



# Environmental Sustainability Policy

Approved by the Board of Directors of SIT S.p.A.  
on November 9, 2023



# Contents

- Premise
- Scope
- Purpose
- Strategic priorities
- Implementation and monitoring
- Training and communication
- Review



# PREMISE

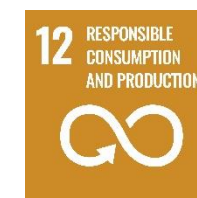
SIT S.p.A. and all companies belonging to the group (hereinafter also referred to as "SIT," "the Company," or the "group") commit to being actively involved in environmental protection.

The group is responsible for preventing and mitigating the environmental consequences of its activities, contributing to the planet's well-being and improving the living conditions for future generations.

Through the Business Units *Heating & Ventilation*, *Smart Gas Metering*, and *Water Metering*, SIT creates intelligent solutions for environmental condition control and consumption measurement, aiming for a more sustainable world.

SIT aspires to be the primary sustainable partner for energy and climate control solutions for its client companies, emphasising experimentation and the use of environmentally friendly alternative gases.

SIT's Environmental Sustainability Policy expresses the group's commitment to addressing the growing challenges related to climate change, excessive use of natural resources, pollution, waste management, and the protection of ecosystems and biodiversity.



In this regard, through appropriate activities of measurement, prevention, and mitigation of the impacts of its operations on the environment, the group pursues continuous improvement of its performance and advocates for long-term sustainable growth. Simultaneously, SIT ensures compliance with laws and reference best practices at both local and international levels across all its locations.

SIT's Environmental Sustainability Policy is inspired by the principles of the most authoritative and challenging international environmental programs, such as the 2015 Paris Agreement on Climate and the United Nations Environment Programme (UNEP). SIT also adheres to the United Nations Global Compact and its associated principles that promote responsible business practices with the aim of contributing to the Sustainable Development Goals (SDGs).

Furthermore, SIT is a member of the European Heating Industry, the European Clean Hydrogen Alliance, and the Community Valore Acqua for Italy.



## SCOPE

The Environmental Sustainability Policy applies to SIT and its subsidiaries, as well as to all individuals collaborating and/or acting on behalf of SIT in all countries where the group operates.

SIT promotes the involvement of the entire value chain and, in general, all stakeholders of the company in its environmental policies.

## PURPOSE

This Policy defines the group's strategic priorities for responsible management of processes and business activities, aligning with sustainable development goals and the reduction of environmental impacts.

RESEARCH,  
DEVELOPMENT  
AND  
SUSTAINABLE  
INNOVATION

design and develop innovative and sustainable products and solutions, while simultaneously reducing the environmental impact of manufacturing activities

SUPPLY  
CHAIN

develop strong relationships with our suppliers, fostering their integration and engagement in initiatives related to environmental issues

ENERGY  
CONSUMPTION

accurately measure and monitor our energy consumption to define and implement actions for reduction

EMISSIONS

measure and assess greenhouse gas emissions, substances harmful to the ozone, and other pollutants, and define a carbon management strategy in line with community objectives

CIRCULAR  
ECONOMY

adopt production and consumption models based on Life Cycle Assessment (LCA), aiming to extend the life cycle of our products and their reintroduction into the value chain, reducing waste and environmental impact

# STRATEGIC PRIORITIES



# STRATEGIC PRIORITIES



## PRODUCT QUALITY AND SAFETY

ensure high standards of quality and safety for our products, for both the environment and people, throughout all stages of the product lifecycle

## EFFLUENTS AND WASTE

manage discharges and waste through appropriate methods and technologies to prevent pollution and minimize environmental impacts

## WATER RESOURCES

monitor the use and management of water resources to optimize consumption and reduce potential impacts on the environment

## SUSTAINABILITY CULTURE

raise awareness of the impact that actions of internal and external stakeholders have on the environment and the rational use of resources, promoting and incentivizing virtuous behaviors

## ENVIRONMENTAL COMPLIANCE

ensure full compliance with current and applicable environmental regulations, as a fundamental prerequisite for the development of strategic priorities as defined by the Policy



# RESEARCH, DEVELOPMENT AND SUSTAINABLE INNOVATION

*The research and development process at SIT follows the principles of sustainable innovation and eco-design, aiming to minimize the environmental impact of products throughout their entire lifecycle: from design to production, from use to disposal.*

In particular, SIT is committed to:

- **Promote** a research and development model based on eco-design, both in the design phase and in production processes, by selecting materials with low environmental impact that facilitate product recycling/recovery, and by implementing processes focused on energy efficiency and waste reduction;
- **Periodically** conduct environmental impact assessments of specific products through Life Cycle Assessment (LCA). The analysis is carried out based on relevant ISO standards to identify and implement initiatives aimed at limiting environmental impacts from the use to the end of life of products, promoting a circular economy.;
- **Collaborate** with customers in the development of environmentally friendly products, emphasizing high energy efficiency. Pay particular attention to experimentation and the use of alternative gases (e.g., hydrogen, biomethane), as well as the utilization of sustainable technologies and materials, including in reference to the logistics chain (shipments, packaging);
- **Collaborate** with national and international institutions, universities, and research centers to contribute to the definition and adoption of reference environmental standards within the best practices of sustainable innovation.



# SUPPLY CHAIN

*For SIT, it is crucial to establish a sustainable value chain in the long term, respecting the environment, the rights of workers, and local communities, and oriented towards minimizing its impact throughout the product lifecycle.*

In particular, SIT is committed to:

- **Select** and evaluate suppliers based on ESG criteria, prioritizing adherence to the values expressed by the principles of the UN Global Compact, defining sustainable purchasing and distribution strategies;
- **Collaborate** with suppliers in selecting components, materials, and services at the right price, within defined timelines and with a high level of quality. Minimize environmental impacts from a life cycle assessment (LCA) perspective, promoting an ethical and sustainable context, pursuing safety, innovation, and technological development throughout the supply chain;
- **Consistently engage** suppliers as partners in achieving sustainability, quality, and product and process safety goals, with particular attention to reducing carbon footprint.





# ENERGY CONSUMPTION

*SIT promotes the adoption of concrete measures aimed at improving energy efficiency, focusing attention on waste reduction with the perspective of resource savings and production efficiency.*

In particular, SIT is committed to:

- **Measure**, monitor, and report energy consumption to plan and implement appropriate reduction interventions and avoid waste of resources ;
- **Manage** energy usage from various sources with a focus on sustainable development, increasing the use of renewable energy to mitigate the climate impact caused by CO2 emissions from the group's activities;
- **Promote** energy efficiency initiatives in company operational locations, particularly on projects that optimize energy consumption and involve self-production and self-consumption of energy from renewable sources;
- **Raise** awareness among employees for a conscientious and responsible use of energy resources.

# EMISSIONS

*SIT places particular emphasis on reducing its greenhouse gas (GHG) emissions, both direct and indirect, with the goal of making a significant contribution to the objectives set by the Paris Agreement on Climate. It references the Science Based Targets initiative (SBTi) guidelines, which recommend reduction levels necessary to limit the global temperature increase to 1.5°C above pre-industrial levels.*

In particular, SIT is committed to:

- Monitor, quantify, report, and communicate direct and indirect GHG emissions in accordance with the highest international standards, such as:
  - ISO 14067:2018 for calculating the Carbon Footprint of a product (CFP)
  - ISO 14064-1 for calculating the Carbon Footprint of an Organization (CFO)
  - ISO 14040/44:2021 for monitoring additional environmental impacts of a product through the Life Cycle Assessment (LCA) tool and obtaining Environmental Product Declarations (EPD)



# EMISSIONS

- **Promote** initiatives to reduce both direct and indirect emissions from purchased energy at company operational sites, with a focus on consumption reduction and the use of renewable sources;
- **Promote** the reduction of indirect emissions from transportation by optimizing the supply chain and the production footprint with a sustainability perspective. This includes reevaluating the distribution model in terms of transportation modes for components and products to optimize flows;
- **Promote** initiatives to encourage sustainable mobility, including the implementation of smart working practices;
- **Engage** suppliers in efforts to reduce upstream indirect emissions associated with company activities;
- **Develop** products that enable customers to reduce emissions in their applications;
- **Identify** opportunities and solutions for reducing the carbon footprint of products and processes through the use of Carbon Footprint analysis, which involves life cycle analysis, and involve stakeholders in this process.

*Additionally, SIT is committed to assessing and minimizing its impact in terms of emissions and atmospheric pollution. This involves employing the best available technologies to identify pollutants that may be generated by production processes (such as SO<sub>x</sub>, NO<sub>x</sub>, VOC, PM, dust, etc.) and their respective sources of emission, including both fixed/ducted and diffuse and fugitive emissions.*



# CIRCULAR ECONOMY

*Taking into account the impact that extraction and use of raw materials have on climate and the environment, and acknowledging the scarcity of resources, SIT directs its business towards circular economy principles aimed at extending the life of its products and reducing environmental impact.*

In particular, SIT is committed to:

- Consider, already in the design phase, the need to minimize material consumption for the manufacturing of products and components, with a focus on efficiency;
- Give preference, with equivalent performance, to the use of recycled materials and those with lower emissions impact;
- Collaborate with customers in exploring opportunities for material reuse, aiming to establish circularity policies and strengthen the partnership toward shared sustainability.

# PRODUCT QUALITY AND SAFETY

*For SIT, quality is inherent in every function of the group and is essential both to ensure product conformity and efficiency and for the continuous improvement of business processes within the quality and environmental management systems. This aims to increase customer satisfaction, environmental sustainability, and profitability.*

In particular, SIT is committed to:

- Implement all product and process design standards to ensure the maximum safety of products throughout their lifecycle;
- **Continuously monitor** the performance of quality and environmental aspects against predefined targets, identifying actions to improve process efficiency and environmental impacts;
- **Adapt** quality and environmental management systems to the evolution of regulations, reference standards, and industry best practices.



# WASTE MANAGEMENT

*The group places extreme attention on proper waste management in accordance with applicable regulations, promoting waste reduction and the reuse, recycling, and recovery of materials.*

In particular, SIT is committed to:

- **Minimize** the generation of waste produced at its sites by monitoring, quantifying, and reporting the types and volumes of waste produced;
- **Maintain** proper and timely waste management, particularly by minimizing waste and residues and maximizing reuse activities, recycling, and final disposal through authorized partners, applying best practices for recovery or disposal;
- **Establish** ongoing dialogue with key stakeholders to promote the development of circular economy principles, identifying new solutions for utilizing waste generated by the group's activities;
- **Promote** a culture of recovery and recycling within the group through initiatives aimed at raising employee awareness to minimize waste.

# WATER RESOURCES

*SIT is aware of the importance of safeguarding and rationalizing the use of an essential resource such as water, directing its activities towards achieving the maximum efficiency in its utilization.*

In particular, SIT is committed to:

- Promote efficient use of natural resources in general, specifically reducing water consumption, by monitoring, quantifying, and reporting water usage;
- **Manage** water resources at company sites, identifying opportunities for innovation, projects, and programs to reduce water consumption.



# SUSTAINABILITY CULTURE

*SIT believes that the involvement of its employees in the approach to sustainable development is a fundamental factor for achieving the group's objectives. With this conviction, the group promotes initiatives and programs aimed at increasing awareness, enabling each individual to be an active part of the change.*

Particular attention is also directed externally, considering the entire supply chain, especially towards its suppliers, so that they too can actively contribute to achieving SIT's objectives by adhering to the Supplier and Third-Party Code of Ethics.

The group deems it essential to share the culture of sustainability with all stakeholders, including investors, customers and business partners, suppliers, employees, universities and research centers, and labor organizations. Continuous collaboration on environmental issues is maintained with these stakeholders.





# ENVIRONMENTAL COMPLIANCE

*SIT adopts and commits to ensuring compliance with applicable environmental regulations.*

In particular, SIT is committed to:

- Adopt environmental management systems in line with ISO 14001 requirements;
- Continuously monitor the evolution of environmental regulations to incorporate and implement them, ensuring a sufficient level of compliance;
- Ensure compliance with applicable environmental laws and regulations throughout the supply chain, with particular reference to substance usage restrictions such as the REACH regulation and RoHS directive;
- Set improvement objectives on environmental issues (e.g., emissions, discharges, energy consumption) in line with the development directives provided by relevant national and international authorities;
- Increase the alignment of products and solutions with the criteria of the European ESG Taxonomy.



# IMPLEMENTATION AND MONITORING

SIT believes that all stakeholders should align their conduct with the principles outlined in this Policy and that, through their behavior, contribute to the dissemination of a culture of sustainability and environmental protection.

## MONITORING

SIT commits to implementing the necessary activities to achieve the objectives defined concerning the strategic priorities of this Policy and to periodically monitor and evaluate their progress.

Additionally, SIT pledges to ensure responsible management of the value chain by promoting transparent, fair, and legally compliant business relationships in the countries where it operates. The company adheres to supplier, collaborator, and partner selection criteria that align with the principles and values stated in this Policy. In this regard, SIT conducts appropriate monitoring activities and takes specific measures in case of violations, including the potential termination of relationships.



# IMPLEMENTATION AND MONITORING

## REPORTING

Any violation or suspected violation of this Environmental Sustainability Policy can be reported by **all individuals involved** in the principles outlined here, even anonymously, through the reporting channels established by the Company in accordance with the **group's Whistleblowing Policy**. SIT follows the **principle of non-retaliation** and ensures, in the case of any reports, the **confidentiality of the whistleblower's identity** to prevent any form of retaliation, discrimination, or penalty, in accordance with applicable regulations and national and international best practices.

## SANCTIONS

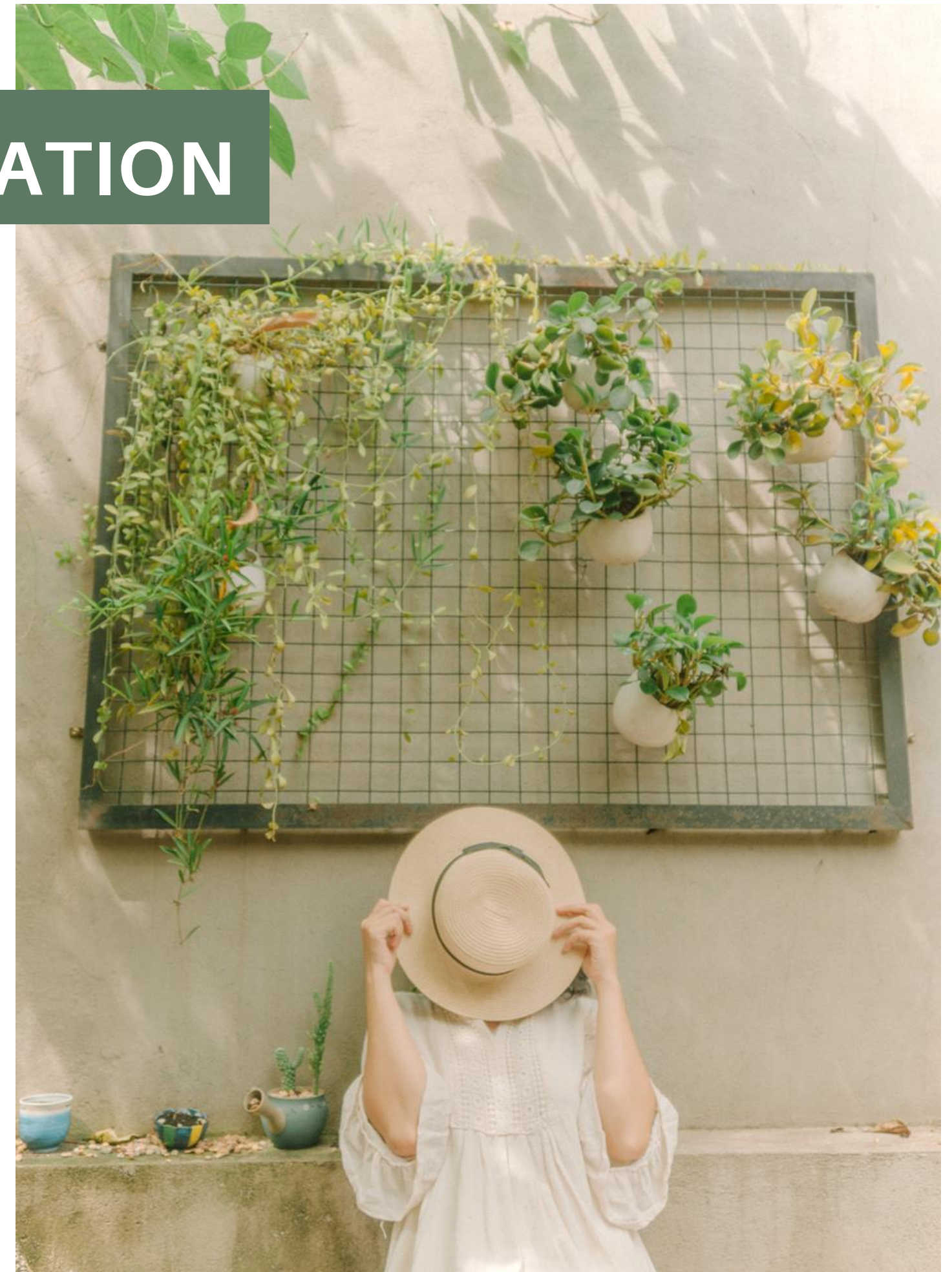
The SIT group is committed to **preventing and deterring possible violations** of the Environmental Sustainability Policy and to sanctioning any infractions or non-compliance by **all individuals involved**, whether internal or external to the company.



# TRAINING AND COMMUNICATION

The company is committed to disseminating and making available this Environmental Sustainability Policy to all interested parties to encourage and ensure a proper understanding of the principles and values it contains. In this regard, the company pledges to use communication channels and tools suitable for reaching the entire audience of individuals involved. Specifically, the document will be made available in its most updated version through the company's intranet for employees and internal collaborators and the website [www.sitcorporate.it](http://www.sitcorporate.it) for suppliers, consultants, and business partners.

Additionally, the group commits to ensuring ongoing awareness of the principles and values contained in this Policy. It will also establish a targeted training plan to promote understanding, aiming to ensure correct comprehension by all individuals within the organization.



# REVIEW

From a continuous improvement perspective, the company is committed to **regularly updating** this Policy, considering advancements in the field, progress in environmental standards and practices, as well as the internal context of the group.

The comprehensive or partial revision of this Policy is the responsibility of the following departments:

- Health Safety & Environment (HSE)
- Quality
- Governance, Risk & Sustainability

These departments will collaborate with appropriate offices and company structures. Furthermore, any substantial updates or revisions to this Policy will require approval from the

Board of Directors of SIT S.p.A.



Edition	Date	Description of Changes	Issued on
1.0	09/11/2023	First Version – Approved by the Board of Directors of SIT S.p.A.	09/11/2023

