.

Pursuant to current legislation, GNUTTI CIRIL-LO S.p.A. is obliged to apply for and obtain permits and authorisations for the performance of its activities, including, for the Odolo plant, the Single Environmental Authorization (SEA), which authorises the operation of a plant under certain conditions that guarantee compliance with environmental requirements (integrated pollution prevention and control), relating to industrial emissions and environmental performance associated with Best Available Techniques (BAT).

The company, in pursuit of its sustainability goals, is progressively increasing the share of renewable electricity consumed, both through the production of electricity from renewable sources and through the purchase of Guarantees of Origin, which in 2022 accounted for 42% of electricity purchases.

As far as energy production is concerned, the company produced no renewable electricity during 2022.

GNUTTI CIRILLO S.p.A. has equipped itself with a 2.2 MWh photovoltaic plant that allows the company to be 10% self-sufficient in electricity and heat (15% for the Odolo plant alone). Also with the aim of reducing its emissions, the company has initiated conversations with some of its main suppliers to evaluate a collaboration/partnership for the realisation of shared projects with the objective of offsetting CO₂ emissions, possibly in a gradual fashion, over the 2023-2025 three-year period.

In 2022 GNUTTI CIRILLO S.p.A.'s energy consumption amounted to 92,895.00 GJ (99,927.00 GJ in 2021), of which 42% from renewable sources (same percentage as in 2021, data taken from the energy supplier's invoice).

Energy consumption breakdown

Type of consumption	UoM	2022	2021
Renewable energy	GJ	39,015,90	41,969.34
Non-renewable energy	GJ	53,879.10	57,957.66
% of non-re- newable energy on total	%	58.0%	58.0%
Total	GJ	92,985.00	99,927.00

It should be noted that since 2023, the Odolo plant has started mapping the energy needs covered by photovoltaic panels.

Details of energy consumption from non-renewable sources

T	ПъМ	20:	22	2021		
Type of consumption	UoM	Total	Total GJ	Total	Total GJ	
NON-RENEWABLE FUELS						
Natural gas	Sm³	673,033.00	25,925.23	753,311.00	29,017.54	
Automotive diesel fuel	L	90,866.91	3,728.33	100,517.40	4,124.29	
for exclusive use	L	42,942.59	1,761.96	48,471.59	1,988.82	
for mixed use	L	47,924.59	1,966.37	52.045.81	2,135.47	

GNUTTI CIRILLO S.p.A., at its Lumezzane factory, applies a system for recovering the heat produced by the compressor systems, which allows the plants to be heated, partly avoiding the consumption of natural gas linked to the ignition of the boilers.

The topic of emissions is similar to that of transport and logistics. The company pays the utmost attention to the choice of providers of this service, selecting them on the basis of multiple factors, such as certifications, membership of professional associations, reliability, price and quality of the service proposed and performed.

GNUTTI CIRILLO S.p.A. also takes into account the environmental impacts of transport by optimising transport wherever possible by compacting loads and considering destinations, in order to achieve ever higher levels of efficiency.

In 2022 the company's direct emissions (Scope 1) amounted to 1,718 tonnes of CO_2 (1,918 in 2021, -10.4%) from the consumption of natural gas and diesel fuel for production and vehicle transportation. Among GNUTTI CIRILLO S.p.A.'s objectives is the progressive neutralisation of Scope 1 emissions produced in the business through initiatives to reduce energy consumption and mitigate and offset emissions. Indirect emissions from purchased electricity (Scope 2) were 6,341 tonnes of CO₂ based on the Location-based calculation method (-7% compared to 2021, when they were 6,820) and 11,781 tonnes calculated using the Market-based method (-7% compared to 2021, when they were 12,674 tonnes), as not all electricity consumed comes from renewable sources. Total emissions (Scope 1 and Scope 2 Location-based) were therefore 8,059 tonnes of CO₂, down from 8,738 in 2021.

3.3 Waste

[GRI 306 Waste]

he company has an Operational Waste Management Procedure through which it ensures the correct handling of waste within the production departments and outside areas.

The procedure defines rules and procedures for waste management as follows:

- identification of waste produced, relevant EWC code (European Waste Code), and management operational methods;
- identification of temporary waste storage areas and departmental substations;
- provision for each department of a folder containing: i) list of departmental waste; ii) identification cards for waste produced; iii) warning labels for hazardous waste (where required);
- identification of all containers used for

SCOPE 1: greenhouse gas emissions from sources owned or controlled by the organisation

SCOPE 2: greenhouse gas emissions resulting from the generation of electricity purchased or otherwise acquired, and from heating, cooling and steam consumed by the organisation

SCOPE 3: indirect greenhouse gas emissions not included in indirect greenhouse gas emissions from energy consumption of Scope 2, which occur outside the organisation, including upstream and downstream emissions. (Survey of the latter not carried out by Gnutti Cirillo S.p.A. for the Sustainability Report 2022)

SCOPE 1 and SCOPE 2 emissions

Unit of managersmant +CO o		2022			2021	
Unit of measurement tCO ₂ e	Lumezzane	Odolo	Total	Lumezzane	Odolo	Total
Scope 1	492	1,226	1,718	580	1,338	1,918
Natural gas	164	1,226	1,390	217	1,338	1,555
Diesel	328	0	328	363	0	363
Scope 2	3,829	7,952	11,781	4,139	8,535	12,674
Electricity (market-based)	3,829	7,952	11,781	4,139	8,535	12,674
Electricity (location-based)	2,061	4,280	6,341	2,227	4,593	6,820
TOTAL (market-based)	4,321	9,178	13,499	4,719	9,873	14,592
TOTAL (location-based)	2,553	5,506	8,059	2,807	5,931	8,738

the collection of waste produced using the identification cards available and affixing the necessary labels;

- definition of rules for waste handling by employees: i) obligation to use the prescribed PPE; ii) prohibition of abandoning waste; iii) prohibition of mixing different types of waste; iv) prohibition of storing liquid waste in areas not equipped with containment basins;
- periodic removal of waste from departmental substations and placement in temporary
- checking the amount of waste in the temporary storage facility to ensure that it does not exceed the maximum values defined in the waste list:
- periodic checks in order to verify the correct storage of waste both in temporary storage areas and in department substations;
- when the stipulated quantities are reached, request for collection of the waste by authorised suppliers;
- periodic analysis of the waste produced performed by qualified laboratories;
- management of waste produced not previously classified.

In addition to the aforementioned procedure, GNUTTI CIRILLO S.p.A. has also adopted two other procedures:

- Waste Transfer Document Management Procedure: aims at ensuring the correct management of waste documentation and verifying the requirements of waste transport, disposal and recovery service provid-
- Hazardous Substance Management Procedure: aims at ensuring the proper handling and disposal of hazardous substances.

At present, plastic packaging is not handled/reported in the Environmental Statement (MUD) as it is not of considerable quantity.

GNUTTI CIRILLO S.p.A. does not dispose of waste directly in landfills; however, it has waste permits for own-account transport.

3.4 Water resources

[GRI 303 Water and Effluents]

t the Odolo plant, process wastewater is analysed annually and an acute toxicity test is performed with DAPHNIA

At the Lumezzane plant, the need does not arise because there is no waste water discharge but only rainwater.

Water intensity

Water intensity	UoM	2022	2021
Lumezzane plant	m³/kg	8,000.00	8,500.00
Odolo plant	m³/kg	3,266.00	3,800.00
Company	m³/kg	11,266.00	12,300.00

3.5 Mitigation of environmental impacts and biodiversity

[GRI 304 Biodiversity, GRI 307 Environmental Compliance].

NUTTI CIRILLO S.p.A. is aware that its production activities have specific impacts on the surrounding environment. The management of these impacts requires the definition of specific short-, medium- and long-term objectives and programmes for individual plants, through which the company intends to define a structured and continuous path over time towards the progressive reduction of its environmental impacts. To date, GNUTTI CIRILLO S.p.A. has a certified environmental management system through which the main direct and indirect environmental aspects are managed.

The Lumezzane and Odolo plants are located in areas that are not subject to environmental protection - there are landscape and hydrogeological constraints, which are properly respected. The area can be defined as predominantly industrial.

The company has implemented an Environmental Management System in accordance with UNI EN ISO 14001:2015 standard.

The company's main activity is: "Production and sale of parts made of non-ferrous alloys through hot forging, blanking, sandblasting, machining, washing, assembly and packaging operations; construction of related steel dies through machining, heat treatment and grinding. Brokerage and trade in non-hazardous waste without detention".

Once completed its analysis of the context, stakeholder needs and the applicable legal requirements, the company identified the environmental aspects, both direct and indirect, under normal and emergency conditions, and also started assessing the impacts using a schema predefined by the UNI EN ISO 14001:2015 standard.

The operating procedures are set out in the Identification of Environmental Aspects and Evaluation of Environmental Aspects procedures. All identified environmental aspects are recorded in the document "Identification of Environmental Aspects and Impacts".

As far as life cycle analysis is concerned, the company focuses on the following elements:

- UPSTREAM: selection of environmentally compliant suppliers:
- CORESTREAM: making the production process more efficient with a view to saving energy and reducing environmental impacts.
- DOWNSTREAM: providing customers with all the information they need for proper end-oflife product management.

For compliance obligations, the operating procedures are set out in the "Management of Environmental Requirements" procedure.

For the definition of objectives, the operational methods are identified in the "Policy, Objectives and Indicators" procedure.

At the Odolo factory, a remediation operation was carried out when it was purchased from the previous owners (steel mills), restoring the site through the disposal of materials and/or permanent safety measures.



Emissions

[GRI 305 Emissions]

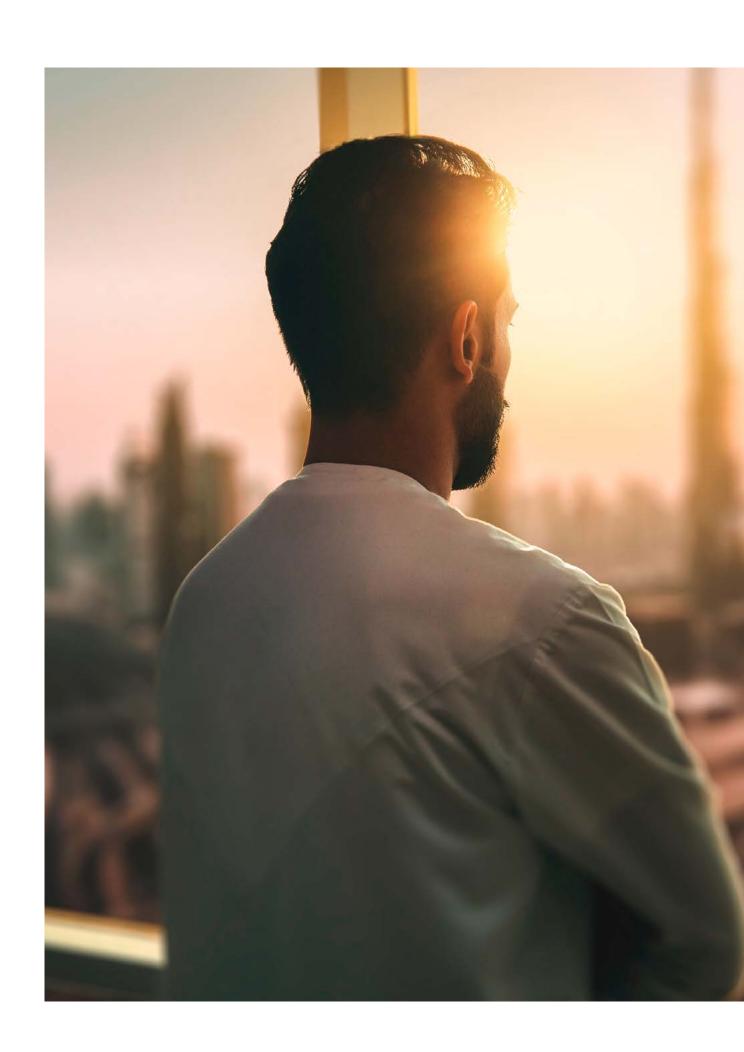
The company has adopted an Air Emissions Management Procedure through which it ensures proper management of atmospheric emissions and periodic maintenance of installed abatement equipment.

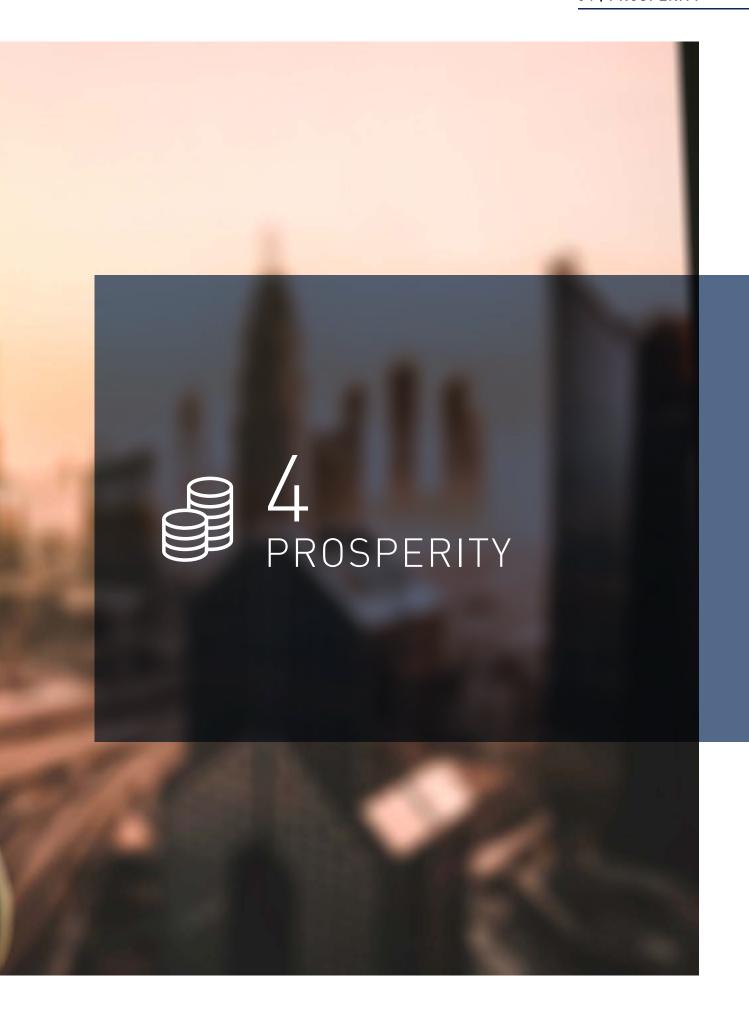
The procedure defines rules and procedures for managing emissions as follows:

- identification of all atmospheric emission points in the plant:
- annual verification of compliance with the limit values of the concentrations of pollutants in the fumes emitted through the plant's chimneys;
- monitoring of emissions by checking upon receipt of the certificates that they contain all the data required by the regulations in force and that the regulatory limit values are met for all the emissions analysed;
- if new emission chimneys need to be installed, or existing ones need to be significantly modified, preparation of the authorisation application to be submitted to the competent authority, pursuant to the regulations in force;
- following authorisation for emissions into the atmosphere, construction of the plant in compliance with any requirements set out in the authorisation decree:
- maintenance of fume abatement systems in accordance with the Operating Instruction on "Maintenance of Fume Abatement Systems";

In addition to the aforementioned procedure, GNUTTI CIRILLO S.p.A. has also adopted two other procedures:

- Refrigerant Gas Appliances Management Procedure: aimed at ensuring the monitoring and control of appliances containing refrigerant gas;
- Thermal System Management Procedure: through which to define responsibilities and ensure the proper management of thermal systems at the factory.





4.1 Market, products and processes

[GRI 202 Market presence]

NUTTI CIRILLO S.p.A. is the parent company of the Gnutti Cirillo Group consisting of the following companies:

- GNUTTI CIRILLO S.p.A.
- MFT Metal Forming Technology Inc.
- Tiemme Raccorderie S.p.A.
- Elettromaule Component S.r.l.

GNUTTI CIRILLO S.p.A., founded in 1951 by Cirillo Gnutti as a mechanical company for the construction of tools and dies, is today a world leader in the hot forging and machining of brass and other non-ferrous metals. GNUTTI CIRILLO S.p.A. has developed a high level of technical expertise that enables it to satisfy any request. It is self-sufficient in the production chain: design, tools and equipment are completely made in-house, as well as brass hot forging, machining of parts, surface treatments, automatic assemblies through to the packaging of the finished product. All is customised according to customer specifications. The Odolo plant was added to the historical Lumezzane site in 2000.

Market

company of the GNUTTI CIRILLO Industrial Group, is active in the production and marketing of semi-finished products, O.E.M. - Original Equipment Manufacturer, in non-ferrous metal alloys, through hot forging and machining processes; it also provides service activities on behalf of Group companies. GNUTTI CIRILLO S.p.A. performs productions for third parties (without using its own brand name). Customers purchase directly from GNUTTI CIRILLO S.p.A. with orders relevant to main contracts. The technical specifications of the products are agreed directly between customers and GNUTTI CIRILLO S.p.A., and vary according to the characteristics of the individual order. GNUTTI CIRILLO S.p.A. is one of the

The company GNUTTI CIRILLO S.p.A., the holding



GNUTTI CIRILLO S.p.A. holds direct controlling equity investments in Metal Forming Technology Inc., Tiemme Raccorderie S.p.A. and Elettromaule Com-

The company Metal Forming Technology Inc. (M.F.T.), founded in 2007 and based in Chesterfield (Michigan USA), operates in the same sector as its parent company, marketing its products within the North American market.

The company Tiemme Raccorderie S.p.A., based in

world's leading companies operating in the sector.



Castegnato (BS), produces and distributes articles for the Plumbing and Heating sector and exports its products directly and through subsidiary companies worldwide. In turn, the company Tiemme Raccorderie S.p.A. directly controls the companies Tiemme Systems S.r.l., Sistemas Tiemme S.l. and Tiemme Hellas A.E.B.E..

The company Tiemme Systems S.r.l. operates on the Romanian market, while the company Sistemas Tiemme S.l. operates on the Spanish market and the company Tiemme Hellas A.E.B.E. on the Greek market and neighbouring countries. The company Codafin Ltd - based in Nicosia - Cyprus, limits its activity to the management of the equity investment in the company Sarl Scipp Ouestl - based in Sidi Bel-Abbès - Algeria, which deals in the marketing of fittings, valves and pipes for the plumbing and heating sector and is a customer of the company Tiemme Raccorderie S.p.A.

Elettromaule Component S.r.l., based in Montecchio Maggiore (VI), aims to provide products and technical support for the worldwide business of insulators, tap changers and accessories for electrical transformers.

Products

GNUTTI CIRILLO S.p.A. operates on an order basis, manufacturing specific products according to customer requirements, with a very wide range of items in various sectors, including:

- Fire-fighting
- Automotive
- Water and gas meters
- Renewable energy: solar, geothermal, and wind
- HVAC (heating, ventilation and air conditioning)
- Water jet cleaners
- Scuba diving
- Transformer isolators
- Coffee machines
- Medical
- Shipbuilding
- **Pneumatics**
- **Pumps**
- Flow regulation, metering and control
- Welding
- Beverage dispenser taps
- Meter brackets, nuts and sleeves
- Plumbing and heating
- Painting

Processes and activities

The company believes that the desired results are effectively and efficiently achieved to the extent all company processes are properly managed. That is why special care is placed in the management of the processes relevant to the hot forging of brass parts and subsequent mechanical machining (main process), as well as in the management of support processes, such as the management of human resources, equipment, documented information, etc.

Therefore, process management makes it possible to:

- understand and consistently meet contractual and legal requirements;
- consider processes in terms of added value;
- achieve effective process performance;
- ensure process improvement based on the evaluation of data and information.

The company has defined:

- processes necessary for the correct implementation of the EMS (Environmental Management System) and its application;
- risks and opportunities to address the company's strategic planning;
- criteria and methods for monitoring and measuring strategic processes;
- objectives (targets to be achieved) and related monitoring indicators.

Lumezzane plant



The activity carried out by GNUTTI CIRILLO S.p.A. at its Lumezzane plant essentially consists of machining and assembly operations of brass forged parts. The material entering the production cycle consists of forged brass parts, possibly sandblasted and/or pickled, according to the characteristics required by the customer. All incoming material is stored in the acceptance area, where the first conformity check of the delivered semi-finished products is carried out.

The delivered parts are then picked up and taken to the machining department or, more rarely, transferred directly to the assembly department. Machining of semi-finished products is carried out using 36 transfer machines of various generations.

During machining with chip removal, cutting fluid is used to aid the cooling and lubrication of cutting tools. This fluid is produced within the plant, either by mixing water and oil, or by reusing the suitably purified used emulsion.

A centralised emulsion cooling system was installed in the factory. It maintains the temperature of the emulsion tanks, located on board the machine, at a constant temperature of around 20° Celsius. This allows, on the one hand, an improvement in the production process and, on the other hand, an increase in the well-being of the

Odolo plant



The activity performed by GNUTTI CIRILLO S.p.A. at its Odolo factory consists of hot forging unfinished brass parts that will then be subjected to subsequent machining operations. The raw material consists of brass bars of different diameters and sizes and types of alloys, which are stored in specific areas. The bars are then picked up and taken to the automatic cutting department where the brass bars are cut into segments of the required length for the subsequent production of the part.

The segments are placed in metal boxes and taken to the graphitising department, where they are graphitised using automated equipment; the

graphite applied acts as a lubricant for the subsequent forging phase. Forging operations are carried out using 37 hot forging presses: before each press, a furnace (electric- or natural gas-fired) is installed to heat the graphitised segments which, once at temperature, are introduced into the press. All presses are enclosed in special protective and soundproof cabins. The forged parts are again collected in metal boxes and taken to the blanking department for finishing operations (removal of burrs). Within the department there are both manual and automatic blanking machines. By making the production process more efficient, certain steps - such as, for example, burr-free products - could be omitted for some products, contributing to energy savings.

According to customer requirements, forged and deburred parts can be subjected to a sandblasting surface treatment to clean the surface of the part, as well as to give the forged part a special appearance. This process is carried out in a special department, using 8 sandblasting machines. Blasting can be carried out using grit or brass turning (brass-plating). The customer may in some cases request other surface treatments microclimate of the company environment.

Each transfer machine is equipped with an onboard water "washer" for washing the machined parts. The machined parts are then assembled and/or packaged for later shipment.

In addition to the departments described above, the plant also features a mechanical department where the equipment/tools of the production machines are built, modified and maintained. The mechanical department uses workshop machines such as lathes, milling machines, drills, EDM and welding machines. A department for performing heat treatments on dies is also present. Finally, the plant also includes technical design and administrative offices.

(e.g. galvanic treatments): in this case the parts are entrusted to subcontractors to carry out the required operations. The parts ready for subsequent machining operations are placed in boxes and stored in the shipping department.

There is also a mechanical workshop at the plant, where repairs and modifications are carried out on dies and tools. Finally, there is an office building for complementary activities. The company's offices are currently centralised at the Lumezzane plant.

Finally, GNUTTI CIRILLO SpA, always attentive to the implementation of processing systems that safeguard the environment, has abolished the use of a metal-washing machine that involved the use of Perchloroethylene - a potentially carcinogenic substance - outsourcing the process to a supplier, which, for the same processing, uses less impactful substances in the process.



4.2 Certifications

NUTTI CIRILLO S.p.A. has implemented an Environmental Management System in compliance with the requirements of the international reference standard, UNI EN ISO 14001:2015 Environmental Management System, in order to:

- demonstrate its ability to provide services that comply with customer requirements and the requirements of applicable environmental laws and regulations;
- increase customer satisfaction through the effective implementation of the environmental management system and continuous improvement processes, ensuring compliance with customer requirements and applicable laws and regulations:
- identify in advance the context, stakeholder requirements, risk situations and opportunities for improvement, as required by the international reference standard.

Both production sites at Lumezzane and Odolo have implemented UNI UN ISO 14001 certified environmental management systems.

The company has also adopted a quality management system compliant with ISO 9001:2015.

4.3 Sustainable supply chain management

[GRI 204 Procurement Practices, GRI 308 Supplier Environmental Assessment, GRI 414 Supplier Social Assessment].

or GNUTTI CIRILLO S.p.A., the selection of suppliers is an essential factor contributing to business performance. Particular care is taken in the identification and selection of suppliers, trying to balance the different needs related to the procurement of raw materials, technical support services and the disposal of production waste.

GNUTTI CIRILLO S.p.A. is aware that the choice of a supplier is a crucial factor and contributes significantly to determining the quality of a production process or product. Therefore, the company aims to establish a relationship of mutual cooperation with each supplier, sharing quantitative and qualitative objectives to constantly improve the quality of the products. The above reflects values and principles from which the company draws constant inspiration. For GNUTTI CIRILLO S.p.A., it is essential that each supplier complies with the relevant laws and standards: this is the starting point and the essential prerequisite for developing a profitable business relationship based on trust.

The processes for the purchase of goods and services, managed by the appropriate corporate functions, are based on pre-contractual and contractual conduct based on indispensable and mutual loyalty, transparency and cooperation. Suppliers must provide their employees with working conditions based on respect for fundamental human rights, international conventions and applicable laws. Suppliers are required to fully comply with laws for the protection of industrial and intellectual property, as well as with laws for the protection of consumers, free competition and the market, and laws against money laundering and organised crime, as set out in the Code of Ethics.

Search, identification and qualification of the supplier

The supplier qualification and selection process consists of an initial check of its organisational and production structure. The Procurement Department, on the basis of technical, qualitative and economic requirements, new items, etc., identifies a shortlist of suppliers to whom it sends a request for an offer. From there, after evaluating the offer, the potential supplier is identified. The initial qualification is also updated for historical suppliers during the start-up phase of the quality system. Periodically, the Procurement Department, together with the Quality Assurance Service, evaluates the performance of the company's suppliers.

Periodic qualification of suppliers of production materials

The evaluation of the supplier begins with the first provision of services. The Procurement Department indicates the expected service quality level, then once a year the supplier is informed of its service quality level (only for critical-strategic suppliers that are "top list" by turnover or type of supply - identified in a special list).

The periodic evaluation of suppliers of production materials is carried out by the Quality Assurance Service on the basis of the records of incoming inspections and the relevant non-conformities/test reports detected on the material procured carried out by the Acceptance Quality Control unit. The evaluation of supplies is recorded by the Quality Control Department with special software for statistical processing of the collected data and is used/shared with the Procurement Department for the relevant analyses.

The main suppliers are classified by criticality and business, and a supply assessment is compiled annually for each supplier (the following are evaluated: Price-Quality-Delivery-Communication-Innovation structure) on the relevant form with a view to building loyalty and continuous improvement.

Audits of suppliers of production materials

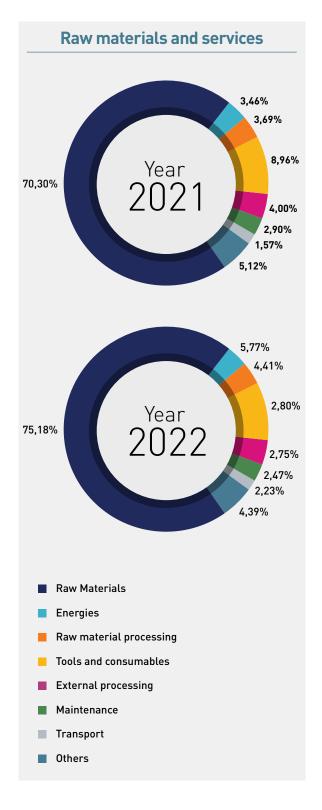
At least once every two years and whenever deemed appropriate, periodic audits are carried out on crucial-strategic suppliers, potential new suppliers, and unsatisfactory suppliers. The result of the audit is shared with the supplier and recorded with the required corrective or improvement measures. The document, with the related verification of the effectiveness of corrective actions, is managed by the Quality Assurance Service in cooperation with the Procurement Department.

Suppliers of raw material (bar) are necessarily required to have an ISO 9001 certified Quality System in place and:

- provide material that complies with the relevant standard (e.g. EN12165 for brass bars for
- provide, with each delivery, certificates that meet the requirements stated on the purchase order (according to EN10204 and with declarations in accordance with international reference standards e.g: REACH);
- samples are taken randomly every 3 months, the samples are sent to an external laboratory for validation/confirmation of the alloy.

Overall, the supply chain involves about 50 main suppliers, including raw materials, auxiliary products and services. They account for about 80% of the annual purchase value. Being a small and very specialised sector, the number of raw material suppliers the company turns to is very limited. On the other hand, the concentration of suppliers enables to collaborate with one's partners in the development of innovative products, in order to make them more advanced and high-performance and thus protect the corporate know-how, while gaining an advantage in the negotiation phase.

Although it turns indiscriminately to national and international suppliers, in selecting and choosing the most suitable supplier GNUTTI CIRILLO S.p.A. gives preference, wherever possible and appropriate, to local suppliers, with 80% of the value of purchases of products and services from suppliers in the surrounding area and 20% from national and/or European suppliers.



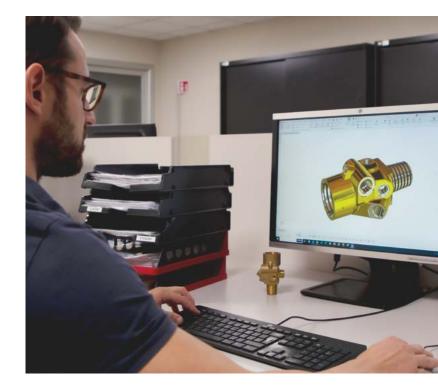
From 2023, with a view to greater control over the reliability of suppliers, GNUTTI CIRILLO S.p.A. plans to use a legal advisory service to assess suppliers according to the criteria set out in the Governance Model under Legislative Decree 231/2001.

4.4 Research and development

NUTTI CIRILLO S.p.A. and its subsidiaries continuously carry out research and development, directing their efforts particularly towards projects deemed particularly innovative. The most recent projects have involved technological innovation activities related to the overhaul of hot forging processes for non-ferrous materials.

The Projects were carried out at the plants at Lumezzane (BS), Via Ruca 96, and Odolo (BS), Via Brescia 7.

For the development of the aforementioned projects, the company incurred costs for a total value of EUR 949,000 on which it intends to access the Tax Credit benefits for research, development. technological innovation and design pursuant to Art. 1, paragraphs 198 - 209 of Law no. 160 of 27 December 2019.



Investments

Land and buildings

It should be noted that in 2022 the company purchased an urban area in the municipality of Odolo, in front of the company's plant, for EUR 470,000.

Other tangible assets

The increases in the year, amounting to **EUR 710,205**, mainly relate to the purchase of internal transport vehicles in the amount of EUR 599.790 and electronic office machines in the amount of EUR 73.317.

Plant and machinery

During the year, improvements and purchases of plant and machinery were made at the Lumezzane and Odolo plants in the amount of EUR 915,904.

Software

Increases in the year amounted to EUR 66,500.

Industrial and commercial equipment

Increases for the year refer to equipment of less than EUR 516.46 purchased from suppliers in the amount of EUR 20,296, and tools, dies and equipment built in-house and/or purchased from suppliers in the amount of EUR 1,025,882.

4.5 Economic performance

[GRI 201 "Economic Performance"]

NUTTI CIRILLO S.p.A.'s result for the year 2022 amounted to a profit of EUR 30,827,000, an increase of 46.80% compared to the previous year's result (EUR 21,000,000 in 2021).

Revenues for the financial year 2022 increased by 15% from the previous year's figure, from EUR 135,449,000 to EUR 155,354,000.

This growth was uniform with regard to both third-party customers and subsidiaries.

In terms of margins, GNUTTI CIRILLO S.p.A. saw its EBITDA amount to EUR 18,747,000, up from EUR 12,884,000 at year-end 2021.

Business outlook

At the date of approval of these financial statements, the general economic environment is still negatively affected by the repercussions of the war in Ukraine and high inflation. The slowdown in global demand helped curb oil prices while, in Europe, natural gas prices fell sharply, while remaining at historically high values. International institutions predict a weakening of world growth for the current year, mainly due to still high energy prices, weak household disposable income and less favourable financial conditions.

In February 2023, the company's Board of Directors approved the budget for the financial year 2023. The document forecasts sales revenue in line with the brilliant result achieved in the fiscal year 2022 and a slightly lower operating margin compared to the fiscal year 2022, but well above the values of the 2021-2025 business plan. From a financial point of view, the forecasts developed show that the Group will have the necessary resources to meet its commitments on time.

During the fiscal year 2022, the company decided to embark on a path to raise awareness of environmental and social sustainability issues. The first step was to commission a materiality analysis prepared on the basis of the principles set out by the Global Reporting Initiative (GRI), an international non-profit body that develops and updates guidelines for sustainability aspects of organisations (GRI Standards).

Materiality is defined as the threshold at which a sustainability aspect becomes significant for the company and its stakeholders and therefore needs to be managed responsibly and included in the sustainability reporting. From the result of this analysis, it emerges that the priority topics identified by the company find close correspondence with the valorisation of the stakeholders analysed. During the coming months, the company has planned activities for the drafting of the sustainability reporting document.

+46.8%

Operating result performance from 2021 to 2022

+15%

Revenue performance from 2021 to 2022

18.74

EBITDA in millions of euro

Tables

Workforce by professional category and gender as at 31/12

Professional		2022		2021			
category	Men	Women	Total	Men	Women	Total	
Employees	335	69	404	328	73	401	
Top managers	7	0	7	7	0	7	
Middle managers	4	0	4	4	0	4	
White-collar workers	55	47	102	56	47	103	
Blue-collar workers	269	22	291	261	26	287	
External collaborators	12	2	14	35	3	38	
Temporary workers	12	2	14	35	3	38	
Total workforce	347	71	418	363	76	439	

Employees by contract type, gender and geographical area as at 31/12

		2022			2021	
	Men	Women	Total	Men	Women	Total
Lumezzane (BS)	190	67	257	185	70	255
Top managers	6	0	6	6	0	6
Middle managers	3	0	3	2	0	2
White-collar workers	36	45	81	35	44	79
Blue-collar workers	145	22	167	142	26	168
Odolo (BS)	145	2	147	143	3	146
Top managers	1	0	1	1	0	1
Middle managers	1	0	1	2	0	2
White-collar workers	19	2	21	21	3	24
Blue-collar workers	124	0	124	119	0	119
Total	335	69	404	328	73	401
Top managers	7	0	7	7	0	7
Middle managers	4	0	4	4	0	4
White-collar workers	55	47	102	56	47	103
Blue-collar workers	269	22	291	261	26	287

Recruitment rate by gender and age group

	2022 (%)				2021 (%)			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Open-ended contract	4.0	5.2	1.0	10.2	3.7	3.0	1.0	7.7
Fixed-term contract	0.2	0.0	0.0	0.2	0.7	1.7	0.0	2.4
Total	4.2	5.2	1.0	10.4	4.4	4.7	1.0	10.1

Turnover rate (staff exit data) by gender and age group

	2022 (%)							
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Open-ended contract	1.2	5.4	3.0	9.6	3.7	2.5	3.5	9.7
Fixed-term contract	0.2	0.0	0.0	0.2	0.2	0.0	0.0	0.2
Total	1.4	5.4	3.0	9.8	3.9	2.5	3.5	9.9

Employees by plant, contract type and gender as at 31/07

		2022			Workforce by professional category and gender as at 31/12			
	Men	Women	Total	Men	Women	Total		
Lumezzane (BS)	190	67	257	185	70	255		
fixed-term contract	0	0	0	0	2	2		
open-ended contract	190	67	257	185	68	253		
Odolo (BS)	145	2	147	143	3	146		
fixed-term contract	0	0	0	7	0	7		
open-ended contract	145	2	147	136	3	139		
Total	335	69	404	328	73	401		
fixed-term contract	0	0	0	7	2	9		
open-ended contract	335	69	404	321	71	392		

Workforce by professional category and gender as at 31/12

		2022			2021	
	Men	Women	Total	Men	Women	Total
Top managers	7	0	7	7	0	7
Middle managers	4	0	4	4	0	4
White-collar workers	55	47	102	56	47	103
Blue-collar workers	269	22	291	261	26	287
Total	335	69	404	328	73	401
%	82.9%	17.1%	100.0%	81.8%	18.2%	100.0%

Number of employees by professional category and age group as at 31/12

	2022					20	21	
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Top managers	0	1	6	7	0	0	7	7
Middle managers	0	2	2	4	0	2	2	4
White-collar workers	11	65	26	102	13	66	24	103
Blue-collar workers	72	137	82	291	70	133	84	287
Total	83	205	116	404	83	201	117	401
%	20.5%	50.7%	28.7%	100.0%	20.7%	50.1%	29.2%	100.0%

Hours of training by professional category and gender as at 31/12/2022

	Men		Women		Total	
	Hours	Average per capita	Hours	Average per capita	Hours	Average per capita
Top managers	28	4.0	0	0.0	28	4.0
Middle managers	20	5.0	0	0.0	20	5.0
White-collar workers	476	8.6	157	3.3	632	6.2
Blue-collar workers	869	3.2	22	1.0	891	3.1
Total	1,392	4.2	179	2.6	1,571	3.9

Hours of training by professional category and gender as at 31/12/2021

	Men		Women		Total	
	Hours	Average per capita	Hours	Average per capita	Hours	Average per capita
Top managers	27	3.9	0	0.0	27	3.9
Middle managers	4	1.0	0	0.0	4	1.0
White-collar workers	196	3.5	16	0.3	212	2.1
Blue-collar workers	563	2.2	32	1.2	595	2.1
Total	790	2.4	48	0.7	838	2.1

Occupational accidents (employees and collaborators)

Number of accidents	2022	2021
Total fatalities due to occupational accidents	0	0
Total number of serious occupational accidents (excluding fatalities)	0	0
Total number of recordable occupational accidents	8	4
Total	8	4

Planet

	UoM	2022	2021
TYPE OF MATERIAL			
Renewable raw materials	Kg	329,033	331,513
Non-renewable raw materials	Kg	12,494,037	13,244,795
Total	Kg	12,823,070	13,576,309
TYPE OF CONSUMPTION			
Renewable energy	GJ	39,015,90	41,969.34
Non-renewable energy	GJ	53,879.10	57,957.66
% of non-renewable energy on total	%	58.0%	58.0%
Total	GJ	92,895.00	99,927.00

Details of energy consumption from non-renewable sources

Type of consumption	HaM	20	22	2021	
Type of consumption	UoM	Total	Total GJ	Total	Total GJ
NON-RENEWABLE FUELS					
Natural gas	Sm³	673,033.00	25,925.23	753,311.00	29,017.54
Automotive diesel fuel	L	90,866.91	3,728.33	100,517.40	4,124.29
for exclusive use	L	42,942.59	1,761.96	48,471.59	1,988.82
for mixed use	L	47,924.59	1,966.37	52.045.81	2,135.47

SCOPE 1 and SCOPE 2 emissions

Unit of managers mant +CO a	2022			2021		
Unit of measurement tCO ₂ e	Lumezzane	Odolo	Total	Lumezzane	Odolo	Total
Scope 1	492	1,226	1,718	580	1,338	1,918
Natural gas	164	1,226	1,390	217	1,338	1,555
Diesel	328	0	328	363	0	363
Scope 2	3,829	7,952	11,781	4,139	8,535	12,674
Electricity (market-based)	3,829	7,952	11,781	4,139	8,535	12,674
Electricity (location-based)	2,061	4,280	6,341	2,227	4,593	6,820
TOTAL (market-based)	4,321	9,178	13,499	4,719	9,873	14,592
TOTAL (location-based)	2,553	5,506	8,059	2,807	5,931	8,738

Water intensity

Water intensity	UoM	2022	2021
Lumezzane water intensity	m³/kg	8,000.00	8,500.00
Odolo water intensity	m³/kg	3,266.00	3,800.00
Company water intensity	m³/kg	11,266.00	12,300.00



