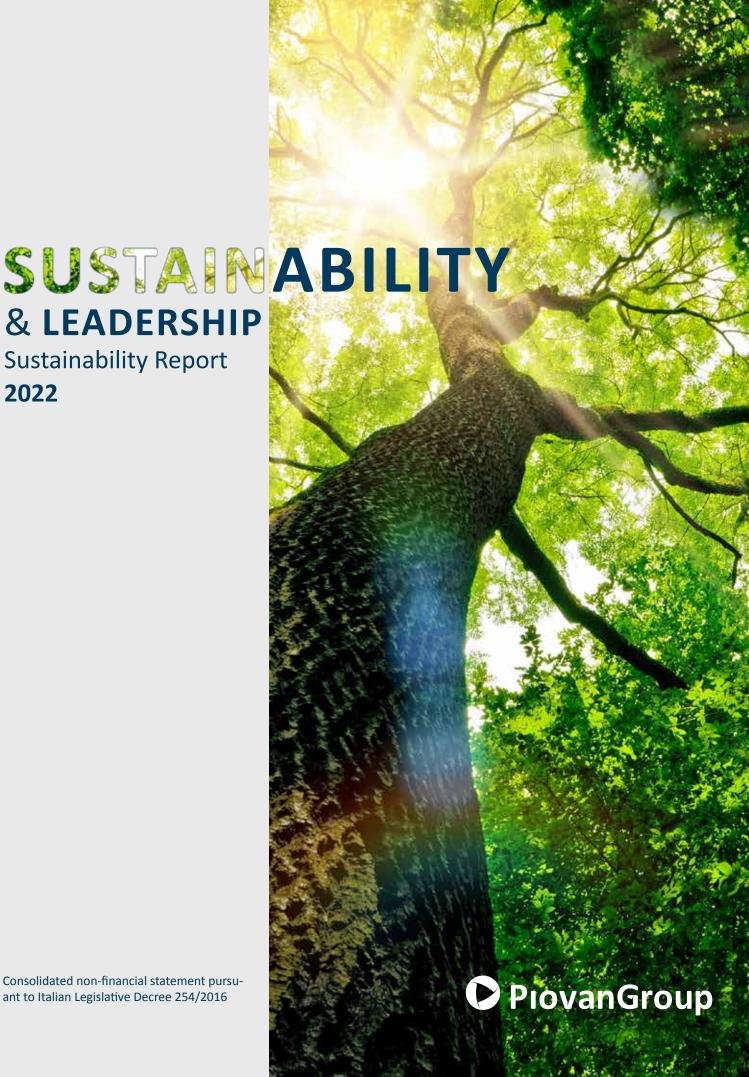
& LEADERSHIP **Sustainability Report** 2022



Consolidated non-financial statement pursuant to Italian Legislative Decree 254/2016

ESG issues are an excellent opportunity to structure sustainable growth while respecting environmental values, social equity and governance values.

Nicola Piovan
Executive Chairman



# **Sustainability Targets 2023**

Dear Readers,

as mentioned several times in the past, the pursuit of sustainable success is something no company can any longer avoid. At Piovan, this path started several years ago, investing more and more in research and development to offer customers reliable and high-performance products and solutions.

The Group, which has always operated in sectors related to the consumption of plastics, is more subject than others to environmental issues and has always paid attention to issues related to the recovery of plastics and the circular economy, working alongside the largest players in the sector to offer its customers innovative solutions that involve the use of recycled or biodegradable plastics.

The Group's efforts during the year were recognised once again with an improvement in the sustainability rating issued by Sustainalytics and with the recognition of the prestigious "Industry Top Rated" badge.

These milestones are evidence of the Group's ongoing commitment to ESG issues, which as of this year has a new element. For the first time in its history, the Piovan Group is in fact also making concrete commitments from an ESG viewpoint.

In 2022, the Group started to define goals, which are listed on the next pages, with the intention of actively contributing to the achievement of certain Sustainable Development Goals (SDGs) defined by the United Nations 2030 Agenda.

The definition of these objectives - mapped with the Group's material themes - is the first step of this new path. In 2023, together with the integration of IPEG, the scope of application, the most relevant related indicators and a long-term target to work towards will then be identified for each objective in order to contribute once again to sustainable success, with a view to continuous improvement.

Best Regards,

Nicola Piovan Executive Chairman Piovan S.p.A. IV | Piovan Group | Sustainability Report 2022



# **Governance**

SDGs:







MATERIAL TOPIC	GOAL	ACTIVITY	SCOPE
		Enrich the Group policy on <i>Diversity &amp; Inclusion</i> including references to ILO conventions on labour, freedom of association, human rights and other relevant social issues.	Group
	Strengthen and harmonise Governance on ESG issues	Formalisation of responsible procurement policy (e.g. Conflict Minerals, REACH).	Group
Business Ethics and Corruption		Formalisation of <i>environmental</i> policy.	Group
	Communicate commitments on the theme of sustainability outside the organisation	Implementation of efficient (external) communication systems to communicate the Group's values in regards to ESG issues.	Group
	Disseminate principles of integrity and professional ethics within the organisation	Translation of the Whistleblowing procedure into the languages of the countries where the Group operates.	Group



# **Climate change mitigation**

SDGs:





MATERIAL TOPIC	GOAL	ACTIVITY	SCOPE
	Increase green energy procurement	Assess new green energy procurement contracts (purchase of electrical energy from renewable sources certified via Guarantees of Origin) or installation of photovoltaic systems.	Group
	Monitor the Group's consumption to reduce	Assessment (feasibility study, CapEx evaluation, etc.) of possibility to install photovoltaic systems.	China
Energy management	emissions	Assessment of energy efficiency initiatives (e.g. <i>relamping</i> activities).	Group
and reduction of emissions	Measure and reduce the organisation's indirect emissions (Scope 3) to mitigate climate change and improve	Progressively develop reporting of emissions generated by consumption external to the Organisation (Scope 3) in the 15 categories of the GHG Protocol.	Group
	the Group's Carbon Footprint disclosure	Calculation of scope 3 for Business Travel and Employee Commuting categories.	Piovan S.p.A.
	Adapt the business to climate change	Assess the climate risks that may have an impact on the Group's business continuity.	Group

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# **Diversity & Inclusion**

SDGs:







MATERIAL TOPIC	GOAL	ACTIVITY	SCOPE
Equal opportunity and diversity	Promote the creation of an	Increase the presence of minorities among workers.	Group
management within the company	inclusive work environment with equal opportunities	Increase female representation in managerial roles.	Group



# **Training**

SDGs:



MATERIAL TOPIC	GOAL	ACTIVITY	SCOPE
		Provide personnel with regular training on the Code of Ethics and compliance issues (e.g. ex Legislative Decree 231/01, Anti-Corruption, Anti-Money Laundering).	Italian Companies
		Increase the per capita training hours on Health and Safety.	Group
Development and Protection of Human Resources	Support the development of workers' skills	Extend accessibility to the Group's Academy to all companies within the consolidation perimeter.	Group
		Increase the per capita training hours through the Group Academy.	Group
		Extend the training offer proposed in the Academy to enhance certain skills and knowledge (e.g. leadership, digital, soft skills, sustainable behaviour, etc.).	Group



# **Supply chain**

SDGs:





MATERIAL TOPIC	GOAL	ACTIVITY	SCOPE
	Check the chemical substances characterising the business activities	Identify the dangerous chemical substances as per REACH directives used in processes.	Production Group
		Extend the perimeter of the quality questionnaire.	Group
		Evaluate the inclusion of additional requests also in the area of sustainability in the Group quality questionnaire.	Group
Quality and supply chain management	Strengthen supplier engagement tools and create a relationship that includes ESG issues	Include ESG considerations in the periodic supplier performance assessment.	Group
		Evaluate the possibility to carry out physical audits at supplier premises.	Group
		Evaluate the implementation of a "pilot" project for engagement on sustainability issues aimed a selected group of suppliers.	Piovan S.p.A.
	Strengthen Governance along the value chain	Draw up the Group's first Code of Conduct to be shared with all suppliers.	Group

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# Our pillars



#### **CUSTOMERS**

Our approach to business has always been based on customer relationships.

We continue to build partnerships based on our ability to generate value, transmit reliability, and offer optimum solutions for success.



### **CUSTOMERS AND SUSTAINABILITY**

Only by working together with the customer can we reach our goals of environmental sustainability. In this way, it is possible to do things that would not have otherwise been possible for the Piovan Group alone, such as effective and efficient plastics recycling, through a cycle consisting of collection, preparation and reuse.



#### PEOPLE

Businesses are made up of people, and our people are the true driving force behind the Piovan Group. Our shared values are the ultimate objective of all that we do.

#### PEOPLE AND SUSTAINABILITY

People are fundamental to our philosophy of sustainability.

First and foremost, our employees are able to count on an organisation that values and motivates them and provides a workplace that is ideally suited to developing their talents.

The performance and success of a company comes from the well-being of the society in which it operates. Every day, the Piovan Group works to share knowledge and experience with the community in order to be a driver of sustainable development.



### INNOVATION

Generating value for the customer through innovation capacity has been our strategic goal since the very beginning. It is through research, technological development, and the tenacious and determined exploration of ever new avenues that we have been able to grow into a recognised and self-aware leader.

#### INNOVATION AND SUSTAINABILITY

Developing a path of environmental sustainability and transition to circular models is only possible through a major and concrete commitment to product and process innovation.

We believe in research and development and in sharing innovation with our customers, because only through this synergy can we take concrete action for the planet and its people.

This is the only way to change our models of production and consumption. Only then can sustainability become an integral and fundamental part of our lives.







# Executive Summary

# **The Piovan Group**

The Piovan Group is a multinational, world-leading developer and manufacturer of production process automation systems for the storage, transport and processing of polymers, plastic powders and foodstuffs.

Piovan S.p.A. has been listed in the STAR segment of the Italian stock exchange since October 19, 2018.

# PiovanGroup































1934

YEAR OF FOUNDATION OF THE PIOVAN GROUP

531 million

TOTAL REVENUES AND OTHER INCOME FY2022

1,804

NUMBER OF PIOVAN GROUP EMPLOYEES

OF WHICH 672 IN ITALY, 660 IN NORTH AMERICA AND 472 IN THE REST OF THE WORLD

# 44

LOCAL SERVICE AND SALES COMPANIES

20 IN EMEA

12 IN ASIA

11 IN NORTH AMERICA

1 IN SOUTH AMERICA

14

NUMBER OF PRODUCTION FACILITIES ON 4 CONTINENTS

5 IN ITALY

5 IN THE USA

1 IN BRAZIL

1 IN CHINA

1 IN GERMANY

1 IN INDIA

70+

COUNTRIES WHERE THE PIOVAN GROUP IS PRESENT THANKS TO COMMERCIAL NETWORK AND DISTRIBUTORS.

**CUSTOMERS REACHED IN 122 COUNTRIES WORLDWIDE** 

#### THE PIOVAN GROUP OFFERS SOLUTIONS FOR:

# **PLASTIC SECTORS**



PET Preforms and Bottles









Medical



Flexible Films









Compounds



**FOOD SECTORS** 









Caramel

Creams

Technical parts

solutions

Thermoforming and Technical Sheets

Pipes, Profiles,

Fibres and Strapping

Recycling

Cookies

Wafers and Snacks

Chocolate

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# 2022 at a glance

# **GROWTH IN 2022**

+85%

REVENUES AND OTHER INCOME COMPARED TO 2021

+51%

EMPLOYEES
COMPARED TO 2021

+92%

INVESTMENTS IN R&D COMPARED TO 2021

# **MILESTONES**

Improved ESG Risk Rating of 6.4% issued by Sustainalytics and confirmed among the TOP 50 companies in the industrial sector.

Identification of 12 ESG-related targets in line with 8 SDGs.



# **ENVIRONMENTAL**

- 3 new patents related to the circular economy
- 86% (+1% compared to 2021) of the fully recyclable Piovan product
- Completed project of dematerialisation of machine user manuals now available on the online portal via QR code
- In 2022, the Piovan Group contributed to reducing CO<sub>2</sub> emissions for 2,654 equivalent acres of forest
- Strong growth both as an impact on turnover and as an absolute value of revenues related to the circular economy, 25.3% compared to 21.1% in 2021



# **SOCIAL**

- +51% of staff compared to 2021, with an increase of 3.3% of permanent contract employees, equal to 93% of the total
- +53% of women compared to 2021
- +154% training compared to 2021
- More than 80% of the Group's employees took part in training courses



# **GOVERNANCE**

- 57% of BoD members are independent
- 29% of BoD members are female
- Definition of a new ESG risk matrix
- Issue of new company regulations for the correct use of IT and telematic tools (ICT Policy)

# What does

# sustainable plastic mean for the Piovan Group?

Protecting the environment is an issue of great importance around the world. Issues regarding climate change, scarce resources and supply shortages require companies to use materials reasonably and efficiently. In this context, plastic plays a positive role by having a low environmental impact in its production phase.

# ENERGY REQUIRED TO PRODUCE ONE PLASTIC BOTTLE COMPARED TO ONE GLASS BOTTLE.

The energy needed to produce one plastic bottle is 33 times less than the energy needed to produce one glass bottle.



# THE REDUCTION IN CONSUMPTION OF A CAR THAT, THANKS TO PLASTIC, WEIGHS 100 KG LESS.

The lighter weight of vehicles that use plastics in place of metals translates into lower fuel consumption. A car that is 100 kg lighter emits up to 1 kg less CO<sub>2</sub> for every 100 km driven, which is equal to the amount absorbed by one tree every 2.5 days<sup>2</sup>.



# VEHICLE WEIGHT REDUCED THANKS TO THE USE OF PLASTIC3.

Plastic is 85% lighter than other materials used to build cars, trucks, buses, trains and aircraft. This simplifies the logistics management of the product reducing expenditures during



#### REDUCED DETERIORATION OF FOODS STORED IN PLASTIC PACKAGING.

It is estimated that plastic packaging reduces food deterioration from 50% to 3%, making a substantial contribution to the reduction of food waste.

# **PLASTIC GUARANTEES:**



#### LOW IMPACT ON CLIMATE CHANGE

Plastic has a low environmental impact in the production phase due to its relatively low melting temperature and light weight.



# REDUCED USE OF SCARCE **RESOURCES**

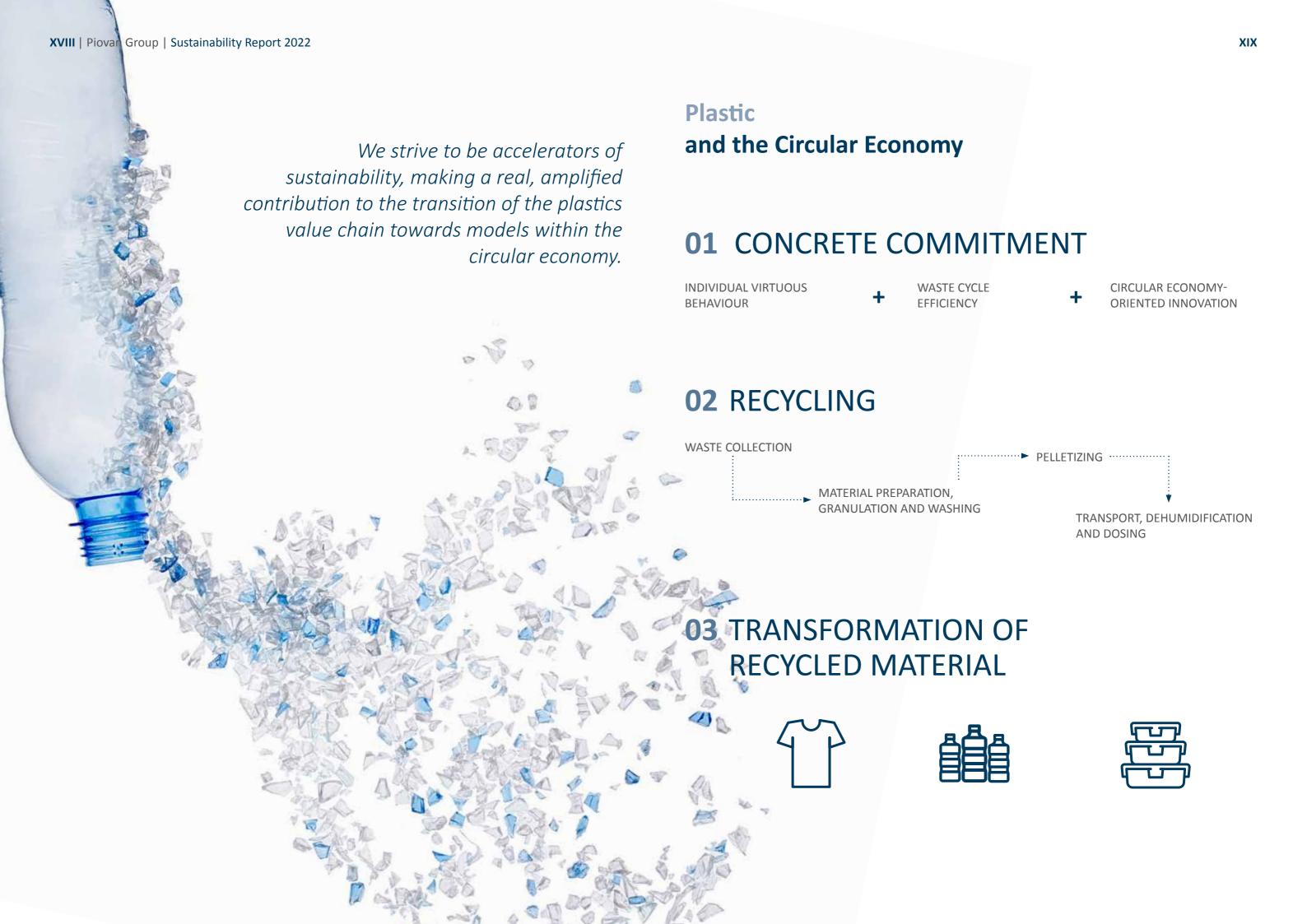
Plastic has a low impact on scarce resources as it can be made from processing waste material, be it virgin or recycled (unlike other types of packaging, such as paper, which may contribute to deforestation).

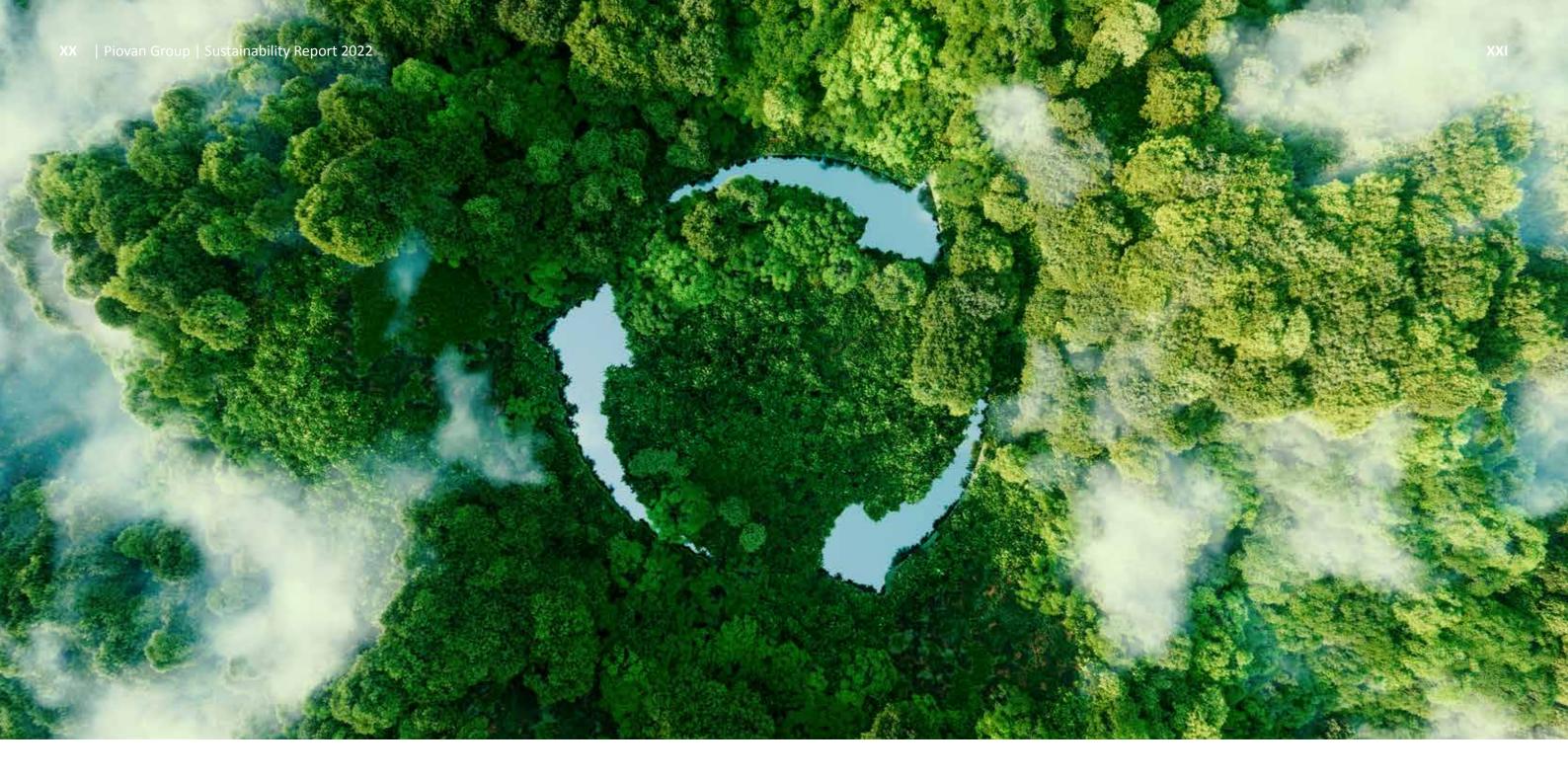


<sup>1.</sup> www.plasticseurope.org/download\_file/force/935/750

 $<sup>2. \ \</sup>underline{www.un.org/esa/forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forests/news/2019/03/on-internation-releases-10-facts-to-fall-in-love-with-facts-to-fall-in-love-w$ 

<sup>3.</sup> www.plasticseurope.org/download\_file/force/1355/419





Plastic is much more recyclable than people think; in fact, many of the plastic polymers can potentially be recycled to create new products while minimising environmental pollution.

However, this requires a concrete and coordinated commitment of the main players in the waste cycle and the circular economy.

Our goal is to provide customers with the best technologies possible in order to process recycled plastic to the highest quality standards, while optimising impact and providing reliable, well-designed and high-performance products.

# PIOVAN GROUP HAS THE AMBITION TO ACTIVELY CONTRIBUTE TO THIS BY:



RAISING AWARENESS AMONG
PLASTIC PRODUCERS AND
USERS ABOUT THE INCREASED
USE OF RECYCLED PLASTICS OR
BIOPLASTICS



PROVIDING THE MARKET
WITH UNIQUE PRODUCTS
DESIGNED FOR THIS PURPOSE



HELPING PARTNERS TO RESEARCH, COMMISSION, SUPERVISE, MONITOR AND MAINTAIN CUTTING-EDGE SYSTEMS

# The Piovan Group:

# accelerators of sustainability

# OUR APPROACH TO SUSTAINABILITY IS SUPPORTED BY THREE PILLARS:







# **ANALYSIS**

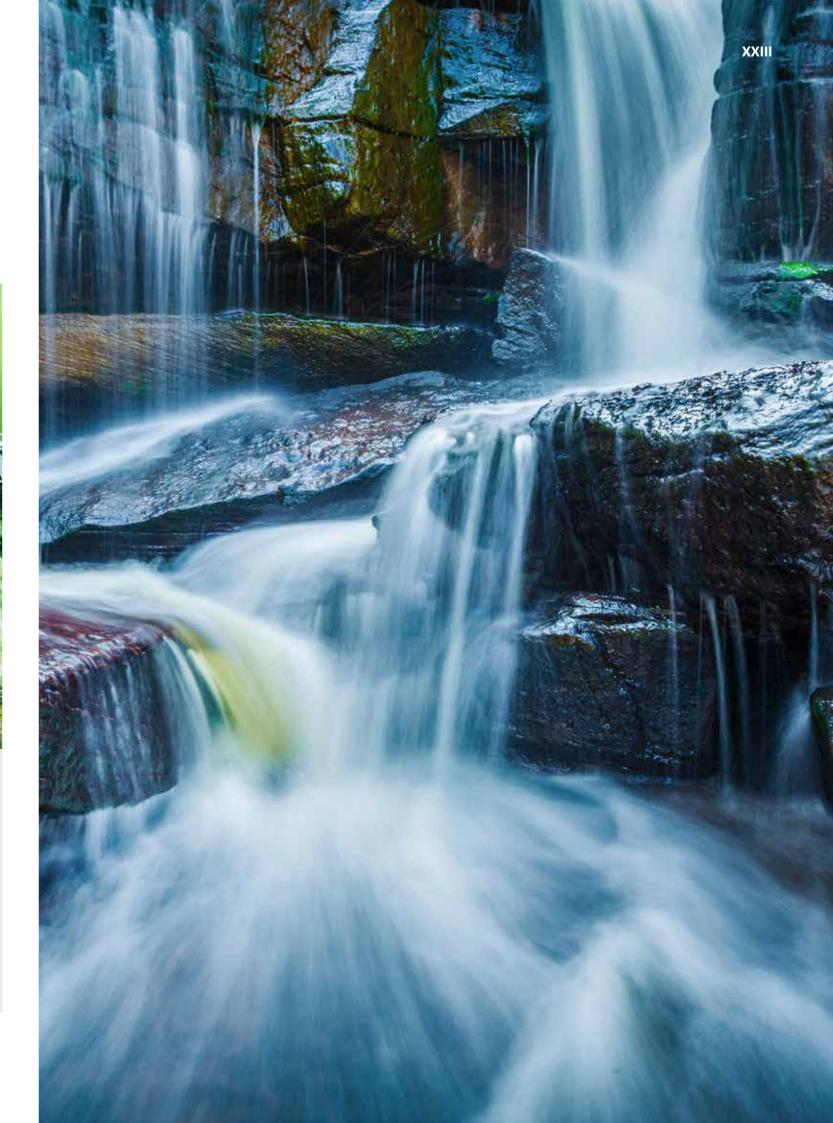
CRITICAL ANALYSIS
AND ASSESSMENT OF
SUSTAINABILITY PRACTICES
WITHIN THE GROUP AIMED
AT CONSTANT IMPROVEMENT
AND WITH A FOCUS ON
THE EMERGING NEEDS OF
TRANSFORMERS.

# INNOVATION

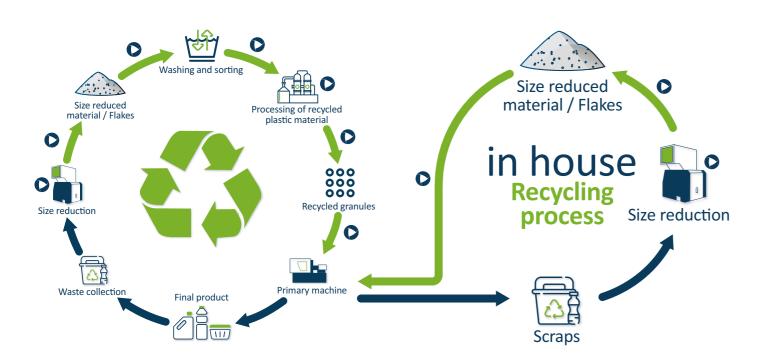
CONSTANT FOCUS ON PRODUCT AND PROCESS INNOVATION WITH A VIEW TO DEVELOPING TECHNOLOGIES AND OTHER SOLUTIONS FOR THE PROCESSING OF RECYCLED PLASTICS.

# **RAISING AWARENESS**

A COMMITMENT
TO DEVELOPING
INCREASED AWARENESS
OF SUSTAINABILITY
THROUGHOUT THE VALUE
CHAIN.



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Phases in which the Piovan Group is involved.

# PIOVAN GROUP IMPROVES ESG RATING FROM SUSTAINALYTICS

During 2022, the Piovan Group further confirmed its commitment to sustainable development through the improvement of its ESG Risk Rating issued by Sustainalytics- a Morningstar company, a leader in independent ESG research, rating and data that support investors in developing and implementing responsible investment strategies.

Sustainalytics has issued its opinion, attributing to the Piovan Group an ESG Risk Rating of 20.5 which places it in the Medium Risk category, improving by 1.4 points compared to the previous assessment (21.9 of 2021).

At the time of the rating, Piovan was ranked in the 27th percentile of all 15,561 international companies analysed by Sustainalytics and in the 5th percentile of only the companies in the Industrial machinery sector<sup>4</sup>.



# ESG RISK RATING





#### ESG Risk Rating Ranking - Dec - 22

Universe	Rank (1 <sup>st</sup> =lower risk)	Percentile (1st=lower risk)
Global Universe	4121/15561	27 <sup>th</sup>
Machinery industry	34/558	7 <sup>th</sup>
Industrial Machinery sub-industry	18/413	5 <sup>th</sup>
•		

4. for further details see chapter 1, paragraph 1.2.



# SUSTAINABILITY COMES OUT OF CONCRETE INVESTMENT



€18,500,000

R&D EXPENSES AND INVESTMENTS (3.5% OF TOTAL REVENUES)



279

PATENTS HELD BY THE GROUP, DIVIDED INTO 121 PATENT FAMILIES, OF WHICH 14 IN THE CIRCULAR ECONOMY



297

RESOURCES DEDICATED TO THE ENGINEERING & INNOVATION FUNCTION (+41% COMPARED TO 2021)

#### FOUR INNOVATIONS DEDICATED TO RECYCLED PLASTIC IN 2022 ALONE:

- **CONDENSO**, specially developed for the plastic recycling process, is able to remove VOC (Volatile Organic Compounds) from the process air during dehumidification using a unique energy recovery system;
- **SOFTBOOST**, a new patented Piovan air channelling system for preparation of the granule for transformation into a finished product specially designed for regenerated PET that reduces the thermal stress of the resin, resulting in a high quality product, and improves the energy efficiency of the process;
- **VULKANO**, a new portable instrument to measure the presence of VOCs released from recycled plastic in the process air and to monitor the saturation of filters, allowing maximisation of their life cycle and verifying of their effectiveness at any time;
- **EASYPURE** with ODOR MINDER technology, a post-consumer plastic deodorising system with intelligent integration of an "electronic nose" to control odour removal effectiveness and maximum energy efficiency.

### **RECYCLABILITY OF PIOVAN PRODUCTS**

The Group designs and makes products with an average useful life of 10-15 years and ensures high standards of post-sales service, including a retrofit service that increases a product's remaining useful life.

Once a machine is decommissioned, it can be dismantled for parts, which are over 86% recyclable.





# **Sharing**

# economic value with stakeholders

# **REVENUES BY BUSINESS LINE**

76% PLASTIC









15% SERVICES









9% FOOD & NON-PLASTIC









€531,395,000

TOTAL REVENUES AND OTHER INCOME

**€61,622,000** EBITDA

**€44,692,000** 



**€34,841,000**PROFIT FOR THE YEAR

# REVENUE BY GEOGRAPHICAL AREA



**36%** 

**8%**ASIA

**53%**NORTH AMERICA

**3**%

SOUTH AMERICA

€533,663,000

ECONOMIC VALUE GENERATED

€497,929,000

ECONOMIC VALUE DISTRIBUTED 93% OF THE TOTAL €35,734,000

ECONOMIC VALUE RETAINED 7% OF THE TOTAL





# Attention to suppliers and supply chains

DEVELOPMENT OF STRONG PARTNERSHIPS

more than **3,262**SUPPLIERS USED BY THE PIOVAN GROUP.



PRELIMINARY SUPPLIER
SCREENING AUDITS PURSUANT TO
THE STANDARDS REQUIRED BY THE
GROUP.



SHARING OF APPROPRIATE SUPPLY AND PROCUREMENT CONTRACTS.



SELECTION OF SUPPLIERS BASED ON CERTIFIED AND SHARED CRITERIA.

**278.8** Millions of Euro VALUE OF CHARACTERISTIC PURCHASES.



CONSTANT MONITORING OF SUPPLIER PERFORMANCE.

# **VOLUME OF PURCHASES IMPACTING THE SUPPLY CHAIN BY GEOGRAPHICAL AREA**



# **Attention**

# to the environment

The responsibility that derives from the impact of our operations on the environment is a fundamental part of our philosophy. To this end we orient our business towards actions and behaviour that are as ecologically sustainable as possible.

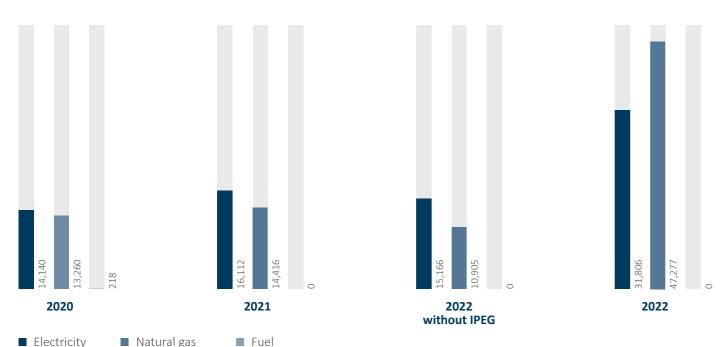
In this context, the path undertaken by Piovan S.p.A. for the certification of its environmental management system pursuant to the international standard UNI EN ISO 14001 took place on 07/12/2019 for the operational headquarters located in Santa Maria di Sala, Venice and renewed during 2022.

# MANAGEMENT OF ENERGY CONSUMPTION

#### TOTAL ENERGY CONSUMPTION WITHIN THE ORGANISATION (IN GJ)

	2020	2021	2022 without IPEG	2022
Total electricity consumed	15,129	17,513	16,711	33,352
Electricity purchased	14,248	16,204	15,451	32,092
of which from certified renewable sources	108	92	286	286
Natural gas	13,260	14,416	10,905	47,277
Fuel (diesel)	218	-	-	-
SELF-PRODUCED ELECTRICITY (I	N GJ)			
Electricity that is produced on site and consumed (from photovoltaic sources)	880	1,309	1,259	1,259
Electricity that is produced on site and fed back into the grid (from photovoltaic sources)	13	20	10	10

## CONSUMPTION FROM NON-RENEWABLE SOURCES IN GJ



# PIOVAN'S SUPPORT FOR CUSTOMERS' ENERGY EFFICIENCY

With a view to accelerating sustainability for our customers, we have established Energys S.r.l., a certified ESCo, which aims to do specific consultancy on everything that can lead to energy savings, be it related to the production of plastics or otherwise. Energys S.r.l., offers its customers services and technology to perform an in-depth analysis of consumption, identifying all potential savings, both energy and economic, within a company.

**1,605**WHITE CERTIFICATES
OBTAINED IN 2022

**11.392 GJ**CUSTOMER SAVINGS GENERATED

BY WHITE CERTIFICATES





# WATER CONSUMPTION MANAGEMENT

In our assembly process, water is not a resource that is used in the production cycle. It is not, for example, stored for future use, or used in products or for cooling purposes. As such, we have not identified significant impacts related to the use of water along the value chain, either in terms of consumption or discharge.

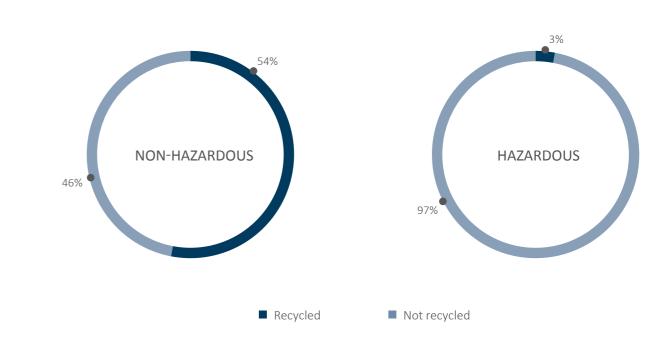
At all our production sites, the water comes from local public aqueducts, so all water management, treatment, discharge and purification is handled by the public utility company.

# WATER CONSUMPTION BY SOURCE TYPE (MEGALITRES)

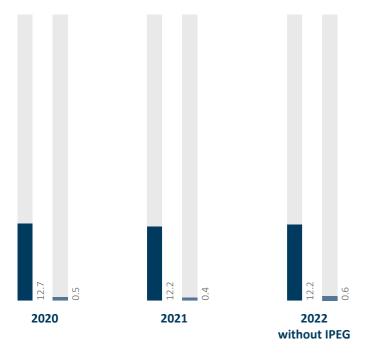
	2020	2021	2022 without IPEG	2022
Water from third parties- aqueduct	12.7	12.2	12.2	58.7
Groundwater	0.5	0.4	0.6	0.6
Total	13.2	12.6	12.8	59.3

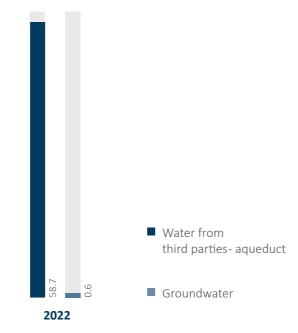
# **WASTE MANAGEMENT**

#### **WASTE RECYCLED IN 2022**



WATER CONSUMPTION IN MEGALITRES





751.5 t 9

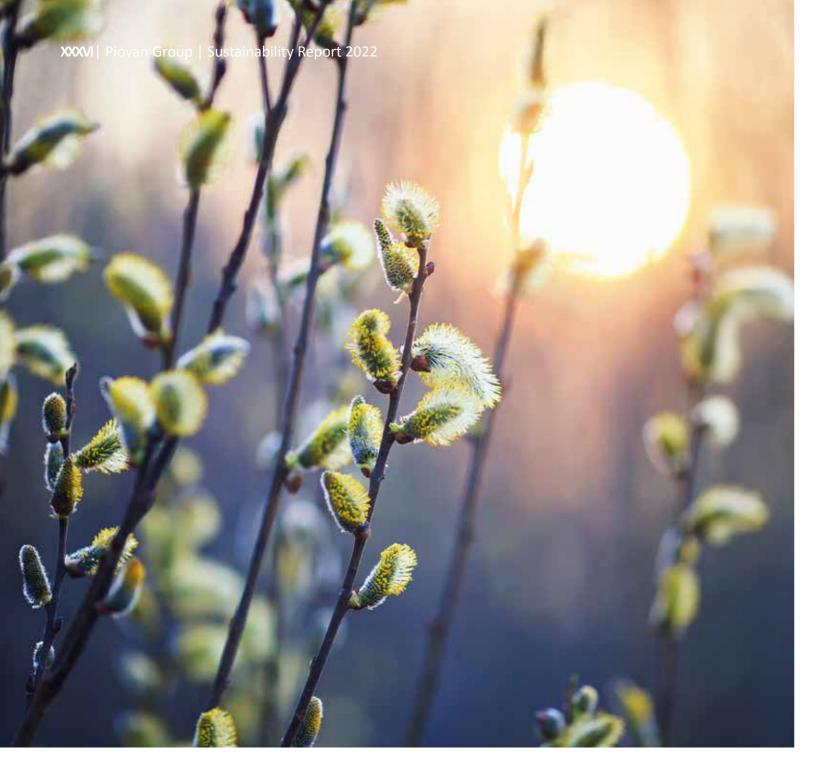
TOTAL WASTE COLLECTED IN 2022 WITHOUT IPEG

994.3 t

TOTAL WASTE COLLECTED IN 2022 WITH IPEG

-4%

REDUCED QUANTITY OF HAZARDOUS WASTE IN 2022 COMPARED TO 2021



*In 2022 the number of employees* increased by 51%, with a 53% increase in female workers compared to 2021.

1,804

**EMPLOYEES OF THE** PIOVAN GROUP

# 608

**NET INCREASE IN THE WORKFORCE IN 2022** 

117,706,000

THE VALUE DISTRIBUTED TO EMPLOYEES IN THE FORM OF SALARIES, WAGES, SOCIAL SECURITY CONTRIBUTIONS AND BENEFITS

TOTAL PIOVAN GROUP EMPLOYEES BY CATEGORY AND GENDER

			2020			2021			2022
	male	female	total	male	female	total	male	female	total
Managers	28	2	30	26	1	27	38	3	41
Junior Managers	63	9	72	63	8	71	94	14	108
White Collars	503	164	667	523	173	696	788	254	1,042
Blue collars	371	8	379	387	15	402	582	31	613
Total	965	183	1,148	999	197	1,196	1,502	302	1,804

# **Attention**

# to collaborators

People are at the core of our values and of the way we do

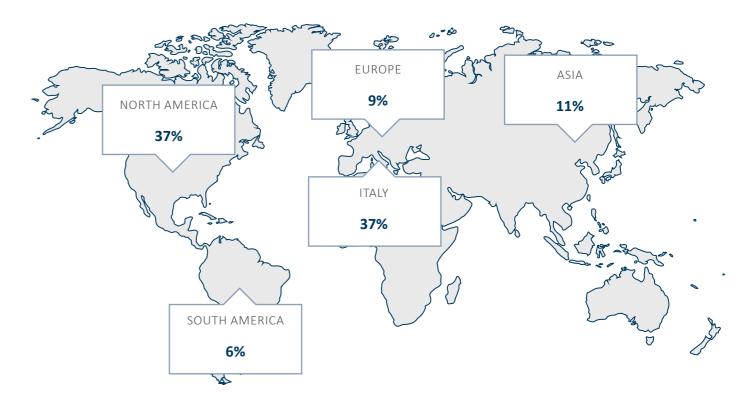
All human resource management and development is carried out with a view to fostering the skills, potential and commitment of every employee, using objective and documented evaluation

To increase inclusion, we promote the responsible participation

and engagement of our staff, including by way of social dialogue, and we ensure free association with trade unions and the right to collective bargaining.

We strive to maintain a constructive dialogue with the trade unions and with all other organisations that represent Piovan employees around the world.

#### PERCENTAGE DISTRIBUTION OF EMPLOYEES BY GEOGRAPHICAL AREA

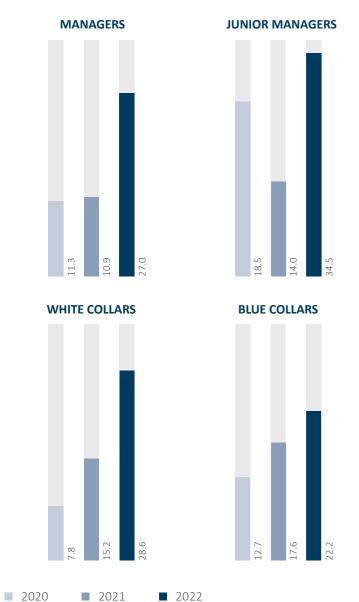


# People are essential and so is their development.

For us, investing in training does not only mean accompanying the employee in the initial phase, but following him or her along a path of continuous learning distributed over time. Developing and sharing skills are key factors for business success. This is why we focus not only on technical skills (in both production and in the service area) but also on soft skills like team working and change management.

For this reason, the average per-capita training hours carried out by the Group in 2022 reached up to 69% more than 2021.

# AVERAGE TRAINING HOURS PER CAPITA BY PROFESSIONAL CATEGORY FOR THE PIOVAN GROUP





#### TRAINING AND DEVELOPMENT

48,202

HOURS OF TRAINING PROVIDED IN 2022

13,391

HOURS OF TRAINING PROVIDED TO NEW RECRUITS

5,420

HOURS OF TECHNICAL TRAINING

5,152

PRODUCT TRAINING HOURS (INDUSTRY SECTORS, WINFACTORY)



The establishment of the **Group Academy**, which took place in 2021, made it possible to combine technical-specialist training and transversal training activities within a single entity, in order to optimise the time, costs and methods used in the analysis of training needs, as well as the dissemination of a globally shared corporate culture.

#### **OCCUPATIONAL HEALTH AND SAFETY**

The safety and health of our employees come first.

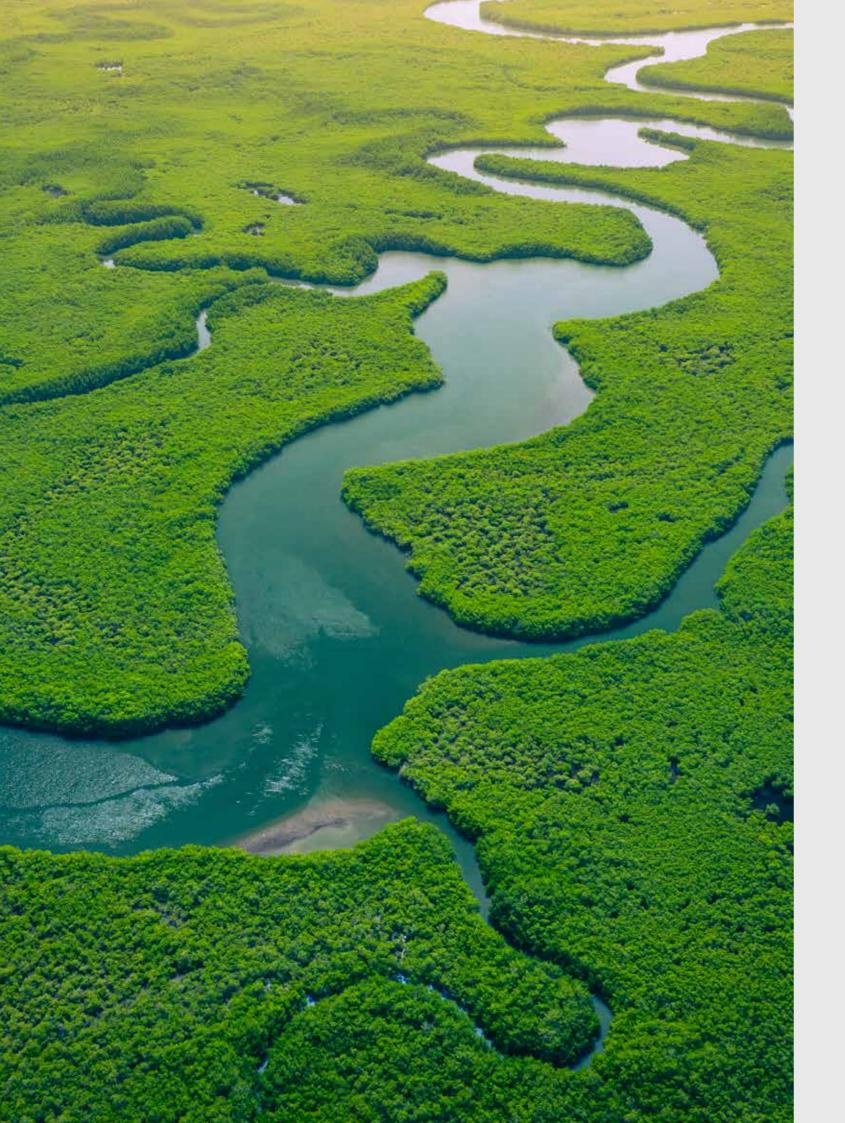
For us, creating a safe and comfortable workplace means not only ensuring full compliance with laws and regulations, but also working constantly to draw up and keep up-to-date a comprehensive risk analysis and disseminating a health and safety culture.

As a confirmation of our commitment to occupational health and safety, Piovan S.p.A. achieved ISO 45001:2018 certification on 26/11/2019 for the offices, production site and warehouse of the operating unit located in Santa Maria di Sala, Venice. In 2022, Piovan S.p.A. passed the four-year surveillance control to maintain the certification.

#### **ACCIDENT RATES**

	2020	2021	2022 without IPEG	2022
Recordable occupational injuries	13	12	15	25
of which fatal	-	-	-	-
of which with serious consequences	1	-	-	-
of during commute	-	-	-	1
Days lost due to accidents	205	144	119	132
No. of cases of occupational illnesses	-	-	-	-
Rate of death due to occupational accidents	-	-	-	-
Rate of occupational accidents with serious consequences (excluding deaths)	0.54	-	-	-
Rate of recordable occupational accidents	6.97	5.34	6.45	7.72





# Sustainability Report

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# Commitment to a circular economy

Protecting the environment has become an issue of great importance around the world. Issues regarding climate change, scarce resources and supply shortages require companies to use materials reasonably and efficiently.

# | Piovan Group | Sustainability Report 2022

Protecting the environment has become an issue of great importance around the world. Issues regarding climate change, scarce resources and supply shortages require companies to use materials reasonably and efficiently.

The challenges we are currently facing concern the:

#### **CLIMATE CHANGE.**

THE FACTORS MOST AFFECTING CLIMATE CHANGE ARE:

- THE USE OF FOSSIL FUELS;
- DEFORESTATION;
- INTENSIVE ANIMAL FARMING.

In this context, plastic plays a positive role by having a low environmental impact in its production phase. The relatively low melting temperature of this lightweight material means that transforming plastic from a raw material into a finished product has less of an impact on the environment compared to other materials, such as glass or aluminium.

For example, the energy needed to make a glass bottle is approximately 33 times more than the energy needed to make a plastic bottle.

Furthermore, given that plastic is a light material, using it in transport vehicles reduces the environmental impact of fuel consumption. In fact, plastic is 85% lighter than other materials<sup>1</sup>, significantly reducing the energy consumption of cars, commercial vehicles, trains, buses and planes.

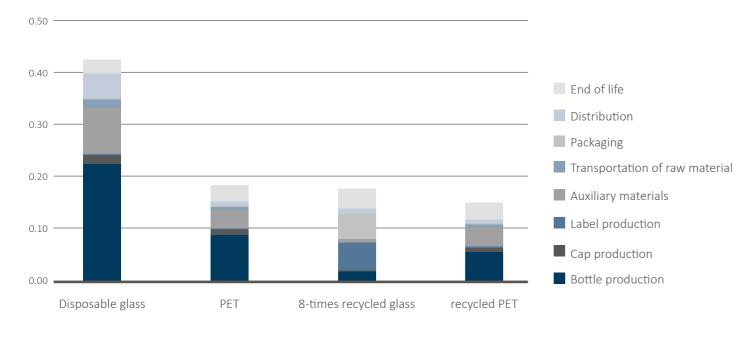
A car that is 100 kg lighter emits up to 1 kg less CO<sub>2</sub> for every 100 km driven, which is equal to the amount absorbed by one tree every 2.5 days<sup>3</sup>.

The drive towards decarbonisation is also being made easier by plastics. In fact, polymers are widely used in consolidated renewable energy generation systems - e.g., protective films for solar panels, PV inverter capacitor dielectrics, and electrical insulators in general- in addition to several new technologies, including flexible<sup>4</sup> solar panels and new, efficient, and lightweight wind turbines.

In addition, new technopolymers - which have innovative electrochemical properties, are lightweight, and boast mechanical and thermal resistance - play a key role in the development of sustainable mobility.

E-mobility - and specifically the automotive sector's transition to electric vehicles - cannot be achieved without replacing heavy metal components with new, lightweight, cutting-edge technical polymers.

#### COMPARISON BETWEEN 1-LITRE MILK BOTTLES, IN KG CO, EQ<sup>5</sup>



<sup>1.</sup> PlasticsEurope AISBL- "Plastica- un nuovo modo di pensare l'energia"

6. "[...]semi-finished thermoplastic fibre composite[...]", https://tu-dresden.de/ing/maschinenwesen/ilk/das-institut/news/neuartige-wasserstoffdruckspeicher-fuer-optimale-integrationin-fahrzeugstruktur?set\_language=en



<sup>2.</sup> PlasticsEurope AISBL- "Automotive The world moves with plastics"

 $<sup>3.\ \</sup>underline{www.un.org/esa/forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forests/news/2019/03/on-international-day-unece-fao-forestry-and-timber-section-releases-10-facts-to-fall-in-love-with-forestry-and-timber-section-releases-to-fall-in-love-with-forestry-and-timber-section-releases-to-fall-in-love-with-f$ 

<sup>4.</sup> https://www.sciencedirect.com/science/article/pii/S1369702107702766

 $<sup>5. \ \</sup>underline{https://www.oecd-ilibrary.org/sites/de747aef-en/1/3/2/index.html?itemId=/content/publication/de747aef-en\&\_csp\_e9020c542dd024467e760066b0abe328\&itemIGO=oecd\&itemC}$ 

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#### **SCARCE RESOURCES**

Examples of scarce resources include forests, drinking water and food, because they are limited natural resources.

Plastic, on the other hand, has a low impact on scarce resources as it can be made from processing waste material, be it virgin or recycled (unlike other types of packaging, such as paper, which may contribute to deforestation). Its use also helps to preserve other scarce natural resources. It is estimated that the use of plastic packaging reduces food deterioration from 50% to 3%.

## **ENVIRONMENTAL POLLUTION**

Many polluting substances used for domestic and industrial purposes are dispersed into the soil, sea and atmosphere. These polluting substances include plastic, which can take hundreds of years to break down once dispersed into the apprirement.

However, a lot of plastic polymers can potentially be recycled to create new products, thus minimizing environmental pollution. From this point of view, it's important to implement an awareness-raising policy with regard to the conscious use of plastics, so that waste materials may also be considered a resource. This is a key prerequisite for a circular economy.

Following amendments to EU legislation on plastic production and use, the market could start to favour the use of recycled plastics, to the detriment of traditional plastics.

This potential change, dictated by EU legislation, represents an opportunity for Piovan S.p.A. ("Piovan", the "Company" or the "Parent Company") and for its subsidiaries (together with Piovan, the "Group" or "Piovan Group"). In fact, the Group, which has always been attentive to the use of recycled material, will now be able to offer cutting-edge machinery on the market that will be able to recycled material in a much higher percentage than required by the European directive in order to increasingly encourage the circular economy.

The Group has a strategic advantage over its competitors, both in terms of technology and time-frame.

01 CONCRETE COMMITMENT

INDIVIDUAL VIRTUOUS BEHAVIOURS

+

WASTE CYCLE EFFICIENCY

+

INNOVATION ORIENTED TOWARDS
THE CIRCULAR ECONOMY

**02** RECYCLING

WASTE COLLECTION



MATERIAL PREPARATION,
GRANULATION AND WASHING



**PELLETIZING** 



TRANSPORT,
DEHUMIDIFICATION AND DOSING

TRANSFORMATION OF RECYCLED MATERIAL







# 1.1 The Piovan Group Strategy

The strategy remains in line with previous years as it is rewarded by the results obtained and customer feedback.

#### PIOVAN GROUP IS ALREADY PARTICIPATING IN THE CHANGE PROCESS IN THE FOLLOWING WAYS:



CRITICALLY ANALYSING
ITS PRACTICES



#### CONTINUALLY INNOVATING

ITS SERVICES WITH THE UTMOST
ATTENTION TO TECHNOLOGIES
FOR THE PROCESSING OF
RECYCLED PLASTIC AND
BIOPOLYMERS WITH MINIMUM
TCO FOR THE CUSTOMER



#### **RAISING AWARENESS**

AMONG ITS CUSTOMERS
ON THE USE OF SOLUTIONS
THAT FORM PART OF THE
CIRCULAR ECONOMY AND
ON ENERGY SAVING

# CRYSTALLISER CONDENSO VULKANO CYCLONE FILTER



Example of a Piovan Group system for the treatment of recycled raw material.

Since 2006, the Group has supplied equipment and systems for over 350 plants dedicated to recycling plastics or using recycled plastics.

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With (EU) Directive 2019/904, Europe is introducing a range of new regulations, including one that requires all PET bottles to contain at least 25% recycled plastic from 2025 and one that requires all beverage bottles to contain 30% recycled plastic from 2030.

The ambition of Piovan Group is to contribute to the achievement of this objective by raising awareness among its partners and helping them to reach 50% and 60% automation specifically for the use of recycled PET plastic in the packaging sector.

**EU OBJECTIVES** 

**25%** RECYCLED PLASTIC IN PET BOTTLES BY 2025

RECYCLED PLASTIC IN PET BOTTLES BY 2030

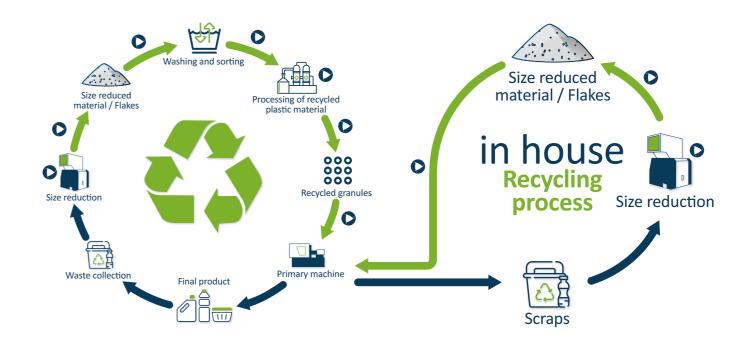
PIOVAN GROUP'S OBJECTIVES

50%

AUTOMATIONS FOR THE USE
OF RECYCLED PET PLASTIC IN
PACKAGING BY 2025

60%

AUTOMATIONS FOR THE USE
OF RECYCLED PET PLASTIC IN
PACKAGING BY 2030



Developing solutions for a circular economy can be fairly technologically complex, due to the variability of raw materials, which can differ greatly in comparison to oil, for example. In fact, vast chemical-physical differences are often found in raw materials, including within individual batches.

As such, systems need to be able to manage these differences while continuing to deliver products of a very high quality.

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In order to do so, we rely on three pillars:

# 01

# **DEVELOPMENT**

THE DEVELOPMENT OF SPECIFIC PRODUCTS FOR THE RECYCLING CHAIN.

Genesys Next, Inspecta and Winfactory- already mentioned in the 2021 sustainability report- are joined by new products resulting from Piovan's continuous innovation in line with the Sustainability strategy. They are:

- **CONDENSO**, specially developed for the plastic recycling process, is able to remove VOC<sup>7</sup> from the process air during dehumidification using a unique energy recovery system;
- **SOFTBOOST**, a new patented Piovan air channelling system for preparation of the granule for transformation into a finished product specially designed for regenerated PET that reduces the thermal stress of the resin, resulting in a high quality product, and improves the energy efficiency of the process;
- VULKANO, a new portable instrument to measure the presence of VOCs released from recycled plastic in the process air and to monitor the saturation of filters, allowing maximisation of their life cycle and verifying of their effectiveness at any time;
- **EASYPURE** with ODOR MINDER technology, a post-consumer plastic deodorisation system with smart integration of an "electronic nose" to control the effectiveness of odour removal while ensuring maximum energy efficiency.

# 02

# **RAISING AWARENESS**

RAISING AWARENESS AMONG ITS CUSTOMERS ON THE ISSUES OF GOOD PLASTIC DERIVED FROM RECYCLING OR FROM PLANT-BASED RAW MATERIALS.

7. Volatile Organic Compounds.

# N3 SUPPORT

SUPPORT, TO GUARANTEE QUALITY AND EFFICIENCY ACROSS ALL SYSTEM LIFE STAGES:

- design
- installation
- start-up
- preventive and corrective maintenance

The proximity to the customer of trained technicians is crucial in the success of Piovan Group especially for solutions related to the use of post-consumer plastic. In fact, correct maintenance of the systems maximises their life and ensures a safe and quality finished product.

Remote assistance and skills development solutions complement the Group's strategy.

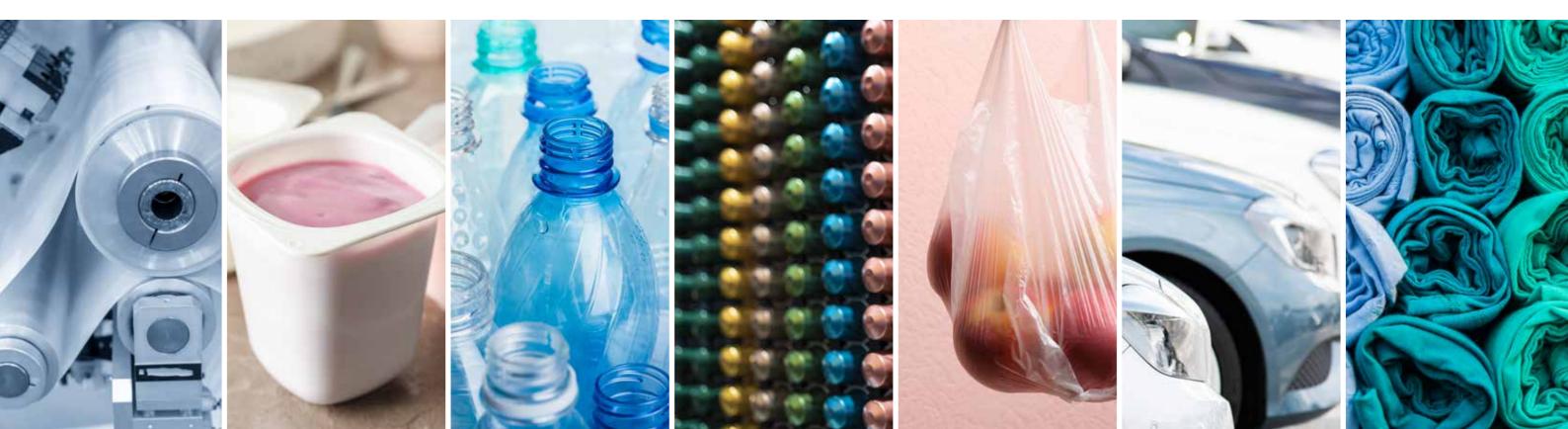
The Academy was set up in 2021 to offer various types of training:

- hands-on with periodic sessions on a dedicated system
- remote thanks to the state-of-the-art LMS platform
- ad hoc training (such as the module that will be launched in 2023: "Best practices for the production of packaging with recycled plastic").

All these activities are designed to guarantee maximum competence to 310 technicians throughout the Piovan Group and know-how in the use of the system to the final customer.







The widest possible distribution of 'circular economy friendly' products is key to sustainability. In a world in which global plastic recycling is still limited, the challenge is to create a supply chain capable of recovering, transforming and reusing a raw material with one the best ecological footprints, if employed properly.

The social drive towards replacing plastic with other packaging materials for food and drink moves the problem away from environmental pollution and towards greenhouse gas emissions.

The most promising strategy involves improving plastic recycling rates by changing consumer habits and creating an efficient collection chain.



Millions of tons of CO<sub>2</sub> emitted into the atmosphere if every 500 ml PET bottle produced in the UK in 2016 were replaced with packaging using other materials8.

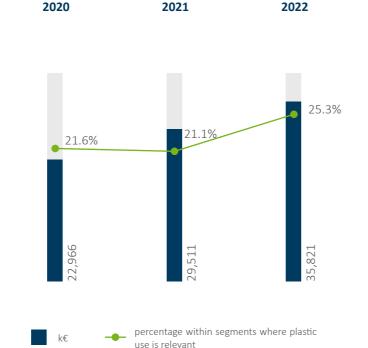
THE PIOVAN GROUP AIMS TO ACTIVELY CONTRIBUTE TO:

- RAISING AWARENESS AMONG PRODUCERS AND THEIR USERS ON THE INCREASING USE OF RECYCLED PLASTIC OR BIOPLASTICS.
- PROVIDING UNIQUE PRODUCTS ON THE MARKET DESIGNED FOR THIS PURPOSE.
- SUPPORTING ITS PARTNERS IN THE STUDY. COMMISSIONING, SUPERVISION AND MAINTENANCE OF STATE-OF-THE-ART SYSTEMS.

In 2022, the Group estimates that approximately 25.3% of its revenues within segments where the use of recycled plastics is relevant (mainly packaging, fibres, recycling and compounding) will be related to circular economy activities. This value is growing significantly both as an impact on turnover (in 2021 the share was 21.1%) and as an absolute value, reinforcing a positive trend already present in previous years.

In confirmation of the above, it should be noted that during the year, the Piovan Group - through the subsidiary Pelletron, Inc.- was awarded a major order by NatureWorks- the world's leading producer of biopolymers- for the automation of a new fully integrated plant located in Nahkhon Sawan Biocomplex in Thailand, with a production capacity of 75,000 mt of material per year. This will be the second facility in the world built by NatureWorks to produce polylactic acid ("PLA"), sold under the Ingeo™ biopolymer brand, after Blair (Nebraska), built in 2002 and expanded in 2013. PLA is a biopolymer capable of bringing environmental benefits, being produced from renewable resources. It is obtained by the polymerisation of lactic acid, which is produced through the fermentation of sugars derived from plants.

# **REVENUES IN THE CIRCULAR ECONOMY**



Sustainalytics has issued its opinion, attributing to the Piovan Group an ESG Risk Rating of 20.5 which places it in the Medium Risk category, improving by 1.4 points compared to the previous assessment (21.9 of 2021).



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At the time of rating, Piovan ranked 27th among all 15,620 international companies analysed by Sustainalytics and 5th among industrial Machinery companies.

The improvement for Piovan Group occurred in almost all of the indicators examined: Corporate governance, Business Ethics, Product Governance, Human Rights, Supply Chain, Carbon, Own Operation, Occupational, Health and Safety. The good results are attributable to a series of specific actions taken by the Group in line with the company's strategic objectives of growth and differentiation, being attentive to professional ethics, human rights, health and safety, human capital.

In addition to the improvement of the ESG Rating, Piovan wins for the second consecutive year the "Industry Top Rated" badge and ranks among the Top 50 companies in the industrial sector.

Both the rating and the Industry Top Rated 2023 badge are reviewed once a year, and the Group intends to maintain and improve its ranking in the future.

For further details, the abstract of the report is published on the Sustainalytics website at: <a href="https://www.sustainalytics.com/esg-rating/piovan-spa/2002586028">https://www.sustainalytics.com/esg-rating/piovan-spa/2002586028</a>

#### **ESG RISK RATING**



NEGL

0-10

10-20

**20.5**UPDATED 15 DECEMBER, 2022

-1.4

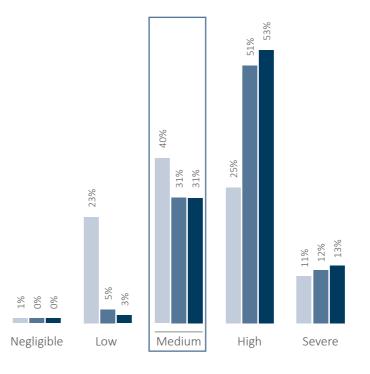
MOMENTUM

# LOW MED HIGH SEVERE

30-40

20-30

# **ESG RISK RATING DISTRIBUTION**



#### ESG Risk Rating Ranking - Dec '22

Universe	Rank (1 <sup>st</sup> =lower risk)	Percentile (1 <sup>st</sup> =lower risk)
Global Universe	4121/15561	27 <sup>th</sup>
Machinery industry	34/558	7 <sup>th</sup>
Industrial Machinery subindustry	18/413	5 <sup>th</sup>



# 1.3 Piovan product recyclability

During 2022, the Group also continued to actively invest in the fight against climate change, aware that the topic will become increasingly relevant to the Company and is a requirement for thinking differently and responsibly about business. Europe in particular, but also the United States, continues to push towards the "green" transition from a linear economy to a circular economy, where products are managed cyclically to reduce and avoid waste. In the future, demand will increase for products that achieve more with less. Against this backdrop, the Piovan Group designs and creates products with an average useful life of 10-15 years, which are generally replaced by the introduction of higher performance products, rather than because of limits to their functionality. In addition, all new generations of machines incorporate functions that, under certain conditions, whether they are environmental or productive, allow consumption to be optimised. Obviously this has become even more strategic in light of the global energy crisis that has sent energy prices soaring which have on average doubled.

The Group's policy also consists of providing customers with high-quality after-sales service that includes, among other aspects, a particularly wide range of replacement parts for products in production, in addition to a "retrofit service". This enables the creation of exchange kits for machines that are no longer in production but still used by customers, and further extends the useful life of its products.

It is not unusual for these activities to be performed on machines and plants that have been in service for more than 20



years. Such retrofit kits are obviously also intended to improve the energy performance of obsolete machines.

Once a machine is decommissioned, it can be dismantled for parts (mainly metal), which are over 85% recyclable. Since last year, the Group has included among its monitoring activities a technical analysis on the degree of recyclability of the materials of which the various products placed on the market are composed. For 2022, it is confirmed that the recyclability data are in line with 2021. Regarding the Parent Company Piovan S.p.A., it was found that, by analysing 81% of the product shipped in 2022, 86% can be entirely recycled if properly disposed of.

The continued high costs of all metallic raw materials have contributed to further increasing the intrinsic end-of-life value of the Piovan product, boosting the economic convenience for the Group's customers to dismantle and recycle Piovan equipment at the end of its life.

# **OUR CIRCULAR APPROACH IS EMBODIED IN THE FOLLOWING ACTIONS:**



MATERIAL SELECTION AND PRODUCT DESIGN STUDY EMPHASISING LONGEVITY, DURABILITY, REPAIRABILITY, MODULARITY, DISASSEMBLY AND RECYCLABILITY



REDUCTION IN THE USE OF VIRGIN RAW MATERIALS TO PROMOTE THE USE OF USED, RECYCLED OR RENEWABLE RESOURCES AND THE REPLACEMENT OF HAZARDOUS MATERIALS WITH EQUIVALENT ONES THAT ARE NOT



WITHDRAWAL OF USED,
PRODUCTS AND THE
CREATION OF PROGRAMS
FOR THE COLLECTION OF
USED PRODUCTS TO AVOID
ALLOCATING POSSIBLE
RESOURCES TO DISPOSAL

These aspects are all reflected in the products and services Piovan Group offers its customers

In 2022, the project to dematerialise the distribution of machine manuals was finalised. Previously supplied by means of a CD with the machines, they can now be downloaded from a dedicated portal by filling out a form or simply by scanning the QR code on the machine's data plate. Manual of paperless products available from the online portal via QR code.



Manual of paperless products available from the online portal via QR code.



# 1.4 ENERGYS S.R.L.

The Piovan Group incorporated Energys S.r.l., a certified ESCo, aiming to offer Group customers specific advice on what they can do to save energy, whether this is related to producing plastic or other materials.

The Italian Legislative Decree No. 102 of July 4, 2014, implementing Directive 2012/27/ EU on energy efficiency, states that large companies and energy-intensive businesses must carry out an energy audit every four years. The decree also stipulates that the assessment must be carried out by an ESCo (Energy Service Company).

Energys S.r.l., a consolidated company of the Piovan Group, was founded in 2012 and specializes in the energy sector, being a certified ESCo (UNI CEI 11352:2014). The company offers services and technologies to allow its customers to carry out detailed analyses of their energy consumption, identifying any potential energy or financial savings within the Company. Specifically, it deals with:

- MONITORING AND ANALYSIS OF ENERGY EFFICIENCY
- ENERGY AUDITS
- OBTAINING WHITE CERTIFICATES
- SUPPORT TO THE ACHIEVEMENT OF LOANS AIMED AT ENERGY SAVING

The work carried out by Energys is widely applicable to the industrial sector, and particularly to the plastics and food industries- the core business of the Piovan Group.

As such the Group not only designs and develops machines with the most advanced energy efficiency systems available on the market, but also offers services aimed at further reducing the environmental impact of its customers' production processes.

#### WINENERGY MONITORING

Energy monitoring is becoming a very important aspect for both small and large industrial companies as energy-related costs, until recently negligible, are increasingly and decisively having an impact. In this context Energys is perfectly integrated through the energy monitoring software that allows analysis of the company's energy consumption, guaranteeing targeted

and effective interventions on inefficiencies.

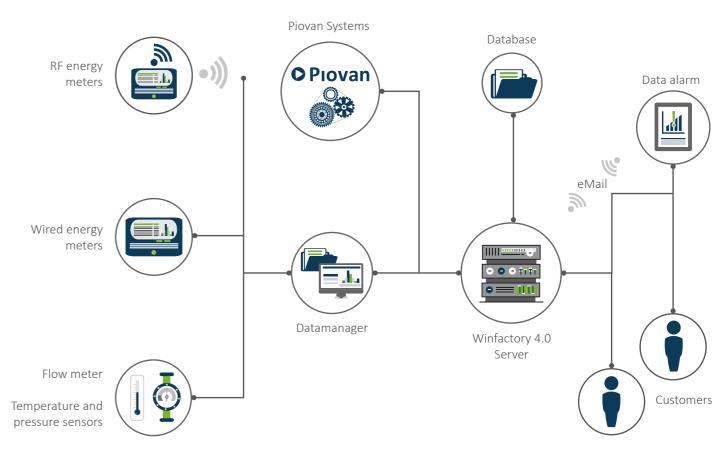
Also in 2022, in fact, the awareness of this aspect allowed Energys to support several companies, both in Italy and around the world, in the development and/or expansion of monitoring systems.

#### **ENERGY MANAGEMENT**

Monitoring production activities makes it possible to efficiently manage energy consumption with a view to reducing emissions while simultaneously achieving financial benefits and savings.

The Piovan Group moves into this area with Winenergy, a system that controls and analyses consumption using proprietary software.

#### WINENERGY ARCHITECTURE



The Winenergy monitoring systems allow real time measurement of the quantities of energy carriers and flows used by the Company: electricity, fluid flow (e.g. natural gas, compressed air, water), temperature and pressure. They therefore allow analysis of the energy performance of not only individual users, but also of entire production lines and sites.

The aim is to identify energy consumption centers and map the Company's energy efficiency status, helping to identify inefficiencies.

This makes it possible to carry out evaluations and formulate hypotheses to improve the efficiency of the process in question.

A feasibility study evaluates the following:

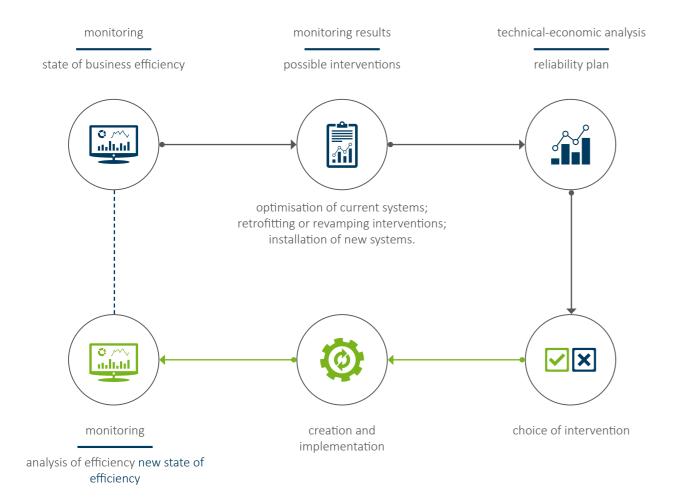


the potential benefits, both in terms of reduced consumption and financial advantages



the payback time of the investment identified

Energys S.r.l. allows its customers to comply with energy audit legislation as per regulation UNI CEI EN 16247.



#### **EXAMPLES AND CASE STUDIES**

As in previous years, also in 2022 Energys supported its client company in obtaining funding within the Piedmont project "Sustainable energy and quality of life" F.E.S.R. 2014/2020 in the reporting of the energy savings obtained in the previous year (2021) related to various energy efficiency interventions; in particular, the lighting system was modified with the adoption of LED lights and better performing compressors were introduced. With the refurbishment of the compressor room, a heat recovery system was also implemented to heat the offices, allowing a significant reduction in thermal energy consumption.

Overall, the entire project resulted in the 237,473 kWh less electricity and 3,251 kWh less heat being consumed.

In addition, Energys as a certified ESCo, in carrying out the Energy Diagnosis in compliance with the obligation to perform an energy diagnosis, allowed a client company to study a number of solutions that could optimise their energy consumption and to propose solutions that were feasible and acceptable both from a technical and an economic point of view, evaluating the return times of the investment

The interventions proposed with a view to energy efficiency include: replacement of the current refrigeration unit with the installation of a new Aquatech chiller and replacement of the lighting system with an LED system, thus allowing an estimated annual saving of 67,330 kWh and 48,788 kWh respectively. Both interventions have a return time of less than 3 years. Considering the benefits that have been obtained with this approach, the customer will probably perform the interventions identified in the diagnosis in order to reduce the company's energy consumption with a view to following its environmental and economic sustainability policy.

For the Santa Maria di Sala Headquarters Energys actively supported the parent company Piovan in the project to expand the photovoltaic system by arranging for an increase in installed power from the current 160 kW to 1,100 kW in the Piovan plant and from 160 kW to 250 kW in the Aquatech plant.



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# WHITE CERTIFICATES

White certificates, also known as Energy Efficiency Certificates (EEC) are tradable certificates that certify the achievement of energy end-use savings through energy-efficiency operations and projects

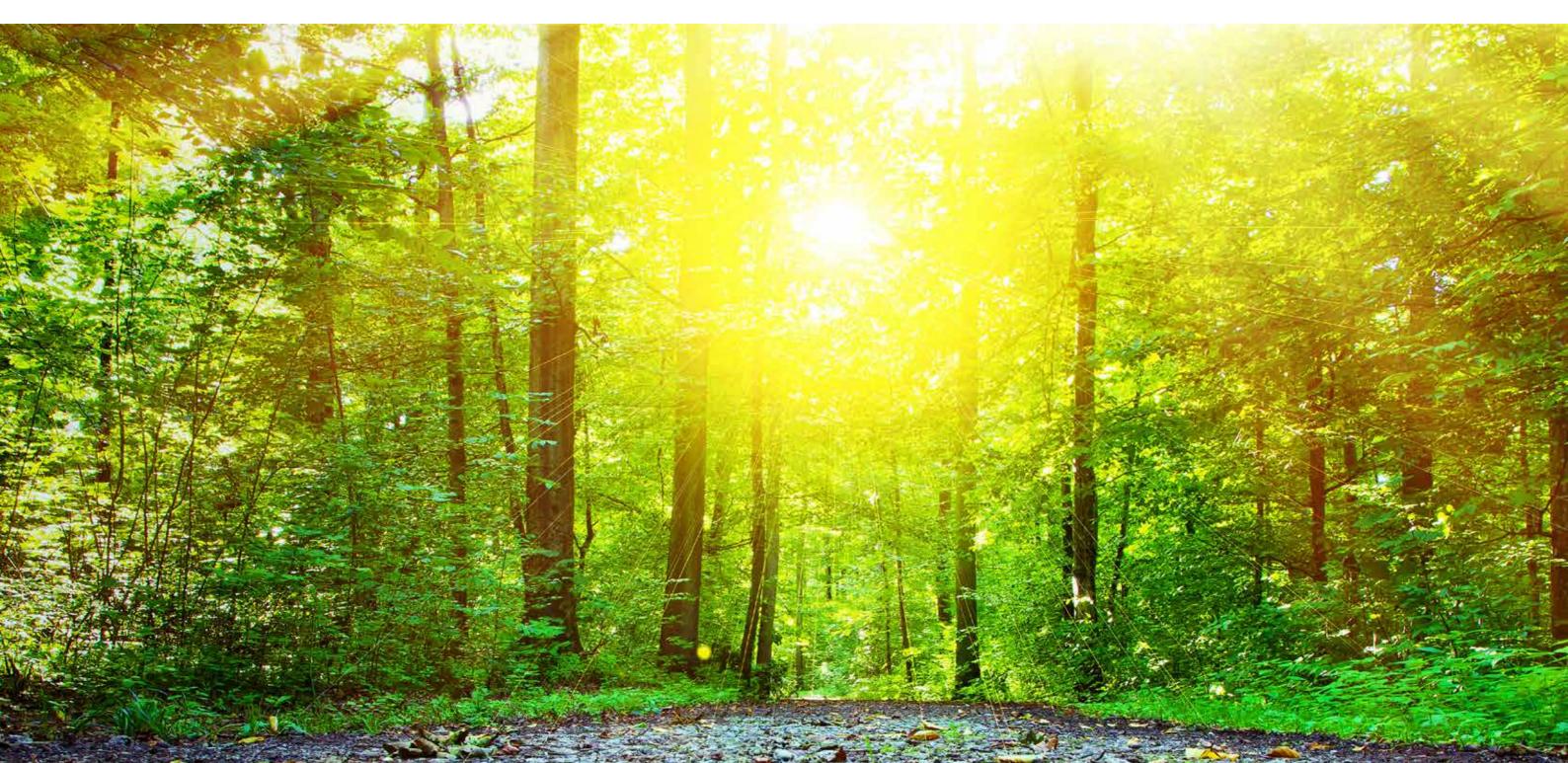
Energys, as a certified ESCo, is authorized to manage the process for obtaining white certificates, which is done by

presenting projects and operations necessary for their award. During 2022 Energys S.r.l. obtained 1,605 EECs, allowing its customers to save 11,392.08 GJ.



IN 2022, THE PIOVAN GROUP, THROUGH ENERGYS, HELPED TO REDUCE CO<sub>2</sub> EMISSIONS BY 2,654 EQUIVALENT ACRES OF FOREST<sup>12</sup>

12. 11,392 GJ converted with <a href="https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator">https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator</a>





2

# Management business model and organisation of company activities

A world leader in the development of production process automation systems for the storage, transport and treatment of polymers, recycled polymers, bioplastics and the main food powders.

Continuous technical support on a global basis to ensure the optimal operation of its installed products.



#### THE PIOVAN GROUP IN A NUTSHELL:



# 531 million Euro

TOTAL REVENUE AND OTHER INCOME FOR 2022



# 6 million Euro

SHARE CAPITAL (FULLY PAID-UP)



# 1,804

EMPLOYEES: OF WHICH 672 IN ITALY, 660 IN NORTH AMERICA AND 472 IN THE REST OF THE WORLD



# 14

PRODUCTION PLANTS IN 4 CONTINENTS, OF WHICH 5 IN ITALY, 5 IN THE US, AND 4 IN GERMANY, BRAZIL, CHINA AND INDIA RESPECTIVELY

Costante Piovan & Figli originated in Padua in 1934 as a mechanical workshop named after its founder. In 1964, Piovan introduced the first auxiliary polymer processing equipment to the Italian market. In 1997 it became a joint-stock company and assumed its current name of Piovan S.p.A., with registered office in Via delle Industrie 16, Santa Maria di Sala (VE).

Piovan has strengthened its leadership position worldwide. At the end of 2014, the Group welcomed Penta, a company operating in the plastic industry and food sector. During 2020, the Group consolidated its position in food processing by acquiring a majority stake in Penta. Aquatech has been operative since January 2015 and is a new company specialising in industrial refrigeration. Energys was created to offer energy and consultancy services in the name of energy efficiency. The company joined the Progema Group, which designs and produces automation and control systems for industrial processes. New branches have opened their doors: Piovan

Japan in Kobe, Piovan Gulf in Dubai Piovan Vietnam in Ho Chi Minh City and Piovan Maroc in Kenitra, Morocco. In 2019 the company FEA p.t.p. S.r.l. an Italian company specialising in automation for the food industry, more specifically, in the installation and production of machinery for transporting creams with different density values, and Toba Pnc Co. Ltd. In South Korea.

In 2020 Piovan acquired 100% of the share capital of Doteco S.p.A., a leader in dosing technologies for plastic films (for food and non-food packaging) and synthetic fibers. This allowed the Group to take a significant step towards international leadership in the sector of automation in the production of films for food, agriculture and other uses.

The acquisition of 100% of the share capital of Sewickley Capital, Inc., which owns 100% of IPEG Inc., a leading North American firm, was completed earlier this year, in January

2022. Following this **important acquisition of the IPEG Group and its brands Conair, Thermal Care and Pelletron**, the Piovan Group has further cemented its global leadership in plastics processing automation systems.

Through local legal entities, the Piovan Group is directly present in 22 countries around the world.

The Group is now a multinational enterprise and a global leader in the development and manufacture of automation systems for the storage, shipping and processing of polymers and of plastic and food powders.

Specifically, the Group develops, manufactures and markets systems and equipment that enable customers to automate and increase the efficiency of the entire storage, shipping and treatment processes of virgin polymers, recycled plastics and bioplastics, as well as the main food powders such as sugar, flour, cocoa and milk powder.

The Group's technical solutions include in particular:

- the design of equipment, systems and engineering solutions;
- the production of plants and systems;
- installation and start-up at the customer's production facilities.

The Group also supports its customers globally through continual technical assistance, including the sale of spare parts for machinery and the provision of a range of additional services ("Services and Spare Parts"), and support activities from the preliminary design phase through to installation and initialisation of the equipment and machinery. These steps guarantee optimal product performance and consolidate customer relationships.

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The Group ended the 2022 financial year with a consolidated revenue of 531 million Euro, of which 520 million Euro in revenue from ordinary operations.

The Group's revenues come from 4 different geographical areas: Emea, North America, South America and Asia.

The Group chaired by Nicola Piovan has 1,804 employees of which 672 in Italy, 660 in North America, and 472 in the rest of the world (166 in Europe excluding Italy, 200 in Asia and 106 in Brazil), supported by a sales network consisting of 44 production, service and sales companies that operate locally (of which 20 in Emea, 12 in Asia, 11 in North America and 1 in South America). Together with distributors, the Group is present in more than 70 countries. The Group reaches customers in 122 countries around the world.

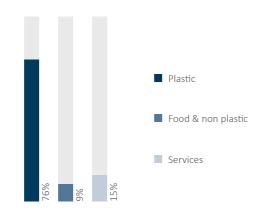
The Group has 14 production plants in 4 continents, of which 5 in Italy, 5 in the US, and 4 in Germany, Brazil, China and India respectively.

Piovan S.p.A. was listed on the STAR segment of the Italian Stock Exchange on 19 October 2018.

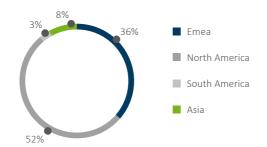
Piovan S.p.A. is a member of national associations and institutions that contribute to promoting quality and innovation, the culture of automation and sustainability:

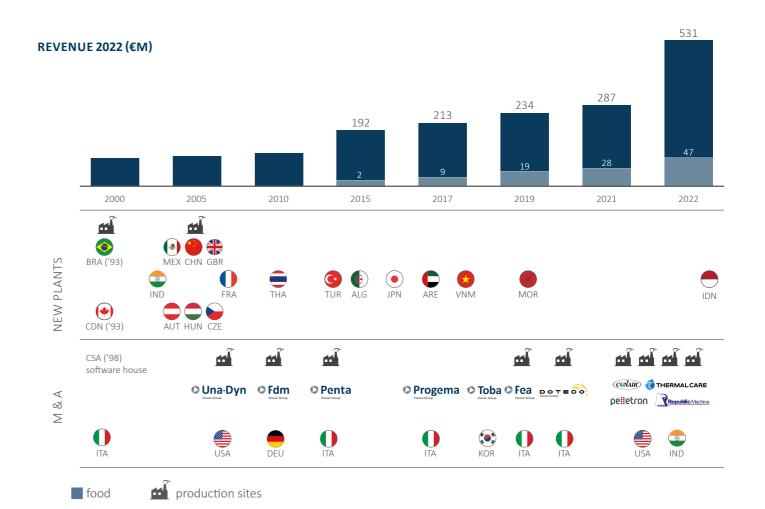
- Confindustria:
- Amaplast, association of Italian plastics and rubber machinery and mould makers.

#### ORDINARY REVENUE BY LINE OF BUSINESS



#### **ORDINARY REVENUE BY GEOGRAPHIC AREA**

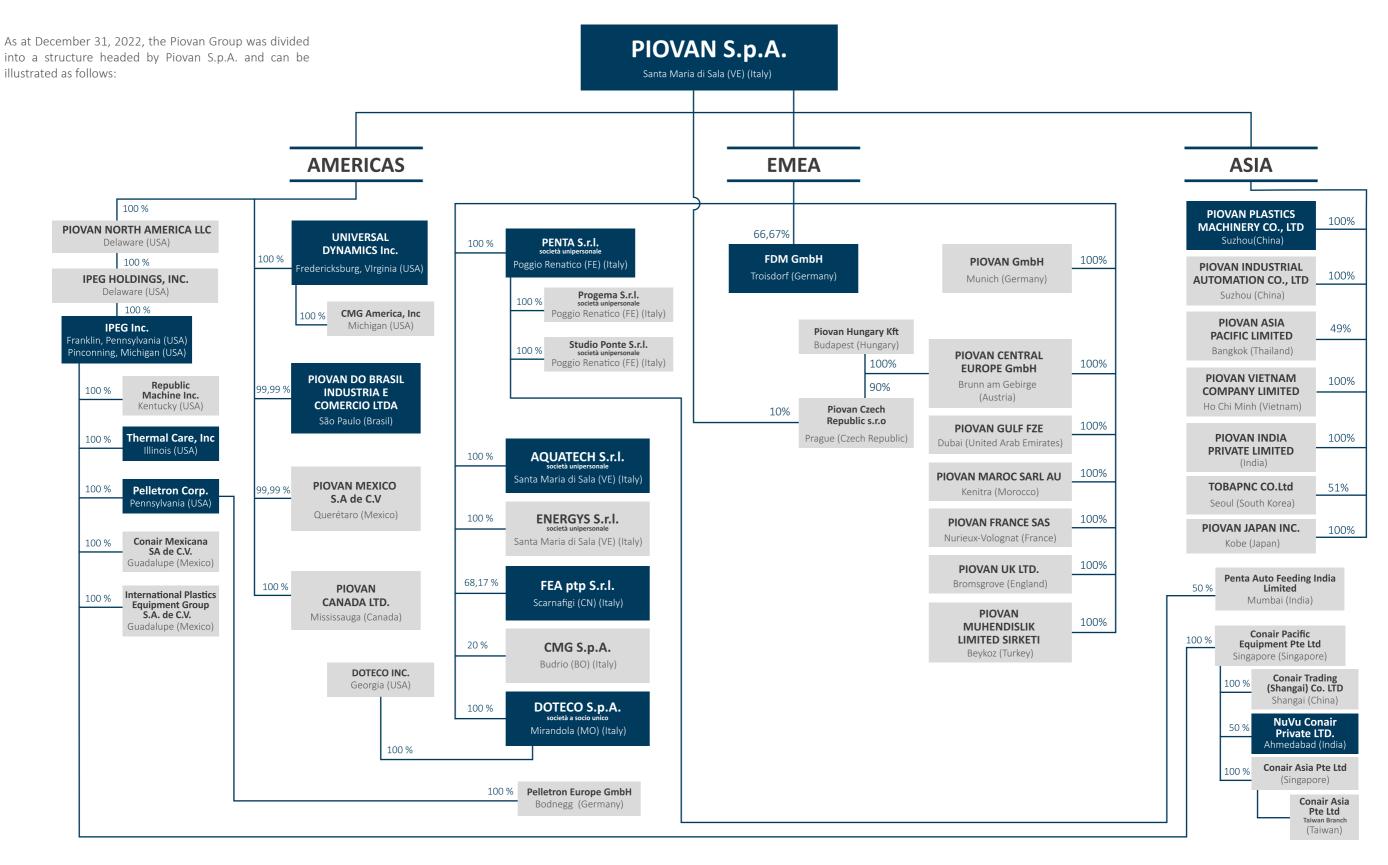






### 2.1 Group

### structure



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### 2.2 Corporate governance

Piovan considers a proper governance structure and an effective Internal Control and Risk Management System to be key to its management and organisation. These two elements take the form of tools, processes and entities deemed necessary and useful to oversee, manage and supervise Company operations, with a view to carrying out efficient and ethical business activities.

The Company's corporate governance structure is in line with the principles set forth in the Corporate Governance Code for Listed Companies of Borsa Italiana S.p.A. (the "Corporate Governance Code"). The corporate boards that make up the Piovan S.p.A. governance system include:

- Board of Directors
- Board of Statutory Auditors
- Internal Committees
- Shareholders' Meeting
- Supervisory Board

In particular, the Board of Directors is supported by three committees: (i) the Nomination and Remuneration Committee, (ii) the Control, Risks and Sustainability Committee, and the (iii) Related Parties Committee. The Board of Directors also established a Supervisory Body pursuant to Italian Legislative Decree 231/2001.

### 2.2.1 Corporate boards of Piovan S.p.A.

As at December 31, 2022, the Board of Directors consisted of **7 members, of which 5 non-executive and 4 independent**. The Chairperson of the Board of Directors has an executive role.

The Board of Directors is reserved - in addition to its powers pursuant to the law and Company By-laws- exclusive jurisdiction over the most important decisions from an economic and strategic perspective and in terms of their structural impact

on operations, i.e. those functional to the monitoring and guidance of the Company and the Group.

The Board of Directors, in office as of December 31, 2022 was appointed by the Company's Ordinary Shareholders' Meeting on April 29, 2021, and shall remain in office until the approval of the financial statements as at December 31, 2023. The composition of the Board of Directors changed in early 2023 following the resignation of a director.

The Board of Statutory Auditors comprises **3 Statutory Auditors** and **2 Alternate Auditors**. The Board of Statutory Auditors currently in office was appointed by the Company's Ordinary Shareholders' Meeting on April 29, 2021, and shall remain in office until the approval of the financial statements as at December 31, 2023.

The Board of Statutory Auditors verifies compliance with law and the By-Laws, the principles of correct administration, the adequacy of the administration and accounting organisation adopted by the Company and its correct functioning.

All members of the Board of Statutory Auditors meet the requirements of independence.

The By-Laws govern the procedures and criteria to be followed when appointing Directors and Statutory Auditors, in compliance with current legislation and provisions on gender equality.

The Nomination and Remuneration Committee, the Control, Risks and Sustainability Committee, and the Related Parties Committee are composed of 3 non-executive and independent directors; please see the *Report on Corporate Governance and Ownership Structures* and the *Report on Policy regarding Remuneration and Fees paid* published by the Company on its website for more information.

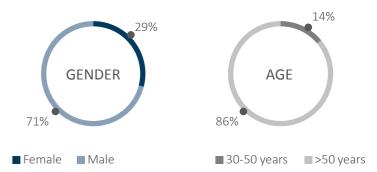
As the body responsible for sustainability, the Control, Risks and Sustainability Committee:

- performs support and advisory functions for the Board of Directors with regard to sustainability, meaning the processes, initiatives and activities aimed at overseeing the Company's commitment to sustainable development along the value chain;
- examines the contents of the sustainability report as well as periodic non-financial information pertinent to the internal control and risk management system;
- examines and evaluates sustainability policies aimed at ensuring value creation over time for shareholders in general and all other stakeholders in the medium-long term in accordance with the principles of sustainable development, as well as sustainability guidelines, objectives, and subsequent processes, and sustainability reporting submitted annually to the Board of Directors, including, in particular, the Sustainability Report.

It should be noted that no one on the corporate boards falls into a protected category.

It should also be noted that, over the years, the Company has formalised certain procedures aimed at clearly describing the principles applied by the Group on the matter of corporate governance, including the "Diversity Policy" - approved in 2020 and aimed at promoting and protecting gender and age diversity, and the seniority of those in office in the corporate bodies - and the "Policy for the Management of Dialogue"

#### **COMPOSITION OF THE BOD**



### **COMPOSITION OF THE BOARD OF STATUTORY AUDITORS**



with Shareholders in General" aimed at promoting an open and constant dialogue with Shareholders and the Financial Community and ensuring the systematic dissemination of comprehensive, transparent and timely information on its activities. For more information regarding the above policies, see the documents published on the company's website (<a href="https://www.piovan.com">www.piovan.com</a>) in the Investors / Corporate Governance / Corporate Documents section.

With regard to the 2022 financial year, note that the Board of Directors, which met on November 9, 2022 approved, inter alia, an update to the "Internal Dealing Procedure and the Internal Procedure for the Handling of Inside Information adopted by the Company", published on the website <a href="www.piovan.com">www.piovan.com</a> in the Investors / Corporate Governance / Procedures and Regulations section.

Lastly, note that on January 26, 2023, director Marco Stevanato submitted his resignation for personal reasons. It is specified that Mr. Stevanato was a Non-Executive and Non-Independent Director and did not hold any other office in the Company's internal committees. No indemnities or other benefits are payable to him following his termination of office. On March 21, 2023, Mr. Bazzo was appointed by co-optation, who shall remain in office until the next Shareholders' Meeting.

### **2.2.2 Ethics**

### Code

In order to clearly define core values and responsibilities, the Piovan Group has decided to adopt an Ethics Code which has been approved by the Parent Company Board of Directors and adopted by the subsidiaries. The Code is addressed to Directors, Statutory Auditors, management and internal employees, as well as all those who permanently or temporarily establish,

for any reason, relationships and collaborations with Group companies in the pursuit of its corporate objectives.

Compliance with the Ethics Code by addressees, each within the scope of its functions and responsibilities, is fundamental to the efficiency, trustworthiness and reputation of the Piovan Group.

In addition to the statement of mandatory and prohibited conduct, the principles set out in the Code seek to increase organisational efficiency and guide addressees towards positive objectives that are beneficial both for those directly concerned and for the environment as a whole, through the improvement of internal relationships and attention to good reputation.

The ethics code is available on the company website <a href="https://www.piovan.com">www.piovan.com</a>, Investors / Corporate Governance / Corporate Documents section.

THE GROUP WISHES TO USE THIS ETHICS CODE TO HIGHLIGHT AND DISSEMINATE THE VALUES IT HAS ALWAYS HELD, FOR EXAMPLE:



Fairness

the Piovan Group's relationships are based on the principles of loyalty, fairness, transparency and efficiency. These principles represent a commitment to creating an honest, open and collaborative working environment, and to conducting business responsibly with respect to the community.



Transparency and accessibility of information:

by establishing suitable procedures for internal management and external communication, the Group guarantees the confidentiality of acquired information. Internal and external communications are in verbal or written form, and are easily and immediately comprehensible.



Diligence and Professionalism:

the Piovan Group is committed to ensuring that all its corporate boards and personnel act with impartiality and loyalty, not only in the performance of their duties but also in inter-Company and third-party dealings.



Value and responsibilities of human resources and proper use of company assets:

Piovan considers human resources to be a key and indispensable part of the Group and for the achievement of its objectives. The Group strongly rejects all discrimination based on age, racial and ethnic origin, nationality, political opinions, religious beliefs, gender, sexuality or health status.



Equal opportunities and prohibition of harassment:

to foster professional growth opportunities for its staff, the Piovan Group offers equal opportunities for professional growth, ensuring that treatment of all personnel is fair, based on criteria of merit, and free from discrimination.



Occupational health and safety:

the Piovan Group is committed to managing its production activities in full compliance with existing laws and regulations at every plant, so as to avoid or minimise occupational risks and thereby ensure the safety of its employees.





### 2.3 Organisation, management and control model as per legislative decree no. 231/2001

The Board of Directors of Piovan S.p.A. deemed it compliant with company policies and consistent with its commitment to creating and maintaining a governance system adhering to high ethical standards, to proceed with the adoption of an organisational, management and control model pursuant to Italian Legislative Decree no. 231, June 8 2001 ("Model") and the establishment of a Supervisory Body as per Legislative Decree no. 231, June 8 2001 ("Decree 231") responsible for supervising the operation of, and compliance with the Model, and for updating it.

The main objective of the Model is to create an organic and structured system of control principles and procedures, aimed at preventing the commission of the crimes envisaged by Decree 231.

The Model forms the basis of the Group's governance system and helps promote a corporate culture based on fairness, transparency and lawfulness.

The Model was adopted with a Piovan S.p.A Board of Directors' motion on August 2, 2018 and was subsequently updated to bring it into line with legislative changes and corporate requirements. In particular, in 2021, the Model was updated to reflect the addition of tax and smuggling offences to the list of relevant offences for the purposes of Decree 231.

The Model is available on the website: <a href="https://www.piovan.com/investors/corporate-governance/">https://www.piovan.com/investors/corporate-governance/</a>.

On September 16, 2019, the Italian subsidiaries Penta S.r.l., Aquatech S.r.l., Energys S.r.l., Studio Ponte S.r.l. and Progema S.r.l. (the latter two merged by incorporation into the parent company Penta S.r.l. as of January 1, 2023) decided, in accordance with the Group's policies, to adopt their own organisation, management and control model pursuant to Decree 231, with similar characteristics to that adopted by the Company, and to appoint a Supervisory Board¹. Moreover, in 2019, the Piovan Group's foreign subsidiaries adopted Corporate Criminal Liability & Compliance guidelines (the

"Guidelines"), for the purpose of ensuring a consistent framework, at Group level, of organisational and behavioural principles inspired by lawfulness, fairness and transparency.

Over the course of 2022, the Supervisory Bodies of the Group companies that have adopted their own organisational model pursuant to Decree 231, carried out control and monitoring activities with regard to the measures listed in their respective organisational models through audits, interviews with the staff of the companies involved, and by collecting information flows. Said Supervisory Bodies also supervised the training provided to the employees of the respective companies pursuant to Decree 231.

To this end, note that several **training sessions** were organised over the course of 2022 aimed at providing suitable training on the latest updates to the Model. In particular, said training was provided to the company departments (managers, middle managers and employees) most actively involved in managing those activities where the risk of committing tax offences and smuggling offences is potentially higher. Several contacts of subsidiary companies that, at the date of the training, had already updated their respective organisational models, were also invited to said sessions.

Moreover, a continuous training program was implemented aimed at giving the Company's new employees (managers, middle managers, employees and operators) an overview of the contents of the Model through specific meetings organised on a regular basis.

Similar meetings are organised for new employees (managers, middle managers, employees and workers) of the Italian subsidiaries.

Companies that have adopted an organisational model also make use of a reporting system (whistleblowing), in line with the provisions of Decree 231, which allows the Company's employees and any stakeholders to report any unlawful conduct, as defined by Decree 231, or any cases of noncompliance with the provisions of the organisational models, to their respective Supervisory Board.

The Company's adoption of the Model therefore represented the start of a path undertaken at Group level that aims, among other things, at identifying and preventing the predicate offences indicated.

Under no circumstances may the pursuit of Group or Company interests justify behaviour that is illicit and/or contradicts Piovan's Ethics Code.

For further information, see the Organisation, Management and Control Model adopted by Piovan S.p.A pursuant to Legislative Decree. No. 231/2001: <a href="https://www.piovan.com/investors/corporate-governance/">https://www.piovan.com/investors/corporate-governance/</a>

### 2.3.1 Business

### integrity (fight against active and passive corruption)

The Piovan Group abides by the values and principles of its Ethics Code. The Group believes that ethics should guide both internal and external relationship management. To this end, tackling and rejecting all forms of bribery and corruption is a key Group commitment. The Model, the Guidelines, the Ethics Code, and the relative changes adopted by the Italian and foreign subsidiaries, form an integrated corpus (the "Corpus") of internal rules that seek to promote a culture based on ethics and corporate transparency.

This key objective translates into the following actions implemented by the Group:

- identification of bribery and corruption risks, as well as the implementation and maintenance of anti-corruption and extortion policies and practices;
- adoption of an organisation, management and control model pursuant to Legislative Decree 231 by subsidiaries with offices in Italy<sup>2</sup>, along with the planning of updates needed to incorporate new offences into the Model, which is in turn supplemented by the Ethics Code;
- adoption of the Corporate Criminal Liability and Compliance guidelines by subsidiaries with offices abroad in order to promote the principles and practices necessary to combat corruption<sup>3</sup>.

The Piovan Group intends to improve anti-corruption awareness among its employees, representatives, suppliers and business partners, as well as anyone who carries out activities on the Group's behalf or under its control. Piovan also aims to encourage active employee involvement in order to increase policy effectiveness and the Group's ethical reputation.

Over the course of 2022, no incidents were reported that were in any way attributable to corruption-related activities.

<sup>1.</sup> Note that a process is currently underway aimed at implementing an organisation, management and control model pursuant to Legislative Decree 231/01 in the subsidiaries Fea PTP S.r.l. and Doteco S.p.A..

<sup>2.</sup> With the exception, as at 31.12.2022, of Fea PTP S.r.l. and Doteco S.p.A., for which a process is currently underway for the implementation of their own organisation, management and control model pursuant to Legislative Decree 231/01.

<sup>3.</sup> Note that the companies belonging to the IPEG Group, which were acquired in 2022, shall receive said Guidelines in the coming months.

### 2.4 The Group's

### Reputation



+24.4%

OF LINKEDIN FOLLOWERS COMPARED TO DECEMBER 2021 LIKE-FOR-LIKE. In the current climate, reputation is key to corporate success. Brand reputation is the result of the perceptions, assessments and expectations that stakeholders have of a company. The level of trust between a company and its various stakeholders is fundamental, this includes customers, employees, suppliers, lenders and investors. 'Reputation' is a complex concept because it encompasses the expectations, evaluations and level of confidence stakeholders have in a company. These factors are often based on past events, communication and corporate conduct.

For these reasons, the Piovan Group pays great attention to its reputation, specifically to the perception of the brand and what this represents for its customers.

Customers, people and innovation have always been the building blocks of Piovan's philosophy. The Group is committed to pursuing its objectives with honesty, integrity and transparency. The latter is key to avoiding non-compliance with legal regulations, as well as other issues regarding the Company's relationship with its customers, employees and stakeholders. The Group is committed to communicating transparently with investors and the financial community.

During 2022, there were no complaints regarding violations of customer privacy.

As regards the new digital channels and the presence of the Piovan Group in the social world, during 2022 digital activities led to a steady increase in followers who receive updates on the Company's news. On the professional networking website LinkedIn® in particular, the number of followers has shown consistent growth.

The graph, unlike previous editions, includes the followers of all group company pages, but also includes the Group page alone to allow a like-for-like evaluation.

Several elements contribute to the consolidation of a company's reputation over time:



### THE PRODUCTS AND SERVICES IT OFFERS:

The Piovan Group has always undertaken extensive planning, testing and engineering as well as a sophisticated quality control system that oversees the entire production cycle and individual products. Particularly great attention is paid to the choice of suppliers, so as to ensure adequate levels of product quality, timely services and deliveries, and the reputation of the suppliers themselves. In addition, over the years an extensive customer support network and rapid technical assistance service have been developed.



### INNOVATION

this is a key pillar of the Piovan philosophy. It expresses an ability to adapt to change and to continuously suggest new solutions that meet developing customer needs (improved performance and waste reduction) and community needs (lower environmental impact of plastics). Brand reputation and image go hand-in-hand with the degree of innovation a company can offer the market.



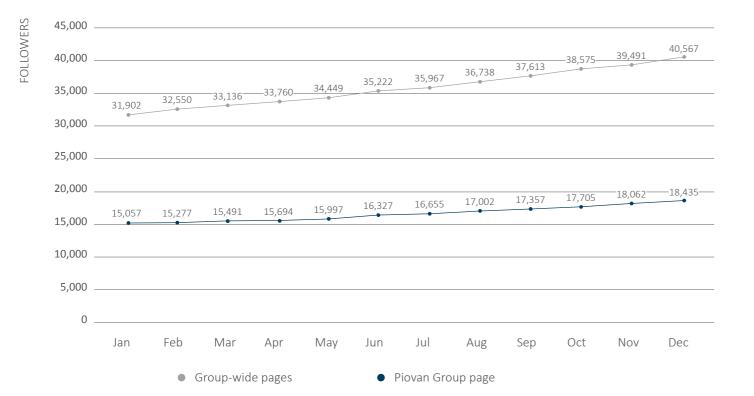
### ABILITY TO ATTRACT TALENT:

The Piovan Group considers human resources to be essential to the achievement of its objectives. The ability to attract talent is fundamental to corporate success. Satisfied employees are a brand's main spokespersons.



### MEDIA RELATIONS ACTIVITIES:

in 2022, the Piovan Group strengthened its Press Office and Media Relations activities to communicate its activities and results as widely and clearly as possible to stakeholders. This led to 237 publications including articles and short news items.







# 2.5 Economic value generated and distributed

Economic value generated and distributed is indicative of a company's ability to generate profit for its stakeholders.

The Piovan Group considers economic growth to be an integral part of its strategy, pledging to create long-term value for all its stakeholders. To minimise the risk of a lack of growth, the Group operates worldwide and positions itself as a leader in the reference sector. Following the important acquisition of the IPEG Group and its brands Conair, Thermal Care and Pelletron, the Piovan Group has further cemented its global leadership in plastics processing automation systems.

The economic value generated by the Piovan Group in 2022 amounted to Euro 534 million, while the economic value distributed amounted to Euro 498 million. 93% of the economic value produced in 2022 was distributed to internal and external stakeholders. The Group retained the remaining 7%.

### Profits in 2022 totaled Euro 35 million.

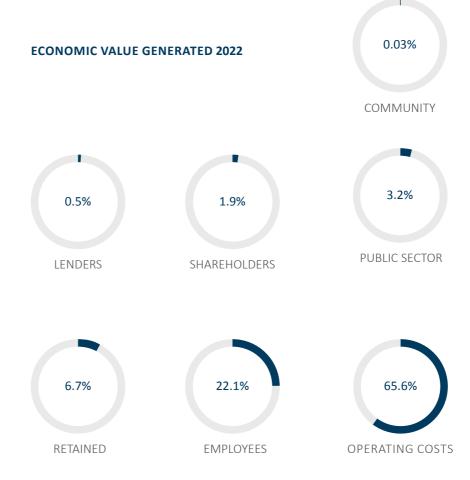
The table shows the economic value generated and distributed and its allocation among the various stakeholders:

- Suppliers (operating costs)
- Employees
- Public sector
- Lenders
- Shareholders
- Community

For further information on the operating and financial performance, see the Financial Statements section.

EURO THOUSANDS	2021	2022
ECONOMIC VALUE GENERATED	287,529	533,663
ECONOMIC VALUE DISTRIBUTED	261,048	497,929
Operating costs	176,866	350,290
Value distributed to employees	67,350	117,706
Value distributed to public sector	10,900	16,884
Value distributed to the community	171	148
Value distributed to lenders	667	2,695
Value distributed to shareholders*	5,093	10,206
ECONOMIC VALUE RETAINED	26,481	35,734

<sup>\*</sup> Dividends refer to the value listed in the 2022 financial statements, as approved by the Board of Directors on March 21, 2023.



Economic value distributed to suppliers (operating costs) is the largest share, accounting for 65.6% of economic value generated.

Economic value distributed to employees through wages and salaries, social security costs and benefits is the second largest share, accounting for 22.1% of economic value generated.

The portion of value allocated to Public Administration in the form of taxes and duties represents 3.2% of the economic value produced.

The lenders were allocated 0.5% of the economic value generated by way of interest paid and financial charges.

Shareholders were allocated 1.9% in the form of dividends.

The community received 0.03% of total economic value produced, through social utility costs and donations.

In absolute value, the shares exponentially increased due to the entry of the IPEG Group during the year. In percentage terms, the share distributed to suppliers increased from 61.5% to 65.6%.

### 2.6 Tax transparency

### Taxes are an important economic policy instrument used by governments to guarantee macroeconomic stability and to finance general public services. As such, they fulfil a social

function, as they allow income to be redistributed among

citizens and enable works and services to be carried out that

would otherwise not be accessible to large sections of society.

Taxes thus represent one of the ways in which companies contribute to the economy of the countries in which they operate. The Piovan Group's international vocation is embodied

in its network of production and commercial subsidiaries located in Europe, Asia, the Middle East and the Americas. This physical presence in the territories in which Piovan operates translates into proximity to the customer, the possibility of finding a local workforce, access to the relevant supply markets, infrastructures and public services.

This demonstrates how the Group's taxation is closely linked to the territories in which it operates, in compliance with the tax regulations of the various countries. The Piovan Group believes that good fiscal practice contributes to promoting trust and credibility with stakeholders, in particular with the Public Administration, investors and in a broader sense the entire community.

investors, and the Public Sector, first and foremost, and that the way in which the Group collaborates with these entities is key to maintaining relationships built on trust. The involvement of the latter is based on the ongoing mutual exchange of information and the values of honesty, integrity, legality, and transparency.

The Piovan Group is aware that tax practices are of interest to various stakeholders,

As such, the Group's approach to taxation, which is defined by senior management, is based on the following guidelines:

- compliance with and application of the tax regulations in force in the countries in which the Group operates, and use of tax incentives and breaks where provided for by law. Each company is taxed locally and pays taxes independently, with the exception of Piovan S.p.A., Aguatech S.r.l. and Penta S.r.l., which as consolidated companies adhere to the group taxation procedure in compliance with the option exercised by the consolidating company Pentafin S.p.A. pursuant to arts. 117 to 128 of Italian Presidential Decree 917/1986 as amended by Italian Legislative Decree 344/2003;
- each branch is obliged to inform the Parent Company Piovan S.p.A. of any requests from local tax authorities, so as to ensure that information flows are efficiently managed and that the data exchanged are transparent and high in quality;
- the Group employs high-level tax advisors in each country to perform audits and accurate calculations, and guarantee compliance with the various local laws:
- compliance with double taxation directives, such as the so-called Parent-Subsidiary Directive for EU countries and the regulations set out in the "International treaties against double taxation of income and capital and to prevent tax evasion and avoidance";
- avoiding aggressive tax planning tools, i.e., artificial devices aimed at shifting income to countries with lower tax rates.

<b>Tax jurisdiction</b> Values in thousands of Euros	Revenue from sales to third parties	Revenue from intra- Group transactions with other tax jurisdictions	Pre-tax profit/loss	Corporate income tax accrued on profit/loss	Tax on company income paid on a cash basis	Rate	Number of employees	Tangible assets other than cash and cash equivalents
Italy	149,135	56,785	-24,515	4,525	7,121	27.9%	672	36,556
Germany	26,703	1,277	12,827	669	456	26.3%	63	2,913
France	7,657	20	4,073	82	259	26.5%	28	623
Austria	13,809	209	10,403	116	117	23.0%	12	243
UK	9,658	47	4,653	208	149	19.0%	24	263
Czech Republic	326	441	-767	49	51	19.0%	10	107
Hungary	60	17	-36	7	10	9.0%	2	4
Turkey	788	105	367	159	180	23.0%	8	117
United Arab Emirates	126	89	-623	0	0	0.0%	11	111
Morocco	35	44	-109	10	23	20.0%	2	26
India	1,775	70	665	119	129	27.8%	11	156
China	18,480	2,044	2,311	550	638	25.0%	113	1,741
Thailand	9,725	269	6,488	279	287	20.0%	42	41
Vietnam	372	0	196	0	0	25.0%	2	4
Japan	69	0	-62	1	0	20.0%	2	0
South Korea	3,218	0	-518	0	-0	0.0%	13	282
USA	247,355	3,624	16,513	3,199	4,248	25.3%	651	20,542
Canada	3,398	400	2,623	210	270	26.5%	8	335
Mexico	15,393	83	10,764	887	1,058	30.0%	24	239
Brazil	11,719	126	1,098	439	402	34.0%	106	1,170

The table below, categorised by tax jurisdiction- i.e., the countries in which the various Group companies are resident for tax purposes – shows: revenues from third-party sales and intra-group transactions, with other jurisdictions, pre-tax profits or losses; corporate income taxes accrued on profits or losses; tax on company income paid on a cash basis; the tax rates in force in the various jurisdictions; the number of employees; and tangible assets other than cash and cash equivalents. Revenues from sales to third parties are net of other revenues and income



# 2.7 Management of risks and opportunities

Over the course of 2019, the Piovan Group began the process of developing a risk monitoring and management system by adopting an Enterprise Risk Management based on the CoSO ERM-Integrated Framework. The ultimate aim of the project is to involve the various corporate departments in identifying the main risks, providing them with an effective tool to manage and monitor said risks to ensure that business is conducted in a manner consistent with the objectives approved by the Board of Directors.

To this end, the Internal Audit division conducts an annual risk assessment focusing on risks related to the operations of the Parent Company and its most relevant subsidiaries. This assessment is made alongside the various risk owners.

The identification of risks is linked to the objectives defined in the strategic plan and reviewed whenever it needs to be updated due to exogenous and endogenous events affecting the Group.

The inherent risk identified is assessed in terms of probability and impact, whereas the residual risk is assessed in terms of the efficacy of the measures and controls in place to mitigate the identified risk.

The assessment led to the development of a risk map for the Parent Company consisting of approximately 140 risks divided into 33 risk categories.

As part of this activity, which aimed to provide the Board of Directors with an effective tool to guide actions for the continuous improvement of the internal control system, the Internal Audit division, supported by the various departments, designed an **Enterprise Risk Management ESG** that considers the impacts on the material issues identified in the Stakeholder Engagement when assessing the identified risks.

Said assessments are useful in determining whether the corporate objectives have been achieved in line with the sustainable objective set by the Group, and also help the Internal Audit division define specific risk-based audit plans.

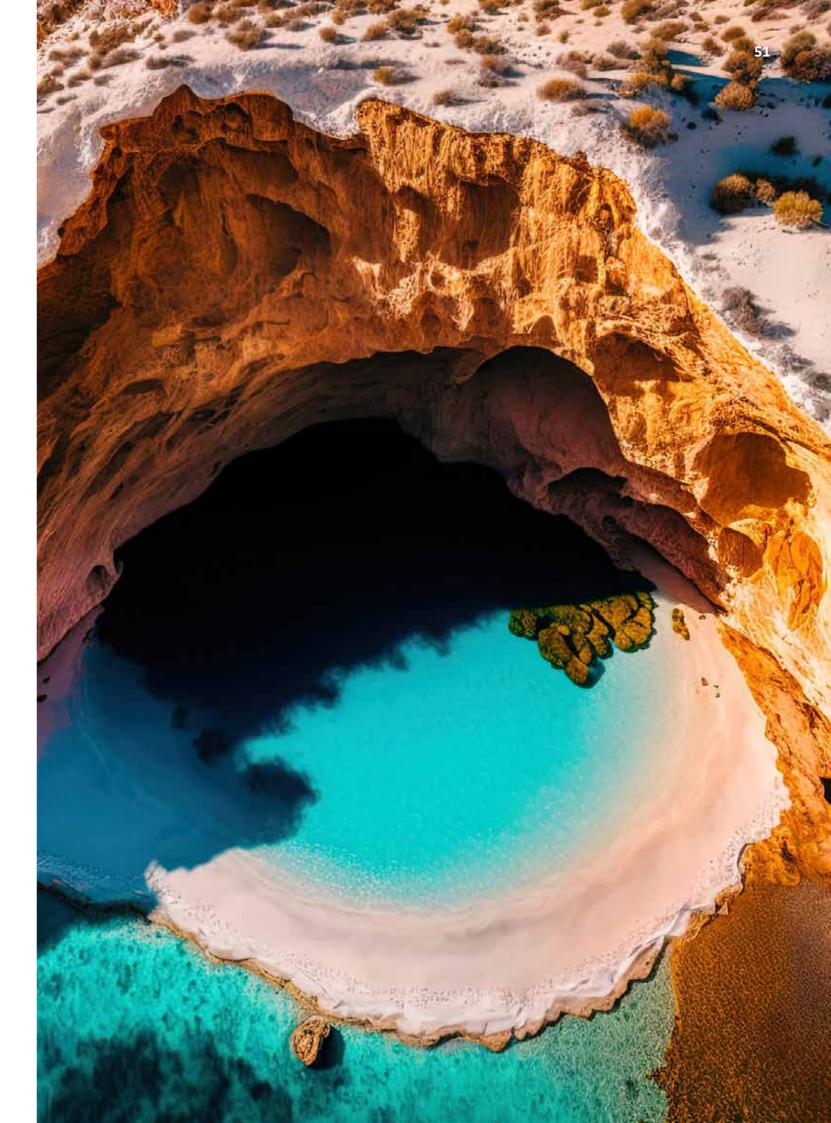
The Group is exposed to various types of risk with regard to material topics. The table here lists the main risks and management methods adopted by the Group.

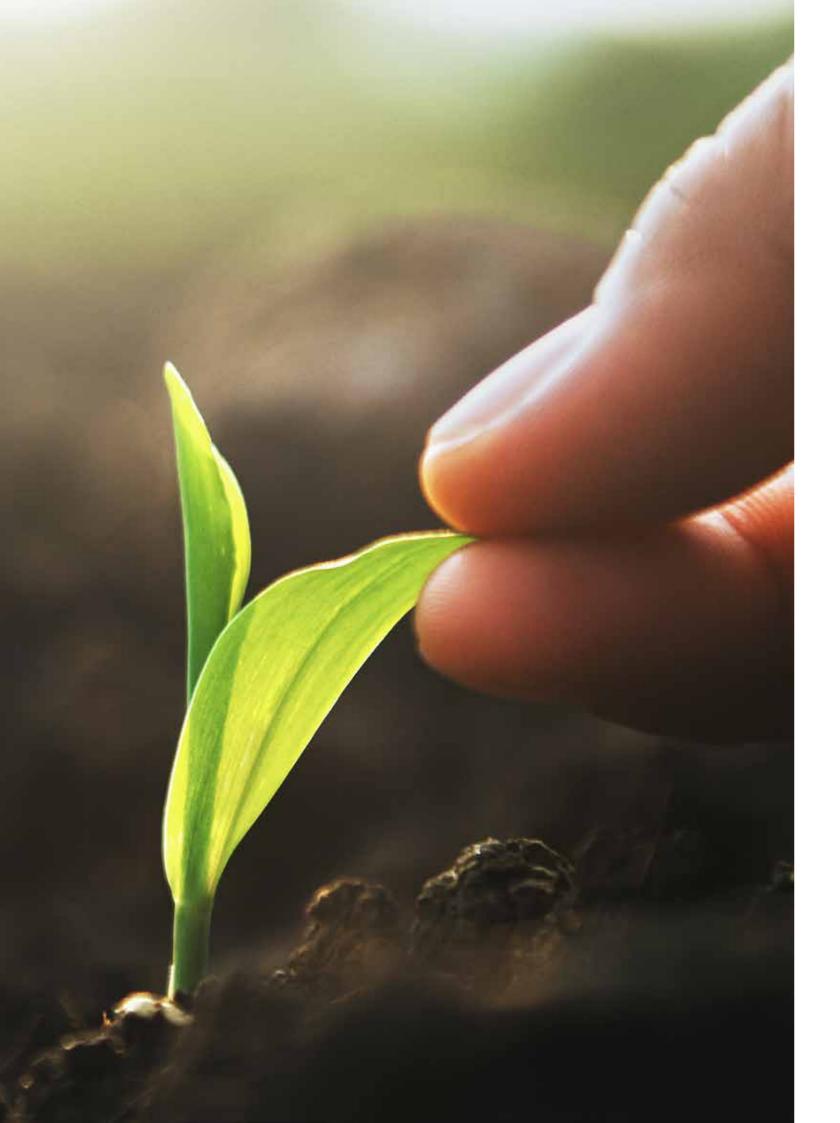
ITALIAN LEGISLATIVE DECREE SCOPE 254/2016:	ТОРІС	RISK	ADOPTED POLICIES	MANAGEMENT METHODS
	EQUAL OPPORTUNITY AND DIVERSITY MANAGEMENT WITHIN THE COMPANY	Risk of non-implementation of recruitment policies aimed at closing the company gender gap.	Ethics Code and Organisation, Management and Control Model as per Legislative Decree 231/2001 (ITA), Diversity Policy of Piovan S.p.A.	Group Management has always been attentive to its respect for Diversity and inclusion. The bodies in charge apply the Diversity Policy. Continuous dialogue with the trade unions and with every institutional form representing employees. Workers' rights are protected through the application of collective agreements in compliance with local regulations in all countries where the Group is present.
	Risk of inadequate persons COMPANY management (e.g. small WELFARE working, work life baland corporate welfare plan		Company welfare initiatives for specific companies of the Piovan Group.	Activation of a Welfare platform and individual solutions such as flexible working hours, smart working, part-time arrangements, to guarantee a good work-life balance.
HUMAN RESOURCES AND HUMAN RIGHTS	PROTECTION OF HUMAN RIGHTS	Risk of failure to monitor compliance with the legislation in force, both in the group's consolidated perimeter and among third- party stakeholders.	Ethics Code and Organisation, Management and Control Model as per Legislative Decree No. 231/2001 (ITA)	Respect of fundamental human rights.
	DEVELOPMENT AND PROTECTION OF HUMAN RESOURCES	Risk of failure to develop and update skills (e.g. training, skills assessment, incentive plans, succession and replacement plans).	Piovan S.p.A. Quality Manual; Group Academy.	Annual training plan, both for compulsory and specific training needs.
	WORKPLACE HEALTH AND SAFETY	Risk of untimely adaptation of measures aimed at improving workplace health and safety.	ISO 45001 (For Piovan S.p.A.).	Compliance with existing laws and regulations; risk analysis to identify suitable prevention and protection measures, as well as any necessary improvement interventions; employee health and safety training.

ITALIAN LEGISLATIVE DECREE SCOPE 254/2016:	ТОРІС	RISK	ADOPTED POLICIES	MANAGEMENT METHODS	ITALIAN LEGISLATIVE DECREE SCOPE 254/2016:	ТОРІС	RISK	ADOPTED POLICIES	MANA
	QUALITY AND SUPPLY CHAIN MANAGEMENT	Risk of inadequate management of supplier selection procedures due to lack of suitable evaluation criteria based on ESG logic.	Ethics Code and ISO 9001 certified quality management system, ISO 9001 certified quality management system, Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 (ITA), supplier quality control procedure, checks pursuant to the	Previous relationship with suppliers founded on trust and a consolidated connection, and their selection based on a preliminary company analysis to screen suppliers for compatibility with		INNOVATION, RESEARCH AND DEVELOPMENT	Risk of untimely technological and digital adaptation in regards to industry best practices. Risk of inadequate product offering in relation to technological innovation.	Investment in research and development, training, constant dialogue and collaboration with customers and suppliers.	The Grou its cor continu develop solutions of its custo bioplastic The Grou rese
	criteria based on ESG logic.  Machinery Directive valid for the European Community (CE marking), CRM and electronic document management, Integrated ERP System (SAP), use of the ECOVADIS platform.		CUSTOMER SATISFACTION	Risk of failure to involve and listen to customers in regards to the theme of environmental and social sustainability.	Focus on the quality of products and services by actively involving and listening to customers.	The Grou solid relat by building on the ger value, cor and offerin			
GOVERNANCE, ECONOMIC RESPONSIBILITY AND SUPPLY CHAIN		Risk of damaging and/ or failure to improve the Company's image due to, for example but not limited to: - inadequate planning of investments/projects on new communication channels (e.g. social media);		GOVE ECON RESPO AND S		COMPLIANCE	Risk of non-compliance with GDPR and data protection regulations.	Privacy Manual adopted by Piovan S.p.A. (Privacy Manual and privacy management system), most subsidiaries have an external consultant that keeps track of data protection legislation.	The Pio
	BRAND REPUTATION  - inadequate media and social media projects; - inadequate management/ definition of marketing campaigns; - inadequate communication of sustainability strategies and relative results achieved  - inadequate media and social to purs with hon transparency. avoiding nor legal regulation issues regardi	The Group is committed to pursuing its objectives with honesty, integrity and transparency. The latter is key to avoiding non-compliance with legal regulations, as well as other issues regarding the Company's		TAX TRANSPARENCY	Risk of non-compliance with tax regulations and subsequent potential economic, financial and reputational damage.	Organisation, Management and Control Model as per Legislative Decree No. 231/2001 (ITA).	The Pior aligned wit regions w aware that to promo		
	CYBERSECURITY	- inadequate employer branding (career-fair, LinkedIn announcement).  Organisation, Management and Control Model as per Risk of internal and external hacking, and inadequate  Risk of internal and external hacking, and inadequate  relationship with its customers, employees and stakeholders.  Constant, transparent communication with investors.  Internal training on cybersecurity, MDR that manages threats alerts.		ECONOMIC VALUE CREATION AND GROWTH	Risk of developing growth policies that are not geared towards improving social and environmental behaviour beyond mandatory obligations, and which are inconsistent with the sustainability and business strategies. Risk of failure to communicate and disseminate the values of the organisational culture at all levels of the workforce.	Economic growth and local presence in world markets, Ethics Code, Model 231.	The Gro grov busine create loi		

ITALIAN LEGISLATIVE DECREE SCOPE 254/2016:	ТОРІС	RISK	ADOPTED POLICIES	MANAGEMENT METHODS		
	INNOVATION, RESEARCH AND DEVELOPMENT	Risk of untimely technological and digital adaptation in regards to industry best practices. Risk of inadequate product offering in relation to technological innovation.	Investment in research and development, training, constant dialogue and collaboration with customers and suppliers.	The Group operates faster than its competitors in supporting continuous innovation and the development of new adaptive solutions to the changing needs of its customers (such as trends in bioplastics and plastic recycling). The Group has set up a specific research and development department within each production plant.		
	CUSTOMER SATISFACTION		regards to the		Focus on the quality of products and services by actively involving and listening to customers.	The Group undertakes to create solid relations with its customers by building partnerships founded on the generation and sharing of value, conveying a sense of trust and offering excellent solutions to aid their success.
GOVERNANCE, ECONOMIC RESPONSIBILITY AND SUPPLY CHAIN	COMPLIANCE	Risk of non-compliance with GDPR and data protection regulations.	Privacy Manual adopted by Piovan S.p.A. (Privacy Manual and privacy management system), most subsidiaries have an external consultant that keeps track of data protection legislation.	The Piovan Group strives to be aligned with the regulations in force in every country where it operates.		
	TAX TRANSPARENCY	Risk of non-compliance with tax regulations and subsequent potential economic, financial and reputational damage.	Organisation, Management and Control Model as per Legislative Decree No. 231/2001 (ITA).	The Piovan Group strives to be aligned with tax regulations in the regions where it operates and is aware that good tax practice helps to promote trust and credibility with stakeholders.		
	ECONOMIC VALUE CREATION AND GROWTH	Risk of developing growth policies that are not geared towards improving social and environmental behaviour beyond mandatory obligations, and which are inconsistent with the sustainability and business strategies. Risk of failure to communicate and disseminate the values of the organisational culture at all levels of the workforce.	Economic growth and local presence in world markets, Ethics Code, Model 231.	The Group considers economic growth to be integral to its business strategy, pledging to create long-term value for all its stakeholders.		

ITALIAN LEGISLATIVE DECREE SCOPE 254/2016:	ТОРІС	RISK	ADOPTED POLICIES	MANAGEMENT METHODS
	ENERGY MANAGEMENT AND EMISSION REDUCTION	Risk of untimely transposition of regulatory provisions	Regulatory compliance and possession of all authorisations issued by competent bodies.	Compliance with environmental legislation.
	WASTE MANAGEMENT	concerning the management of environmental impacts caused by its own activities.	ISO 14001 (For Piovan S.p.A.).	Environmental impact management and control system, with a view to constant, effective and primarily sustainable improvement.
ENVIRONMENT	Risk of developing a new product that does not comply with circular economy criteria due to the lack of, or poor transposition of new green technologies. Risk of failure to monitor emissions in defining product and process development plans.		Development of specific products for the recycled material supply chain.	The Group's strategy is to develop specific products to create solutions for the circular economy and to introduce its customers to good plastics, be them recycled or made from plant-based materials. The Group offers its customers the opportunity to monitor and manage consumption by reducing emissions. Compliance with environmental legislation.
	ENERGY IMPACT OF PRODUCTS AND SERVICES AND WASTE REDUCTION	Risk of developing products that do not comply with the specifications of legislative provisions to reduce energy consumption (i.e. eco-design directive).	Development of specific products to reduce the energy impact and reduce waste.	Energy monitoring through specific products that the Group offers through its Esco (Energy Service Company), the development of technologies and machinery that reduces energy consumption and indirectly, emissions.
		Risk of fraud due to improper transactions and	Ethics Code.	Adoption and implementation of Ethics Code and Model 231, the latter for most of the Italian Companies.
ANTI-CORRUPTION	CORRUPTION	embezzlement of company assets (cash, know-how, drawings, projects, etc.); Risk of conducting business relations with third parties of questionable integrity.	Organisation, Management and Control Model as per Legislative Decree No. 231/2001 (ITA).	Adoption of corporate & crime liability guidelines by subsidiaries based abroad.
			Corporate & crime liability guidelines.	23555 52.5544.





# 3 Materiality analysis

The Piovan Group seeks to identify and prioritize such topics that influence the Piovan Group's economic, environmental, and social impact, and which may substantially influence stakeholder opinions and decisions.

The Piovan Group seeks to identify and prioritize such topics that influence the Piovan Group's economic, environmental, and social impact, and which may substantially influence stakeholder opinions and decisions.

The starting point for the preparation and updating of this Report is represented by the materiality analysis - the main reference placed by the GRI Standards - a process aimed at the identification and prioritisation of material themes, that is those themes that represent the impacts of Piovan Group on the economy, the environment and people, including those on their human rights. In light of the review, during 2022, of the reference standard, GRI 3, for the identification of material subjects, the materiality analysis was updated. The Group's material topics were identified and the process was divided into the following phases, in accordance with the provisions of Decree 254:

- understanding the context of the organisation, considering activities, business relationships, stakeholders and the sustainability context in which it operates;
- identification of actual and potential impacts through benchmarking activities;
- assessment of the extent of the impacts through the identification of their significance to establish their priority;
- prioritisation of the most important impacts, to determine the material themes.

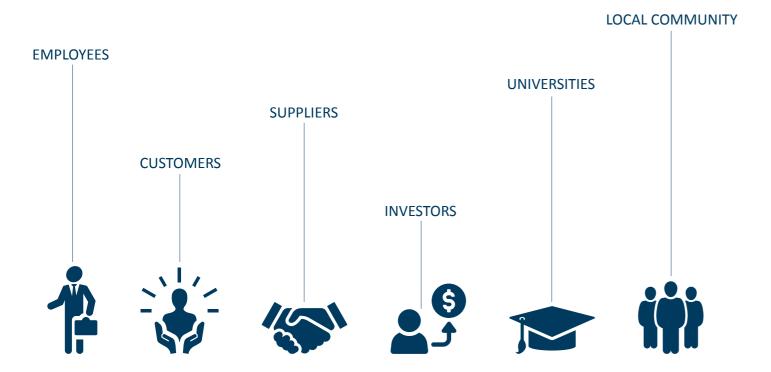
The process of identifying the actual and potential impacts on the economy, environment and people, including those on their human rights, was facilitated by the historicity of the members of the internal working group and by the dialogue with the stakeholders.

The impacts can be divided into six macro areas, such as Governance, Social Responsibility - Employees, Environment, Economic Responsibility, Supply Chain, Product Responsibility.

The assessment of the extent of impacts was done through stakeholder engagement. During 2022 the stakeholder engagement process expanded and involved investors, suppliers, customers and employees. Until last year, suppliers and employees were involved in the evaluation of material topics, this year, in the interests of continuous improvement and to comprehensively identify significance, it was decided to actively involve more types of stakeholders.

Stakeholder engagement was carried out through: the identification of suppliers; the identification of Piovan S.p.A.'s main customers; the identification of investors; the identification of the working group involved in the drafting of the financial statements and the administration to them of a questionnaire assessing the relevant impacts on the Group.

PIOVAN GROUP'S STAKEHOLDERS OF REFERENCE FOR THE YEAR 2022 ARE:



The rating scale used includes a score ranging from 1 (not very relevant) to 10 (extremely relevant) both for severity and probability. The materiality threshold identified is 50 where the rating is equal to severity for impact.

Below are the material issues for Piovan Group and their impacts:

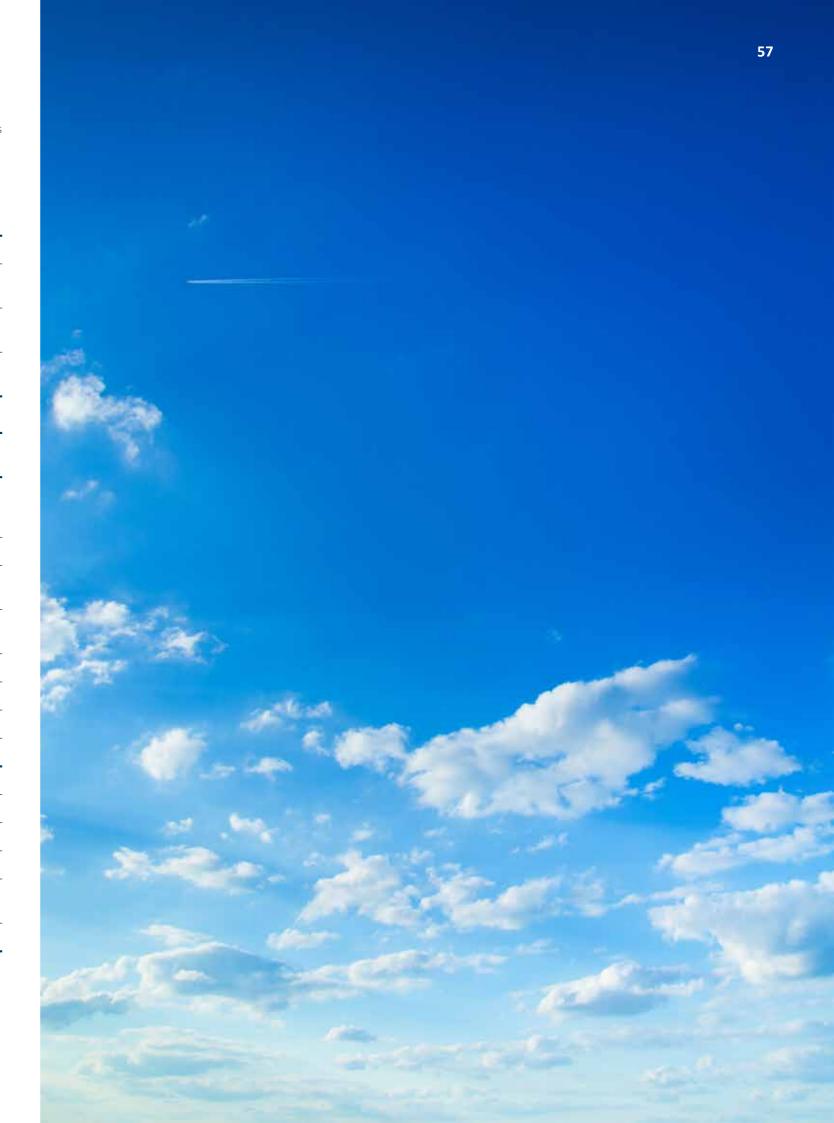
MACRO AREA	IMPACT	MATERIAL TOPIC
	Commitment to the development of products that can use recycled plastic	Recycling and circular economy
	Increase in the energy efficiency of the products/services sold	Energy impact of products and services
ENVIRONMENT	Improvement of the organisation's GHG emissions	Energy management and reduction of emissions
	Competitive advantage and improvement of company performance with consequent reduction of environmental impact	Waste reduction
	Efficient waste management policies and procedures	Waste management
	Greater level of employee satisfaction and improved corporate welfare	Company welfare
SOCIAL	Anticipation of risks, prevention of uncertainties and increased attention to health and safety issues	Occupational health and safety
RESPONSIBILITY -	Reduction of the health risk of employees	
EMPLOYEES	Greater focus on corporate diversity and focus on inclusivity issues.	Equal opportunity and diversity management within the company
	Increase of workers' skills and possible reduction of costs due to technical errors	Development and protection of human resources
COVERNANCE	Reduction of risks deriving from corrupt actions and behaviours	Corruption and fraud
GOVERNANCE	Greater protection of the Group's reputation	Brand Reputation
	Capability to generate wealth for the benefit of its stakeholders	Economic value creation and growth
	International market presence and proximity to customers	
ECONOMIC RESPONSIBILITY	Attention to the quality of products and services through active involvement and listening to customers	Customer satisfaction
	Greater balance of tax compliance with the company's business activities and with ethical, social and sustainable development expectations	Transparency in tax matters
	Increased ESG performance along the value chain	
SUPPLY CHAIN	Greater attention to the local community for the selection of the supply chain	Quality and supply chain management
	Failure to monitor the supply chain	
	Attention to product and service quality and to the feedback of customers and consumers	
PRODUCT LIABILITY	Improvement of the services and products offered and greater contribution to the economy in terms of capital by the company	Innovation, Research & Development
	Customer involvement in the development process of the commercial offer	

The correlation between the areas provided for by Decree 254, the material topics of the Piovan Group and the aspects of GRI, as well as evidence of their impact (internal and/or external to the Group), is show below:

ASPECTS OF ITALIAN LEGISLATIVE DECREE 254/16	MATERIAL ASPECTS FOR PIOVAN GROUP	TOPIC-SPECIFIC GRI STANDARDS	INTERNAL PERIMETER	EXTERNAL PERIMETER
	Company welfare	Employment (GRI 401)	Piovan Group	
HUMAN	Occupational health and safety	Occupational health and safety (GRI 403)	Piovan Group	
RESOURCES	Development and protection of human resources	Training and education	Piovan Group	
	Equal opportunity and diversity management within the company	Diversity and Equal Opportunity	Piovan Group	
ANTI- CORRUPTION	Business Ethics and Corruption	Anti-corruption (GRI 205)	Piovan Group	
HUMAN RIGHTS	Protection of human rights	Incidents of discrimination and corrective actions takes (GRI 406-1)	Piovan Group	
	Brand Reputation	*	Piovan Group	Suppliers and Customers
	Innovation/R&D	Customer health and safety (GRI 416)	Piovan Group	Customers
	Ovality and supply shair management	Supply chain (GRI 102- 9) Supplier environmental assessment	Piovan Group	Suppliers
SOCIAL	Quality and supply chain management	(GRI 308- 1) Supplier social assessment (GRI 414- 1)	Piovan Group	
	Economic value creation and growth	Economic performance (GRI 201)	Piovan Group	
	Transparency in tax matters	Tax (GRI 207)	Piovan Group	
	Customer satisfaction	*	Piovan Group	Customers
	Compliance	Customer privacy (GRI 418)	Piovan Group	Customers
	Energy and emissions management	Energy (GRI 302), Emissions (GRI 305)	Piovan Group	
	Waste management	Waste (GRI 306)	Piovan Group	
	Sustainable water management	Water and Effluents (GRI 303)	Piovan Group	
ENVIRONMENT	Recycling and circular economy	*	Piovan Group	Customers
	Energy impact of products and services	*	Piovan Group	Customers
	Waste reduction	*	Piovan Group	

<sup>\*</sup>Theme not directly related to a Topic- Specific GRI Standards: As required by the GRI Standards, the Piovan Group includes in this document a table containing the GRI Indicators, the management approach adopted, and the relative indicators.

As regards the scope of external reporting, it should be noted that reporting is not currently extended to suppliers and customers.





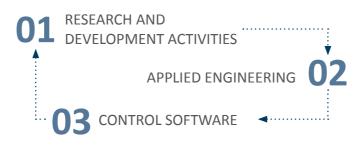
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# Innovation, research and development

The Piovan Group attaches strategic importance to the research and development of the products and new solutions required to maintain its market leadership position.

The Piovan Group attaches strategic importance to the research and development of the products and new solutions required to maintain its market leadership position.

The Group considers innovation as one of its founding values that all employees must be aware of in order to improve customer process efficiency and encourage the creation of innovative projects.





€ 18.5 M INVESTED IN R&D, +92% COMPARED TO 2021, ON A LIKE-FOR-LIKE BASIS, WITHOUT IPEG, THIS WOULD BE EQUAL TO € 11.6 M, + 21% COMPARED TO 2021

### 14 PATENTS LINKED TO THE CIRCULAR ECONOMY

297 RESOURCES DEDICATED TO THE ENGINEERING & INNOVATION DEPARTMENT (+ 41% COMPARED TO 2021)

The strategy of focusing on the circular economy continued in 2022, and the research and development team concentrated on creating innovative solutions for the processing of recycled materials, without neglecting the core products. The Group is structured in technical offices located in specific branches that report functionally to the research and development department located at the headquarters, in order to better coordinate technology transfer activities.

Including costs and investments, 2022 spending on R&D totaled Euro 18.5 million, which accounted for 3.5% of total revenues and recurring income.

THE STRENGTHS OF THE GROUP'S RESEARCH AND DEVELOPMENT ARE:

- THE ABILITY TO MAKE LOCALLY DEVELOPED INNOVATIVE SOLUTIONS AVAILABLE WORLDWIDE;
- THE ABILITY TO OFFER CUSTOMISED ENGINEERING SOLUTIONS.

This is made possible by the substantial expertise gained from in-depth knowledge of the industrial processes carried out in the various end-markets that the Group serves.

The Group considers obtaining the most innovative and promising technologies vital to its success. Continuous innovation is essential in maintaining leadership in the face of increased competition and seeking new business opportunities in the markets in which it operates. Particular attention is therefore paid to the competitive advantage that can be obtained from intellectual property and the creation and management of a portfolio of brands, patents and licenses. In 2022, Piovan Group continued to invest in its patent activity: 3 new patents were filed for a new total of 121 patent families,

14 of which relating to the circular economy or in any case related to recycling. The total includes the patents of Conair, Thermal Care, Pelletron and Republic Machine, which joined the Group in 2022.

Industrial property titles across countries rose to 279, including 212 granted (up +102% from 2021) and 67 pending. This enables greater protection of expertise and intellectual property in all major markets.

All technologies introduced are fully integrated in the proprietary supervision software Winfactory 4.0 and aim to provide the customer with more ways to safely and reliably track progress.

During the K fair held in Düsseldorf in October 2022, a number of entirely innovative and patented solutions to support recycled material processing were presented to the market.

These include the following:

- CONDENSO a condenser of fumes generated by the dehumidification of recycled PET, which, compared to previous-generation technology, is characterised by an optimised study of the air flows to promote the condensation of VOCs (Volatile Organic Compounds), an energy recovery system allowing a rapid payback period, a set of activated carbon filters to trap residual noncondensed VOCs, and the use of a proprietary algorithm to optimise the condensation temperature.
- VULKANO an in-line system for measuring VOCs using the gas chromatography method with the possibility to separate acetaldehyde and methane compounds from the total VOCs. The instrument is essential for making quality measurements in the production process and to determine, for example, the saturation of the activated carbon.

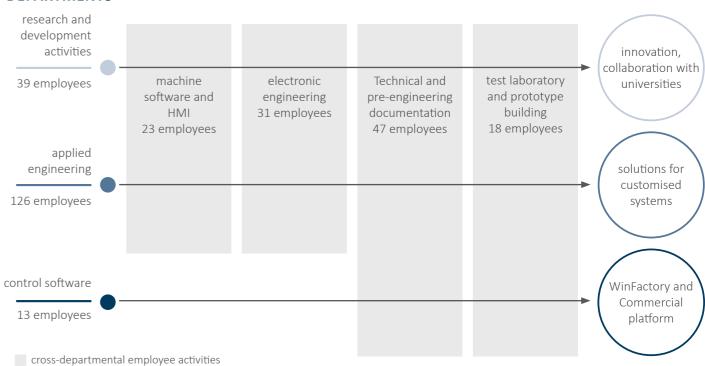


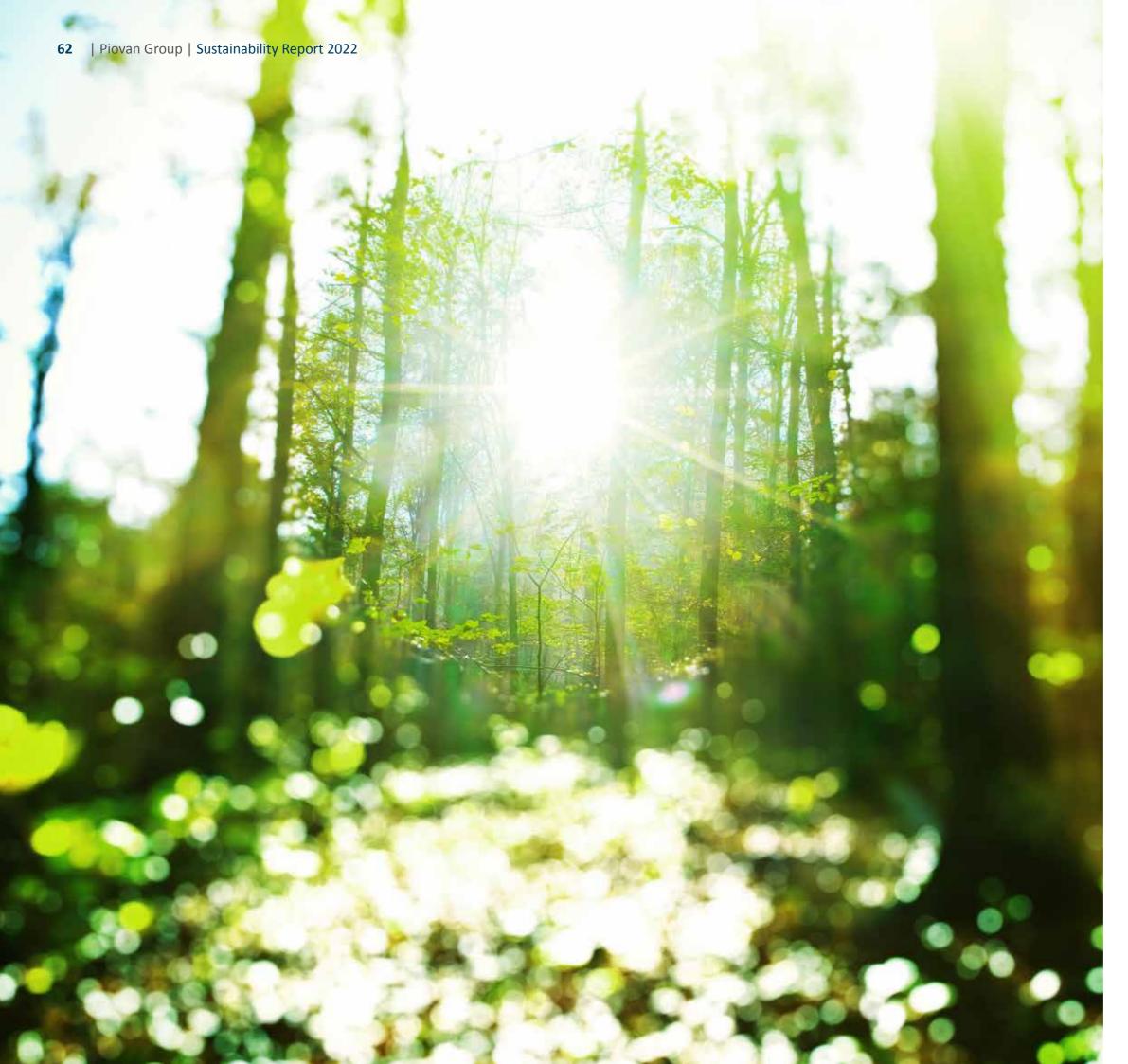
• ODOR MINDER- an in-line instrument to measure odorous substances generated by the deodorisation of recycled polyolefins. The instrument is able to measure the quantity of different substances and provide a synthetic odour index. Combined with the deodorising process, the instrument has allowed the development of a proprietary algorithm enabling the machine to automatically adapt the processing recipe based on real operating conditions. It is in fact well known that recycled materials are extremely variable and require the continuous adjustment of process parameters to ensure stable quality.

To consolidate and strengthen its leadership in innovation, the Group implements recruitment policies aimed at hiring young, highly qualified professionals to the R&D department so as to develop innovative solutions capable of creating added value for the Group.

At the end of 2022, 297 resources were dedicated to the Engineering & Innovation department (+41% compared to 2021). On a like-for-like basis, without considering the IPEG Group, the resources dedicated to the Engineering & Innovation department would be 216.

### ORGANISATIONAL STRUCTURE OF RESEARCH AND DEVELOPMENT AND ENGINEERING DEPARTMENTS





Collaboration with two Italian engineering faculties continued in 2022 on research projects aimed at improving certain production processes related to the use of post-consumer recycled polymers.

A strong collaboration was formalised with a spin-off company of the University of Padua, a company largely owned by researchers and university professors, aimed at investigating innovative research projects. This kind of collaboration allows the Group to take a long-term view of projects and processes in its target market.

Industry 4.0 continues to be a topic of great interest, and Piovan continues to invest resources in it. The Group's guidelines in this area concern data integration and digital interconnection over the entire process. Piovan continues to work to improve the material traceability system, MTS, which optimizes the storage of materials and identifies the flow of the different batches from the initial phase to the finished product, with the possibility to link to the batches the results of the analysis performed with the Inspecta family of instruments.

# 4.1 Co-engineering

The Group's business model focuses mainly on two aspects: innovation and customer relations. In particular, the Group's business model envisages that customers be involved in the development and production process right from the initial enquiry and creation of the commercial offer.

When implementing complex projects for customers with objectives regarding production capacity, process quality, performance level, integration between production sites and others, the Group also involves these customers in coengineering processes to create innovative solutions. The Group develops customised solutions by using its innovation and integration capabilities of technological solutions applied in different industrial sectors, realising cross-fertilisation between solutions.



# 5

# Quality, product safety, supply chain management

Piovan Group is a world leader in the development and production of systems for the automation of the production processes for the storage, transport and treatment of polymers and plastic powders.

It is also becoming increasingly popular for food powders.

The Group adopts the highest production standards in order to guarantee its customers products based on the highest quality and reliability.

### 5.1

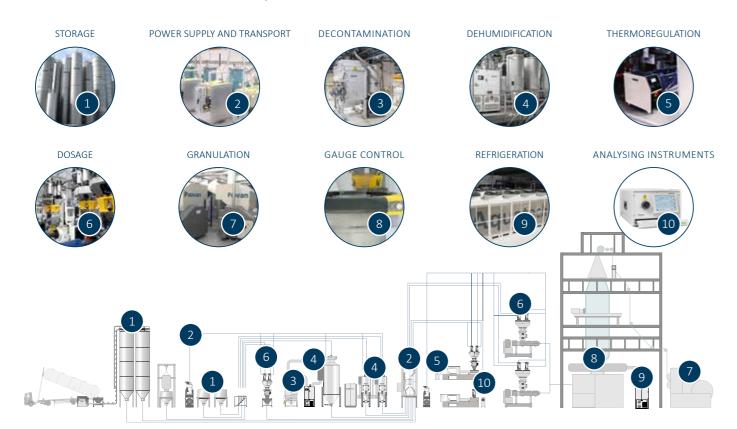
### **Product**

The Piovan Group is a global leader in the development and manufacturing of automation systems for the storage, shipping and processing of polymers and plastic powders ("plastics area systems"). Since 2015, the Group has been increasingly involved in developing automation systems to store, transport and process food powders ("food systems"). As such, the group is taking advantage of its leading market position, replicating the business model adopted for system development and production in the plastics sector, and making the most of crossselling opportunities.

The Group has also developed and markets supervision and control software, capable of ensuring the connectivity of all systems and machines in the plants supplied. The Group also supports its customers globally through continual technical assistance, including the sale of spare parts for machinery and a range of additional services, such as support activities from the preliminary design phase through to installation and initialization of equipment and machinery. These steps guarantee optimal product performance and consolidate customer relationships.

Software

COMPLETE SUPERVISION. MONITORING AND CONTROL OF THE PRODUCTION PROCESS



AUTOMATION OF THE ENTIRE PROCESS UP TO THE PRIMARY MACHINE

A distinctive element of the Group's products is the high degree of flexibility which, together with the Group's skills and expertise in developing complex engineering solutions, allows these machines to adapt to customer needs and to integrate with systems and plant parts developed and produced by third parties, offering a service/product of significant quality.

All Piovan Group solutions are designed to perform at the highest level. At the same time, they require regular maintenance. Components subject to wear and tear must be replaced as often as necessary to ensure the elimination of malfunctions or downtime, thus ensuring operational efficiency and the highest levels of performance.

Piovan develops systems designed for maximum efficiency and provides customised support for each specific requirement. Piovan Service maintenance contracts have unique characteristics

The contract consists of a series of interventions, each of which is recorded in a service book, the Plant Book.

The maintenance of the machines and the performance maintained at the highest level are guaranteed intervention after intervention and documented in the Plant Book. The maintenance contract provides for the extension of the warranty to three, four or five years.



**OPERATIONAL EFFICIENCY** 



PERSONALISED ASSISTANCE



WARRANTY EXTENSION

### **5.2 Quality** and supply chain

The Group adheres to the highest production standards in the hope of providing its customers with reliable, quality products. The Group makes use of nationally and internationally accredited workers and certification bodies to manufacture products that comply with all applicable regulations.

An important risk associated with the supply chain is that it does not comply with the Group's quality standards, as well as labour and social security regulations and occupational health and safety. Furthermore, there is the possibility that raw materials and/or components are defective or do not correspond to specifications, or are not delivered on time for whatever reason, with possible negative effects on the production cycle and delays in the delivery of products to customers. This could have negative repercussions on the reputation of the Piovan Group.

The measures currently adopted by the Group to manage these risks are, first of all, the creation of a historical relationship with its suppliers, based on trust and an established relationship, a selection of suppliers and a preliminary analysis of their organisational structure in order to verify their compatibility with the Group's standards.

In 2022, as in previous years, there were no cases and/or complaints concerning issues related to the violation of human rights and environmental regulations in the supply chain.

Controls are carried out by the Buyers with the support of all departments involved in the supply chain (Purchasing Management, Technical Management, Operations Management).

The Piovan Group has implemented a sophisticated quality control system that oversees the entire supply chain, from supplier selection to production and post-production. Functional tests are carried out on individual machines. The Group places particular emphasis on selecting suppliers based on their ability to ensure both sufficient quality standards and timeliness and reliability in delivery.

This is why the companies Piovan S.p.A., Aquatech S.r.l. and Penta S.r.l. hold the certification UNI EN ISO 9001:2015 of its Quality Management System, which covers the entire product life cycle, from Research & Development to the sales phase, from delivery and installation to after-sales service.

The Group's strategic approach to total quality has resulted in a significant competitive advantage and allows Piovan to meet customer expectations and continuously improve its products and production processes.

All products undergo functional tests before delivery to ensure customers receive safe products, as well as the services they

Each piece of machinery is tested when it comes off the production line and before delivery. If a machine and/or system with installation is sold, a commissioning report is to be signed and an acceptance report to be signed by the end customer certifying that the work has been correctly completed and accepted.

In order to constantly improve business processes, avoid any problems related to production, customisation, logistics and delivery of finished products, the Group adopts the Kaizen model, in combination with the so-called Kanban method (a technique aimed at avoiding overproduction by regulating the circulation of information within the company and its suppliers). This approach allows the Group to respond to customer needs as quickly and efficiently as possible and to ensure that finished products are delivered within the agreed time period.



SUPPLIER ENGAGEMENT CONCERNING QUALITY CONTROL, OCCUPATIONAL **HEALTH AND SAFETY, AND ENVIRONMENTAL ASPECTS.** 



**FUNCTIONAL TESTING ON ALL** PRODUCTS.

The Company manages these outsourced processes via the:

**01** SELECTION OF SUPPLIERS/CONTRACTORS BASED ON CERTIFIED AND SHARED CRITERIA

The selection of a supplier is made on the basis of a procedure that determines the supplier's ability to provide materials, products and services that conform to requirements and specifications, with the aim of reducing complaints, eliminating waste in production, improving product performance and reliability, reducing control costs, reducing non-production time, increasing knowledge of the supplier's capabilities and potential, and reducing risks relating to occupational health, safety and the environment.

The assessment of the supplier's suitability is based on its organisation, technical capacity, means of production, reliability, conformity and punctuality of supplies. Suppliers are assessed and added to a Vendor List.

In 2022, we contacted and evaluated new suppliers. This was in line with what we had initiated in the previous year. The goal was to evaluate and monitor suppliers on ESG aspects. Additionally, we looked for certifications that demonstrate their commitment to the most relevant and important points of interest for Piovan. Feedback from the questionnaires continued during the year and 73% feedback was received out of a 95% coverage of the purchased. It is noted that in 2021, all suppliers were contacted to cover 95% of the value purchase for the period December 2020 - November 2021, and 61% feedback was collected. The questionnaire sent out, in addition to already proposed topics such as quality control, occupational health and safety, was enriched in the part on environmental aspects; a new section on social responsibility was also added. The new format created replaced the previous supplier evaluation form. The feedback received from new suppliers covers 79% of the year's purchase from them.

This has allowed and will allow for the creation of an increasing awareness and sensitisation on these topics also outside the company and to direct the Group's supply chain towards behaviour in line with the relevant corporate policies.

The supplier assessment shows that 75% of the responding suppliers score higher than 75, on a scale of 0 to 100, for quality; the percentage drops slightly for health and safety, 68% of suppliers score higher than 75. For environmental and social responsibility aspects, more than 54% of the suppliers score higher than 50, on a scale from 0 to 100.

DRAFTINGANDDELIVERYOFAPPROPRIATESUPPLY AND PROCUREMENT CONTRACTS (GENERAL SUPPLY/CONTRACT CONDITIONS, PURCHASE ORDERS, TECHNICAL DOCUMENTATION)

The general conditions applied by the Group to its suppliers

- the option, in the event that the supplier does not comply with product conformity obligations, to refuse the delivery and ask the supplier to deliver compliant products, or to immediately terminate the corresponding purchase order and/or contract;
- the option to request the replacement or repair, at the supplier's expense, of products that have proved to be defective or non-compliant within 24 months of their delivery, or within 12 months of their entry into
- the payment of compensation by the supplier in the event that the delay in the delivery of a product or the performance of a service (a) is not promptly communicated to the Company, or (b) exceeds 30 calendar days. In both instances, the Company retains the right to terminate all or part of the associated purchase order or contract. There have yet to be any situations in which these measures have been applied:
- adherence to the Code of Ethics and the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001, which are annexed to each supply contract executed by the Group and failure to sign prevents the establishment of a supply relationship.

CONTINUOUS MONITORING OF SUPPLIER PERFORMANCE THROUGH CONTROL OF THE PURCHASED PRODUCTS/SERVICES, AUDITS AT THE PRODUCTION SITES AND CHECKS DURING SYSTEMS START-UP AT CUSTOMER SITES

Suppliers involved in the production process are constantly monitored for their product/service quality and timely delivery. Monitoring is carried out on the basis of certified and shared company procedures, and includes all internal company departments involved in managing the Supply

There were no significant changes to the structure of the supply chain or supplier relations during 2022.

### **PIOVAN S.P.A. RELIES ON QUALIFIED** SUPPLIERS FOR THE FOLLOWING **PRODUCTION ACTIVITIES:**



DESIGN (ELECTRONICS, STRUCTURAL WORK)



PRODUCTION OF METAL STRUCTURES/CUSTOM-MADE PIOVAN COMPONENTS



SUPPLY OF COMMERCIAL **COMPONENTS AND PARTS** 



ASSEMBLY OF SWITCHBOARDS



SUPPLY AND MANUFACTURE OF PACKAGING FOR FINISHED **PRODUCTS** 



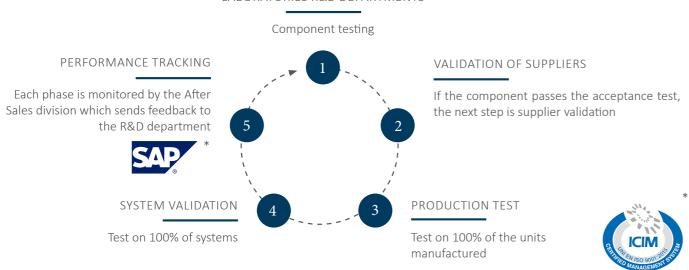
**TRANSPORT** 



**CUSTOMER-SITE** INSTALLATIONS



### LABORATORIES R&D DEPARTMENTS



The Group aims to open at least one factory per continent in order to "locally' serve its various geographical markets. The Group has built a series of local supplier networks with the aim of meeting the very best product/project quality and safety standards and supplying customers with an effective service.

This approach has allowed Piovan to develop local expertise coordinated by its technology and production management teams.

As such, the Group has been able to build a continuous, trustworthy supply chain.

In order to avoid production and product delivery delays due to interruptions and/or disruptions and/or malfunctions at supplier sites, Piovan has adopted specific procurement and material management policies. These policies include framework orders with associated delivery plans, keeping strategic stock in company warehouses and using alternate suppliers to provide the semi-finished materials required to produce final products.

There were no identified cases of non-compliance with regulations and/or self-regulation codes relating to the impact on product and service health and safety in 2022.

The supply chain of the Group can be traced back to the following accounts in the consolidated balance sheet: purchase of raw materials, amounting to approximately €196.5 million, approximately 40.4% of total costs, purchase of finished products, amounting to approximately €17.2 million, 3.5% of total costs, purchase of technical assistance from third

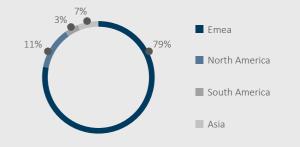
parties, amounting to approximately €15 million, 3.1% of total costs, purchase of processing from third parties, amounting to approximately EUR 15.7 million, 3.2% of total costs, purchase of ancillary materials and consumables, amounting to approximately EUR 32.1 million, 6.6% of total costs, and purchase of packaging, amounting to EUR 2.3 million, 0.5% of total costs.

Analysing the purchase by supplier of production companies for accounts impacting the supply chain, the company uses more than 2,400 suppliers without considering the IPEG supplier base. With IPEG, the company uses more than 3,262 suppliers.

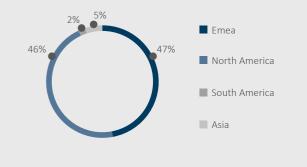
The Piovan Group prefers to use local suppliers. In particular, in line with previous years, on a like-for-like basis, without taking into account the IPEG Group, analysing the purchases per supplier of the production companies referring only to the value of purchases¹ impacting the supply chain, it emerged that 65% of the purchases are located in Italy. This is in line with the fact that the Group gives preference to sourcing from local suppliers. The chart below shows purchase percentages divided by geographical area. Most of the year's purchase volume is concentrated in Emea, at 79%, followed by North America, at 11%.

Analysing the supply chain of the IPEG Group confirmed that the Group uses local suppliers, in fact, 93% of the purchases of Piovan North America's production subsidiaries (specifically IPEG Inc. with its two production sites one located in Franklin, one in Pinconning, and Pelletron Corp²) are located in North America.

### VOLUME OF PURCHASES IMPACTING THE SUPPLY CHAIN BY GEOGRAPHICAL AREA WITHOUT IPEG



### VOLUME OF PURCHASES IMPACTING THE SUPPLY CHAIN BY GEOGRAPHICAL AREA WITH IPEG



<sup>\*</sup> Information from Customers is continuously checked and monitored through SAP  $^{\scriptsize \odot}$  software.

<sup>\*\*</sup> All the Piovan S.p.A. quality procedures are certified ISO 9001.

<sup>1.</sup> The total value of relevant purchases for the supply chain was identified by considering the following purchases for production companies only: raw materials, ancillary and consumable materials, finished products, packaging, processing from third parties, transport on purchases, technical assistance from third parties.

<sup>2.</sup> For the year 2022, the data of Thermal Care Inc, a production subsidiary of Piovan North America, is missing.



# 6 Environment

The Piovan Group bases its business on practices and conduct that are as far as possible ecologically sustainable.



The Piovan Group places great importance on its social responsibility, which derives from the environmental impact of its business activities. It therefore bases its business on practices and conduct that are as far as possible ecologically sustainable.

In this context, the Holding Piovan S.p.A. has obtained the certification of its environmental management system pursuant to the international standard UNI EN ISO 14001. Certification was obtained during 2019 for the Parent Company's operating offices in Santa Maria di Sala, Venice. During the current year, Piovan S.p.A. passed the renewal audit and was able to confirm the environmental certification.

In 2022, the two photovoltaic systems installed on Aquatech's roof and on the roof of the Piovan S.p.A. Logistics Hub produced 322,470 kWh totally self-consumed compared to 2,266,629 kWh purchased from the network. Piovan, in order to reduce the consumption of purchased electricity and, therefore, become increasingly self-sufficient from an energy viewpoint, has decided to upgrade the photovoltaic system by expanding the systems already present in the roofs of the Piovan and Aquatech plants, allowing it to produce about 73% of its electricity needs in the locations where it will be installed.

The future goal is to further improve energy efficiency at the Group's production sites in Italy.

The main risk associated with the environmental issues to be tackled by the Piovan Group is a potential for non-compliance with locally applicable legislation and the potential loss of its ISO 14001 certification<sup>1</sup>. To prevent this, the Group is committed to carrying out all business activities in compliance with environmental legislation. No fines or non-monetary sanctions were imposed in 2022 due to a failure to comply with environmental laws and/or regulations. The Piovan Group is also committed to maintaining an adequate management and control system with regard to its environmental impact and with a view to effective and sustainable improvement.

2022 saw the continuation of an information campaign on the most significant environmental issues, which was targeted at the Group's office and production staff. In offices, the topics covered included energy saving and proper waste delivery, while in production areas the focus was on issues related to waste management, atmospheric emissions, the importance of labelling disposal containers correctly, and management of environmental emergencies caused by spillages of oil or hazardous chemical substances. The training involved 116 employees, of which 28 from the purchasing department. A total of 344 hours of training were carried out.

Air quality also plays a key role in environmental protection. Analyses were performed to check on the quality of welding fumes. According to the measurements, all values remain below the legal limits.

THIS CHAPTER REPORTS ON ENVIRONMENTAL PERFORMANCE INDICATORS IN THE FOLLOWING AREAS:



ENERGY CONSUMPTION AND RELATED EMISSIONS



WASTE MANAGEMENT



<sup>1.</sup> In compliance with the requirements of ISO 14001/2015, the following environmental aspects were assessed: Soil and subsoil, energy consumption, natural resource consumption, atmospheric emissions, greenhouse gases, heating systems, wastewater, waste, fire prevention, dangerous chemicals, noise, electromagnetic fields and transportation.

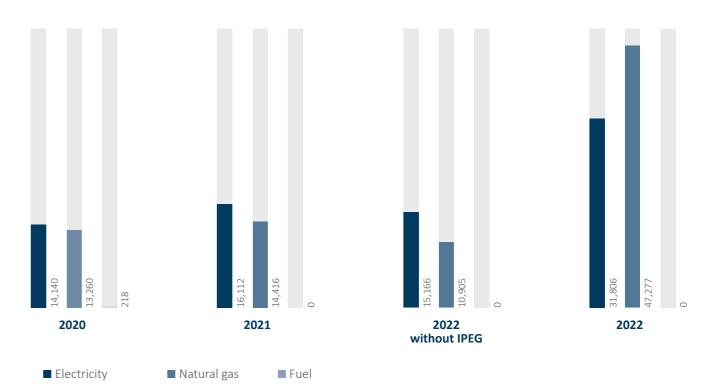
## **6.1. Management** of energy consumption

Piovan Group's production activity essentially consists of assembly, and as such is not as energy-intensive as manufacturing. This feature of the Group's business model was recognized as one of the Group's strengths when it obtained its Sustainalytics ESG rating in 2022. This is discussed in more detail in Chapter 1.

### TOTAL ENERGY CONSUMPTION WITHIN THE ORGANISATION (IN GJ)

	2020	2021	2022 without IPEG	2022
Total electricity consumed	15,129	17,513	16,711	33,352
Electricity purchased	14,248	16,204	15,451	32,092
of which from certified renewable sources	108	92	286	286
Natural gas	13,260	14,416	10,905	47,277
Fuel (diesel)	218	-	-	-
SELF-PRODUCED ELECTRICITY (IN GJ)				
Electricity that is produced on site and consumed (from photovoltaic sources)	880	1,309	1,259	1,259
Electricity that is produced on site and fed back into the grid (from photovoltaic sources)	13	20	10	10

### CONSUMPTION FROM NON-RENEWABLE SOURCES (IN GJ)





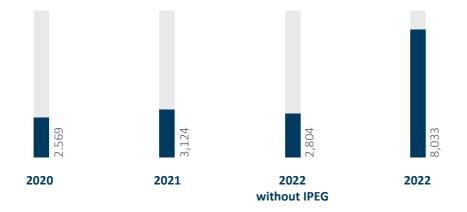
In 2022, the entirety of the Group's energy consumption came from electrical energy and natural gas. Electrical energy is used both in the production process and in normal business activities. In 2022, energy consumption stood at 33,352 GJ, of which 1,545 GJ came from renewable sources, representing the emission of 5,388 tonnes of market-based  $\rm CO_2$  into the atmosphere. Natural gas is not consumed in the production process, but is used for space heating, and its consumption is therefore linked to weather conditions. In 2022, energy consumption stood at 47,277 GJ, representing the emission of 2,645 tons of  $\rm CO_2$  into the atmosphere. The increase in both electricity and natural gas consumption compared to 2021 is due to the acquisition of the IPEG Group.

On a like-for-like basis, without taking into account the IPEG Group, the consumption of both electricity and gas decreased compared to last year, respectively -5% and -24%.

The table below shows scope 1 and scope 2 (location-based and market-based) emissions trends.

GREENHOUSE GAS EMISSIONS	TON CO <sub>2</sub> EQ 2020	TON CO <sub>2</sub> EQ 2021	TONNES CO <sub>2</sub> EQ 2022 WITHOUT IPEG	TONNES CO <sub>2</sub> EQ 2022 <sup>2</sup>
Direct emissions - Scope 1	701	809	610	2,645
Emissions from natural gas consumption	699	809	610	2,645
Emissions from fuel consumption	2	-	-	-
Indirect emissions - Scope 2				
Electricity consumption emissions (Location Based Method)	2,233	2,484	1,666	4,860
Electricity consumption emissions (Market Based Method)	1,868	2,315	2,193	5,388
Total direct (Scope 1) + indirect (Scope 2) - Market-Based emissions	2,569	3,124	2,804	8,033

### **TOTAL SCOPE1 AND SCOPE 2 MARKED-BASED EMISSIONS**



<sup>2.</sup> The energy data including IPEG does not take into account Conair Mexicana, Pelletron Europe or Conair Pacific.

## 6.2 Waste management

The quantity and type of waste produced by an organization are the result of the activities required to create its products and carry out its operations. Understanding where in the value chain this waste is created is vital in understanding its impacts, in implementing processes designed to minimize its effects and adopting measures designed to achieve circularity.

The Piovan Group has identified two types of impact associated with waste: those relating to outgoing waste, i.e. waste generated by its operations, and those relating to waste generated at the end of its value chain, i.e. those connected to the product at the end of its useful life. This section deals with the environmental factors relating to waste generated by the Piovan Group's activities. For information on the factors associated with the product and its recyclability at the end of its useful life, reference should be made to Chapter 1, paragraph 1.3 Piovan product recyclability.

The waste produced by the Piovan Group is essentially scrap from the production process and office activities. This consists, on the one hand, of mixed packaging materials such as paper, cardboard and wood, and on the other hand residues from the assembly process, such as shavings of ferrous material, aluminium and steel.

**77** 

During 2022, 994 tons of waste were collected, of which 873 tons were non-hazardous and 121 tons hazardous. The latter consists mainly of liquid waste, residues and scrap from the washing of metals after processing.

An important change was the reduction of stone wool waste from 2,220 tonnes to 520 tonnes as the hopper insulation technology was changed. In fact, hopper walls containing the insulating material already inside are currently purchased for some models.

### TOTAL WASTE BY DISPOSAL METHOD (IN TONS)

			2020			2021	20	)22 withou	t IPEG			2022
	hazardous	which is not hazardous	total	hazardous	which is not hazardous	total	hazardous	which is not hazardous	total	hazardous	which is not hazardous	total
Waste directed	to disposa	I										
Preparation for reuse	-	9	9	-	13	13	-	15	15	-	15	15
Recycling	-	481	481	8	491	500	3	361	365	3	410	413
Other collection operations	-	-	-	-	27	27	-	42	42	-	42	42
Total	-	490	490	8	531	540	3	418	422	3	467	470
Waste not for o	disposal	1					•			•		
Incinerated with energy recovery	0	10	10	-	-	-	-	-	-	-	-	-
Incinerated without energy recovery	-	-	-	-	8	8	-	8	8	-	8	8
To landfill	116	63	179	108	75	183	106	98	204	106	98	204
Other disposal operations	18	83	101	10	120	130	12	106	118	12	300	312
Total	134	156	290	118	203	321	118	212	330	118	406	524

### PERCENTAGE OF WASTE RECYCLED IN 2022 WITHOUT IPEG

### PERCENTAGE OF WASTE RECYCLED IN 2022 WITH IPEG

66%

NON-HAZARDOUS

RECYCLED

34%
NON-HAZARDOUS
NON-RECYCLED

3%
HAZARDOUS
RECYCLED

97%
HAZARDOUS
NON-RECYCLED

**54%**NON-HAZARDOUS
RECYCLED

46%

NON-HAZARDOUS

NON-RECYCLED

3%
HAZARDOUS
RECYCLED

**97%**HAZARDOUS
NON-RECYCLED

The total amount of waste collected was 16% higher than 2021. This increase is related to the fact that the scope of consolidation includes the IPEG Group, which joined the Group in the first quarter of 2022. On a like-for-like basis, there is a slight decrease in waste collected, -13%. The increase was primarily in non-hazardous waste, up +19%, while hazardous waste was down 4%. The analysis of the data shows a positive trend with regard to the decrease in hazardous waste since 2019, the year in which this environmental indicator began to be reported, equal to 159 tons, to date, equal to 121 tons, even though the Group has grown 127% in terms of turnover since 2019.

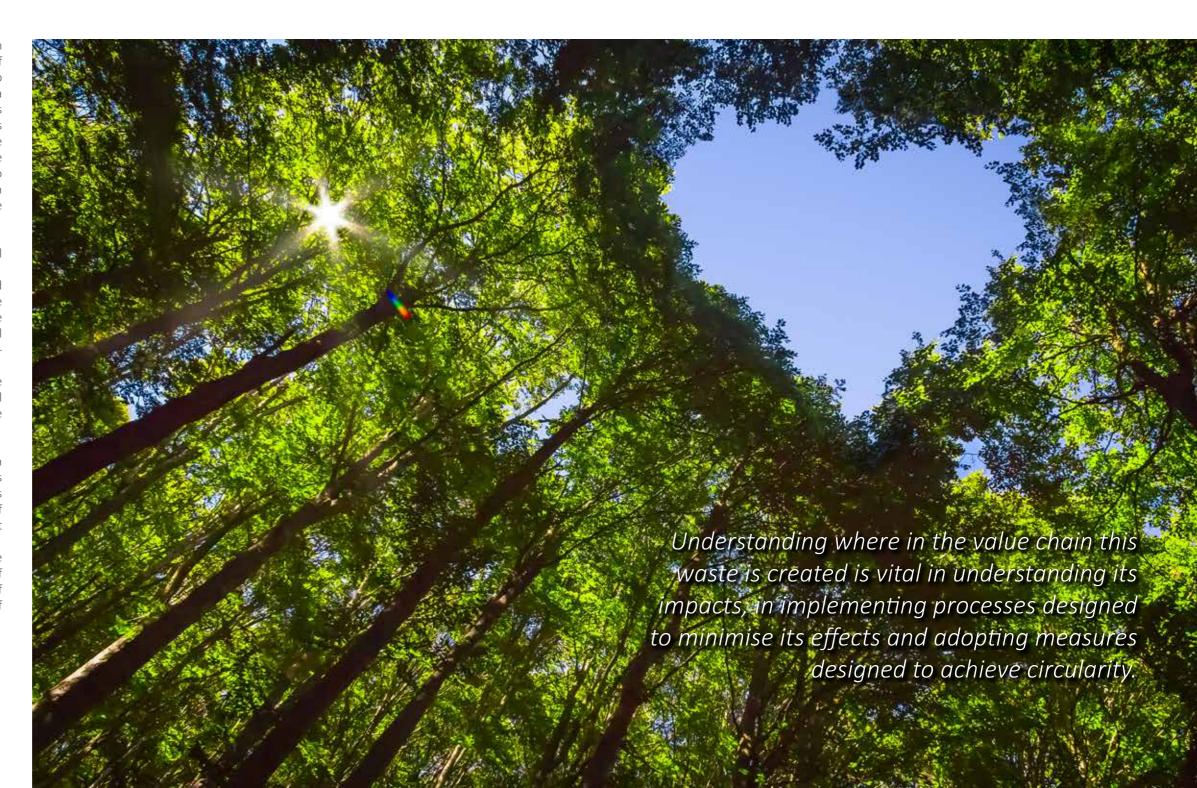
Waste produced is monitored using a specific loading/disposal register, which records the type and quantity produced.

All waste generated by company activities is collected and disposed of in compliance with local regulations. The collection, processing and recycling of non-hazardous waste and the disposal of hazardous waste takes place at external sites through local service suppliers. We note that 54% of non-hazardous waste was recycled in 2022 (467 tons).

The Piovan Group places great importance on separate waste collection. Especially in the Italian and European plants all staff were informed about the criteria and the respect of the separate collection.

Special 'islands' have been set up for separate waste collection (paper and cardboard, food waste, plastic, cans, used batteries and dry non-recyclables) in production departments, offices and refreshment areas in order to encourage the reuse of recyclable materials and the proper disposal of materials that are not reusable but potentially harmful to the environment.

To facilitate the transport and external delivery of waste, the Italian plant of the Parent Company and Aquatech make use of a "train" consisting of a number of containers for each type of waste and a shelving unit to organize the temporary storage of liquid and special waste.





# **6.3. Management of water consumption**

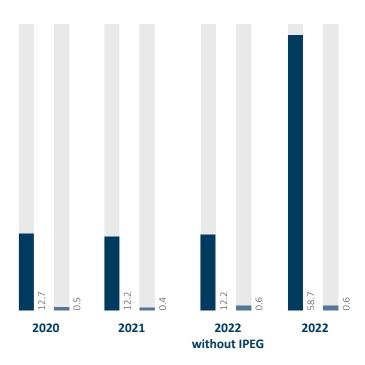
Piovan Group's production activity essentially consists of assembly, and water is not a resource that is used in the production cycle. It is not, for example, stored for future use, or used in products or for cooling purposes. As such, the Piovan Group has not identified significant impacts related to the use of water along its value chain, either in terms of consumption or discharge. The use of water resources therefore derives almost entirely from civil use, i.e. for hygiene services and catering areas.

At all our production sites, the water comes from local public aqueducts, so all water management, treatment, discharge and purification is handled by the public utility company. For these reasons, no ad hoc monitoring or survey procedures are currently in place regarding water consumption. Reporting on the topic can be carried out, however, using the invoices received from third-party suppliers.

In reporting water consumption indicators, the assumption was made that water consumption is equal to withdrawal. The reasons are that, as explained above, water is not part of the production cycle, so it is reasonable to assume that the water withdrawn is the water actually consumed.

59.3 megaliters of water were consumed in 2022. This consisted almost entirely of fresh water, with only a small amount (1%) related to other types of water. The table below illustrates consumption by source type (in megaliters).

### WATER CONSUMPTION IN MEGALITRES



■ Water from third parties- aqueduct ■ Groundwater

### WATER CONSUMPTION BY SOURCE TYPE (MEGALITRES)

	2020	2021	2022 without IPEG	2022
Water from third parties- aqueduct	12.7	12.2	12.2	58.7
Groundwater	0.5	0.4	0.6	0.6
Total	13.2	12.6	12.8	59.3



# Social aspects

The Piovan Group considers human resources to be an essential and indispensable part of the achievement of its objectives.

Human resource management and development is carried out with a view to fostering the skills, potential and commitment of every employee.

**GROUP EMPLOYEES PER** 

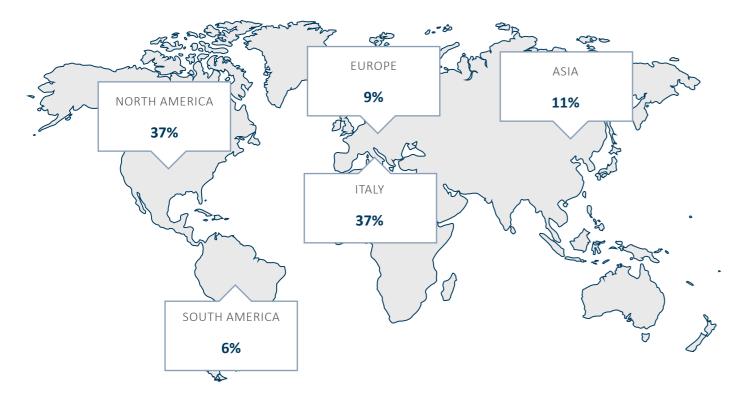
**TYPE OF CONTRACT** 

In its human resource management, the Group bases its decisions and rules of conduct on the ethical principles and values of equality, cohesion, honesty, respect, and protection of the individual, and on the principles of the ILO Conventions issued on the subject. In both internal relationships and relationships with third parties, the Company strictly avoids any form of discrimination and promotes respect for work and

workers. The Piovan Group works continuously to ensure the protection of the physical and moral integrity of its workers, encouraging continual development of their technical and professional skills.

The Piovan Group incentivises staff participation and involvement, including through social dialogue, to further include them and help them fully understand the Group's values and culture. For this reason, free association in trade unions and collective bargaining associations is entirely permitted, in full respect of human rights and diversity. In order to mitigate the risk of strikes or other forms of abstention, as well as union-related issues, the Group expects relationships and negotiations with trade unions to be managed by Group companies on a local basis.

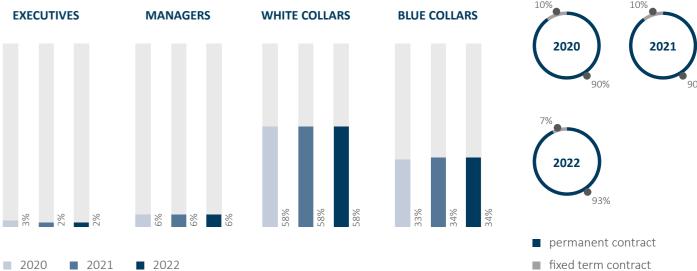
## 7.1 Personnel Management



In 2022, the Piovan Group employed 1,804 people, an increase of 51% compared to 2021.

The acquisition of the IPEG Group contributed decisively to the increase in personnel; on a like-for-like basis, the increase in personnel would be 6% (69 employees).

### PIOVAN GROUP EMPLOYEES BY CATEGORY



As regards human resources, risk management methods and related human opportunities involve the whole Group. Piovan operates in over 20 countries with different social and cultural backgrounds and as such, the Group aims to approach the daily challenges that come with multicultural diversity by adopting an Ethics Code and Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001 (231 Model). The Group's management team practices the principle of valuing diversity and inclusion on a daily basis and promotes said principle throughout the organization.

Continuous dialog with trade unions and associations representing Piovan's employees around the world has ensured that no strikes or union-related disagreements have occurred. Managing personnel and the risks associated with a failure to do so is mitigated by the fact the Group considers human resources to be a key asset and has always recognized the strategic importance and core role played by individuals to deliver upon objectives and tackle innovative challenges.

Guidance on managing human resources, selecting employees, training them and handling employment contracts has been included in the Piovan S.p.A. Quality Manual. The protection of workers' rights - and associated risks - is managed through the application of collective agreements and compliance with local regulations in all countries where the Group is present.

The Piovan Group works in full awareness of the needs of the community in which it operates, contributing to improvements

■ fixed term contract

and also promoting connection and exchange and the sharing and creation of knowledge.

The Group's Italian workforce is subject to collective bargaining<sup>1</sup>

in quality of life, to economic, cultural and civil development,

- 100 % of workers- consistent with the company's policy of creating stable and lasting employment for its workers. Similarly, in countries where collective bargaining exists, 100% of the Group's staff are employed in this way. Among other things, this guarantees a maximum number of working hours for each individual, and the right to freedom of association. The Group estimates that over 75% of its workers are covered by collective bargaining.

Staff distribution reflects the Piovan Group's business model, which aims to retain professional figures with critical and specialist expertise within the Company. At a Group level, the majority of employees fall into the category of office workers (58%, or 1,042 employees).

The Piovan Group prefers the establishment of a stable and lasting working relationship. In fact, 93% of the staff, (+3% compared to 2021) or 1,669 employees, is employed with an permanent contract.

94% of men are employed on permanent contracts, while the equivalent figure for women is 86%. The gender breakdown of staff shows that women account for 17% of the total. This percentage is a result of the Group's core business, which is strongly focused on metalworking in a highly technical engineering field.

<sup>1.</sup> The Company is regulated by the National Collective Bargaining Agreement of the Engineering Industry for Metalworking and Plant Installation.

### TOTAL PIOVAN GROUP EMPLOYEES BY CONTRACT TYPE AND GENDER

			2020			2021			2022
	male	female	total	male	female	total	male	female	total
Permanent	881	147	1,028	912	164	1,076	1,410	259	1,669
Fixed-term	84	36	120	87	33	120	92	43	135
Total	965	183	1,148	999	197	1,196	1,502	302	1,804

### TOTAL PIOVAN GROUP EMPLOYEES BY CATEGORY AND GENDER

			2020			2021			2022
	male	female	total	male	female	total	male	female	total
Executives	28	2	30	26	1	27	38	3	41
Managers	63	9	72	63	8	71	94	14	108
White Collars	503	164	667	523	173	696	788	254	1,042
Blue collars	371	8	379	387	15	402	582	31	613
Total	965	183	1,148	999	197	1,196	1,502	302	1,804

### TOTAL PIOVAN GROUP EMPLOYEES BY AGE AND GENDER

			2020	'		2021			2022
Age	male	female	total	male	female	total	male	female	total
Under 30	183	32	215	128	24	152	196	41	237
From 30 to 50	553	122	675	561	129	690	793	171	964
Over 50	229	29	258	310	44	354	513	90	603
Total	965	183	1,148	999	197	1,196	1,502	302	1,804

### TOTAL NUMBER OF PIOVAN GROUP EMPLOYEES DIVIDED BY WORKING CONTRACT (FULL-TIME/PART-TIME) AND GENDER

			2020			2021	'		2022
	male	female	total	male	female	total	male	female	total
Full-time	960	157	1,117	996	182	1,178	1,488	275	1,763
Part-time	5	26	31	3	15	18	14	27	41
Total	965	183	1,148	999	197	1,196	1,502	302	1,804

Most Group employees are between the ages of 30 and 50.

Piovan Group grants part-time contracts to male and female workers who make a justified request; in 2022 there will be 41 part-time contracts, 27 of which will be held by women, 9% of the female workforce. As at 31/12/2022, 2% of staff are employed on part-time contracts.

As at 31 December 2022, 128 employees belonging to vulnerable categories, which is 7% of the total workforce. No cases of discrimination of any kind were recorded during 2022.



Personnel are employed under regular labor contracts; no form of irregular labor or exploitation of child labor is tolerated.

The recruitment rate (calculated as the number of workers hired during the period compared to the workforce at the end of the period) is 19%, up from 2021 (+3%).

During the year, 341 new workers were hired. 100 new recruits are in the under-30 age group, 185 are in the middle age group (30-50 years) and 56 recruits are over 50 years old. In terms of geographical distribution: 165 new hires were in North America, 106 in Italy, 38 in Asia, 19 in Emea (excluding Italy) and 13 in South America.

### HIRES

		2020		2021		2022
	No. of hires	% of total	No. of hires	% of total	No. of hires	% of total
Age						
Under 30	31	29%	61	32%	100	29%
From 30 to 50	68	64%	106	55%	185	54%
Over 50	8	7%	25	13%	56	16%
Total	107		192		341	
Gender						
Male	90	84%	160	83%	277	81%
Female	17	16%	32	17%	64	19%
Total	107		192		341	

Newly recruited employees follow a specific onboarding course that is planned on a case-by-case basis according to their role. The agenda alternates moments of technical training on products and applications, both in the classroom and on our 4.0 System, to support by experienced staff, thus also facilitating professional growth and the alternation of resources in the various roles. Introductory meetings are also organised with company representatives from other departments to facilitate future collaboration. They then take part in basic training courses on hard and soft skills on the company's e-learning platform, Piovan Academy, an important innovation in 2022 that has allowed culture, values and skills to be shared at Group level. For a more effective and quicker induction, new

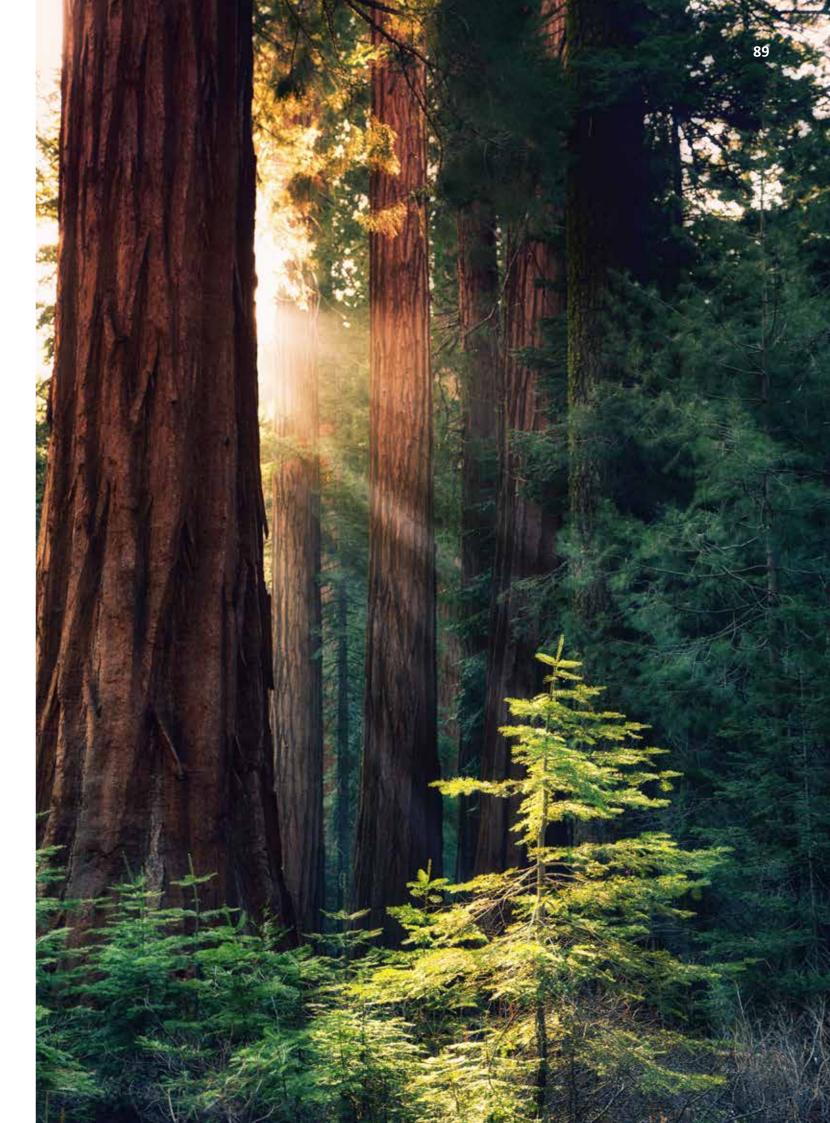
recruits are given a copy of the internal regulations, a copy of the national collective agreement, a copy of all agreements in place at the time of recruitment, and initial training by the human resources department on company processes, procedures and regulations.

2022 saw the exit of 235 employees (195 men and 40 women). Of those who left the Group, 49 were in the under-30 age group, while 130 were in the intermediate age group (30-50 years) and 56 departed employees were over 50 years old. As far as geographical distribution is concerned, 123 terminators were employed in North America, 54 in Italy, 12 in the rest of Emea, 8 in South America and 38 in Asia.

### **DEPARTURES**

		2020		2021		2022
	No. of departures	% of total	No. of departures	% of total	No. of departures	% of total
Age						
Under 30	24	18%	28	19%	49	21%
From 30 to 50	83	63%	90	63%	130	55%
Over 50	24	18%	26	18%	56	24%
Total	131		144		235	
Gender						
Male	115	88%	126	88%	195	83%
Female	16	12%	18	12%	40	17%
Total	131		144	<u> </u>	235	

The Group's focus on people is evident in its low turnover. The termination rate is 13%.



## 7.2 Training and development

The Piovan Group believes that training is a key strategic resource. In fact, the Group's investment in training goes far beyond new hire inductions. Piovan has always believed that developing and sharing skills are key factors in creating a solid and successful company: testament to this is the creation on October 1, 2021 of the Group Academy, a specialization of the HR function focused on the organization, delivery and monitoring of training activities in line with the Group's global needs

The Academy Team currently consists of 6 people: 3 Technical Trainers (figures specialised in the design and delivery of technical training on the products supplied by Piovan Group), 1 Academy Manager (who has a role of controlling and coordinating the activities of the Technical Trainers), 1 Training & Recruiting Manager with activities of coordinating and planning training activities on soft skills and hard skills, and the Group HR & Organisation Director, who provides guidelines and indications for all activities in the short, medium and long term

Training covers the entire production process and all company departments. A training budget is allocated annually and is drawn up by department managers and approved by the senior management team. Training includes technical skills, language skills and the so-called "transversal skills"; on the latter, several training sessions were in fact delivered in 2022 on the topics of Communication, Leadership Styles and Business Etiquette, of which Piovan is a forerunner compared to similar companies, functional in making each employee a spokesperson for the company's values and mission.

The establishment of the Group Academy made it possible to unite technical-specialist and transversal training activities within a single entity, in order to optimise time, costs and methods used in the analysis of training needs, as well as the dissemination of a globally shared corporate culture.

The Group attaches great importance to continuous training, especially in the Service department: to ensure quality and efficiency for the customer, refresher courses are constantly provided to installation and maintenance technicians on new machinery launched on the market or technological improvements of existing products.

Risks associated with training concern a lack of training and the subsequent lack of development opportunities. This could

lead to a poor organizational structure with respect to the operational complexity and to non-compliance with regulatory obligations. A lack of training could lead, moreover, to failures to attract key personnel and possible loss of company knowhow, with the risk of a drop in the quality of services offered, including after-sales service. To overcome these possible risks, the Group invests in training and every year defines a training plan identifying, through an appropriate mapping of skills shared between managers, HR and Academy, the training needs both in terms of mandatory and specific role needs.

Furthermore, with the creation of the Group Academy, one of the issues taken care of from the outset is the definition of a training path that each new employee will follow from the very first day they join the company; this training path takes into account various aspects, such as the office they belong to, the role and the activity carried out, also leaving the direct manager the possibility of customising and integrating training on specific topics. The direct manager has the option to tailor and add to the training on specific issues. This activity therefore has two aims: firstly, to provide employees with all the tools they need to carry out their daily activities correctly, and, secondly, to speed up the induction phase.

One of the tools on which part of the Group's training activity is based, and which will constitute a fundamental pillar in the near future, is the Piovan Academy LMS (Learning Management System) platform, a software that, among the various advantages, allows to:

- ensure the possibility of creating an On-Boarding path, both technical and transversal, for new recruits;
- deliver both online and offline training;
- create customised training courses based on the different company roles;
- create preparatory content for courses held in the classroom.

Thanks to the flexibility and accessibility of the Piovan Academy platform, it will be possible to spread culture and shared values at a Group level.

At Piovan North America, to promote both professional and personal development and growth, a leadership development program was sponsored in 2022, which actively involved 40 employees, from up-and-coming leaders to senior level participants. The following topics were addressed:

- COMMUNICATION
- COACHING
- RESOLVING WORKPLACE CONFLICT
- MAKING HIGH-QUALITY DECISIONS
- ENGAGING AND RETAINING TALENT
- DRIVING CHANGE

The Career Development Plan procedure has been communicated to all employees who can join the program by requesting a meeting with the manager to discuss their goals and then create a personal development plan defining career goals, action steps and time frames for achieving them.

During 2022, 48,202 hours of training were provided by the Group, on a like-for-like basis, without taking into account IPEG, equal to 32,139 hours (+70% compared to last year), equal to an average of 26.7 hours per capita. The average hours per capita without IPEG in 2022 amounted to 25.4, a sharp increase compared to last year, which amounted to 15.8 hours per capita, +10 hours per capita. This increase comes from training new recruits. More than 80% of the Group's employees were involved. The training covered: training of new recruits, technical training, such as the use of SAP; product training (industry sectors, winfactory), general safety at work, soft skills (team building, communication, public speaking). The average number of training hours undertaken by women in 2022 amounted to 24.6 hours, and the average number of training hours undertaken by men amounted to 27.1 hours. The meetings on raising awareness on environmental issues, which began last year, involved 116 Group employees (of which 28 belonging to the purchasing office) for a total of 344 hours of training (-32% compared to the previous year).

The 2022 data also includes the training of the IPEG Group for a total of 16 thousand hours. The significant increase is mainly related to induction hours for new recruits, technical training and product training.



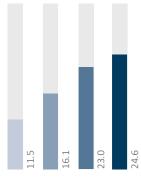


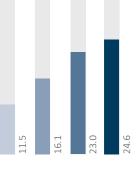
### **AVERAGE HOURS PER CAPITA BY GENDER OF THE PIOVAN GROUP**

MALE

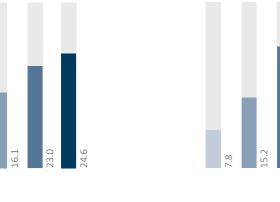


**FEMALE** 





2020



2021

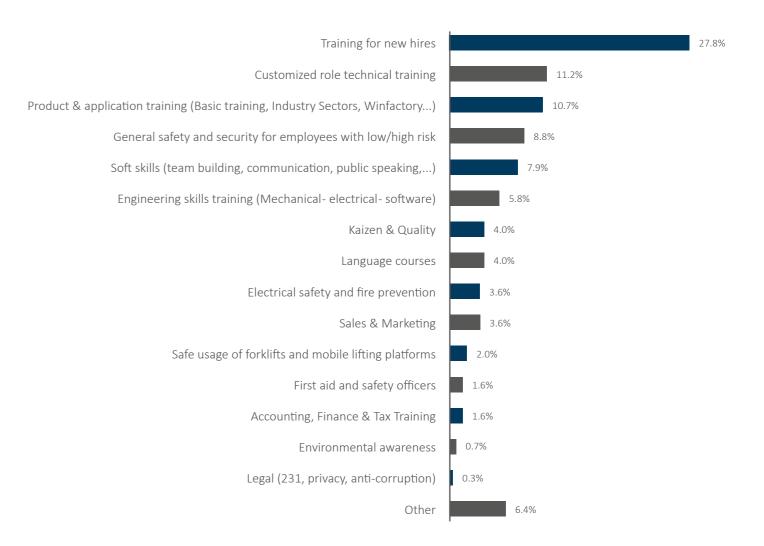
### AVERAGE TRAINING HOURS PER CAPITA BY PROFESSIONAL CATEGORY FOR THE PIOVAN GROUP

**MANAGERS** 

**EXECUTIVES** 



### TYPE OF TRAINING FOR THE PIOVAN GROUP



The Group has launched several initiatives to improve employee training and professional development. Research and innovation are the cornerstones of the Piovan Group's philosophy and employee skills are developed in line with these principles.

Piovan organized courses on the principles of dehumidification and Modula solutions in order to efficiently and automatically regulate process parameters. Courses were organized around the topics of industry 4.0 systems and energy efficiency (Winfactory 4.0 and Winenergy). Through Piovan Academy, the Group is implementing ongoing training in which a team of experts passes on their talents to end users, OEMs, research centers and universities. The team provides ongoing training to the Group's international post-sale network, with maximum flexibility in training delivery, which may be both remote and in person, alternating theoretical aspects and case studies. The System 4.0 implemented in Piovan S.p.A., with the most complex equipment that the Company sells, makes it possible to continuously create practical exercises to prepare service personnel and installers to manage activities in the field in the best possible way.

The identification of the training requirements of each employee was, in 2022, the result of a precise survey, in which all departmental managers were involved in a precise mapping of the skills within their work teams. Skills mapping will be repeated annually, firstly to verify the effectiveness of the training courses organised, and secondly to identify

any new needs that the market may generate. Anonymous questionnaires to measure satisfaction with the training received and customer surveys on the quality of services received (an activity already carried out by service managers) will be vital ways to ensure continuous improvement of the Academy team's activities, in terms of content, methodology and frequency.



System 4.0

# 7.3 Occupational health and safety

Piovan Group places the safety and health of its employees at the forefront, with the aim of ensuring a comfortable and safe workplace. The risks associated with an irresponsible approach to workplace health and safety, i.e. a failure to comply with local regulations or the potential for work-related injuries and/ or ill health, represent a corporate and social burden that is simply not sustainable.

For these reasons, the Group is committed to managing its production activities in full compliance with existing laws and regulations at every plant, so as to avoid or minimize occupational risks and thereby ensure the safety of its employees, in addition to any other person directly or indirectly involved in company activities.

Furthermore, the Piovan Group aims to develop and maintain a

comprehensive risk analysis. Said analysis is used to identify all potential prevention and protection measures, as well as any necessary interventions to improve safety conditions in the workplace.

The Company also strives to promote a culture of health and safety in the workplace, in the hope that staff members will help make the prevention system more effective.

Each Group company enforces local regulations in the countries where it is present with regard to health and safety, in particular at IPEG (North America), which joined the Group in 2022, health and safety is of utmost importance. The internal policy for the prevention of accidents and illnesses reads: "The successful operation of IPEG will depend not only on sales and

service, but also on how safely each job is performed."

The state of national emergency relating to the Covid-19 pandemic ended during the year. In fact, even in the company, the number of workers who have tested positive has dropped drastically to zero. This led to the gradual restoration of some services and the repeal of obligations such as wearing a mask in the workplace.

In each branch of the Group, Health and Safety officers have been identified, clearly identified by all staff, and regular Health and Safety prevention checks are carried out (internally where possible and/or by an external company for smaller branches).

In order to demonstrate its commitment to occupational health and safety, the parent company Piovan S.p.A. obtained an ISO 45001:2018 certification on November 26, 2019, for its offices, production site, and warehouse located in Santa Maria di Sala, Venice. Obtaining certification demonstrates that an adequate management system is in place to map, eliminate and/or reduce risks and increase workplace health and safety, with a view to continuous improvement. In this regard, it should be noted that in 2022 Piovan S.p.A. passed the four-year surveillance control to maintain the ISO 45001:2018 certification.





Verifications are conducted systematically in order to minimize potential risks and hazards in the workplace. First of all, possible hazards are mapped and identified by considering: the work activities, the equipment used, the chemical/dangerous substances, the characteristics of the building, and then high-risk or low-risk activities are identified. To minimise the risk of the former, the Group ensures that all preventive measures are used (e.g. speed limit reduction, creation of pedestrian paths with vertical and horizontal signs, high visibility vests). For the branch offices in Italy, agreements are reached with the trade unions concerning decisions on the management of COVID-19 containment efforts and on all safety procedures that concern the offices and production facilities.

Occupational health services aim to ensure employee health in relation to their workplace. This is made possible by competent, qualified professionals in line with standards and guidelines in effect in the various countries in which the Group operates. The occupational health services aim to minimize health and safety risks and identify hazards in order to eliminate them. In order to facilitate access to occupational health services, appointments are available on site during business hours.





The Group does not use personal health information as criteria for making decisions on employment, terminations, or salary. This information is archived confidentially, and only the company doctor has access to such archives. Employee medical files are provided to the employer in sealed envelopes, so the employer does not have access to this information.

The Group is committed to communicating with employees with regard to health and safety both on bulletin boards within the various production areas and digitally on the company intranet, which is accessible to all employees.

These communications concern new procedures, temporary notices, trends in injuries, invitations to training programs, appointments for medical exams. The safety office organizes events annually (and as needed) to discuss work-related injuries, the use of new equipment, safety procedures, emergency response, and the use of new personal protective equipment. Scheduled and extraordinary consultations with employer health and safety representatives (EHSR) can also be held. Scheduled consultations are held to analyze the overall state of health and safety in the workplace and the various measures adopted in order to reduce or minimize any critical issues encountered. Extraordinary meetings are called by the EHSR in the event of potential, imminent danger or other situations in which steps need to be taken without delay.

For the Italian branches, in order to promote access to all types of prevention and mechanisms to ensure health and safety, the Group has enrolled all employees in a health-care fund (Metasalute) in which the families of employees may also participate. Each foreign branch works to promote employee health and safety by enrolling in local health-care funds and/or by way of on-site medical exams and training.

During 2022 there were 25 accidents at work (15 on a like-for-like basis), of which none were fatal and none with serious consequences. 132 days were lost to injury during the course of the year (calculated from the first day of the accident). The

table shows the main accident rates of the Group: the accident rate at work with serious consequences is zero, while the recordable accident rate at work is 7.72, equal to 6.45 without IPEG.

### **INJURY RATES**

	2020	2021	2022 without IPEG	2022
Recordable occupational injuries	13	12	15	25
of which fatal	-	-	-	-
of which with serious consequences	1	-	-	-
of during commute	-	-	-	1
Days lost due to accidents	205	144	119	132
No. of cases of occupational illnesses	-	-	-	-
Rate of death due to occupational accidents	-	-	-	-
Rate of occupational accidents with serious consequences (excluding deaths)	0.54	-	-	-
Rate of recordable occupational accidents	6.97	5.34	6.45	7.72

### **INJURY RATES BY GEOGRAPHICAL AREA FOR 2022**

	EMEA	ASIA	NORTH AMERICA	SOUTH AMERICA
Work-related injuries	10	-	15	-
of which fatal	-	-	-	-
of which with serious consequences	-	-	-	-
of during commute	-	-	1	-
Days lost due to accidents	103	-	29	-
No. of cases of occupational illnesses	-	-	-	-
Rate of death due to occupational accidents	-	-	-	-
Rate of occupational accidents with serious consequences (excluding deaths)	-	-	-	-
Rate of recordable occupational accidents	7.15	-	12.69	-

Of the work-related injuries recorded in the Companies, 10 were in the Emea area and 15 in North America. Analysis has not revealed any particular category of employee deemed to be at a higher risk of injury or occupational illness.



The following routine maintenance activities were carried out in Piovan's working environments and production plants during 2022 to guarantee employee safety. They involved plants, machinery and work equipment. Machinery and equipment maintenance has been included within the Company's management software in order to optimise measures by automating the monitoring system and making it more efficient. Health training and oversight, chemical safety information, injury and safety reports, certifications, information on machinery, systems and equipment, and safety and environmental safety document deadlines have also been entered into SAP® in order to achieve integrated management and make monitoring more efficient.

Customers and/or third parties are duly informed of all potential risks prior to visiting Company sites and are equipped with all appropriate preventive measures.

At Piovan S.p.A., all procedures developed in the area of health and safety have been applied in order to adhere to the management model of Italian Legislative Decree 231/07. Together with those relating to the Group's ISO certification, these procedures have helped govern the people in charge of certain processes and the way they are managed, with a view to continuous improvement.

New procedures and operating instructions will also be introduced, such as safe access for maintenance workers to the automated warehouse, which features moving equipment presenting a high risk to the activities carried out there.

12 defibrillators have been purchased and installed at the Group's production sites to help implement prevention measures; 43 employees have been trained to operate them. In order to mitigate the significant impact on occupational health and safety of tasks directly related to operations and in commercial relations, the Company follows and complies with local laws and regulations, and annual training is provided. Across the Group in 2022, training courses were provided on the following topics:

- general safety and security for employees with low/high risk: total of 4,264 hours of training (+64% compared to 2021);
- **electrical safety and fire prevention**: total of 1,741 hours of training (+27% compared to 2021);
- the safe operation of forklifts and mobile lifting platforms: 952 hours of training (-3% compared to 2021);
- first aid and safety officers: 791 hours of training (+33% compared to 2021).

## 7.4 Fairness in relationships

Fair relationships, honesty and transparency are core company values and have been communicated to the management team in order to improve conduct at a group and brand level. The Ethics Code (a self-regulation tool) aims to guide business activities and render them transparent. In fact, the Ethics Code aims to establish specific professional conduct regulations to be followed by all Group employees.

The code of ethics can be found on this page: https://www.piovan.com/investors/corporate-governance/

# 7.5 Initiatives for employees and corporate welfare

Already attentive to employee well-being, Piovan S.p.A. has developed a welfare plan that allows employees to improve their work life balance and access innovative personnel management policies.

There are many actions in place, ranging from flexible working hours that allow independent time management, to various types of part-time and remote working, to the introduction of sustainable mobility initiatives (such as the installation of electric car charge points and subsidies for bicycle purchase). As for personal growth, events are organized periodically, such as workshops and opportunities to 'improve' physical and mental well-being. Piovan S.p.A. also places importance on its physical workplace. In order to make it as comfortable as possible, hot and cold water dispensers have been installed, as well as vending machines serving hot drinks, beverages and snacks, and dedicated refreshment areas.

Putting people first has always been incredibly important to Piovan S.p.A., as such, the 'Piovan Club' project has been created to offer a series of services to employees and their families in the provinces of Padua, Venice and Treviso. Five main areas of shared interest have been identified: Health, Finance,





Insurance Services, Wellness and Sport, and Family. Piovan S.p.A. has selected and identified a number of service providers offering exclusive services in each area.

The Piovan Club remains dynamic, versatile and up-to-date, thanks also to employee suggestions. The HR office, by way of an employee dedicated to "people care", is responsible for signing agreements and contacts local companies, shops, pharmacies, gyms, insurance companies and banks to make being part of Piovan S.p.A. a privilege for employees, who are consequently able to make excellent use of discounts in the region. The stipulated agreements are communicated by e-mail and archived internally. In-company personal package pick-up is also available, in the view that time is a fundamental personal resource for employees.

All the aforementioned benefits are provided to all employees, regardless of whether they are in full-time or part-time work or have a fixed-term or permanent contract<sup>2</sup>.

Piovan places its employees at the heart of its business, and as such, attention is also paid to their health. A range of initiatives has been introduced, from ergonomic chairs to wellness events and on-site catering facilities that use quality produce to contribute to a healthy diet. Piovan S.p.A.'s main office houses a company canteen, which provides a good service and publishes a weekly menu listing all allergens and ingredients. In order to encourage employees to pay greater attention to their health, the number of calories in each dish is also displayed on a daily basis. The menu is certified by a nutritionist and biologist registered with the association of biologists. Piovan S.p.A. contributes a very significant percentage to the cost of employee meals.

IN ADDITION, THE COMPANY OFFERS A NUMBER OF FINANCIAL INCENTIVES, INCLUDING:



holiday bonuses, which are paid to employees before the summer on an annual basis



production bonuses, which are paid to employees based on the Company's end-of-year results on an annual basis. The basis for calculating bonuses is an integration of the second-level contract agreed with trade unions and workers' representatives issued during the first half of the financial year



Corporate welfare, the option for all employees to choose whether their production bonuses or national collective agreement bonuses are paid in the form of remuneration or flexible benefits, such as goods and services, which consequently benefits the tax wedge in favor of employees. The portal is managed by an external provider and offers numerous services and goods for employee use (covering five main areas: reimbursement of school expenses, healthcare, complimentary pensions, sports, recreation and vouchers) with a particular interest in family establishments



option to apply for a business loan, the Company has set up a Loan Fund for employees who need financing



marriage bonus, paid to employees who decide to get married



during 2022, to cope with the difficult general conditions of the world economy and to at least partially support the discomfort of employees, two extraordinary contributions were provided: the first monetary, the second in the form of welfare

<sup>2.</sup> Benefits provided if in force at the end of the year.

### 7.6 Initiatives for local communities

Piovan S.p.A.'s social commitment is based on the principle of responsibility towards the social context in which it operates, and expresses the will of its top management. The deep connection with the region translates into a continuous exchange of knowledge and experience, as the company's performance and success also pass through the well-being of the society in which it operates. As such, Piovan S.p.A. supports and promotes training and cultural programs, and in particular those of a technical nature.

Since 2012, Piovan S.p.A. has started a close collaboration with the Istituto Tecnico Superiore Meccatronico del Veneto, a school of technology that takes the form of a 'small polytechnic' specialising in mechatronics, whose aim is to train specialised figures with a high technical profile. The two paths available in our field are Senior Technician for Process and Mechanical Product Innovation and Senior Technician for Automation and Mechatronic Systems. The school offers an alternative educational route to those offered by universities, based on significant in-company training and class-based learning centred around work projects, case studies and workshops. During the school year, students have three days of lessons at school and two days of apprenticeship within the Company, which immediately brings them into contact with the world of work

In the last five years, Piovan S.p.A. has hosted several apprentices as part of these alternating school-work projects. Three of them were hired at the end of their training and now work in R&D Service and Workshop, demonstrating the effectiveness of the close collaboration between school and the working world.

On December 31, 2022, the Group had 37 interns, of whom 31 were male and 6 were female. Of these 10 have worked in IPEG, 7 men and 3 women.

Piovan S.p.A. also promotes training through its relationships with universities, specifically with the University of Padua and the University of Ferrara. By participating in events organized by the universities, including Career Days, Piovan S.p.A. encourages meetings with students and graduates. University participation is key to attracting new talent and allowing people to contribute new ideas and solutions to help consolidate corporate expertise.

Piovan S.p.A. also contributes to the sponsorship and promotion of local sports and youth activities, such as the Santa Maria di Sala women's volleyball.





8

# The Taxonomy

The classification of activities that can be considered sustainable based on alignment with the EU's environmental targets.

# 8.1 Reference **Framework**

Regulation (EU) 2020/852 ("EU Taxonomy" or "Taxonomy Regulation") introduced the taxonomy of environmentally sustainable economic activities, classified according to their alignment with EU environmental objectives, into the European regulatory system. With reference to the 3 pillars of ESG (Environmental, Social, Governance) sustainability, the Taxonomy currently focuses on pillar E (environmental).

The European Taxonomy sets out six environmental objectives for identifying environmentally sustainable economic activities:

- 1. CLIMATE CHANGE MITIGATION
- 2. CLIMATE CHANGE ADAPTATION
- 3. SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES
- 4. TRANSITION TO A CIRCULAR ECONOMY
- 5. POLLUTION PREVENTION AND CONTROL
- 6. PROTECTION AND RESTORATION OF BIODIVERSITY AND **ECOSYSTEMS**

At the time of writing, only two of the six environmental and climate goals had been mapped in detail by the legislature, which has identified specified technical screening criteria under which specific economic activities can contribute substantially to 1. Climate change mitigation and 2. Climate change adaptation.

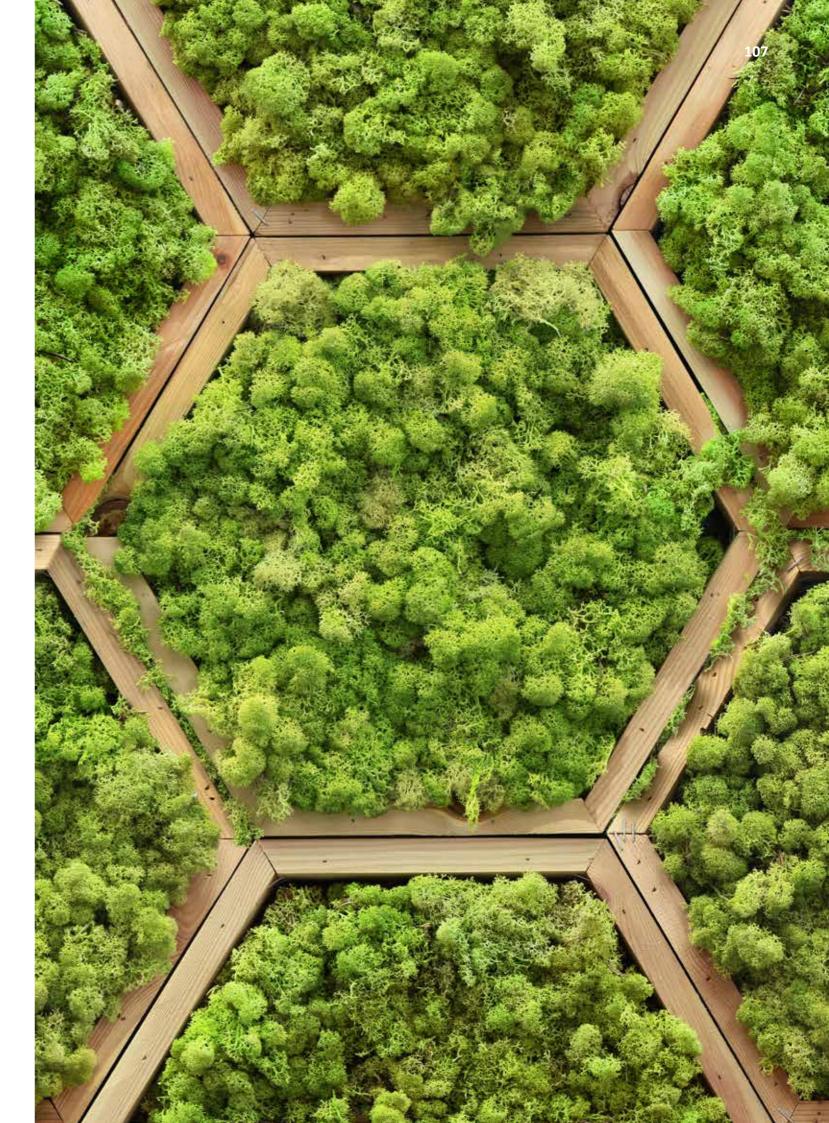
In the overall strategy outlined by the European Commission to finance sustainable growth, a central role is assigned to the harmonization of the criteria used to determine whether an economic activity can be considered environmentally sustainable in terms of certain environmental objectives. An economic activity is therefore defined as environmentally sustainable, according to the principles of Taxonomy, if:

- it contributes substantially to the achievement of one or more of the six environmental objectives mentioned above;
- it does no significant harm to any of the environmental objectives (Do No Significant Harm principle- DNSH);
- it is carried out in compliance with minimum safeguards (procedures implemented by an undertaking that is carrying out an economic activity to ensure alignment with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human

• it complies with the technical screening criteria adopted by the European Commission (which provide concrete specifications for the general definitions set out in the Regulation) with respect to the substantial contribution of an economic activity to environmental objectives without causing significant harm to them.

As per Article 8 of the Taxonomy Regulation, companies are required to include in their non-financial reports ("NFRs") information on how and to what extent their activities are associated with environmentally sustainable economic activities. Environmentally sustainable activities are identified according to the criteria set out in the Taxonomy Regulation. On July 6, 2021, the EU Commission published the final version of the Delegated Regulation, which indicates the content, timing and manner in which this information must be published. In particular, non-financial companies must publish information on:

- turnover deriving from products or services associated with economic activities aligned with the European Taxonomy;
- the portion of capital expenditure (Capex) and operating expenditure (Opex) relating to assets or processes associated with economic activities aligned with the European Taxonomy.



# 8.2 The Piovan Group business

The Group is a multinational enterprise and a global leader in the development and manufacture of automation systems for the storage, shipping and processing of polymers, plastic and food powders.



Specifically, the Group develops, manufactures and markets systems and equipment that enable customers to automate and increase the efficiency of the entire storage, shipping and treatment processes of virgin polymers, recycled plastics and bioplastics, as well as the main food powders such as sugar, flour, cocoa and milk powder. The Group's technical solutions include in particular:

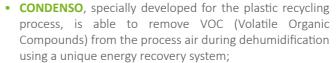
- the design of equipment, systems and engineering solutions;
- the production of the machinery required for these equipment and systems to function:
- installation and initialization at the customer's production facilities.

The Group also supports its customers globally through continual technical assistance, including the sale of spare parts for machinery and the provision of a range of additional services, and support activities from the preliminary design phase through to installation and initialization of the equipment and machinery.

Operating in sectors linked to the consumption of plastic - which are have particularly high environmental impacts - the commitment of the Piovan Group in this sense continues to be concrete and unwavering, especially as regards the development of the circular economy.

In fact, the Group is increasingly investing in the development of technologies for the recovery and recycling of plastic (in the "primary process") and works unceasingly alongside the largest players in the sector to offer its customers innovative solutions that involve the use of recycled or biodegradable plastic instead of virgin plastic (the "secondary process").

The products mentioned in the Sustainability Report 2021 -Genesys Next, InspectaBe and Winfactory- were joined by new products in 2022 resulting from Piovan's continuous innovation in line with its Sustainability strategy. They are:



• **SOFTBOOST**, a new patented Piovan air channelling system for preparation of the granule for transformation into a finished product specially designed for regenerated PET that reduces the thermal stress of the resin, resulting in a



high quality product, and improves the energy efficiency of the process;

- VULKANO, a new portable instrument to measure the presence of VOCs released from recycled plastic in the process air and to monitor the saturation of filters, allowing maximisation of their life cycle and verifying of their effectiveness at any time;
- EASYPURE with ODOR MINDER TECHNOLOGY, a postconsumer plastic deodorisation system with smart integration of an "electronic nose" to control the effectiveness of odour removal while ensuring maximum energy efficiency.

In 2022, the Group estimates that approximately 25.3% of its revenues within segments where the use of recycled plastics is relevant (mainly packaging, fibres, recycling and compounding) will be related to circular economy activities<sup>1</sup>.

The Piovan Group reasonably believes that these activities may be reported as part of the Taxonomy in the future, beginning with the non-financial disclosure for the period 2023 when the related targets are regulated in detail.



# 8.3 The role of the Piovan Group in climate change mitigation

In line with the provisions of the EU Taxonomy, which sets itself the ambitious goal of providing a common language for all stakeholders in ESG matters and which pays particular attention to the issue of decarbonising the Union's economy by 2050, the Piovan Group has decided to take on board the provisions of the Taxonomy, albeit in a context in which the activities that most pertain to the circular economy - and which are closest to the core of the Group's efforts- have not yet been mapped. This year the Group is therefore reporting eligibility and alignment as regards one of the two Objectives currently available and regulated (Climate Change Mitigation) among the six set out in the EU Taxonomy.

Piovan Group's production activity essentially consists of assembly, and as such is not as energy-intensive as manufacturing (see Section 6.1). Similarly, the machinery manufactured by the Group and used within its systems and facilities is energy efficient and- for the most part- generates low emissions.

However, the Group does operate in some areas - such as the automotive sector or the industrial chillers sector - where energy consumption is a critical factor in customers' purchasing decisions. In order to meet these needs, in recent years the Piovan Group has developed technologies and machinery designed to provide solutions that help its customers to reduce energy consumption and thus, indirectly, emissions.

With this analysis framework in mind, the Group has analysed the reference chapters in the Technical Annexes published by the European Commission, and has attributed its activities to the following categories:

# 3.6. Manufacturing of other low-carbon technologies, with the intention of developing technologies to reduce greenhouse gas emissions.

- The group's companies involved in these activities are Piovan S.p.A., Aquatech S.r.I., Unadyn Inc., Doteco S.p.A. (for the Plastic segment), Penta S.r.I., and Fea ptp S.r.I. (for the Food and Non Plastic segment); throughout the year, the group began to analyse the IPEG Group with the aim of including it in these statistics as of 2023.
- This year, the analysis of the Revenues, Capex and Opex KPIs once again focused only on Piovan S.p.A. and Aquatech S.r.l. and Energys S.r.l.

**7.6 Installation, maintenance and repair of renewable energy technologies,** related to the Capex of Piovan S.p.A.

**9.3.** Professional services related to the energy performance of buildings, which among the Group companies are part of the business model of the subsidiary Energys S.r.l.

# 8.4 How the Piovan Group adopts the taxonomy

For the purposes of Taxonomy-based analyses, the Piovan Group's economic activities have been divided into two different categories, as defined by the Regulations:



# **ELIGIBLE**

Any economic activity that simultaneously satisfies two conditions:

- **1.** BE EXPLICITLY INCLUDED IN THE TAXONOMY REGULATION BECAUSE IT CONTRIBUTES SUBSTANTIALLY TO GOAL:
- · climate change mitigation or Goal;
- climate change adaptation;
- **2.** SATISFIES THE CRITERIA IN THE TAXONOMY REGULATION REGARDING THE FIRST TWO ENVIRONMENTAL OBJECTIVES.



# **ALIGNED**

Any economic activity that simultaneously satisfies two conditions:

- 1. CONTRIBUTES TO AT LEAST ONE OF THE EU ENVIRONMENTAL OBJECTIVES
- 2. DOES NOT CAUSE SIGNIFICANT HARM TO OTHER OBJECTIVES

A more detailed description of the procedures followed to arrive at the turnover, capex and opex indicators associated with economic activities aligned with the European Taxonomy can be found below.



# 8.4.1 Turnover

These technologies include, for example:

As noted above, the Piovan Group does operate in some areas - such as the automotive sector or the industrial chillers sector - where energy consumption is a critical factor in customers' purchasing decisions.

As such, the Piovan Group portfolio includes technologies and machinery to provide solutions that help its customers to reduce energy consumption and therefore, indirectly, emissions.

• Some families of Dryers, such as Genesys (GP and GMP) and Genesys Next (GN). All Piovan Genesys dryers, except the GMP Smart, are equipped with inverters that modulate the air flow rate and therefore also the electrical power used. The reduction of internal pressure drops within the machine, and therefore the reduction of the energy required to move the air through the ducts, guarantees a range of products with lower energy consumption than other products on the market.

In addition to being equipped with inverters, Genesys dryers are able to modulate energy consumption according to hourly production, and are therefore known as "Adaptive". They also contain sensors that allow optimization of the temperature inside the hopper containing the material to be dried.



Genesys Next products, on the other hand, are designed not only to optimize energy consumption, but also to optimize production. They are a specific product for the world of recycling, containing a PureTech filter that removes the airborne contaminants generated during the drying of recycled material. This makes the dryer not only efficient, but also suitable for any application in the recycling world.

 Some families of Chillers, such as: Easycool and Ecosmart by Aquatech.

Aquatech's chillers and drycoolers can be low GWP (Global Warming Potential) gas solutions. Their energy performance is above the regulatory reference values, guaranteeing higher performance than the market average.

For some of these product families, the Piovan Group has external certification confirming consumption / emission savings with respect to the baselines. These are the ones that were included in the list of Aligned activities

To identify revenues from systems using these technologies, the Group used SAP® reporting on the analysis period for the year just ended (2022).

Beginning with revenues deriving solely from ordinary operations (sale of machine systems, spare parts and assistance), the values relating to projects containing the

above technologies were extrapolated for the numerator. Net revenues were reported in the denominator.

Given that the scope of the analysis includes Piovan S.p.A., Aquatech S.r.l. and Energys S.r.l. only, the analysis tables are presented both for the consolidated total and for the scope of the analysis alone.

### **CLIMATE CHANGE MITIGATION**

ALICAICD ACTIVITIES	REVENU	ES (2022)
ALIGNED ACTIVITIES	M€	% of consolidated total
ALIGNED	24	
CONSOLIDATED REVENUES	520	4.5%
CONSOLIDATED REVENUES SCOPE ANALYZED	142	16.6%

# 8.4.2 CAPEX

To define the related KPI, the Piovan Group analysed the investments within the analysis scope and which met the criteria set out in the Taxonomy in the area of Climate Change Mitigation.

The numerator therefore includes, for example, the increase in assets due to investments made for the installation of photovoltaic panels in the Piovan and Aquatech factories.

The denominator includes all the tangible (property, plant and equipment) and intangible investments for the year under review, including the value deriving from the application of IFRS 16 determining a right of use, as indicated in the Taxonomy Regulation and in the explanatory notes provided.

# **CLIMATE CHANGE MITIGATION**

ALICAIED INIVESTMENT	САРЕХ	(2022)
ALIGNED INVESTMENT	M€	% of consolidated total
ALIGNED	1	
CONSOLIDATED INVESTMENT	4	14%
INVESTMENTS SCOPE ANALYZED	2	41%

# 8.4.3 **OPEX**

To define the OPEX KPI, the Group considered for the numerator the research and development expenses for the creation of prototypes aimed at reducing energy consumption- and therefore emissions- and the formulation of the related patents.

These are mainly machines related to dehumidification, refrigeration and material transport technologies. The largest portion of these costs relates to personnel dedicated to the design and development of prototypes and the cost of external consulting. In order to extrapolate these numbers, the Company developed a specific analysis of the timesheets and activities dedicated to the development of these prototypes based on actual hours and parametric allocations.

Research and development costs, maintenance and repair costs and direct expenses related to the maintenance of property, plant and equipment have been included in the denominator

Also in this case, the analysis tables are presented both for the consolidated total and for the scope of the analysis alone (Piovan S.p.A., Aquatech S.r.l. and Energys S.r.l.).

# **CLIMATE CHANGE MITIGATION**

	OPEX (2022)						
ALIGNED COSTS	M€	% of consolidated total					
ALIGNED	1.2						
CONSOLIDATED COSTS	22	6%					
COSTS SCOPE ANALYZED	7.5	16%					

As mentioned in previous paragraphs, it should be noted that the analyses presented exclude - for this first year 2022 - activities related to the circular economy.

The Piovan Group believes that such activities may be reported in the future as part of the EU Taxonomy and reasonably lead to an improvement in the indicators presented.

The annex includes the tables that reflect the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, supplementing Regulation (EU) 2020/852.



# Annex

Template - Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022 (year N)

							Subst	antial cont	ribution cr	iteria		DI	NSH criteri	a ('Does N	ot Significa	ntly Harm	<b>'</b> )					
		Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Currency	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	Е	Т
		A. TAXONOMY-ELIGIBLE ACTIVITIES																				
		A.1. Environmentally sustainable activities	(Taxonom	y-aligned)				ı										ı				
		Manufacture of other low carbon technologies	3.6	€ 23,349	4.49%	4.49%	-	-	-	-	-	S	S	S	S	S	S	-	4.49%	N/A		
	A.1.	Professional services related to energy performance of buildings	9.3	€ 201	0.04%	0.04%	-	-	-	-	-	S	S	n.p.	n.p.	n.p.	n.p.	-	0.04%	N/A		
Α		Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		€ 23,550	4.53%	4.53%	-	-	-	-	-								4.53%	N/A		
		A.2. Taxonomy-Eligible but not environmen	ntally susta	ainable activiti	es (not Taxo	onomy-alig	ned activ	ties)														
	A.2.	Manufacture of other low carbon technologies	3.6	€ 3,477	0.67%																	
	7 10 5 10	Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		€ 3,477	0.67%																	
		TOTAL A.1. + A.2.		€ 27,027	5.20%														4.53%			
		B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
В		Turnover of Taxonomy-non-eligible activities (B)		€ 492,775	94.80%																	

TOTAL (A + B)

€ 519,802 100%

# Annex

Template - Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022 (year N)

							Subst	antial cont	ribution c	riteria		DI	NSH criteri	a ('Does N	ot Significa	antly Harm	n')					
		Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion CapEx, year N (18)	Taxonomy-aligned proportion of Capex, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Currency	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	Е	Т
		A. TAXONOMY-ELIGIBLE ACTIVITIES																				
		A.1. Environmentally sustainable activities	s (Taxonomy	y-aligned)																		
	A.1.	Installation, maintenance and repair of renewable energy technologies	7.6	€ 629	14.13%	14.13%						S	S	n.p	n.p	n.p	n.p		14.13%	N/A		
		CapEx of environmentally sustainble activities (Taxonomy-aligned) (A.1.)		€ 629	14.13%	14.13%													14.13%			
Α		A.2. Taxonomy-Eligible but not environme	entally susta	inable activiti	es (not Tax	onomy-alig	ned activi	ties)						,								
					0.00%																	
	A.2.	CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		€ -	0.00%																	
		TOTAL A.1. + A.2.		€ 629	14.13%														14.13%			
		B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
В	CapEx of Taxonomy-non-eligible activities (B)		€ 3,822	85.87%																		

TOTAL (A + B)

€ 4,451 100%

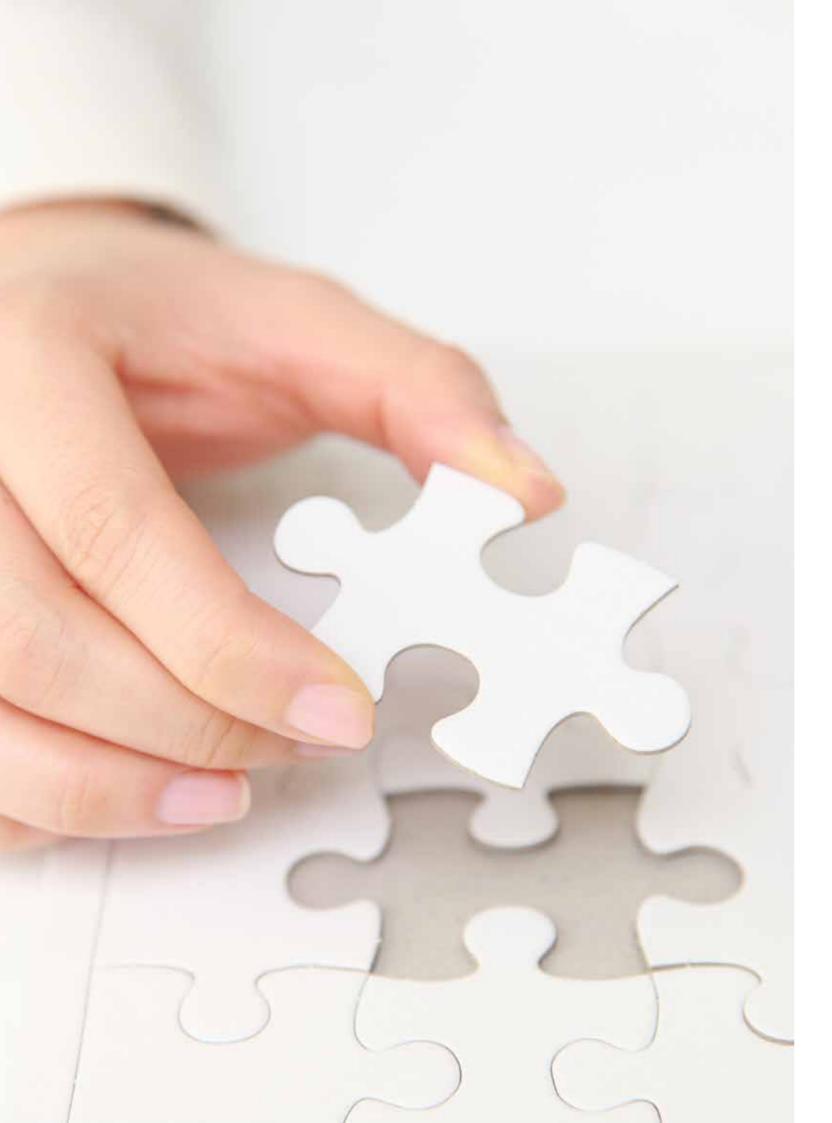
# Annex

Template - Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022 (year N)

						antial cont						,		ntly Harm	,					
Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of Opex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion OpEx, year N (18)	Taxonomy-aligned proportion of Opex, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		Currency	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	Е	Т
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities	s (Taxonom	y-aligned)																		
Manufacture of other low carbon technologies	3.6	€ 1,215	6%	5.58%	-	-	-	-	-	S	S	S	S	S	S		5.58%	N/A		
OpEx of environmentally sustainble activities (Taxonomy-aligned) (A.1.)		€ 1,215	6%	5.58%													5.58%			
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of other low carbon technologies	3.6	€ 182	1%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		€ 182	1%																	
TOTAL A.1. + A.2.		€ 1,397	6.42%														5.58%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		€ 20,378	94%																	
	A. TAXONOMY-ELIGIBLE ACTIVITIES  A.1. Environmentally sustainable activitie  Manufacture of other low carbon technologies  OpEx of environmentally sustainble activities (Taxonomy-aligned) (A.1.)  A.2. Taxonomy-Eligible but not environmentally sustainable activities (Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)  TOTAL A.1. + A.2.  B. TAXONOMY-NON-ELIGIBLE ACTIVITIES  OpEx of Taxonomy-non-eligible activities	A. TAXONOMY-ELIGIBLE ACTIVITIES  A.1. Environmentally sustainable activities (Taxonom Manufacture of other low carbon technologies  OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)  A.2. Taxonomy-Eligible but not environmentally sustainable activities of other low carbon technologies  OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)  TOTAL A.1. + A.2.  B. TAXONOMY-NON-ELIGIBLE ACTIVITIES  OpEx of Taxonomy-non-eligible activities	Currency  A. TAXONOMY-ELIGIBLE ACTIVITIES  A.1. Environmentally sustainable activities (Taxonomy-aligned)  Manufacture of other low carbon technologies  OpEx of environmentally sustainble activities (Taxonomy-aligned) (A.1.)  A.2. Taxonomy-aligned) (A.1.)  A.2. Taxonomy-Eligible but not environmentally sustainable activities  Manufacture of other low carbon technologies  OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)  TOTAL A.1. + A.2.  E. TAXONOMY-NON-ELIGIBLE ACTIVITIES  OpEx of Taxonomy-non-eligible activities  OpEx of Taxonomy-non-eligible activities	A. TAXONOMY-ELIGIBLE ACTIVITIES  A.1. Environmentally sustainable activities (Taxonomy-aligned)  Manufacture of other low carbon technologies  OpEx of environmentally sustainble activities (Taxonomy-aligned) (A.1.)  A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)  OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)  TOTAL A.1. + A.2. € 1,397 6.42%  B. TAXONOMY-NON-ELIGIBLE ACTIVITIES  OpEx of Taxonomy-non-eligible activities	Economic activities (1)    Control   Control	Currency % % %  A. TAXONOMY-ELIGIBLE ACTIVITIES  A.1. Environmentally sustainable activities (Taxonomy-aligned)  Manufacture of other low carbon technologies  OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)  A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities (Taxonomy-aligned) (A.1.)  A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities (not Taxonomy-aligned activities) (A.2.)  OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)  TOTAL A.1. + A.2.  € 1,397  6.42%  Description	A. TAXONOMY-ELIGIBLE ACTIVITIES  A.1. Environmentally sustainable activities (Taxonomy-aligned)  Manufacture of other low carbon technologies  OpEx of environmentally sustainble activities (Taxonomy-aligned) (A.1.)  A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)  Manufacture of other low carbon technologies  OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)  OpEx of Taxonomy-eligible but not environmentally sustainable activities (182 1% 1% 182 1% 184 1% 184 184 1% 185 185 185 185 185 185 185 185 185 185	Currency % % % % % % % % % % % % % % % % % % %	Currency % % % % % % % % % % % % % % % % % % %	Economic activities (1)    Common	Economic activities (1)  (a)	Economic activities (1)  (E) Xad O Jo wo gegal will be activities (1)  (E) Xad O Jo wo gegal will be activities (1)  (E) Xad O Jo wo gegal will be activities (1)  (E) Xad O Jo wo gegal will be activities (1)  (E) Xad O Jo wo gegal will be g	Currency   S   S   S   S   S   S   S   S   S	Currency   S   S   S   S   S   S   S   S   S	Currency   N   N   N   N   N   N   N   N   N	Currency   %   %   %   %   %   %   %   %   %	Currency   %   %   %   %   %   %   %   %   %	Economic activities (1)    Committee   Com	Fronomic activities (1)    Currency	Fronomic activities (1)    Fronomic activities (1)   Fronomic activiti

TOTAL (A + B)

€ 21,775 100%



# Methodological note

This document clearly illustrates the integration between the Piovan Group's economic sustainability and the social and environmental sustainability implemented in its corporate decision-making processes, strategy, governance and business model.

The fifth Piovan Group Sustainability Report, approved by the Board of Directors on 21 March 2023, is a communication tool that describes the economic, social, and environmental results in an increasingly clear, transparent and articulate manner, and shows the Group's commitment to sustainable development, with the aim of creating value not only for the Company, but also for its stakeholders.

Piovan S.p.A. (hereinafter Piovan Group), insofar as a public-interest entity pursuant to art. 16 of Legislative Decree no. 39 of 27 January 2010, as amended, having a number of employees, balance sheet and net revenues from sales and services exceeding the size limits provided for in art. 2 paragraph 1 of Legislative Decree no. 254 of 30 December 2016 (hereinafter "Decree 254"), is subject to the application of said Decree 254, "Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial and diversity information by certain large undertakings and groups".

Piovan Group has always paid close attention to the areas covered by the aforementioned Decree. The Company has decided to consolidate and publish a non-financial report on an annual basis, starting in 2018.

This consolidated Non-Financial Report (NFR) of the Piovan Group as at 31 December 2022, has been prepared in accordance with the provisions contained in Decree 254. Furthermore, following the 2019 budget law, information contained in the Company's Non-Financial Report has been expanded.

This document constitutes a separate report, marked by the specific wording, as provided for by art. 5 of the Decree, in order to associate it with the Non-Financial Report (NFR) provided for by the legislation. It constitutes the undertaking by Piovan Group to report on the social and environmental impacts of its actions, respect for human rights and its policies in these areas and on the matter of diversity, in compliance with the provisions of Decree 254. The structure of this NFR prioritizes consistency with the thematic areas covered in the Decree.

This document clearly illustrates the integration between the Piovan Group's economic sustainability and the social and environmental sustainability implemented in its corporate decision-making processes, strategy, governance and business model.

The indicators and aspects to be reported on were chosen based on a comprehensive materiality analysis carried out during the phases described in chapter 3.

In order to comply with the reporting criteria for non-financial information, the Piovan Group has adopted as a guideline the GRI Standards (referenced service) issued in 2016, and subsequently updated, by the Global Reporting Initiative, the most commonly-used international reference for sustainability reporting.

A table summarizing the information reported by the Piovan Group and the GRI indicators is presented in Chapter 3 of this Report.

The Piovan Group's Non-Financial Report can be viewed on the following website: https://www.piovan.com/investors/investor-relations/

Please contact us for further information or clarification:

Email: ir@piovan.com





# 9.1 Reporting process

The reporting process for this Non-Financial Report is continually being improved and follows the Policy for Preparation of the Non-Financial Report.

This document defines the process for collecting and approving the non-financial information included in the Non-Financial Report of the Piovan Group in line with the provisions of Decree 254.

The fundamental steps in this process, as managed by the Finance and Control Department at the Piovan S.p.A. main office, are as follows:

- the sending of data collection sheets with collaboration from managers and data owners in various company departments belonging to both the Parent Company and other Italian and international Group companies;
- the receipt of the data by the data owners of the Parent Company and of the branches and subject to certification by the General Manager/competent Executive that said information is reliable, complete in relation to the specified scope, in line with documented figures, and free from false claims or the omission of relevant facts;
- the aggregation, analysis and processing of data received at a centralized level to ensure compliance with the relevant reporting standard requirements. Data processing is carried out via precise calculations (or estimates if not possible or specified by the relevant standard). Financial data refer to the 2022 Consolidated Financial Statements;
- approval of the Non-Financial Report by the Board of Directors on 21st March 2023;
- the release of an assessment by the independent audit firm BDO Italia S.p.A. of the Non-Financial Report's compliance in the form of limited assurance;
- publication of the report on the Group's website in order to make it available to all stakeholders.

As regards the conversion factors used to process data, reference has been made to:

- The conversion factors used to convert different energy quantities into GJ have been taken from the GRI Standard, which in turn uses indicators deriving from The Greenhouse Gas Protocol (GHG) Corporate Accounting and Reporting Standard by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). In particular, to convert the consumption in chapter 6 into GJ, the latest version of the "Greenhouse gas reporting: fuel properties" provided by DEFRA (UK Department for Environment Food & Rural Affairs) was used.
- To calculate the Scope 1 emissions, the following conversion factors were used: "Greenhouse gas reporting: fuels" 2022 provided by DEFRA (UK Department for Environment Food & Rural Affairs).
- To calculate the Location Based Scope 2 emissions, in 2022 the ISPRA emission factor was used based on TERNA values, taken from the latest available publication (Emission factors for electrical energy production and consumption in Italy, 2020); for the Market Based calculation, for 2022 the AIB emission factor was used, taken from the latest available publication.
- $\bullet$  The conversion factors used for the calculation of CO $_2$  equivalent forest acres are taken from the Greenhouse Gas Equivalencies Calculator of the United States Environmental Protection Agency.
- The conversion factors used to process data on waste are taken from Waste Weight Determination, Agency of Statistics of Bosnia and Herzegovina, Sarajevo, 2015 and from Material Bulk Density, Resource Future, 2009.

# 9.2 Scope of the non-financial report

All reporting information within this document refers to the 2022 financial year. As explained in the methodological note, in compliance with Decree 254, the following Sustainability Report will be published annually together with the Group's Consolidated Financial Statements.

THE PIOVAN GROUP HAS DEFINED FOUR REPORTING AREAS:

# THE FIRST:

applies fully to all the companies consolidated in the Consolidated Financial Statements and deals with financial information, environmental issues related to energy consumption, anti-corruption, and social issues inherent to the composition and characteristics of human resources, and to training, health and safety specifically.

### THE SECOND:

corresponds to the **Group's production companies** and refers to waste and water management and issues concerning suppliers. The production companies are as follows: Piovan S.p.A., Aquatech S.r.I., Penta S.r.I., Fea Ptp S.r.I., Doteco S.p.A., FDM GmbH, Piovan Plastics Machinery Co. Ltd., Universal Dynamics Inc., Piovan Do Brasil Industria e Comercio Ltda, IPEG Inc, Thermal Care Inc, Pelletron Corp.The decision to structure the reporting scope in this way stems from the fact that the waste and water impact of non-production companies does not need to be taken into

consideration in order to understand the Group's business activities, performance, results and their subsequent effects.

# THE THIRD:

corresponds to the parent company Piovan S.p.A. for the analysis of materials used by weight and volume, the use of recycled materials and for the assessment of new suppliers according to social and environmental criteria.

### THE FOURTH:

relating to the parent company Piovan S.p.A., Aquatech S.r.l. and Energys S.r.l. with regard to the indicators in chapter 8 of the EU taxonomy (art.8 of Regulation (EU) 2020/852).

Any changes to and limitations of these areas will be indicated within this document in the relevant section. For more company details, please refer to the 'Group Structure' section in paragraph 2.1.



10
GRI table

**Statement of use:** Piovan Group has reported the information cited in this GRI content index for the period 01/01/2022-31/12/2022 with reference to the GRI Standards.

GRI 1 used: GRI 1: Foundation 2021.

GRI STANDARD	DISCLOSURE	GRI DISCLOSURE TITLE	PAGE NUMBER	OMISSION
	2-1	Organizational details	28- 30	
GRI 2: General Disclosures 2021	2-2	Entities included in the organization's sustainability reporting	32- 33; 127	
- The organizations and its reporting practices	2-3	Reporting period, frequency and contact point	124	
	2-4	Restatements of information	n.a.	
	2-5	External assurance	140- 142	
GRI 2: General Disclosures 2021-	2-6	Activities, value chain and other business relationships	28- 30; 66- 71	
Activities and workers	2-7	Employees	84-88	
	2-9	Governance structure and composition	34- 35	
GRI 2: General Disclosures 2021 -Governance	2-10	Nomination and selection of the highest governance body	34- 35	
	2-14	Role of the highest governance body in sustainability reporting	35; 126	
	2-22	Statement on sustainable development strategy	II- VII; 6- 14	
GRI 2: General Disclosures 2021	2-23	Policy commitments	46- 50; 36- 39	
-Strategy, policies and practices	2-27	Compliance with laws and regulations	74	
	2-28	Membership associations	30	
GRI 2:	2-29	Approach to stakeholder engagement	54	
General Disclosures 2021- stakeholder engagement	2-30	Collective bargaining agreements	84- 85	
GRI 3:	3-1	Process to determine material topics	54- 55	
Material Topics 2021	3-2	List of material topics	55	
	3-3	Management of material topics	46- 50	

GRI STANDARD	GRI DISCLOSURE	GRI DISCLOSURE TITLE	NUMERO DI PAGINA	OMISSIONI
	3-3	Management of material topics	46- 50; 42	
GRI 201:	201-1	Direct economic value generated and distributed	42- 43	
Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	6- 14	
GRI 204:	3-3	Management of material topics	46- 50; 66- 68	
Pratiche di acquisto 2016	204-1	Proportion of spending on local suppliers	71	
GRI 205:	3-3	Management of material topics	46- 50; 39	
Anti-corruzione 2016	205-3	Confirmed incidents of corruption and actions taken	39	
	3-3	Management of material topics	46- 50	
	207-1	Approach to tax	44- 45	
GRI 207:	207-2	Tax governance, control, and risk management	44- 45	
Tax 2019	207-3	Stakeholder engagement and management of concerns related to tax	44- 45	
	207-4	Country-by-country reporting	44- 45	
GRI 301: Materials 2016	301-2	Recycled input materials used	18- 19	
CDI 202.	3-3	Management of material topics	46- 50; 74	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	75- 76	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	81	
	303-2	Management of water discharge- related impacts	81	
	303-5	Water consumption	81	

GRI STANDARD	DISCLOSURE	GRI DISCLOSURE TITLE	PAGE NUMBER	OMISSION
	3-3	Management of material topics	46- 50; 74	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	76	
GRI 306: Waste 2020	305-2	Energy indirect (Scope 2) GHG emissions	76	
	3-3	Management of material topics	46- 50; 77	
	306-1	Waste generation and significant waste-related impacts	77- 79	
	306-2	Management of significant waste-related impacts	77- 79	
	306-3	Waste generated	77- 79	
	306-4	Waste diverted from disposal	77- 79	
	306-5	Waste directed to disposal	77- 79	
CDI 200.	3-3	Management of material topics	46- 50; 66- 68	
	308-1	New suppliers that were screened using environmental criteria	68	
	3-3	Management of material topics	46- 50; 84- 85	
GRI 401:		New employee hires and employee turnover	88	
Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	100- 101	

GRI STANDARD	DISCLOSURE	GRI DISCLOSURE TITLE	PAGE NUMBER	OMISSION
	3-3	Management of material topics	46- 50; 94- 95	
	403-1	Occupational health and safety management system	94- 97	
	403-2	Hazard identification, risk assessment and incident investigation	95-96	
	403-3	Occupational health services	95-96	
	403-4	Worker partecipation, consultation and communication on occupational health and safety	94- 96	
	403-5	Worker training on occupational health and safety	98	
GRI 403: Occupational Health and	403-6	Promotion of worker health	94- 96	
Safety 2018	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	98	
	403-8	Workers covered by an occupational health and safety management system	96	
	403-9	Work-related injuries	97	The document does not report the information related to workers who are not employees but whose work and/ or workplace is controlled by the organization
-	403-10	Work-related ill health	97	
GRI 404: Training and Education	404-1	Average hours of training per year per employee	91- 92	

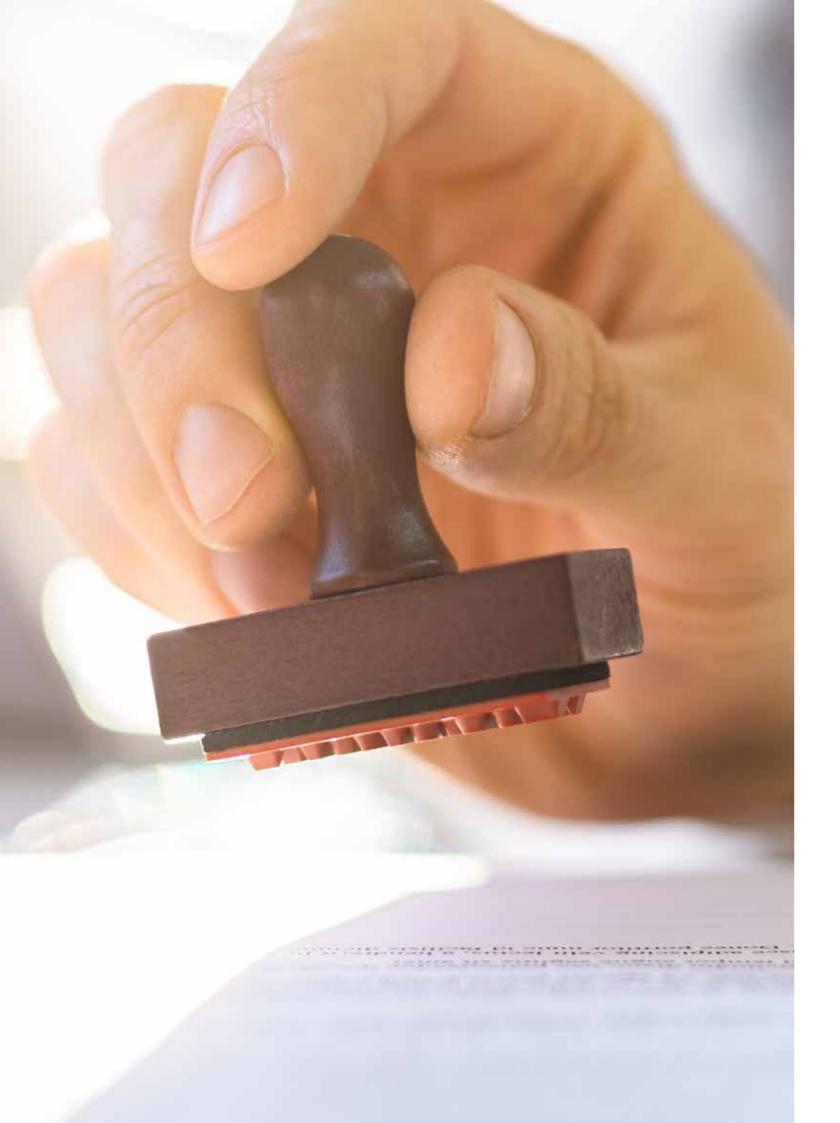
GRI STANDARD	DISCLOSURE	GRI DISCLOSURE TITLE	PAGE NUMBER	OMISSION
GRI 405:	3-3	Management of material topics	46- 50; 84- 85	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	35; 86- 87	
CDI 40C	3-3	Management of material topics	46- 50; 84- 85	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	87	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	84- 85	The document reports only the measures taken in order to support rights to exercise freedom of association and collective bargaining
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	102	
GRI 414:	3-3	Management of material topics	46- 50; 66- 68	
Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	68	
GRI 416:	3-3	Management of material topics	46- 50; 66	
Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	66- 67	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	40-41	

GRI STANDARD	DISCLOSURE	GRI DISCLOSURE TITLE	PAGE NUMBER	OMISSION
Further material themes				
GRI 3:	3-3	Management of material topics	46- 50	
Material Topics 2021		Recycling and circular economy	6- 14	
GRI 3:	3-3	Management of material topics	46- 50	
Material Topics 2021		Energy impact of products and services	20- 25	
GRI 3:	3-3	Management of material topics	46-50	
Material Topics 2021		Waste reduction	18- 19; 60- 63	
GRI 3:	3-3	Management of material topics	46-50	
Material Topics 2021		Brand reputation	40- 41	
GRI 3:	3-3	Management of material topics	46- 50	
Material Topics 2021		Innovation / R&D	60- 63	

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Santa Maria di Sala (Venezia), 21/03/2023

For the Board of Directors, the Chairperson NICOLA PIOVAN



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# Independent Auditors' Report

on the consolidated non-financial statement pursuant to article 3, paragraph 10 of Legislative Decree no. 254 of December 30, 2016 and of art. 5 of CONSOB Regulation n. 20267 of January 2018

To the Board of Directors of Piovan S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 ("Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Piovan S.p.A. and subsidiaries (the "Group" or "Piovan Group") as of December 31, 2022 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 22, 2023 (hereinafter the "NFS").

The limited assurance engagement performed by us does not extend to the data contained in paragraph "The Taxonomy" of the NFS, information required by article 8 of the European Regulation 2020/852.

### Directors' and Board of Statutory Auditors' responsibility on the Consolidated Non-Financial Statement

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative ("GRI Standards"), with reference to the selection of GRI Standards, identified as a reporting standard.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for the identification of the content of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the Group' business and characteristics, to the extent necessary to ensure an understanding of the Group's business, performance, results and the related impacts.

Finally, the Directors are responsible to design a business management model for the organisation of the Group's activities, as well as, with reference to the topics identified and reported in the NFS, for the policies for the identification and management of the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, compliance with the provisions set out in the Decree.

# Auditors' Independence and quality check

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity,

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professional competence and due care, confidentiality and professional behaviour. Our company applies l'International Standard on Quality Management 1 (ISQM1) and, accordingly, maintains a system of quality control that includes directives and procedures concerning compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditors' responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the requirements of the Decree and the GRI Standards. We carried out our work in accordance with the criteria established in the *International Standard on Assurance Engagements 3000 (Revised)* ~ *Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised")*, issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with *ISAE 3000 Revised*, and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS are based on our professional judgement and include inquiries, primarily of the company's personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence, as appropriate.

Specifically, we carried out the following procedures:

- Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the process in place for the selection process in the light of the provisions of article 3 of the Decree and taking into account the adopted reporting standard.
- Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance to the Decree.
- If applicable: comparison of data and financial economic disclosures presented in the NFS with those included in the Group's consolidated financial statements.
- 4. Understanding of the following matters:
  - Business management model of the Group's activity, with reference to the management of the topics set out in article 3 of the Decree;
  - Policies adopted by the entity in connection with the topics set out in article 3 of the Decree, achieved results and related key performance indicators;
  - Main risks generated and/or undertaken, in connection with the topics set out in article 3 of the Decree.

With reference to these matters, we compared them with the disclosures presented in the NFS and carried out the procedures described in point 5, letter a).

Understanding of the processes underlying the origination, recording and management of significant qualitative and quantitative information disclosed in the NFS.

Specifically, we carried out interviews and discussions with the management of Piovan S.p.A. We also performed limited documentary verifications, in order to gather

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information on the processes and procedures supporting the collection, aggregation, processing and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, with respect to significant information, taking into consideration the Group's business and characteristics, at parent company's level (Piovan S.p.A.):

- a) with regards to qualitative information included in the NFS, and specifically with reference to the business model, policies applied and main risks, we carried out interviews and gathered supporting documentation to check for consistency with available evidence.
- b) with regards to quantitative information, we carried out both analytical and limited procedures to ensure, on a sample basis, the correct aggregation of data.
- c) we carried out site visits, to meet its management and gather supporting documentation with reference to the correct application of the procedures and methods used to calculate the indicators.

### Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Piovan Group as of December 31, 2022 has not been prepared, in all material respects, in accordance with the requirements of article 3 and 4 of the Decree and the selected GRI Standards.

Our conclusions on the NFS of Piovan Group do not extend to the data contained in paragraph "The Taxonomy", information required by article 8 of the European Regulation 2020/852.

Padova, March 30, 2023

BDO Italia S.p.A.

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This report has been translated into English language Solely for the convenience of international readers.

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