



SUSTAINABILITY REPORT 2023



Consolidated Non-Financial Statement pursuant to Legislative Decree No. 254/2016

Approved by the Board of Directors of SIT S.p.A. on April 24, 2024



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CONTENTS

LETTER FROM THE CORPORATE SUSTAINABILITY DIRECTOR	4
2023 SUSTAINABILITY HIGHLIGHTS.....	8
GROUP PROFILE.....	9
AN OVERVIEW OF THE SIT GROUP	10
MISSION, VISION AND VALUES	11
HISTORY AND BUSINESS OPERATIONS.....	12
SIT'S 2023.....	14
GROUP STRUCTURE	15
PRODUCTS AND MARKETS.....	16
GLOBAL PRESENCE.....	18
PRODUCTION FACILITIES	19
SIT AND SUSTAINABILITY	20
OUR PATH	21
SUSTAINABILITY GOVERNANCE	22
<i>Sustainability Mission Leaders</i>	22
MADE TO MATTER.....	23
2023 RESULTS AND FUTURE GOALS.....	24
STAKEHOLDERS AND MATERIAL TOPICS.....	26
MATERIALITY ANALYSIS.....	28
MATERIAL TOPICS FOR SIT	29
MADE BY US	33
ECONOMIC PERFORMANCE AND PRESENCE ON THE MARKET	34
<i>Heating & Ventilation Division</i>	35
<i>Metering Division</i>	37
<i>Creation of value for stakeholders</i>	38
<i>Sustainable finance</i>	39
CUSTOMER SATISFACTION.....	40
GOVERNANCE, RISK & REGULATORY COMPLIANCE	42
<i>Sustainable success</i>	43
CORPORATE GOVERNANCE	44
<i>The Board of Directors</i>	44
<i>Internal Board Committees</i>	45
<i>Remuneration Policies</i>	46
RISK MANAGEMENT	48
<i>Main risks identified and mitigation plans</i>	50
<i>Risk assessment</i>	51
ETHICS AND BUSINESS INTEGRITY	59
<i>The compliance framework</i>	59
<i>The Organization, Management and Control Model pursuant to Legislative Decree No. 231/01</i>	60
COMPLIANCE WITH LAWS AND REGULATIONS	62
<i>Combating corruption</i>	62
RELATIONS WITH PUBLIC INSTITUTIONS.....	64
MADE FOR FUTURE.....	68
SIT AND THE ENVIRONMENT	69
RESEARCH, DEVELOPMENT, AND SUSTAINABLE INNOVATION.....	71
<i>CO₂ emission reduction</i>	72
<i>Reduction of energy consumption</i>	75
<i>Reduction of water consumption</i>	76
<i>Improved air quality</i>	77
<i>Use of circular economy logic</i>	78
<i>Other Initiatives</i>	79

RESPONSIBLE SUPPLY CHAIN MANAGEMENT	80
<i>Supplier sustainability system assessment</i>	83
<i>Responsible Raw Material Procurement Management</i>	85
MANAGEMENT OF ENERGY CONSUMPTION	87
THE MANAGEMENT OF GREENHOUSE GAS EMISSIONS	90
<i>Impact measurement</i>	90
<i>Analysis</i>	94
<i>The plan to reduce emissions</i>	100
<i>Training</i>	101
<i>Other emissions</i>	102
WASTE MANAGEMENT	103
CONSCIENTIOUS USE OF WATER RESOURCES	105
PRODUCT QUALITY AND SAFETY	108
MADE WITH CARE	111
MANAGEMENT AND DEVELOPMENT OF HUMAN RESOURCES	112
<i>Characteristics of the workforce</i>	113
EMPLOYER BRANDING	114
PEOPLE ATTRACTION	117
TOTAL REWARD	119
PEOPLE DEVELOPMENT	120
COMPENSATION	125
WELFARE AND WELL-BEING	129
WORK ENVIRONMENT	135
CULTURE OF SUSTAINABILITY	137
DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES	139
HUMAN RIGHTS	143
OCCUPATIONAL HEALTH AND SAFETY	145
LABOR/MANAGEMENT RELATIONS	148
ENGAGEMENT WITH LOCAL COMMUNITIES	150
<i>SIT Foundation</i>	153
DIGITAL TRANSFORMATION, INNOVATION AND LEAN CULTURE	155
DIGITAL TRANSFORMATION	156
LEAN TRANSFORMATION	158
DATA AND INFORMATION SECURITY:	160
EUROPEAN UNION ESG TAXONOMY	165
SIT'S CONTRIBUTION TO THE EUROPEAN ENVIRONMENTAL OBJECTIVES	166
THE "ELIGIBILITY" AND "ALIGNMENT" ASSESSMENT	167
<i>Turnover</i>	174
<i>Investments (CapEx)</i>	175
<i>Opex</i>	176
ANNEX	177
METHODOLOGICAL NOTE	178
SUMMARY TABLES	180
<i>SIT group tax data</i>	180
<i>Product quality and safety</i>	181
<i>Energy Consumption</i>	185
<i>Waste management</i>	185
<i>Conscientious use of water resources</i>	186
<i>Characteristics of the workforce</i>	187
<i>Diversity, inclusion and equal opportunities</i>	194
<i>Development of human resources</i>	195
<i>Occupational health and safety</i>	196
<i>EU ESG Taxonomy and KPI calculation methodology</i>	198
GRI CONTENT INDEX	203
INDEPENDENT AUDITORS' REPORT	210

Letter from the Corporate Sustainability Director

Dear Stakeholders,

It gives me great pleasure to present SIT's Non-Financial Statement for 2023. This year, our Group has had to adapt its sustainability journey to a changing environment while remaining on a clear and steady path towards transformation.

How do we tackle emergencies? This question has characterized recent years on a global scale. From the pandemic to the war, we have witnessed a drastic shift in landscapes and equilibriums, compelling us to reconsider our actions and ways of life.

Things escalated in 2023.

Emergencies have become a regular part of our daily lives: The ongoing war in Ukraine, the outbreak of new regional conflicts and their international impact, and geopolitical polarization with the risk of escalation are some of the current situations challenging our way of life and relationships with other countries. These factors impact the foundations of our economic and social development model, with political and economic repercussions that are still difficult to quantify.

Against this backdrop, SIT operates in the residential heating sector, facing regulatory uncertainty surrounding the technological transition, the withdrawal of public incentives supporting demand, and the reduced spending capacity of families due to inflation and high interest rates.

The impact on sales, compounded by excess stock across the production chain due to volatile demand in previous years, made 2023 a transitional year. During this period, there was a heightened focus on economic and financial sustainability goals, alongside strategic actions to foster sustainable development by innovating products and target markets.

In 2023, the Company encountered even more complex challenges, requiring Sustainability Governance to adapt the strategic direction outlined in the “Made To Matter” Sustainability Plan to address the financial and competitive constraints that emerged. These efforts sought to balance short-term demands with the Company’s long-term plans and vision, while also enhancing the wealth of knowledge, culture, and investments accumulated thus far.

Our first challenge was organizational in nature. We needed to balance the harmonious development of people with advanced workplace technologies and the increasingly complex expectations of a generation for whom Sustainability is paramount, all against a backdrop of heightened uncertainty linked to the reshaping of priorities.

The ongoing efforts of Mission Leaders across various projects helped maintain a strong focus on initiatives through an inclusive approach, demonstrating the Company's commitment to its journey during a transitional year like 2023.

SIT revitalized its active participation in the energy and ecological transition and was increasingly recognized as a sustainable partner capable of providing energy efficient solutions while protecting natural resources.

This dedication is reflected in SIT's new business and financial plan, which prioritizes the progressive electrification of its portfolio and component applications as part of a wider product strategy.

From hybrid boilers to bio-methane boilers, and now to 100% hydrogen boilers, our innovation roadmap seeks to decarbonize residential heating appliances. It now features products designed for electric heat pumps and controlled mechanical ventilation. In 2023, we announced a partnership to launch a new series of fans for residential heat pumps with Panasonic, a global Japanese multinational leader in HVAC technologies.

Our strategic journey towards electrification was further strengthened by the establishment of SIT MBT, a joint venture focused on the range hood market. The Group intends to become a European leader in range hood fan production by developing innovative, highly energy-efficient products tailored to specific customer needs. This will be achieved by leveraging the technological expertise and years of experience of our joint venture partners.

Metering also continued to innovate its product line by introducing new solutions to customers' sustainability strategies, with a view to developing increasingly efficient infrastructures for managing scarce resources. In 2023, we unveiled SmartIO, a new smart water meter designed for residential use, utilizing ultrasonic technology. The meter tackles the global challenge of efficiently managing water resources and responds to the industry's high expectations, focused on reducing network losses, optimizing water consumption, and digitalizing infrastructure.

The establishment of Hybitat demonstrates our commitment to innovation: we have launched a startup dedicated to developing a residential and industrial hydrogen generation and storage system. Hybitat contributes to maximizing the use of energy produced by photovoltaic plants, offering a higher charging density than current standards. Unlike existing market systems, it does not rely on rare earth elements. This enables us to respond to the growing demand for advanced renewable energy and emerging mobility needs.

In line with the plan, we also finished measuring our Greenhouse Gas Inventory (the Organization's Carbon Footprint), which underwent third-party verification for 2021 and 2022. This will be updated annually as an essential component of non-financial reporting.

We keep our Product Carbon Footprint management system (Systematic Approach) regularly updated and verified. The system is also enhanced by the LCA (Life Cycle Assessment) tool, which analyzes the overall environmental footprint by measuring parameters other than CO₂ for a thorough assessment of environmental impacts.

Innovation goes beyond technology. It also involves envisioning and building a more balanced world, one that features a renewed sense of social and industrial consciousness.

In 2023, we reaffirmed our commitment to the United Nations Global Compact principles by completing and publishing our first Communication On Progress (COP), which allowed us to convey to our stakeholders our dedication to the initiative's core values.

Diversity & Inclusion and Gender Equality topics represent the latest frontier of our commitment. In 2023, we were proud to attain one of the first gender equality certifications in Italy. This achievement acknowledges SIT's continuous efforts in promoting workplace diversity and gender equality and positions us as a company that values employee rights and well-being.

In addition, we introduced a Parental Policy, which recognizes parenthood as a significant value and supports it with concrete initiatives. This reflects our commitment to listening to the needs of our employees and desire to support them through significant milestones in their personal lives.

SIT's social commitment took the form of the SIT (Sport, Inclusion, Talent) Foundation - which was launched in 2023. The SIT Foundation provides educational services such as summer camps, after-school programs, and meet-ups. Inspired by Olympic champion Sara Simeoni, it seeks to teach children to aim high while maintaining a joyful and carefree spirit.

We promote sustainability both within and beyond our company.

The awareness and expertise gained on our Sustainability journey has motivated us to share our experiences with stakeholders. On the one hand, we intend to respond to customer needs with transparency and expertise, while on the other, we inform suppliers about our activities and encourage them to assess their own sustainability practices. 25% of our strategic suppliers have already chosen to participate in our EcoVadis project, enabling us to align priorities and outline initiatives that translate into concrete actions and results.

This year, our Sustainability Governance efforts were acknowledged by prestigious programs such as EcoVadis, where we achieved a GOLD rating, placing us in the top 2% of evaluated companies. In

addition, we ranked first in the “Extra Top 100” Integrated Governance Index for the second consecutive year, and first in the “Top ESG Score” category affiliated with the Credit Suisse and Kon Group Sustainability Award.

This award confirms that we are on the right track, and these accolades acknowledge the dedication of SIT’s employees in translating our plan into daily action.





Because Sustainability thrives on collaboration.

As such, I would like to extend a sincere thank you to all of our employees on behalf of myself and the entire Board of Directors.

Chiara De’ Stefani

Corporate Sustainability Director

2023 Sustainability Highlights

E	CARBON DISCLOSURE PROJECT: C – “AWARENESS” 	NEW ENVIRONMENTAL SUSTAINABILITY POLICY PUBLISHED	137 AVERAGE R&D WORKFORCE IN 2023	H&V BU PRODUCTS 100% COMPATIBLE WITH HYDROGEN AND BIOMETHANE	45% OF PRODUCTION PLANTS ISO14001 CERTIFIED
	ORGANIZATION’S CARBON FOOTPRINT VERIFIED PER ISO 14064-1	64% OF SUPPLIERS (COVERING 95% OF TURNOVER) SIGNED THE SUPPLIER CODE OF ETHICS	>25% OF STRATEGIC SUPPLIERS EVALUATED BY ECOVADIS PROJECT	JANZ PRESENTS SMARTIO, THE NEW RESIDENTIAL SMART WATER METER	
S	35,151 HOURS OF TRAINING PROVIDED	UNI/PDR 125:2022 GENDER EQUALITY CERTIFICATION OBTAINED	141,000 HOURS OF REMOTE WORK	WOMEN COMPRISE 56% OF THE GROUP	NEW PARENTAL POLICY PUBLISHED
	10% WOMEN IN MANAGEMENT POSITIONS	NEW R&D HEADQUARTERS DELIVERED	NEW DIVERSITY & INCLUSION POLICY PUBLISHED	59% OF THE CORPORATE POPULATION PARTICIPATED IN PROFESSIONAL DEVELOPMENT TRAINING COURSES IN 2023	
G	NEW ORGANIZATIONAL STRUCTURE 3 BUSINESS UNITS	 RANKED FIRST IN CREDIT SUISSE AND KON GROUP “TOP ESG SCORE” SUSTAINABILITY AWARD	FIRST UNGC COP COMPLETED AND PUBLISHED	 ECOVADIS: “GOLD” – 77 POINTS (98th PERCENTILE)	NEW WHISTLEBLOWING AND ANTI-CORRUPTION POLICIES PUBLISHED
	 FIRST PLACE IN THE “EXTRA TOP 100” INTEGRATED GOVERNANCE INDEX RANKING	ILSOLE24ORE 2023 SUSTAINABILITY LEADER	NEW PARTNERSHIP BETWEEN SIT AND PANASONIC	NEW JOINT VENTURE BETWEEN SIT AND MBT	

Group profile

SIT S.p.A. (hereinafter also the “Company” or the “Group”), through its Heating & Ventilation, Smart Gas Metering, and Water Metering Business Units, creates **intelligent solutions for the control of environmental conditions and consumption measurement for a more sustainable world**. A market-leading multinational company and **listed on the Euronext Milan segment**, SIT aims to be the number one **sustainable partner for energy and climate control solutions** for its customers, focusing on experimentation and the use of alternative gases with low environmental profiles. The Group has production sites in Italy, Mexico, the Netherlands, Romania, China, Tunisia and Portugal, in addition to a commercial structure covering all global markets. SIT has signed up to the **United Nations’ Global Compact** and its principles that promote doing business in a responsible way. SIT is also a member of the **European Heating Industry** and of the **European Clean Hydrogen Alliance**, in addition to the **Community Valore Acqua per l’Italia** (“Value Water for Italy Community”).

👉 **LINKS TO COMPANY WEBSITE AND SOCIAL MEDIA PROFILES** www.sitcorporate.it



Heating & Ventilation

Solutions for the continuous improvement of the efficiency of gas, hybrid, biomass and hydrogen ready heating and cooking appliances, as well as ventilation solutions integrated into the home ecosystem



Smart Gas Metering

remotely controlled static gas meters measuring directly the standard volume in cubic meters

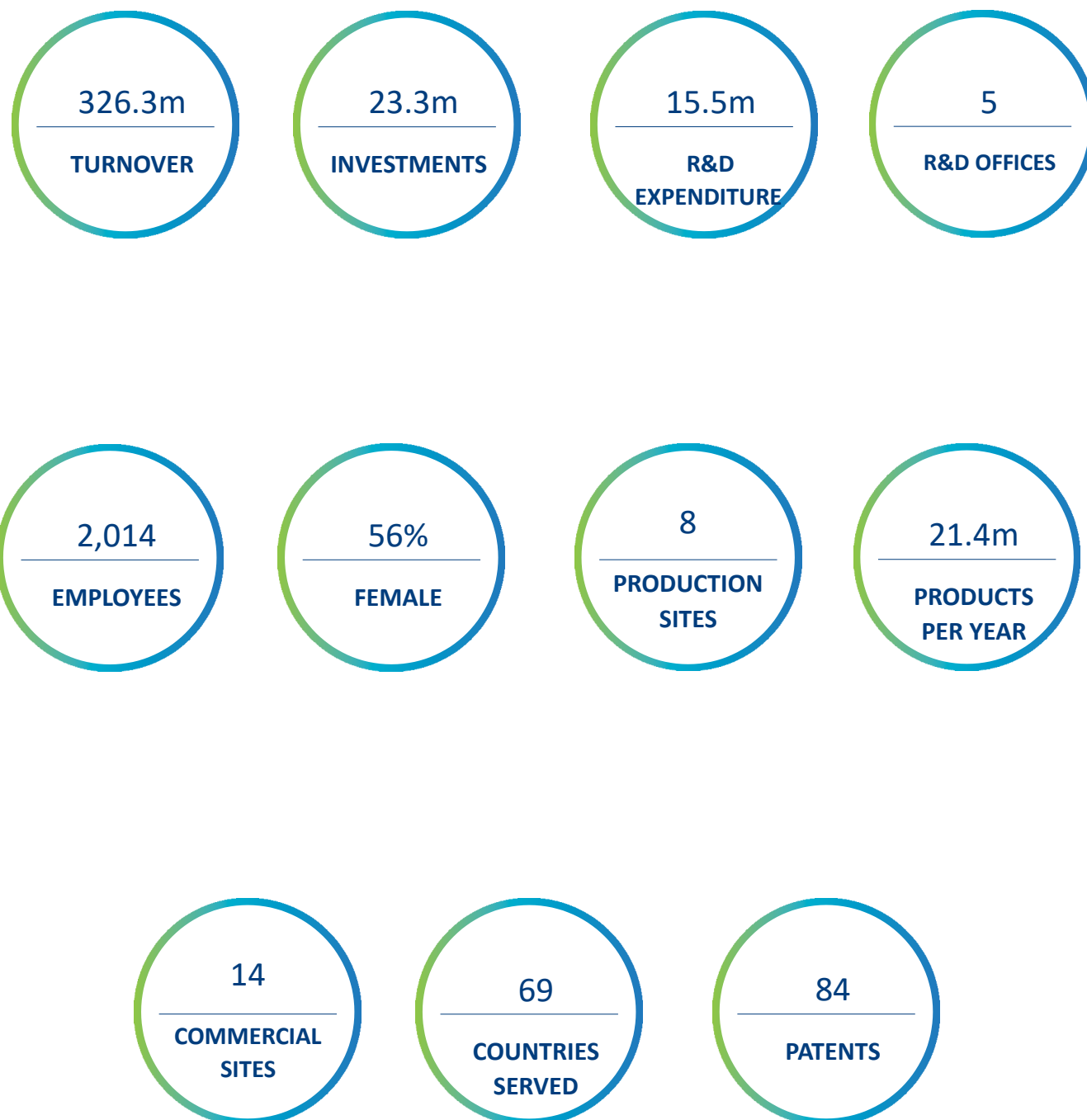


Water Metering

residential volumetric water meters based on volumetric metrological technology



An Overview of the SIT group



Mission, Vision and Values



Our **MISSION**

Our commitment is to create **smart solutions** for climate control and consumption measurement **for a more sustainable world**

Our **VISION**

SIT's vision is to be **recognized as the leading sustainable partner** for energy and climate control solutions - and to enjoy the journey



CUSTOMER ORIENTATION

Fulfilling and exceeding expectations is the goal of every member of SIT. Whether external or internal, the customer is our compass



LEAD BY EXAMPLE

SIT is a leader in the market where it operates. Our staff are courageous and confident and lead by example in every aspect of their day-to-day work.



SUSTAINABILITY

A sustainable company for stakeholders. Sustainable products for the environment. A sustainable work-life balance for employees



LEAN

No frills. We act quickly and never miss a deadline. We deliver "on time and in full"



TECHNOLOGY

We're experts in technology and are always looking ahead, supporting our customers with state-of-the-art solutions and stimulating innovation through collaboration



PASSION

Passionate commitment is part of daily life at every organizational level. Accountability and engagement are rewarded, while mistakes provide opportunities for growth

History and business operations

1953

Pierluigi and Giancarlo de Stefani found SIT La Precisa, a precision mechanics company, in Padua, Italy

1964 - 1997

International Expansion

1964 - First mechanical control exported to Germany

1974 - First international office opened in the Netherlands

1980s - New offices in the USA and Australia

1997 - Office opened in Shanghai, China

1999 - 2017

Greenfields and Acquisitions

1999 - Acquisition of ENCON, a Dutch manufacturer of circuit boards for gas applications.

2000 - Construction of Mexican plant, acquisition of CATOBA and BRAY BURNERS

2003 - Acquisition of OMVL, a company operating in the automotive gas systems market, later resold in 2009

2004 - Acquisition of NATALINI, a manufacturer of electric fans and smoke exhaust kits based in Macerata (Italy)

2010 - Production capacity increased in Italy, the Netherlands, Romania (new plant in Brasov), and China (new production plant in Suzhou)

2009 - 2016

Entry into the Smart Gas Metering Sector

2009 - Establishment of MeterRSit to enter the Smart Gas Metering sector

2016 - Establishment of MeterRSit Romania (Brasov) to increase production capacity

2014 - 2018

Stock Exchange Listing

- Federico de' Stefani acquires 100% of SIT S.p.A. shares.
- SAP rolled out across all of the Group's operating companies
- Transition to IFRS/IAS
- Listing on the AIM Italia segment of the Italian Stock Exchange (July 20, 2017)
- November 2018: listing of SIT's shares and warrants on the MTA (main market) of the Italian Stock Exchange

2017 - 2018

Production capacity expanded

- +30% on average at the various plants
- Opening of a hub in Tunisia to manufacture electronic and plastic components and assemble SIT products

2020

Water metering

- Acquisition of Portuguese company Janz and entry into the water metering sector

2021

Expansion and innovation

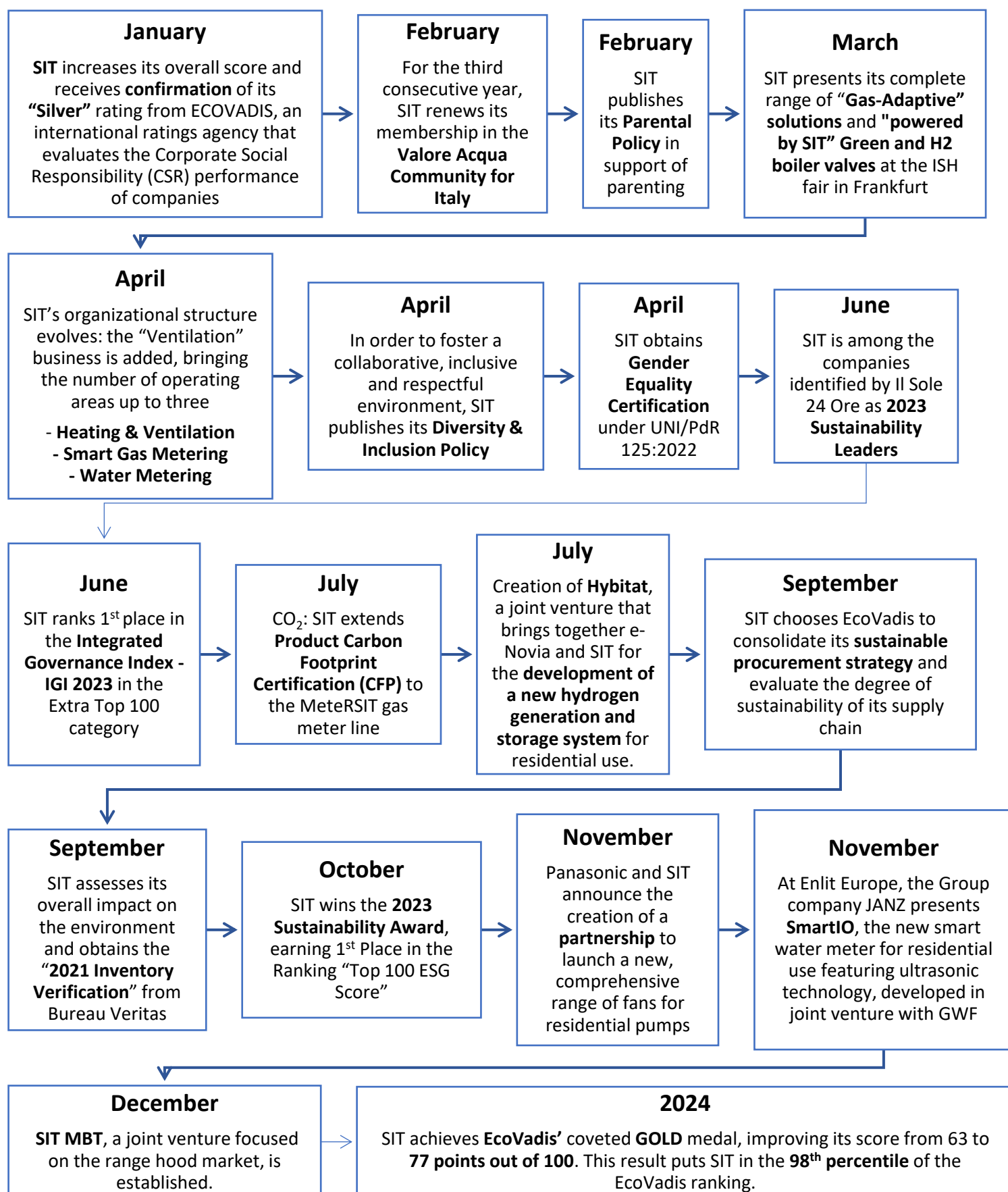
- Acquisition of the NGA product line - electronic valves for gas storage water heaters from the US company Emerson Electric
- Founding of MeterSIT UK in Manchester
- MeterSIT's 100%-hydrogen meter is the first in the world to achieve MID certification

2022

Partnerships

- GWF and SIT enter into a strategic partnership to develop, produce, and distribute ultrasonic smart residential water meters

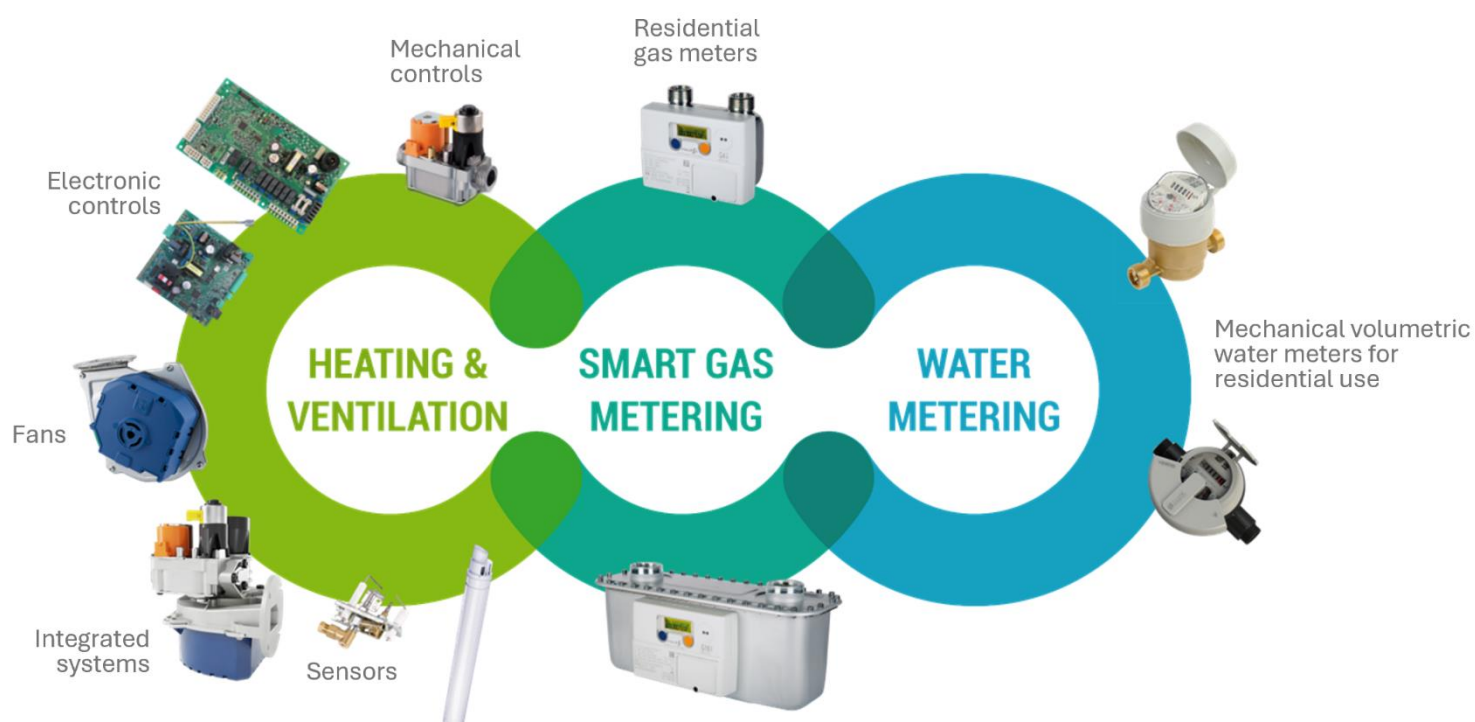
SIT's 2023











Group Structure



Products and markets



BUSINESS UNIT	APPLICATIONS	PRODUCTS	MAIN MARKETS
HEATING & VENTILATION	<p>CENTRAL HEATING Combined heating and hot water systems</p> 	<ul style="list-style-type: none"> Multifunctional safety and control valves for gas Non-captive electronic controls Fans and smoke exhausts Innovative solutions for assembled and pre-tested integrated systems for condensing boilers 	<p>Global leader</p> <p>Main European player</p> <p>Air management technology completes offer</p>
	<p>DIRECT HEATING gas and pellet stoves and fireplaces</p> 	<ul style="list-style-type: none"> Mechanical controls (gas valves and sensors) Electronic controls (boards, remote controls and user interfaces) Fans for gas fireplaces Stoves and room heating appliances 	<p>North America, United Kingdom, and Europe</p>
	<p>STORAGE WATER HEATING components for domestic water heating</p> 	<ul style="list-style-type: none"> Mechanical controls and pilot burners 	<p>North America, Argentina, and Australia</p>

	PROFESSIONAL COOKING EQUIPMENT		<ul style="list-style-type: none"> ▪ Mechanical controls and fans for high-end catering appliances and range hoods 	Europe and USA. SIT is the market leader in Europe
	MECHANICAL VENTILATION		<ul style="list-style-type: none"> ▪ Fans ▪ Electronic controls ▪ Air quality monitoring sensors 	Europe
	HEAT PUMPS		<ul style="list-style-type: none"> ▪ Heat pump fans 	Europe
SMART GAS METERING			<ul style="list-style-type: none"> ▪ Residential, commercial, and industrial smart gas meters and accessories 	Europe
WATER METERING			<ul style="list-style-type: none"> ▪ Residential, commercial and industrial smart water meters 	Europe and South America

Global Presence

SIT has a global presence supported by its headquarters in Padua and production plants in Italy, Mexico, the Netherlands, Romania, China, Tunisia, and Portugal. The Company also has sales offices in Europe, America, Asia, and Australia, in addition to a network of agents and distributors in all countries in which SIT operates.



Production facilities

One of the **Group's two Rovigo facilities** performs aluminum casting, mechanical processing, surface treatments, the electromechanical assembly of gas safety, control and regulation systems, and safety and temperature control thermo-sensitive component production. The second facility in Rovigo and those in **Brasov** (Romania), **Monterrey** (Mexico) and **Suzhou** (China) perform the electromechanical assembly of gas safety, control and regulation systems. The **Hoogeveen** (Netherlands) facility produces electronic controls. Electric fans are produced at the **Montecassiano** (MC) plant for heating purposes, home appliances, and fume exhaust kits. As of 2021, the Portuguese company Janz, which manufactures water meters, and the companies in **Tunisia**, namely **Plast Alfin** and **SIT Controls**, are also part of the Group. The former produces plastic parts, while the latter has begun production on electronic controls and gas meter parts.

Hoogeveen (The Netherlands)
Electronic Controls



Lisbon (Portugal)
Water meters



Monterrey (Mexico)
Mechanical Controls, Sensors



Tunisi (Tunisia)
Electronic and Mechanical Controls, and
plastic components



Montecassiano (Italy)
Fans, Exhaust Systems



Suzhou (China)
Mechanical Controls



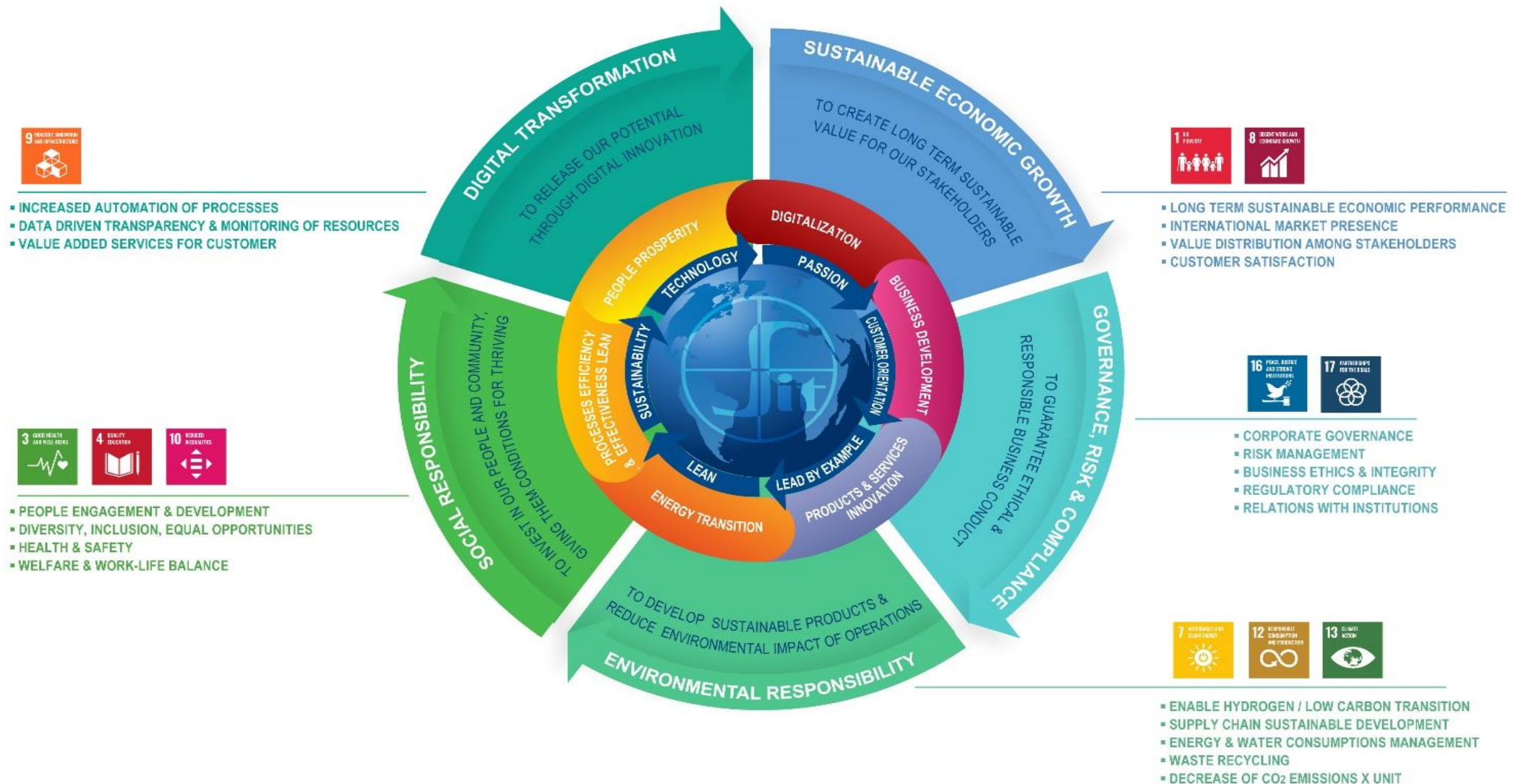
Rovigo (Italy)
Diecasting, Mechanical Controls, Sensors,
Gas Meters and Logistic Hub

Brasov (Romania)
Mechanical Controls,
Integrated Systems, Fans

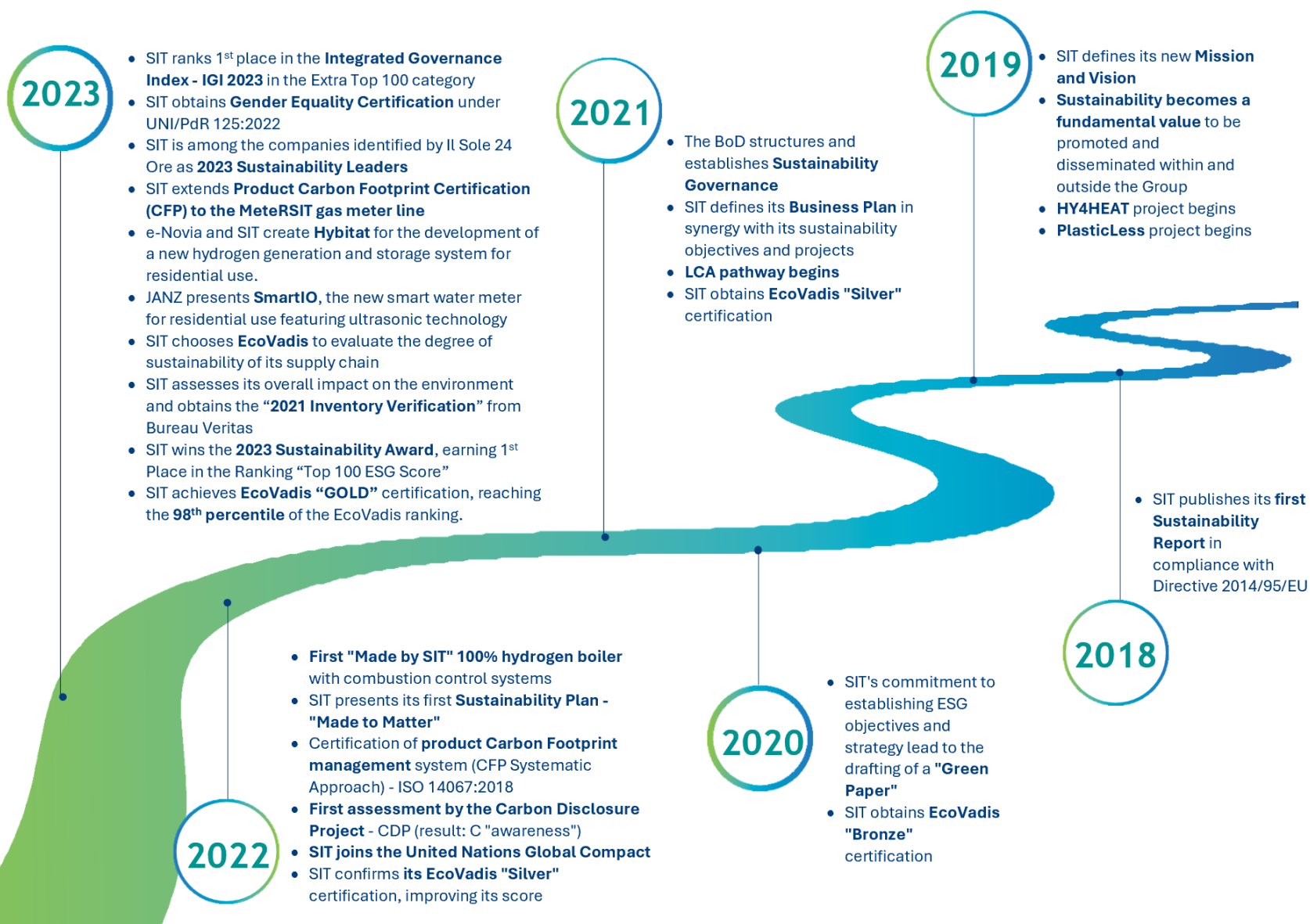


SIT and Sustainability

Our **Green Paper** provides the **perfect summary of SIT's commitment to ESG**. Reflecting the Group's Mission and Vision, the paper is organized around **five sustainability pillars**, aligned with the **UN's 2030 Agenda goals (SDGs)** and serving as a guide for SIT's sustainable development efforts.



Our path



Sustainability governance

In 2021, SIT formed a **sustainability governance** team to demonstrate its commitment to achieving **sustainable success** and addressing the Company's and its key stakeholders' ESG needs in a precise and systematic manner. The team's responsibilities include defining, adopting, reporting on, and monitoring the "Made to Matter" Sustainability Plan.



Sustainability Mission Leaders

In 2022, as part of its Sustainability Governance efforts, SIT identified "**Mission Leaders**," who are members of a multi-department team led by the Corporate Sustainability Director. These individuals have been assigned specific responsibilities, such as setting policies and goals, executing projects, and reporting results related to sustainability.

In 2023, the team continued to operate according to a completely flat hierarchy and a multidisciplinary approach, providing a concrete example of a circular and innovative management model. The Group has assigned project representatives who play a key role in the development of **material topics** related to sustainability initiatives undertaken by the Company, specifically in the areas related to "Made to Matter." The group of Mission Leaders reports periodically to the Steering Committee on its activities and ongoing projects.

Made to Matter





SIT's 2025 Sustainability Plan represents the Company's dedication to promoting a more sustainable and ethical world by **instigating change**.



LINK: ["MADE TO MATTER"](#)

2023 Results and future goals

The following are the primary “Made to Matter” objectives, including updates on the progress of ongoing projects and initiatives planned for 2023

AREA	MAIN OBJECTIVES	PROJECTS/INITIATIVES	CHAPTER/PARAG. REFERENCE
MADE BY US 	INTERNATIONAL BUSINESS DEVELOPMENT	MARKET GROWTH IN THE US HEATING DIVISION	Economic performance
		INTERNATIONAL EXPANSION OF METERSIT (SMART GAS METERING)	
		INTERNATIONAL EXPANSION OF JANZ IN THE WATER METERING SECTOR	
	ESG RISK MANAGEMENT	ADOPTION OF ESG RISK SCORECARD FOR SUPPLIERS	Risk Management
MADE FOR FUTURE 	CERTIFICATIONS	EPD CERTIFICATION OF MAJOR PRODUCT FAMILIES	The management of greenhouse gas emissions
	CO ₂ EMISSIONS REDUCTION:	SCOPE 1 AND SCOPE 2: EXECUTION/COMPLETION OF PROJECTS AND INITIATIVES TO LIMIT AND REDUCE DIRECT EMISSIONS (-12% AT GROUP LEVEL BY 2025)	
		SCOPE 3: EXECUTION OF PROJECTS AND INITIATIVES TO CONTAIN AND REDUCE INDIRECT EMISSIONS	
		ORGANIZATIONAL CARBON FOOTPRINT CERTIFICATION	
		PHOTOVOLTAIC SYSTEMS IN ROVIGO (DIE-CASTING) AND PADOVA (NEW HQ)	
	ESG POLICY	ENVIRONMENTAL POLICY - PUBLICATION	Governance, Risk & regulatory Compliance
	ENERGY EFFICIENCY	ENERGY DIAGNOSIS OF PLANTS IN ITALY	The management of greenhouse gas emissions
	RATINGS/INITIATIVES	CDP – CARBON DISCLOSURE PROJECT: SCORE “B” MANAGEMENT	SIT and sustainability
		SCIENCE BASED TARGET INITIATIVE: ADHERENCE TO THE INITIATIVE	
MADE WITH CARE 	GENDER PAY GAP ROADMAP	GENDER PAY EQUALITY	Compensation
	ESG TRAINING	DEVELOPMENT PROJECTS AND THE PROMOTION OF A CULTURE OF SUSTAINABILITY	Culture of sustainability
		HUMAN RIGHTS POLICY – TRAINING	Human rights
	CERTIFICATIONS	CERTIFICATION OF GENDER EQUALITY, IN APPLICATION OF UNI/PDR 125:2022 PRACTICES	Diversity, inclusion and equal opportunities
DIGITAL TRANSFORMATION , INNOVATION AND LEAN CULTURE 	ESG EVALUATION & DATA MANAGEMENT	INTEGRATION OF STRATEGIC ECONOMIC-FINANCIAL EVALUATION OF ESG INDICATORS INTO PROCESSES – DEVELOPMENT OF INDICATOR SETS	Digital Transformation
		SUSTAINABILITY DATA DIGITALIZATION PROJECT – SOFTWARE SELECTION	

STATUS KEY:



COMPLETED



UNDERWAY



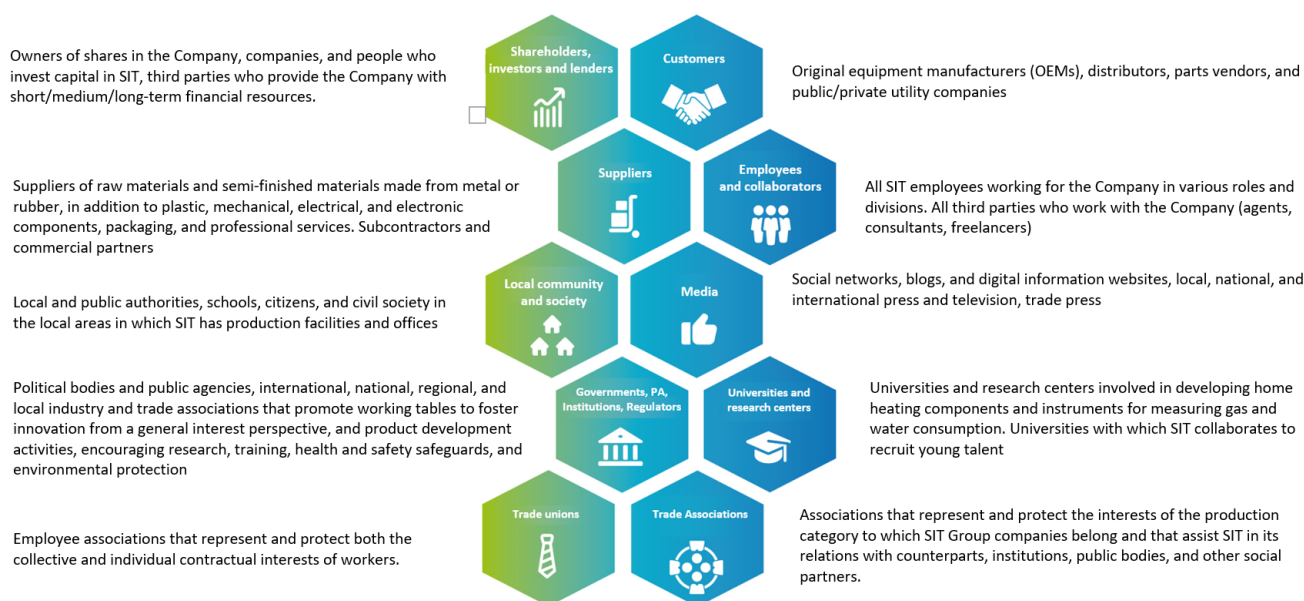
NOT STARTED YET

Below are the main “Made to Matter” projects” SIT will launch in 2024.

AREA	OBJECTIVE	DESCRIPTION	TARGET / KPI
E	CO ₂ emissions reduction plan	Production efficiencies included in the business plan (Lean & Digital projects)	-3% Scope 1 and 2 emissions
	Renewable energy	Padua Photovoltaic Plant	Plant connection by Q4 2024
	Indirect emissions (Scope 3)	Advanced Planning System: Improved forecasting to minimize incoming materials (reducing stock)	Go-live 1 step
S	Sustainability Awareness Rate	Promoting the development of the sustainability pillar in WCM construction by providing the Company’s workforce with awareness and training initiatives	Training at 1 plant/year
	Merit, Diversity & Inclusion	Renew UNI/PDR 125:2022 Gender Equality certification	2024/2025
		Calculation of Internal Inclusion Rate	>80% General Index positivity
	People-Oriented Culture – Well-being	Organizational climate assessment with a focus on the Trust and D&I indices	Trust Index >48%
G	ESG Evaluation and Data management	Sustainability data digitization project – definition of a process architecture for data management from a CSRD perspective	Definition of the process
	ESG Policies	Whistleblowing Policy Anti-corruption Policy	Training
		Environmental Policy	Training

Stakeholders and Material Topics

SIT considers the **requests of its stakeholders** when defining its sustainability strategy and assigns a priority level to each of them, identifying the most suitable forms of engagement.



STAKEHOLDER	ENGAGEMENT ACTIVITIES	MAIN INITIATIVES
Shareholders, investors and lenders	<ul style="list-style-type: none"> - Dedicated Group policies and procedures - Periodic financial/non-financial disclosures; Company communications - Market communications - Periodic meetings 	SIT S.p.A.'s Board of Directors adopts the "Shareholder Communication Policy" to foster open and ongoing communication with all Shareholders
Customers	<ul style="list-style-type: none"> - Co-design and co-development projects of innovative technology solutions - Trade shows, periodic meetings and invitations to company events - Audit of plants belonging to SIT subsidiaries - Continuous dialogue via the corporate website and magazine - Training workshops on Group products 	Throughout 2023, SIT partnered with its customers on various R&D initiatives, which resulted in the creation and testing of innovative and sustainable products and solutions related to home heating and consumption management. SIT also took part as an exhibitor at leading industry trade shows
Governments, PA, institutions, regulators	<ul style="list-style-type: none"> - Discussion meetings with representatives of local institutions - Participation in regulatory committees at a European and national level 	The Company collaborates with the Confindustria Veneto network , promoting various events , with a specific focus on sustainability-related topics .
Trade associations	<ul style="list-style-type: none"> - Participation in rules committees, seminars, conferences - Discussions on market trends and emerging needs 	Members of SIT Management are chairpersons of trade associations in the sectors in which the Company operates

Universities and research centers	<ul style="list-style-type: none"> - Collaborations on innovation projects and research into new materials - Internships for students 	Collaborative initiatives with universities, schools, and research centers continued in 2023
Suppliers, subcontractors and commercial partners	<ul style="list-style-type: none"> - Periodic meetings - Quality audits and assessments - Product development in partnerships 	SIT's Sustainability Plan emphasizes the involvement of suppliers in sustainability initiatives and projects, with ESG criteria integrated into the selection process
Local community and society	<ul style="list-style-type: none"> - Participation in events promoted by local associations; - Projects supporting social initiatives 	The section on Supporting Local Communities lists some of SIT's major initiatives in this area
Employees and collaborators	<ul style="list-style-type: none"> - New hire insertion program - HSE training activities and dedicated "soft & hard skills" training - Job postings to promote internal mobility and professional growth - Remote working and initiatives for a better work-life balance - Referral programs during the staff recruitment process - Company intranet - Company house organ ("SIT&Talk") - Welfare plans - Company events 	SIT considers human resource management to be an important material topic and therefore supports both internal and external initiatives to recruit, select, and retain top talent. SIT's products and services are designed with a strong focus on flexibility, work-life balance, and cutting-edge welfare measures
Trade unions	<ul style="list-style-type: none"> - Meetings for the presentation of business plans and joint reviews, and for the stipulation of new agreements 	SIT advocates for social dialogue and supports freedom of association, with 90% of Group employees covered by collective bargaining agreements
The media	<ul style="list-style-type: none"> - Company website - Press releases - Media events and communication 	In 2023, SIT employees participated in sustainability initiatives, including interviews and conferences dedicated to sustainability topics

Materiality analysis





Every two years, the Company conducts a materiality analysis to identify **the sustainability topics that are most relevant to the Company and its stakeholders.**




The most recent detailed analysis conducted in 2022, following the GRI Universal Standards 2021, was supported by senior management and involved studying documentation from national and international bodies, trade associations, universities, and research centers, with a specific focus on sustainability topics. It was further validated through an **online survey** involving key stakeholders: Shareholders and investors, customers, suppliers, and employees.




Meanwhile, the **2023 materiality analysis** was continuously updated throughout the year via benchmarking analysis with the Company's main peers and competitors. This comparative study confirmed the validity of the detailed 2022 analysis. Consequently, the materiality analysis was conducted as mentioned above and presented to the **Control, Risks and Sustainability Committee on December 15, 2023.** It was subsequently approved by the **Board of Directors of SIT S.p.A.** at a meeting on **December 19, 2023.**

Material topics for SIT


Below are the material topics for the SIT group, along with their definitions and potential positive or negative impacts. The following topics are categorized into the areas outlined in the “Made to Matter” Sustainability Plan and are listed in order of priority.

MADE TO MATTER	MATERIAL TOPICS	DEFINITION	IMPACTS		SDG'S
			P / N - A / P	DESCRIPTION	
MADE BY US SUSTAINABLE ECONOMIC GROWTH / GOVERNANCE, RISK & REGULATORY COMPLIANCE	Economic performance	Ensure that economic and financial performance is in line with market and stakeholder expectations by pursuing long-term sustainable growth	POSITIVE ACTUAL	A strong financial structure and positive economic performance are crucial for generating a positive impact on the distribution of economic value, employment rates, and investments	   
	Risk management	Identify and manage risks associated with the Company's operations by evaluating their impacts from an economic, environmental, social, and governance viewpoint and developing appropriate mitigation and control measures	NEGATIVE POTENTIAL	Failure to manage business risks, including those related to ESG topics, could result in significant economic, social and environmental disruption. SIT has included ESG dimensions in its ERM to raise the organization's awareness of these topics	
	Ethics and business integrity	Promote ethical and integrity-driven business practices by adopting suitable codes of conduct, policies, and procedures	POSITIVE POTENTIAL	SIT adopts a holistic approach that combines economic performance with ethical business conduct, and adopts policies and measures to monitor the ethical behavior of its stakeholders	
	Market presence	Strengthen our market position by offering sustainable products and solutions that support the long-term economic development of the communities and regions in which SIT operates	POSITIVE POTENTIAL	The Company's leadership in its target markets, its promotion of sustainable technologies and products, and the expansion of its market share can contribute to the well-being of the community from an economic, social, and environmental perspective	
	Customer satisfaction	Build and maintain relationships with our customers that enable us to keep track of their development and satisfaction	POSITIVE ACTUAL	Our customers are our “compass.” SIT is always defining new projects to develop innovative and sustainable products and technologies in collaboration with its business partners	
	Relations with Public Institutions	Maintain a proactive and responsible dialogue with institutions and the public sector while protecting the interests of the Company, trade associations, public bodies, and local communities	POSITIVE ACTUAL	The Company constantly and actively cooperates with institutions in the regions in which it operates and with international organizations, adhering to proposed initiatives and making proposals in turn	
	Compliance with laws and regulations	Ensure that the Company complies with specific governance, environmental, social and economic laws and regulations	NEGATIVE POTENTIAL	Non-compliance with laws and regulations could have significant repercussions on the Company's business, reputation, and ESG commitments	
	Corporate Governance	Achieve sustainable success by adopting the highest standards of corporate governance and integrating ESG objectives into its strategy	POSITIVE ACTUAL	SIT complies fully with the 2020 Corporate Governance Code, and maintains a governance structure aligned with best practices	

MADE TO MATTER	MATERIAL TOPICS	DEFINITION	IMPACTS		SDG'S
			P / N - A / P	DESCRIPTION	
MADE FOR FUTURE ENVIRONMENTAL RESPONSIBILITY	Research and Development - Sustainable Innovation	Design and develop innovative and sustainable products and solutions while reducing the environmental impact of our operations	POSITIVE POTENTIAL	SIT is actively developing and updating its product range with a focus on eco-design and Life Cycle Assessment (LCA) principles. Notably, the Company has already made significant strides in adopting alternative fuels (hydrogen and biogas) and energy-efficient equipment. SIT will be able to contribute significantly to the energy transition process	
	Responsible supply chain management	Establish strong partnerships with suppliers and encourage their participation in environmental, social, and governance initiatives	POTENTIAL NEGATIVE	SIT is aware that not involving its supply chain in its business and ESG strategies poses a potential risk and is therefore increasingly involving its partners in its ESG journey	
	Energy consumption	Measure and monitor energy consumption with precision to identify and execute actions for reduction	POSITIVE POTENTIAL	The Company makes use of cutting-edge technologies that will reduce the energy consumption of its operations	
	Emissions	Measure and evaluate emissions of greenhouse gases, ozone-depleting substances, and other pollutants, and establish a carbon management strategy in line with EU objectives	ACTUAL POSITIVE	SIT has charted its own path in reducing emissions and containing its Carbon Footprint at both the product and organizational level. Its objectives comply with the requirements of European Community programs and international reference standards	
	Circular economy	Adopt production and consumption models dedicated to extending the life cycle of products and their reintroduction into the value chain, reducing waste and refuse	POTENTIAL NEGATIVE	If circular economy principles are not integrated into the organization, it could be severely impacted by the challenging economic environment, which includes difficulty in sourcing production components and increased costs due to raw material scarcity	
	Product quality and safety	Guarantee the highest standards in terms of quality and safety of our products and solutions	ACTUAL POSITIVE	The SIT brand has a long-standing association with product quality and safety, which has been acknowledged by our customers and business partners, with whom we collaborate to maintain the highest standards in line with market needs	
	Effluents and waste	Use waste management and disposal methods as part of an environmental impact prevention and reduction strategy	POTENTIAL NEGATIVE	Although the impact of this topic is still very limited in SIT's case, attention should also be paid to waste management in relation to Circular Economy project objectives	
	Water resources	Monitor the use and management of water resources to guarantee efficient water consumption and reduce potential impacts on the local area	POTENTIAL POSITIVE	With its new water metering business, SIT can contribute significantly to the improved management of water resources, limiting their consumption and waste	

MADE TO MATTER	MATERIAL TOPICS	DEFINITION	IMPACTS		SDG'S
			P / N - A / P	DESCRIPTION	
MADE WITH CARE SOCIAL RESPONSIBILITY	Culture of sustainability	Promote a culture that inspires and encourages a lifestyle and work life based on sustainability at all internal and external levels	POSITIVE ACTUAL	SIT continuously promotes projects to encourage a culture of sustainability among its stakeholders	  
	Management and development of human resources	Enhance and manage the Company workforce by considering each individual as an added value, helping employees perform their duties and improve their skills, abilities, and knowledge	ACTUAL POSITIVE	Human resources are the most important resource for our Company, and we strive for the optimal management of our employees. This is evidenced by our countless initiatives in the areas of employer branding, training, and work-life balance over the years	
	Diversity, Inclusion & Equal Opportunities	Strengthen and promote a proper culture of diversity, equal opportunity, and inclusion by enhancing policies and practices based on mutual respect	POTENTIAL POSITIVE	D&I topics represent the new frontier of SIT's commitment, including in relation to its adherence to the principles of the UN Global Compact. The Company is in the process of adopting appropriate policies and has obtained Gender Equality Certification	
	Occupational health and safety	Adopt prevention and promotion measures regarding the protection of health and safety in all Company environments to ensure a safe and hazard-free workplace	ACTUAL POSITIVE	Occupational health and safety is a "must" in terms of SIT's commitments. Over the years, the Company has worked tirelessly to maintain its high safety standards	
	Human Rights	Support and ensure that all internal and external stakeholders respect human rights and fundamental freedoms, promoting a company culture based on respect and the recognition of human dignity	POTENTIAL NEGATIVE	The Company has a duty to uphold fundamental freedoms and has taken steps to do so by adopting a Human Rights Policy in 2022. This policy seeks to systematically and structurally address any possible issues related to potential violations in accordance with the best international reference standards	
	Welfare and well-being	Support a healthy work-life balance by encouraging good practices for employees' physical, social, and mental well-being	ACTUAL POSITIVE	SIT has undertaken a number of initiatives to ensure the well-being of its employees. These include flexible work measures, support for parents, and a mental health service	
	Local community commitment	Respect and consider the needs of communities local to the Company, involving them in the creation of sustainable value, be it social, environmental, or economic	POTENTIAL POSITIVE	The Company participates in and sponsors local community initiatives and advocates for activities that promote the economic, social, and environmental development of the local area, including through the work of the SIT Foundation, established in 2022.	
	Labor/management relations	Encourage a constructive and positive relationship between the Company, its employees, and trade unions, promoting social dialogue and upholding the principles of freedom of association and collective	POTENTIAL NEGATIVE	The Company guarantees all workers freedom of association and has established constructive forms of dialogue with social partners	

		bargaining			
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MADE TO MATTER	MATERIAL TOPICS	DEFINITION	IMPACTS		SDG'S
			P / N - A / P	DESCRIPTION	
DIGITAL TRANSFORMATION, INNOVATION AND LEAN CULTURE	Digital Transformation	Develop and deliver sustainable customer services through specific enabling technologies	POSITIVE ACTUAL	Defining, adopting, and monitoring all production, R&D, and Staff business processes from a digital perspective according to a lean logic represents an enabling factor for all ESG dimensions at SIT. The Company has been on this path for some time now, and the benefits are concrete and measurable	
	Lean Transformation	Ensure that processes are more streamlined and measurable. This will in turn help us to reduce energy consumption, improve employee health and safety, and raise customer service levels.			



MADE BY US

Material Topics:

- Economic performance
- Market presence
- Customer satisfaction
- Corporate Governance
- Risk management
- Ethics and business integrity
- Compliance with laws and regulations
- Relations with public institutions

- SUSTAINABLE ECONOMIC GROWTH
- GOVERNANCE, RISK AND REGULATORY COMPLIANCE

Economic performance and presence on the market

2023 consolidated revenues were Euro **326.3** million, down 17.0% on 2022 (Euro 393.3 million). In the fourth quarter of 2023, consolidated revenues totaled Euro 84.2 million, down 18.2% on the same period of the previous year (Euro 102.9 million).

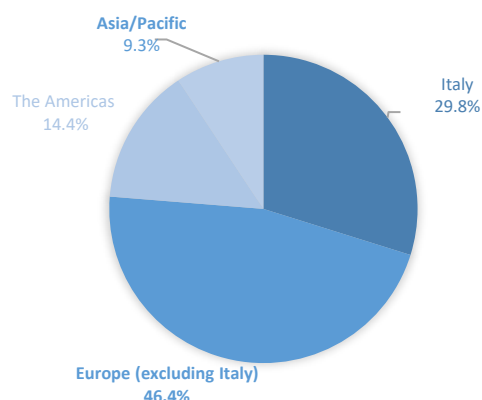
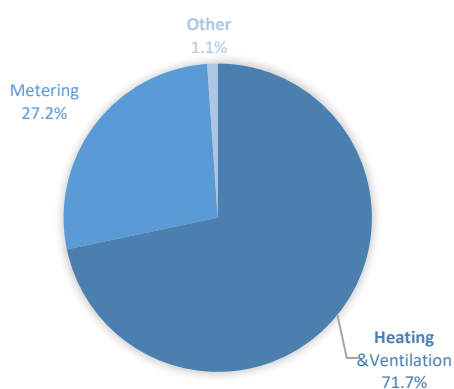
Revenue by Division

(Euro.000)	2023	%	2022	%	diff	change %
Heating & Ventilation	233,997	71.7%	315,338	80.2%	(81,340)	(25.8%)
Metering	88,619	27.2%	72,516	18.4%	16,103	22.2%
Total sales	322,617	98.9%	387,854	98.6%	(65,237)	(16.8%)
Other revenues	3,644	1.1%	5,451	1.4%	(1,807)	(33.1%)
Total revenues	326,261	100%	393,305	100%	(67,044)	(17.0%)

Revenues by geographic area

(Euro.000)	2023	%	2022	%	diff	change %
Italy	97,346	29.8%	99,452	25.3%	(2,106)	(2.1%)
Europe (excluding Italy)	151,359	46.4%	169,396	43.1%	(18,037)	(10.6%)
The Americas	47,144	14.4%	85,481	21.7%	(38,337)	(44.8%)
Asia/Pacific	30,412	9.3%	38,976	9.9%	(8,564)	(22.0%)
Total revenues	326,261	100%	393,305	100%	(67,044)	(17.0%)

We report below a breakdown of 2023 sales by division and geographical area:



Heating & Ventilation Division

Heating & Ventilation Division sales in 2023 totaled Euro 234.0 million, -25.8% on Euro 315.3 million in 2022 (-25.1% at like-for-like exchange rates).

The Division in the fourth quarter returned sales of Euro 57.9 million, decreasing 28.1% on Q4 of the previous year (Euro 80.5 million).

Q4 2023 saw a turnaround in the Heating end market from the preceding quarters - at least for boilers. Consumer sales were in fact substantially in line with Q4 2022 after seeing significant declines in each of the preceding quarters. Heat pumps again performed poorly in Q4.

Against this market backdrop, SIT customers are operating with still substantial stock levels. These improvements in Q4 have therefore not yet translated into a recovery for SIT's revenues.

The following table presents Heating & Ventilation Division core sales by region according to management criteria:

(Euro.000)	2023	%	2022	%	diff	change %
Italy	36,675	15.7%	56,116	17.8%	(19,441)	(34.6%)
Europe (excluding Italy)	119,632	51.1%	138,022	43.8%	(18,390)	(13.3%)
The Americas	44,767	19.1%	82,839	26.3%	(38,072)	(46.0%)
Asia/Pacific	32,923	14.1%	38,361	12.2%	(5,438)	(14.2%)
Total sales	233,997	100%	315,338	100%	(81,340)	(25.8%)

Sales in Italy decreased 34.6% on 2022. This contraction was seen across all the main products and reflects the absence in 2023 of sector incentives, in addition to the slowdown of the home renovation market. We highlight the particularly weak performance of the Pellet Stoves applications (-77.5%) in the Direct Heating segment, which in 2022 benefited from the increase in the price of gas.

Sales in Europe (excluding Italy) in 2023 decreased Euro 18.4 million (-13.3%) on the previous year. Turkey, the top shipping market with 18.1% of division sales, grew 10.9% (Euro 4.2 million), particularly thanks to Fans for Central Heating applications, impacted by supplier difficulties in H1 2022. The UK, 8.5% of division sales, was substantially in line with 2022, with the product families reporting divergent performances and flues growth of Euro 2.5 million (+25.6%) compared to 2022. Central Europe reported results overall in line with the Division (-28.5%), with Heat Recovery unit sales however in line (+1.0%) with the previous year.

Sales in the Americas contracted 46.0% (immaterial exchange rate impact). The reduction affected Water Heating Storage for Euro 10.2 million, while the Direct Heating applications of fireplaces (-Euro 24.3 million, -55.4%) were impacted by the poor new constructions performance to which this segment is linked.

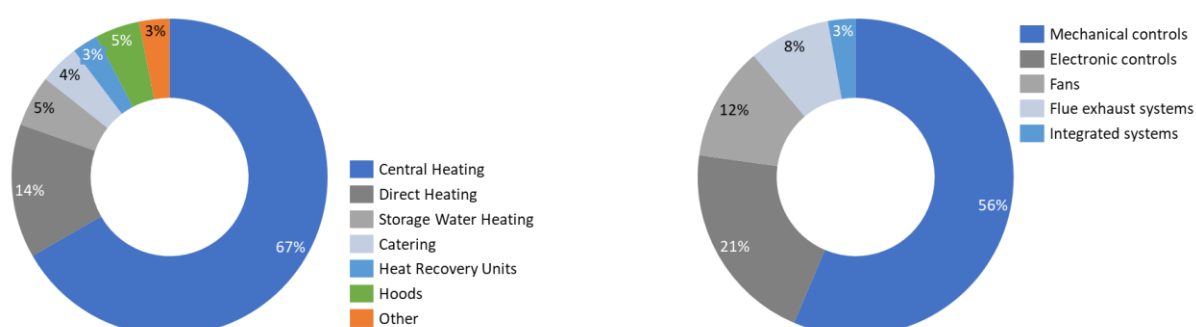
Asia/Pacific contracted 14.2% (-9.2% at like-for-like exchange rates), with sales of Euro 32.9 million (Euro 38.4 million in 2022). China, 9.0% of division sales, decreased 11.6% on 2022 (-5.2% at like-for-like exchange rates). Australia in 2023 reported sales of Euro 5.9 million, decreasing 27.9% (23.3% at like-for-like exchange rates).

Regarding the primary product categories, the trends observed throughout the financial year mainly affected the entire product portfolio, with Mechanical Controls down by 24.4%, Electronic Controls by 33.6%, and Fans by 32.4%, while flues experienced a 7.9% increase.

At the application segment level, Central Heating accounted for 66.7% of division sales, decreasing 16.9%, while Direct Heating (13.7% of the division sales) fell 49.9% due to the performance of fireplaces in the USA and applications sold in Italy. Storage Water Heating declined by 47.9% due to a decrease in market share in the USA.

In relation to the main customers of the Heating & Ventilation Division, 38.2% of 2023 sales were from the top five customers, while accounting for 33.9% in the previous year.

The following charts break down 2023 Heating sales by product family and application (data from management sources):



Metering Division

Metering Division sales were Euro 88.6 million (Euro 72.5 million, growing 22.2% on the previous year).

Sales in the **Smart Gas Metering** sector totaled Euro 60.0 million, increasing 24.0% on 2022. The performance was due to the Group's strong positioning on the Italian market and the new development and replacement projects launched by the major customers. Sales in Italy accounted for 96.6% of the total, while overseas sales accounted for 3.4% (from Greece and Central Europe).

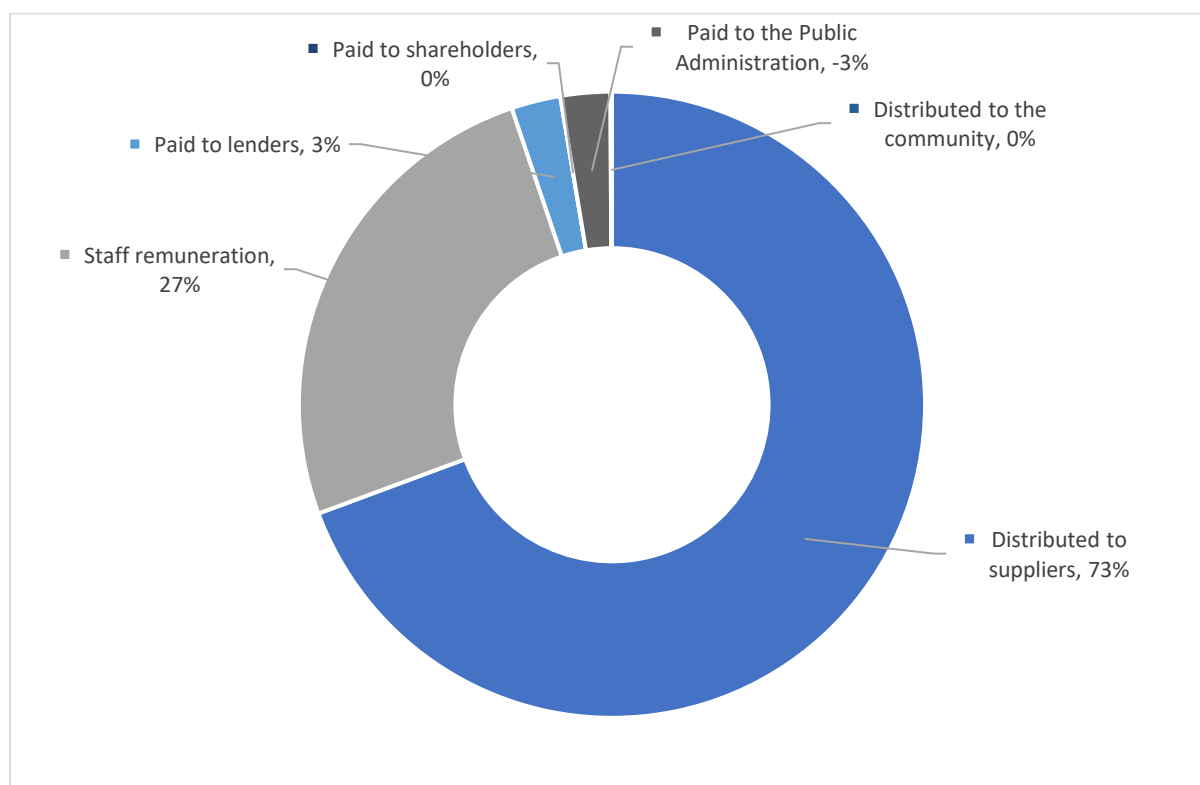
Water Metering sales totaled Euro 28.6 million, up 18.5% on 2022. Portugal accounts for 19.0% of sales, Spain for 36.2%, the rest of Europe for 34.7% and the Americas and Asia respectively for 7.3% and 2.7%.

Regarding the concentration of sales in Metering, specifically in relation to the main Smart Gas Metering customers, 75.3% of 2023 sales were from the top five customers, while accounting for 64.7% in the previous year. In Water Metering, the figures were 60.1% and 58.2%, respectively.

Creation of value for stakeholders

The economic value generated by the Group, and consequently distributed to stakeholders, derives from the calculation of generated and distributed value. This is determined for the reference period from the value generated from service and product sales and other income (e.g. financial income, etc.) net of amortization and write-downs, and from the distributed value, in various forms, to Group stakeholders.

Below is a breakdown of the distribution of value to stakeholders:



Direct economic value generated and distributed (Euro thousands)	2023	2022
(A) Economic value directly generated	319,255	412,356
(B) Economic value distributed	292,283	373,412
(A-B) Economic value withheld	26,972	38,944
Economic value distributed (Euro thousands)		
Staff remuneration	78,461	80,182
Personnel costs	78,461	80,182
Distributed to suppliers	213,700	285,863
Raw materials, ancillaries, consumables and goods	167,211	233,573
Service costs	46,490	52,291

Paid to lenders	7,827	4,760
Financial expenses	7,827	4,760
Paid to shareholders	0	0
Distribution of profits for the year ¹	0	0
Paid to the Public Administration	-7,912	2,355
Income taxes	-7,912	2,355
Distributed to the community	206	252
Donations, sponsorship and collaborations ²	206	252
Total economic value distributed	292,283	373,412

Sustainable finance

Despite continued inflation rates and the adoption of restrictive policies by major central banks, market interest rates remained at high levels in 2023 compared to previous years. By way of example, the 6m Euribor rates at December 31, 2021, December 31, 2022, and December 31, 2023, were -0.546%, 2.693% and 3.877%, respectively.

Within this landscape, the adoption of the interest rate hedging policy has been particularly important and beneficial. At the reporting date, the Group has loans with a fixed term for a nominal capital amount of Euro 134.2 million. These loans are currently hedged through interest rate swaps or through fixed-rate interest in the amount of Euro 106.2 million, equivalent to 79.2% of the underlying value.

We also note that at the reporting date, the existing debt portfolio, with a nominal capital amount of Euro 134.2 million, includes ESG or Green clauses with regard to both the configuration of interest costs and the allocation of the financing itself, accounting for 89.9% (or Euro 120.6 million).

¹ The "distribution of profits for the year" is based on the assumption that no dividends will be distributed in the current financial year. This is due to the proposal put forward by the Board of Directors of SIT S.p.A. to allocate the loss to reserves. The Shareholders' Meeting, which is scheduled for June 11, 2024, will consider and approve this proposal.

² For more details on "Donations and Sponsorships", please refer to the section titled "Commitment to Local Communities".

Customer satisfaction

Customer orientation is one of SIT's core values. Everyone at SIT seeks to meet and exceed customer expectations. Satisfaction represents the compass that guides our strategies, policies and actions.

This translates into a desire to listen to and involve customer stakeholders in the design of new products and customization of existing ones, in addition to sales relationships and the improvement of production processes. **These policies seek to meet customer needs by reducing the time to market and offering maximum flexibility along the supply chain.**

Key developments in **2023** included the establishment of new business ventures and agreements with strategic customers and partners. These efforts sought to meet customers' demands by expanding the product offering, including in emerging market segments with a growing focus on sustainability.

The following initiatives are of note:

- In April, **SIT** formalized its Joint Venture Agreement with **GWF** through **MeterSIT** and **Janz**. GWF is a pioneer in advanced metering infrastructure technologies, developing, producing, and distributing ultrasonic smart water meters for residential applications. Through this agreement, the companies have joined forces to **help water utility customers and local municipalities increase efficiency and accelerate their sustainability strategies at the best total cost** of operation through the use of high-performance smart water meters. The development of ultrasonic water meters for residential use seeks to provide unrivalled precision measurements, combined with flexible communication in the form of products that respond to future challenges. To ensure maximum quality and scalability at optimized costs, the companies will jointly build state-of-the-art production and testing facilities in Portugal and Switzerland.
- In July 2023, a joint venture titled **Hybitat** was created by **SIT** and **E-novia** to develop a new hydrogen generation and storage system for residential use. This innovation **responds to the growing demand for energy linked to evolving household needs and increased mobility**. While E-Novia provides its expertise in deep tech technological innovation, SIT possesses technical-industrial expertise in the field of residential heating and air conditioners, allowing the two companies to launch Hybitat together in a market segment with excellent potential for growth. The transaction involves an investment plan of Euro 13 million.
- In November, **SIT** announced a **partnership** with **Panasonic Industries**, a world-leading company in HVAC technologies, to launch a new comprehensive range of fans for residential

pumps. This collaboration combines the quality and reliability of Panasonic motors with SIT's advanced experience in fluid dynamics and motor controls to develop a complete fan solution specifically designed for residential heat pumps. Launching in early 2024, this new application **will be adapted to the specific needs of each customer to ensure peak performance, minimum noise, and reduced heat pump consumption.**

- In December 2023, the **SIT MBT Joint Venture** was formed. It comprises **SIT, Motors & Blowers Technology Srl (MBT)** – an innovative start-up in the range hoods and ventilation sector – and **Wentelon**, a trusted supplier of ventilation motors. SIT MBT intends to position itself as a European leader in the design and manufacture of fans for range hoods, induction cooktops with built-in ventilation, and pellet stoves by **developing innovative, energy-efficient products that are tailored to specific customer requirements.** With this new step, SIT continues its strategic development journey towards electrification. The primary goal is to make the most of opportunities arising from the entry into force of the new European energy labelling regulations for range hoods and induction cooktops with built-in ventilation as early as 2025.

Governance, Risk & Regulatory Compliance

SIT has fully integrated sustainability-oriented corporate governance into its operations: the effects of ESG topics are reflected throughout the value chain in which the Group operates. In a world of constant change, companies must embrace an ongoing process of updating and refining their organizational structure and internal procedures.

As a result, during 2023, the Company kept track of changing regulations and best practices. In particular, SIT S.p.A faithfully complied with the articles and recommendations of the **2020 Corporate Governance Code**, also including action areas concerning Governance, Risk & Regulatory Compliance in its Sustainability Plan. The main action areas included:

- ✓ the overall strengthening of the **compliance & regulatory framework**, with the updating of the **Code of Conduct** and **Anti-Corruption Policy**, the drafting of an **Environmental Sustainability Policy**, the creation of a **Whistleblowing Policy**, and an **Anti-Trust Policy**. These policies will be circulated widely within the organization in 2024;
- ✓ the updating of its Enterprise Risk Management (ERM) Model to **include ESG-linked risks**, considering the increasing importance of these topics to stakeholders, changing regulations, and best practices in risk management;
- ✓ **renewed adherence to the United Nations Global Compact**, with its 10 principles in the areas of **Human Rights**, the **Environment**, and **Anti-Corruption**.
- ✓ ongoing attention to **regulatory developments**, with particular reference to new changes introduced by the European Union.

SIT's commitment to **being inclusive** in its sustainability efforts was demonstrated by its **ongoing dialogue with key stakeholders, peers, and the best practices** in the industry.

The Company's "**Made to Matter**" roadmap was validated by the numerous ESG-related awards it received. Specifically, **EcoVadis**, the world's leading provider of sustainability ratings, awarded SIT a **GOLD** score, placing it among **the top 2% of evaluated companies**. SIT was also recognized by prestigious programs such as **ranking first in Etica News' "Extra Top 100" Integrated Governance Index** for two consecutive years, receiving Credit Suisse and Kon Group's **Sustainability Award** for achieving the "**Top ESG Score**," and being named **Sustainability Leader** by *IISole24Ore*. An additional assessment was conducted with the **Carbon Disclosure Project**, which awarded SIT the following level: "C - Awareness".

Sustainable success

Throughout its history, the SIT group has shown that environmental, social, and governance (“ESG”) topics are interdependent with the development of its business model, which is consistently geared towards achieving **“sustainable success”** and **generating long-term value for its stakeholders**. The achievement of strategic business objectives is inherently linked to environmental, social, and governance commitments.

In recent years, the Company has undertaken a well-structured sustainability journey, beginning with the **systematic monitoring of the environmental, social, and economic impacts of its operations**, with a view to drafting this Sustainability Report.

The Company regularly updates its Corporate Governance System, taking into account the feedback and concerns of all its stakeholders.

The creation of a Sustainability Governance body (please refer to the introduction of this report) – which reports to the CEO and is headed by a **Corporate Sustainability Director** with specific ESG responsibilities and powers – represents a significant milestone in this journey.

The Control, Risks and Sustainability Committee consists of Independent Directors with a strong awareness of ESG topics. The Committee plays a crucial role within the SIT Board of Directors, whose members include Directors with full independence of judgment and expertise in ESG matters. These Directors are capable of guiding ESG strategies and putting their experience at the service of the Company. The Committee is kept up to date on the progress of the Sustainability Plan and reports to the Board of Directors at official meetings.

In 2023, the Company identified and delegated specific ESG responsibilities, including in relation to its **“Made to Matter” Sustainability Plan**, which was first presented to investors on a conference call in May 2022.

Several managers were assigned specific **responsibilities related to the development of SIT’s ESG strategy**, in conjunction with their existing roles. These tasks included promoting a culture of sustainability at all levels and overseeing projects related to environmental responsibility (“Made for the Future”) and social responsibility (“Made With Care”).

Sustainability permeates all levels of the SIT organization.

Corporate Governance

SIT believes that the proper management of corporate governance is a fundamental prerequisite for the achievement of its strategic objectives, including in the ESG area. As a result, it pays close attention to the evolution of corporate governance at all levels, in accordance with current regulations and best practices.

SIT's corporate governance system, which follows the traditional system of administration and control, comprises the following corporate bodies:

- (i) the **Board of Directors**, which manages the Company;
- (ii) the **Board of Statutory Auditors**, appointed to oversee (i) compliance with law and By-Laws, and adherence to principles of correct governance, (ii) adequacy of the Internal Control System and administrative-accounting system, and its reliability in correctly reflecting operational events, (iii) the effective enactment of corporate governance rules under the Corporate Governance Code, and (iv) the financial disclosure process, efficacy of internal control mechanisms, internal audit, and risk management, legal audit of annual accounts and consolidated accounts, and independence of the independent audit firm.
- (iii) the **Shareholders' Meeting** considers motions on matters within its remit, pursuant to the law or the By-Laws.

Auditing activities are entrusted to the registered independent audit firm Deloitte & Touche, appointed by the Shareholders' Meeting upon the reasoned proposal of the Board of Statutory Auditors.

The Board of Directors

The Board of Directors was appointed by the Ordinary Shareholders' Meeting on May 3, 2023, and will remain in office until the approval of the 2025 Annual Accounts. Therefore, at December 31, 2023, the Board of Directors was composed as follows:

Name	Role
Federico de Stefani	Chairperson & Chief Executive Officer
Chiara de Stefani	Executive Director Corporate Sustainability Director
Franco Stevanato	Non-Executive Director
Bettina Campedelli	Independent Director
Carlo Malacarne	Independent Director
Lorenza Morandini	Independent Director
Giorgio Martorelli	Independent Director

- **71.43%** of Directors are independent
- **42.86%** of Directors are **women**
- **71.43%** of Directors are **over 50 years old**

Internal Board Committees

The Board of Directors has created three committees:

- **The Control, Risks and Sustainability Committee (CRSC):**

supports the evaluations and decisions of the Board of Directors concerning the Internal Control and Risk Management System, in addition to those concerning the approval of the relative periodic financial reports and non-financial reports as per Legislative Decree No. 254/2016. The Control, Risks and Sustainability Committee is composed of three Non-Executive Directors, the majority of whom are Independent.

In its current configuration, the Issuer's Control, Risks and Sustainability Committee is composed of Independent Directors Bettina Campedelli, as Chairperson, Lorenza Morandini, and Giorgio Martorelli. The Control, Risks and Sustainability Committee Regulation, which is currently in force and to which reference should be made, was approved by the Board of Directors on February 27, 2019.

- **The Related Parties Committee (RPC):**

comprises three Non-Executive Directors, the majority of whom are independent. The Committee provides a non-binding opinion to the Board of Directors on the interests of the Company to undertake transaction with Related Parties, as well as of the benefits and substantial correctness of the relative conditions.

The Independent Directors Bettina Campedelli, Carlo Malacarne, and Lorenza Morandini were appointed as members of the Related Parties Committee by the Board of Directors on May 3, 2023, with Ms. Campedelli serving as Chairperson.

The Board has adopted a Related Party Transactions Procedure to facilitate the identification and appropriate management of situations where a Director has a personal or third-party interest.

- **The Remuneration Committee (RC):**

assists the Board of Directors through investigative, proposal and consultation duties, for the evaluations and decisions concerning the remuneration policy of Directors and Senior Executives.

The Remuneration Committee, consisting of Independent Directors Carlo Malacarne as Chairperson, Lorenza Morandini, and Bettina Campedelli, was appointed by the Board of Directors on May 3, 2023. The Board of Directors confirmed on the same day that all members of the Remuneration Committee possess the necessary expertise and experience in financial and remuneration policy matters. The functioning of the Committee is governed by special regulations.

For further information, please refer to the documentation on the Company's website:

www.sitcorporate.it – **Corporate Governance section > Governance Documents.**

Composition of the Board Committees

<i>Independent Directors</i>	CRSC		RPC		RC	
	Chair	Member	Chair	Member	Chair	Member
<i>Bettina Campedelli</i>	X		X			x
<i>Carlo Malacarne</i>				x	X	
<i>Lorenza Morandini</i>		x		x		x
<i>Giorgio Martorelli</i>		x				

See also the “**2023 Corporate Governance and Ownership Structure Report**,” on www.sitcorporate.it - **Corporate Governance section > Corporate Governance System**

Remuneration Policies

The focus on ESG topics is also fully reflected in the remuneration policies adopted by the SIT group in 2022 (see also “**Compensation**” in the “Made With Care” section).

The Company has established ESG performance objectives, starting with the CEO and extending to the short-term **Management By Objectives (MBO)** and **Long-Term Incentives (LTI)** programs.

The objective is to combine business performance with a focus on environmental concerns, social responsibility, ethical conduct, and maintaining positive stakeholder relationships.

Objectives were set for the **Chairperson, Chief Executive Officer, and Senior Executives (SEs)** identified by the Company under the Corporate Governance Code.

The structure defined and corresponding remuneration policies were then adopted throughout the organization, according to a “cascading” approach, and in alignment with the planned Made to Matter initiatives.

This ensured that all Departments/Functions committed to defining, adopting, and monitoring Sustainability Plan initiatives, in line with the medium-term Strategic Business Plan (PAM) objectives.

In 2023, 100% of the population included in the MBO and LTI plans were assigned a share of sustainability goals in varying percentages depending on their role and how the plan's projects related to their work tasks.

Progress in achieving the goals is constantly evaluated and monitored by the HR Department and the Sustainability Governance Bodies.

The **Remuneration Committee** plays a key role in assessing the progress of MBO and LTI objectives and serves as a link to the Board of Directors by providing an independent opinion on the establishment of remuneration policies at Board meetings.

For further information, please refer to the documentation on the Company's website:

www.sitcorporate.it – *Corporate Governance section > Corporate governance system > Remuneration reports*

Risk Management

The process of risk identification and management – **Enterprise Risk Management (ERM)** – is now firmly established at the Group level and forms an integral part of the ICRMS.

In 2023, ERM activities continued at Group level with regard to:

I. **Risk Assessment:**

- the identification of key corporate risks and the extent of their likelihood and economic impact;
- the definition of mitigation plans for the risks identified in agreement with the main company representatives.

II. **Follow-Up:**

- updates to the assessment of impact/probability of the risks identified in the previous sessions, including based on the progress of the relevant remediation plans.

The Enterprise Risk Management activities, overseen and coordinated by the Group's Governance & Legal Department, are complementary to those performed by the Group's Corporate and Control Bodies operating in the area of the ICRMS. They are carried out across the entire Group scope, using a time frame for analysis that aligns with the Company's long-term strategic plan.

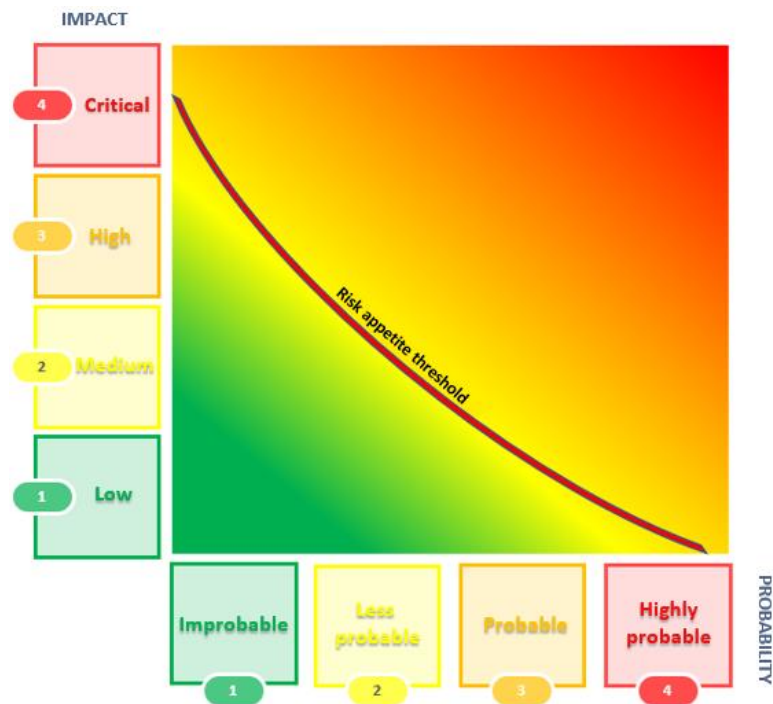
ERM activities also play a role in defining the Company's "Risk appetite". This refers to the **level of risk that SIT is willing to accept in pursuit of its objectives** before taking mitigation actions. ERM also supports SIT's pursuit of sustainable success, in line with the governance, environmental, and social responsibility goals outlined in the Company's Sustainability Plan.

The process of identifying and managing company risks must take into account the **relevant bodies and regulations**.

SIT's **Risk Model** identifies specific risk categories to which the Company is exposed, requiring thorough analysis and assessment. A visual representation of these categories is provided below.

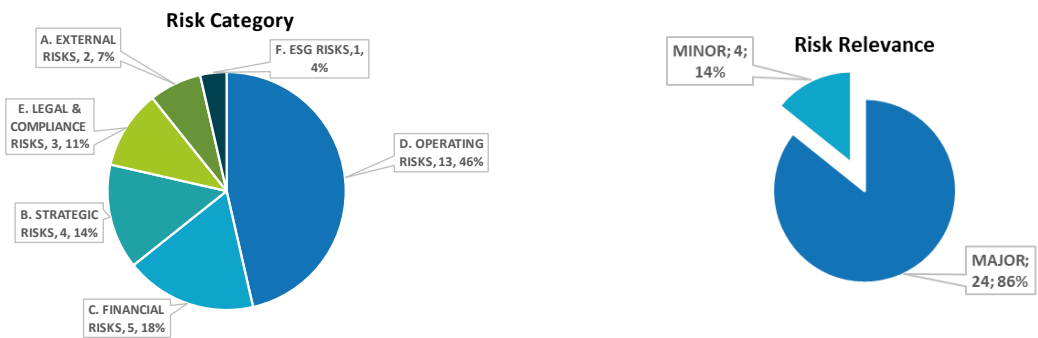
RISK MODEL			
MACROCATEGORY		RISK TAXONOMY	
A	EXTERNAL RISKS	<ul style="list-style-type: none"> ▪ Economic context ▪ Political/national context ▪ Sector trends ▪ Competition ▪ Regulatory framework ▪ Technological innovation ▪ Natural/catastrophic events 	
B	FINANCIAL RISKS	<ul style="list-style-type: none"> ▪ Capital availability/cost ▪ Funding/covenants ▪ Liquidity/working capital ▪ Commodity risk ▪ Currency/exchange risks ▪ Tax risk ▪ Interest rate volatility 	
C	STRATEGIC RISKS	Business Strategy	<ul style="list-style-type: none"> ▪ Business Development ▪ Investments ▪ M&A/JV and integration processes ▪ Organizational and governance structure ▪ Stakeholder relations
		Market	<ul style="list-style-type: none"> ▪ Customer/business partner relations ▪ Tender Management
		Innovation	<ul style="list-style-type: none"> ▪ R&D and sustainable innovation ▪ Intellectual property and expertise
D	OPERATING RISKS	Human capital	<ul style="list-style-type: none"> ▪ Human resource management and development ▪ Health & Safety ▪ Freedom of association and labor/management relations
		Production	<ul style="list-style-type: none"> ▪ Production ▪ Product quality
		Supply chain	<ul style="list-style-type: none"> ▪ Purchasing/outourcing ▪ Logistics and warehouse ▪ Sustainable Procurement
		IT	<ul style="list-style-type: none"> ▪ Strategy and architecture ▪ Data integrity ▪ Access/availability
		Planning and reporting	<ul style="list-style-type: none"> ▪ BDG/Strategic planning ▪ Tax/financial planning ▪ Mgmt. and financial reporting
E	LEGAL AND COMPLIANCE RISKS	<ul style="list-style-type: none"> ▪ Compliance with laws and regulations ▪ Compliance with the Code of Conduct, policies, and procedures ▪ Contractual/Product Liability ▪ Compliance with tax and fiscal regulations 	
F	ESG RISKS	<ul style="list-style-type: none"> ▪ Climate change ▪ Emissions and carbon management ▪ Pollution ▪ Energy consumption ▪ Human rights ▪ Diversity, inclusion and equal opportunities ▪ Culture of sustainability ▪ Ethics and business integrity 	

RISK SCORING SCALE



Main risks identified and mitigation plans

In 2023, Enterprise Risk Management activities related to **Risk Assessments and Follow-Ups** led to the identification of **28 risks**, categorized according to the Risk Model. These were classified as either “major” (24) or “minor” (4) based on their proximity to the Company's established “risk appetite” threshold.



In relation to “major” risks, the Company has developed and adopted suitable remediation plans, in agreement with Senior Management and in compliance with the provisions of the Internal Control and Risk Management System (ICRMS).

The outcome of ERM activities is shared with the Control, Risks and Sustainability Committee by the Risk Officer, in coordination with key **Process Owners**. The Committee reports promptly to the Board of Directors on the Company's overall risk profile and the progress of remediation plans.

Risk assessment

When updating the ERM Model, SIT identified several relevant risks, especially concerning the disclosure areas of this document. The assessment included evaluating the potential impact and likelihood of these risks occurring and determining the need to adopt suitable remediation plans.

In 2023, SIT initiated a supplier evaluation process based on ESG criteria. This represents the first step towards introducing risk scorecards that include ESG factors for new suppliers.

Climate change

The risk pertains to the potential consequences of climate change on SIT's activities, assessed from a dual materiality perspective.

On the one hand, the Company's business development needs to take into account the potential impacts of increasing global temperatures, particularly in relation to "transition risks"³, which include:

- **the introduction of new regulations and product standards;**
- **the development of new technologies that use energy sources other than gas;**
- **the evolution of market demand toward low-carbon and/or energy-efficient applications.**

There is also a need to assess possible "physical risks" related to the rise in catastrophic natural events (floods, droughts, earthquakes) over time, which could have an impact on the Group's business continuity.

SIT has been proactively committed to these causes for some time by continuously monitoring the development of industry regulations. The Company has also participated in debates with regulatory bodies in the sectors in which it operates, at both the national and international level. It also engages in constant communication with its main stakeholders.

The process of developing new products and solutions is inspired by the logic of **eco-design**, paying special attention to Carbon Footprint profiles and environmental impact in general. **SIT has ensured its products are ready for the use of alternative fuel sources (primarily hydrogen and biomethane).**

³ As defined by the Task Force on Climate-related Financial Disclosure (TCFD)

Business differentiation and market response strategies are geared towards new sustainable technologies. The Company is investing heavily in these areas by collaborating with major customers in technology partnership projects and diversifying its business into market segments that prioritize sustainability topics, such as controlled mechanical ventilation, electric heat pumps, and applications in the fan cooker hoods sector.

The Company has adopted appropriate emergency management procedures to safeguard business continuity against physical risks. The Company constantly monitors these types of risks through property and business continuity risk assessment activities, with the use of specialized insurance consulting firms.

The second perspective related to climate change risk assessment involves exploring how the Company can take climate action by adopting specific measures to mitigate the environmental impact of its operations. This can be achieved by reducing its carbon footprint, emissions, and consumption, and by adopting strategies aligned with the objectives set by the international community to improve the overall well-being of society.

SIT can be regarded as a leader in this particular area as it has established a dedicated Carbon Management function, allowing the Company to:

- **certify its product carbon footprint measurement system according to UNI EN ISO 14067:2018 and verify its organizational carbon footprint (GHG inventory) according to ISO 14064-1;**
- **as a crucial step, it has integrated CFP measurements into its product development process, taking environmental impact into consideration alongside economic and financial evaluations;**
- **it has established a long-term plan to reduce CO₂ emissions (scopes 1 and 2), in line with European Community targets;**
- **outline a long-term CO₂ reduction plan (scope 3), working on specific projects, with significant participation from its value chain.**

Considering these factors, the risk of climate change is currently evaluated as medium/low, and the measures for mitigation that are already in place are appropriate for the Company's risk profile.

The Company anticipates no significant consequences on the development of its business in the near future, as it has already factored in potential changes in demand for its products and solutions through strategic planning, which involves conducting relevant scenario analyses.

Over the long term, the Company is carefully monitoring the debate, particularly within the European Union, related to the energy transition, the outcome and impact of which on the Company's business are not currently foreseeable.

The Company will continue assessing the potential risks related to the energy transition aimed at preparing strategic plans in line with changes in applicable laws and regulations and with the targets of the Sustainability Plan in this regard.

As mentioned, the Company is increasingly investing in market segments that prioritize sustainability concerns. This includes areas such as controlled mechanical ventilation, heat pumps and highly energy-efficient products, in addition to investments in products compatible with alternative energy sources such as hydrogen and biomethane.

Emissions and Pollution

The principal risks in this domain relate to the management of business operations, encompassing the entire value chain.

The evaluations include impact factors related to evolving environmental regulations, monitoring and containing pollutant emissions, managing energy consumption and natural resources, and ensuring appropriate disposal or reuse of waste.

In this regard, SIT ensures strict compliance with environmental regulations in all countries in which it operates. The Group's main production plants are environmentally certified (ISO 14001:2015), and its Rovigo die-casting plant possesses an Integrated Environmental Authorization.

Environmental risks are closely monitored across all levels of the organization through the adoption of suitable structures and procedures. This is to ensure conformity with regulations, in addition to the performance of regular audits and monitoring controls. SIT also relies on independent laboratories and certifying bodies to guarantee the accuracy of the collected data and compliance with regulations.

SIT is subject to periodic audits by environmental supervisory authorities, which are carried out with full transparency and proactive cooperation.

The Company is dedicated to undertaking actions to reduce emissions, optimize energy consumption efficiency, and promote recycling and resource reuse in its production processes.

Similarly, in this case, the Company's risk level is considered to be medium-low, also taking into account the positive results of periodic audits carried out by supervisory authorities.

Looking ahead, the Company adheres to the regulatory and international standards requiring the adoption of measures to minimize its environmental footprint, which can be deemed appropriately proportional to the environmental impact it generates.

In November 2023, SIT approved a new Environmental Sustainability Policy inspired by the principles of the most highly regarded and challenging international environmental programs. SIT's Environmental Sustainability Policy reflects the Group's commitment to address the growing challenges posed by climate change, excessive use of natural resources, pollution, waste management, and the protection of ecosystems and biodiversity.

Protecting occupational health and safety

The assessed risk relates to SIT's failure to adopt appropriate policies and actions to safeguard the health and safety of Group employees and contractors.

SIT is equipped with an organizational safety structure that reflects the requirements of the most advanced management systems. The same procedures and behavioral principles are applied across the entire Group, as in the case of its Italian production plants, which are governed by the strictest regulations.

In May 2023, changes to the Group's organizational structure required the safety organization chart of Italian companies to be updated. The Company appointed a new Employer under Article 2(b) of Legislative Decree No. 81/2008, along with respective Delegates.

Each plant has designated company representatives specifically responsible for Health, Safety & Environment matters. These representatives are coordinated in Italy by the Employer in compliance with the provisions of Legislative Decree No. 81/2008. At the global level, these teams are overseen by the Group's HSE Manager, who conducts regular inspections to guarantee compliance with local and international regulations, provide specialized training to local representatives, and develop and execute relevant mitigation plans for identified non-compliance risks.

The entire safety management system is based on the presence of the appropriate certifications issued by local supervisory authorities, the establishment and execution of safety plans, and specific tools for reporting, analyzing, assessing, managing, sharing, and reporting (by the production plants to the Parent Company) potentially relevant and/or improvable conditions and events concerning the aspects of health, safety, and the environment.

Absolute importance is given to accident prevention through regular training and refresher courses for workers.

Over the years, SIT has not detected any significant concerns related to this risk type through the activities mentioned above and is consistently striving to improve and monitor the working conditions of its employees and collaborators, thereby retaining a low-risk profile.

Human rights

This risk relates to the potential violation of human rights within the scope of activities carried out by SIT, with extension to the monitoring of policies and actions taken by the Group's main stakeholders. In 2023, SIT dedicated significant efforts to revising its ESG policy framework, drafting and issuing several new policies, including the Diversity & Inclusion Policy and the Parental Policy. These initiatives reinforce and complement the Company's commitment enshrined in its Human Rights Policy.

Against this backdrop, joining the United Nations Global Compact (in October 2022) represents another important step in the Company's commitment to fully adopting principles related to social, environmental, and anti-corruption issues. In line with its commitment to the framework, SIT is required to report its progress and achievements concerning the 10 principles of the Global Compact to its stakeholders. The Company must abide with this form of annual reporting by completing a Communication On Progress (COP), a questionnaire specifically designed by the Global Compact management team to enable all participating entities to provide their stakeholders with an overview of their commitment to the initiative's core values. SIT submitted its first COP in December 2023, maintaining its "Active" status.

In 2023, SIT ensured the full adoption and circulation of the above policies within the Group and monitored their results through appropriate KPIs.

SIT also completed the process of Gender Equality Certification in application of UNI/PdR 125:2022 practices, issued by the Kiwa certifying body. This certification, which is valid for three years and is subject to annual monitoring, saw SIT perform well in all six areas that the certification investigates: Culture and Strategy, Governance, HR Processes, Growth Opportunities and the Inclusion of Women in Business, Gender Pay Equity, and Parenting Protection and Work-Life Balance

Active and passive corruption

The risk pertains to the adoption of conduct that may lead to the commission of corruption offenses by SIT employees, collaborators, or relevant stakeholders in the management of Company activities or in the context of business relations.

In general, the Company takes a zero-tolerance approach to corruption and has prepared and adopted appropriate policies and procedures to prevent risks of this nature.

The Group's Italian companies have adopted Organization, Management, and Control Models in accordance with the regulations set out in Legislative Decree No. 231/01. These models establish behavioral rules and control principles that stakeholders must adhere to, with specific reference to corruption offenses. At the international level, basic principles are defined by the Code of Conduct and dedicated procedures and policies.

In 2023, the Company reviewed its Anti-Corruption Policy, which will be issued and rolled out at Group level, through appropriate risk assessment activities, employee training, and dedicated monitoring tools. Specifically, the Policy mandates that all addressees must refrain from any behaviors or practices prohibited by the applicable anti-corruption laws. All members of the Company and external collaborators are called upon to cooperate in the adoption of the relevant anti-corruption prevention measures to safeguard the Group's integrity and reputation.

The Company also prepared appropriate reporting mechanisms to comply with the provisions of Legislative Decree No. 24/2023, implementing the 2019/1937 European Directive on whistleblowing. In November 2023, SIT's BoD approved a dedicated policy outlining the procedures for reporting and handling misconduct or suspected illegal activities, whether reported from within or outside the Group, seeking to counteract any form of wrongdoing or unethical conduct.

The Company historically has not experienced incidents of corruption and has a medium-low profile of exposure to this type of crime, but constantly works to maintain high standards of ethics and integrity.

IT risks

Cyber risks mainly concern:

- improper use by SIT employees and collaborators of the IT infrastructure and devices that the Company makes available for the performance of their work duties;
- the Company's exposure to cyber attacks, which could compromise the normal course of business processes/activities and/or the theft or loss of sensitive data, even going so far as to compromise business continuity;
- the increased occurrence of social engineering fraud attempts targeting publicly available information concerning senior staff members with financial responsibilities, seeking to impersonate them and request urgent payments outside of standard company processes;
- the loss of data or, more generally, the loss of availability of production and business-critical IT infrastructures, potentially also due to accidents.

SIT's IT Department has appointed specific professionals with experience in cybersecurity and annually defines a risk assessment and management program that includes:

- a system of internal policies and procedures that outline the main rules for the use of corporate IT resources by employees, including the regulation of physical and digital access to data and information;
- the continuous updating of IT infrastructure at both the HW and SW level to ensure the best active and passive protection solutions against external attacks (viruses, ransomware, phishing, etc.);
- a program of penetration testing and vulnerability assessments, to identify potential gaps in IT infrastructure and draft appropriate remediation plans related to detected non-conformities;
- extensive training for all employees with digital identities on cyber risks through the adoption of a new training tool;
- a Backup and Disaster Recovery infrastructure large enough to address a variety of business needs and critical issues.

The Company in 2023 strengthened its safeguards and stepped up control activities to mitigate cyber risks, maintaining a risk profile in line with the best applicable benchmarks.

Tax risk

SIT's approach to taxation complies with the provisions of its Organization, Management and Control Models pursuant to Legislative Decree No. 231/2001, with particular attention paid to the special sections dedicated to tax offenses. This approach is based on the principles of prudence, responsibility, consistency, and transparency towards the Company's stakeholders, including the Tax Authorities. All Group activities comply with the relevant tax regulations and tax planning activities are always aligned with business activities.

Individual entities belonging to the Group must comply with the principle of lawfulness and apply the tax legislation of the jurisdiction in which it operates to ensure that regulations are observed.

The Group has adopted a set of rules, procedures and principles that are part of its wider system of organization and control and which are to be considered fundamental points of reference with which

all parties are required to comply, in accordance with the type of relationship they have with the Group⁴.

In order to promote transparency and cooperation with the tax authorities, the Group prepares specific documentation on transfer pricing in compliance with OECD Guidelines.

Based on specific transactions or issues, the Finance Department is supported by external consultants (including specialists in transfer pricing, direct/indirect taxes, and taxes withheld and paid on behalf of employees) in order to ensure the best approach in line with lawful and transparent behavior.

As of the date of drawing up this document, the Group has not published any tax information in addition to that indicated in the Annual Financial Report and therefore already subject to assurance.

It should be emphasized that, over the years, the entities belonging to the Group have not been subject to investigations that have revealed fraudulent behavior and/or behavior aimed exclusively at obtaining a reduction in the tax burden.

⁴ For example, the Code of Conduct, internal Policy documents, the Internal Control and Risk Management System, the Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001, reference accounting standards, Procedures and IT applications, etc.

Ethics and business integrity

SIT wants to create value for all its stakeholders. This means placing economic performance alongside ethical performance, prioritizing the creation of safe, high-quality products and guaranteeing awareness of the social and environmental impact of its work.

One of the Company's unalienable principles is **compliance with the laws and regulations** in force in all of the countries in which it operates. In the performance of their duties, all those who work in the name and on behalf of SIT must adopt a conduct based on transparency and moral integrity, and the principles of honesty, fairness and good faith (according to the applicable social, economic, political and cultural contexts).

SIT is **fully aware of the risks and consequences of violations of mandatory rules and governance** and of potential associated **judicial and administrative sanctions** and **reputational damage** deriving from inappropriate or illicit conduct by its employees, consultants and collaborators.

Thus, all Group employees, and all those they come into contact with, for any reason, are required to comply with applicable external and internal regulations, and to behave in an appropriate manner, regardless of the role held in relation to the company.

The compliance framework

As part of its Sustainability Plan, the Company has prioritized strengthening its **Compliance Framework**, which consists of **corporate policies**, **internal procedures**, and **operational processes** that define appropriate principles of behavior and control tools designed to **prevent and counteract unethical conduct** and ensure compliance with standards and best practices.

The main project involved **updating the Group's Code of Conduct** in 2022, which, by defining best behavioral practices, is **one of SIT's main corporate responsibility tools. It has been developed in full coherence and alignment with the Company's Mission and Vision and the specific values associated with them.**

The new Code of Conduct, based on the Group's **fundamental principles**, is based on the following dimensions relevant to management:

- **of business relationships;**
- **of human resources;**
- **of the environment;**
- **of governance and regulatory compliance;**
- **of privacy and data and information usage**

The new Code of Conduct places a strong emphasis on ESG topics, to which special attention is paid.

Reporting mechanisms

The Code of Conduct includes reporting mechanisms for all stakeholders at the Group level, in compliance with relevant international regulations on whistleblowing.

The new Whistleblowing Policy was also adopted in December 2023 and will be fully circulated in 2024 through specific induction and training activities for employees, collaborators, and other key Group stakeholders.

In 2022, an **Ethics and Equal Opportunities Committee** was established to periodically update and review the Code of Conduct. The Committee also ensures that the Code is circulated throughout the Group and defines, adopts, and monitors specific ethical actions.

Finally, in 2023, no reports were received regarding breaches of SIT's Code of Conduct.

The Organization, Management and Control Model pursuant to Legislative Decree No. 231/01

The Italian companies of the Group, SIT S.p.A. and MeteRSit S.r.l., have implemented an **Organization, Management and Control Model (also "the Model")** as a **system of rules to prevent unlawful conduct** by top management, Executives, decision-makers and individuals subject to management and supervision by those in senior positions, pursuant to Legislative Decree No. 231/2001.

In the Model, the companies have established an organizational system to prevent offences by **identifying the most sensitive activities and defining strict rules of conduct** to which recipients must comply.

In relation to the Organizational Model, the **Supervisory Board** (also "SB") established at each of the two companies has the task of:

- (i) **monitoring compliance with its provisions by all Addressees;**
- (ii) **analyzing and evaluating its effectiveness in preventing offenses;**
- (iii) **performing regular checks on the main actions performed in risk areas;**
- (iv) **collecting, processing and storing all information relevant to the performance of its functions;**
- (v) **reporting to top management any violations of the rules of conduct;**
- (vi) **proposing to the Board of Directors updates to the Model to accommodate changes in corporate organizational structure or in the reference regulatory framework.**

For the performance of such tasks, the Supervisory Board is invested with all powers of initiative and control of all company activities and personnel, and reports to the Board of Directors through its Chairperson at least annually.

During the financial year, the **Supervisory Boards** considered it necessary or advisable for the Companies to update their organizational models to incorporate new features related to legislation and their organizational and corporate structures. **The Companies are finalizing updates to their Organizational Models, which will be published in 2024.**

Lastly, in 2023 no offenses pursuant to Legislative Decree No. 231/01 were reported in the companies implementing the Model, nor did the Supervisory Boards receive reports of offences being committed.

Compliance with laws and regulations

Every department at SIT is accountable for managing the risk of non-compliance with regulatory requirements, government standards, and international obligations, in line with the Company's Internal Control and Risk Management System.

Therefore, the company departments conduct suitable monitoring activities to keep up with regulatory changes and continuously collaborate with other departments to ensure that the Company's operations comply with the legal and regulatory framework. They use expert advisers and consultants, where necessary, for particularly complex matters.

Critical issues detected are punctually shared with control and staff departments (Legal, Governance & Risk Management, Administration Control and Finance, Human Resources) and, if necessary, brought to the attention of the Corporate Control Bodies (Internal Audit, Control, Risks and Sustainability Committee, Board of Statutory Auditors, Supervisory Board). Ultimately, regulatory compliance issues are reported to the CEO and Board of Directors (BoD).

The main regulatory areas that are monitored relate to:

- product safety and quality;
- protecting intellectual property;
- health, safety, and hygiene in the workplace;
- safeguarding the environment;
- labor law;
- accounting, tax and customs;
- competition, corruption.

In 2023, there were no significant violations of rules and regulations, and the Company did not receive any fines or penalties.

Combating corruption

SIT's commitment to combating all forms of active or passive corruption is of particular importance, in accordance with laws and regulations. This commitment has been further strengthened by the Company's decision to join the UN Global Compact in 2022.

SIT maintains a **"zero-tolerance"** policy towards incidents of corruption and is investing in strengthening its control and monitoring systems, in addition to providing appropriate training to company personnel.

In 2023, SIT updated the Group **Anti-Corruption Policy**. The main goal of this policy is to provide adequate references, guidelines, and operational instructions to ensure that all parties:

- ✓ **fully understand their duty to personally and professionally act in line with the highest standards of transparency, ethics and integrity;**
- ✓ **contribute to combating corruption by aligning their behavior with the provisions of national and international standards, the SIT Code of Conduct, and the set of corporate policies, procedures, and best practices;**
- ✓ **are able to identify and report concrete cases or suspicious events related to corruption and/or fraud, using the appropriate tools made available by the Company and the legislative system (e.g., whistleblowing channels).**

The Policy is an additional tool to mitigate corruption risks related to the Company's activities and forms part of a broader control and monitoring system represented by:

- **The Code of Conduct;**
- **Group policies, procedures, and operational guidelines;**
- **The internal control system pursuant to Law No. 262/05;**
- **The Organization, Management and Control Models pursuant to Legislative Decree No. 231/01;**
- **Company IT systems;**
- **A delegation and authority system;**

In relation to such safeguards against corruption, the Group continues to promote and invest in initiatives to make the internal control environment ever more effective, efficient and pertinent.

In 2023, SIT's entire white-collar workforce in Italy received training on topics related to Legislative Decree No. 231/01 (market abuse, handling stolen goods, money laundering, and self-laundering) as part of a training program hosted on the new "Skilla" training platform.

Finally, we note that no episodes of active or passive corruption were detected within the Group in 2023.

Relations with Public Institutions

Within the sphere of relations with internal and external stakeholders, dialogue with institutions is an area of major attention and interest. SIT belongs to various associations and participates in both local and international working groups, collaborating with other sector companies to encourage innovation and the standardization of product technical standards for common general interests.

Regarding the Group Metering Division, MeterSIT S.r.l. maintains institutional and commercial relations with the main Italian gas distribution companies and participates in both public and private tenders.

Several of these companies are public bodies, while the majority are private companies operating gas distribution services in the public interest. Whether public or private, all the companies respond to the Italian Regulatory Authority for Electricity Gas and Water, ARERA. MeterSIT S.r.l. is therefore committed to guaranteeing the highest standards of integrity and honesty in all its relations.

In compliance with current anti-mafia and procurement regulations, on a half-yearly (or less) basis, MeterSIT S.r.l. transmits to gas distribution companies mandatory penal certifications, such as those referring to criminal records, administrative sanctions and pending charges, as well as anti-mafia declarations from those holding certain positions or qualifications within MeterSIT S.r.l. and SIT S.p.A.

In case of any non-compliance, MeterSIT S.r.l. receives any notifications and reports directly from the gas distribution companies. Notifications are managed by the MeterSIT S.r.l. Legal Office in coordination with the SIT S.p.A. Legal Department, under the supervision of SIT's Legal Affairs Directorate, and in collaboration with the MeterSIT S.r.l. departments involved.

In countries where it is present and operates, in order to promote sector norms, standards and best practices, SIT collaborates with various national and international associations, including, for example:

Main associations to which the Group belongs

COUNTRY/CONTINENT	ASSOCIATION	MAIN OBJECTIVES OF THE ASSOCIATIONS AND THE ROLE OF SIT
EUROPE	AFECOR The European Control Manufacturers' Association	<p>Afecor is one of the oldest associations in Europe and is the point of reference for the main European safety control manufacturers. SIT joined Afecor's a few years after the association's foundation in 1963.</p> <p>The association's mission is to influence the formulation of regulations and to promote standards that ensure the safe, efficient and environmentally sound use of primary energy sources.</p> <p>In November 2021, Ettore Rossi, SIT's Regulatory Affairs Manager, was appointed Afecor's new Chairperson.</p>
	FARECOGAZ The European Association of gas meters gas pressure regulators manufacturers and Associated Safety Devices and Stations	<p>Farecogaz is the leading European association of manufacturers of gas meters, gas pressure regulators, associated safety devices, and control stations.</p> <p>The association's goal is to be a key player in the European gas industry, along with Marcogaz, the association of European gas distributors. Together, they promote the digitalization of gas infrastructure towards a green transition. Farecogaz works with the European Commission, CEN, ISO standardization authorities, and the metrological regulator WELMEC to ensure consistent and jointly accepted standards for meters and pressure regulators in Europe.</p> <p>In October 2022, Giovanni D'Alberton, Market & Regulatory Affairs Manager at MeterSIT, was appointed Chairperson of the Farecogaz Metering Technical Committee.</p>
	EHI European Heating Industry	To address the needs of the heating market from the perspective of the industry. Its scope includes the European regulatory framework, its implementation and global industry-related issues.
	European Clean Hydrogen Alliance	It seeks the ambitious dissemination of hydrogen technology by 2030, bringing together renewable and low-carbon hydrogen production, industry demand, mobility, hydrogen transmission, and distribution.
	ECS European Committee for Standardization	To support standardization activities in a wide range of sectors, including construction, energy, the environment, health and safety, and healthcare.
Germany	Figawa - Association of Companies for Gas and Water Technologies	Figawa is the technical and scientific association of manufacturers and service providers of gas and water applications. Its goals are to promote uniform and stringent standardization and to strive for competitive harmonization and regulatory procedures which can form the basis of approval, testing and certification. In this way, it

		<p>contributes to the legal certitude of market players.</p> <p>MeteRSit is a member of Figawa and participates in several technical committees to receive information on the status of key regulations and initiatives related to the world of natural gas and hydrogen in Germany.</p>
Italy	Confindustria	Confindustria is the main association representing manufacturing and service businesses in Italy. It represents companies and their values in relation to institutions at all levels.
	Anima - Associazioni Nazionali dell'Industria Meccanica Varia e Affine (National Associations of the Allied Mechanical Engineering Industry)	To protect and promote the mechanical engineering sectors, companies and technologies through collaboration with standardization bodies; to raise the awareness of European bodies on energy, environmental and safety issues; to establish partnerships with other associations and federations; to develop inter-associate technical, scientific and economic collaborations and synergies on national and foreign institutional, technical and regulatory round tables.
COUNTRY/CONTINENT	ASSOCIATION	MAIN OBJECTIVES OF THE ASSOCIATIONS AND THE ROLE OF SIT
Italy	Assotermica	Within Confindustria and Anima, to represent manufacturers of equipment and components for environmental comfort, and to promote energy efficiency and environmental protection in keeping with the goals of the European Union.
	APPLiA Italia	Confindustria brings together more than 117 companies providing household appliances and professional equipment to the catering and hospitality industries in Italy.
	ANIE (National Federation of Electrical and Electronic Companies)	<p>ANIE is one of the largest trade organizations in the Confindustria system in terms of influence, size and representativeness. ANIE has 1,500 member companies in the electrical and electronics sector. ANIE protects and represents its member companies through institutional relations and technological and regulatory oversight.</p> <p>MeteRSit is an ANIE member and participates in the Smart Metering Group, which brings together associated manufacturers in the field of electricity-gas-water meters and associated energy awareness devices.</p>
	CIG – Comitato Italiano Gas (Italian Gas Committee)	It is one of the Italian entities federated with the Italian National Standards Institute, UNI, in order to draft UNI's combustible gas sector national technical standards.
	The Valore Acqua for Italia Community (The European House Ambrosetti)	The Community's mission is: "To be a high-level multi-stakeholder platform that deals with the issue of water resource management as a driver of competitiveness and sustainable industrial development,

		with the aim of making proposals to the Government and the national system". The Valore Acqua Community brings together representatives along the water supply chain, including network operators, service providers, agricultural representatives, industrial players, technology providers, and software developers.
	UNI Italian Standards Body	UNI is Italy's national body for standardization in all fields. MeterSit is a member of UNI and participates in Technical Commissions on metrology (CT027) and flow metrology (CT055).
Netherlands	FME CWM	FME is the Dutch employers' organization in the technology industry.
United Kingdom	EUA - Energy and Utilities Alliance	It represents energy sector companies in terms of the future policy direction within the energy sector.
USA	American Gas Association	The AGA brings together gas delivery companies in the energy industry. Its mission is to promote the safe, reliable and efficient supply of natural gas to homes and businesses throughout the United States.
	AHRI - Air Conditioning Heating & Refrigeration Institute	Association of over 300 member companies that produce quality, safe, efficient and innovative equipment and components for residential, commercial and industrial air conditioning, space heating, water heating and commercial refrigeration, for sale both in North America and globally.
	HPBA - Hearth, Patio & Barbecue Association	Since 1980, HPBA has represented and promoted the interests of industries and industry members, including manufacturers, retailers, service and installation companies, and other industry representatives.
Australia	GAMAA - Gas Appliance Manufacturer's Association	The primary activity of GAMAA is to work with members, governments and other industry stakeholders to develop and implement workable, safe and practical standards and regulations for the gas appliance industry.
China	CGAC - China Quality Supervision and Test Center for Gas Appliances	National association for quality control and testing of gas use applications.



MADE FOR FUTURE

Material Topics:

- Research and development and sustainable innovation
- Responsible supply chain management
- Energy consumption
- Emissions
- Circular economy
- Water resources
- Effluents and waste
- Product quality and safety

- ENVIRONMENTAL RESPONSIBILITY

SIT and the environment

SIT pays the utmost attention to the **environmental impact of its activities**, from product development, to production, distribution to customers, and after-sales.

In this regard, SIT actively contributes to the task of preserving the planet's resources and **protecting future generations** by addressing the growing challenges posed by climate change, excessive use of natural resources, pollution, waste management, and the protection of ecosystems and biodiversity.

In 2023, SIT formalized its commitment by drafting and publishing an **Environmental Sustainability Policy**, which outlines the Group's strategic priorities for responsibly managing business processes and activities. The policy aligns with the sustainable development goals and efforts to mitigate environmental impacts outlined in the "Made to Matter" Sustainability Plan. The Policy draws inspiration from leading international environmental principles, follows the principles of the UN Global Compact, and promotes Corporate Social Responsibility. Its objective is to support the achievement of the Sustainable Development Goals (SDGs).

Specifically, SIT's commitment translates into:

- **Innovation**, by investing in the research and development of products with minimal environmental impact, focusing on projects for applications that involve the use of renewable sources;

In the Heating & Ventilation Business Unit, with products that have already been made **100% compatible with alternative fuels, such as hydrogen and biomethane**, in addition to new products under development for non-combustion applications;

In the Gas Metering BU, where a **gas meter capable of measuring blends with increasing hydrogen content is already available**, the first in the world to obtain MID certification;

In the Water Metering BU, where the **Smartlo intelligent water consumption meter** is in its final stages of development;

A partnership between SIT and E-novia, resulting in the creation of **Hybitat**, a joint venture for the **development of a new hydrogen generation and storage system** for residential use.

- A reduction in the impact of its business processes, through the conscious selection of equipment, materials, and the adoption of a **circular economy** approach;
- constantly ensuring **full compliance with current environmental protection legislation**;

SIT has adopted an **ISO 14001:2015** certified Environmental Management System (EMS) at **45% of its production plants**; Rovigo (Italy – three plants), Monterrey (Mexico), Brasov

(Romania). An environmental risk assessment is conducted periodically at certified plants, as required by the management system.

- promoting and encouraging responsible behavior and **awareness among all stakeholders of the Group towards environmental impacts** and the conscious use of resources;
- **committing** to maintaining **high environmental standards** throughout its entire supply chain, with a particular focus on monitoring and **reducing energy consumption and emissions, promoting efficient use of raw materials, and reducing and reusing waste**;
- ensuring an **open and collaborative dialogue with all relevant bodies and authorities**;
- promoting and being active participants in **environmental improvement projects** in its local communities.

In 2021, SIT measured its **Organizational** and **Product Carbon Footprint** (GHG inventory of Scope 1, 2 and 3 emissions), adopting 2021 as its baseline year.

Research, Development, and Sustainable Innovation

In pursuit of its mission to “develop intelligent solutions for monitoring environmental conditions and measuring consumption to promote a more sustainable world”, SIT prioritizes **research, development, and innovation**. These key factors enable SIT to maintain its strategic partnership with customers in the **development of sustainable solutions** that enhance application efficiency and facilitate the ongoing energy transition, both in the heating sector and in ventilation and consumption measurement.

In particular, **research** seeks to develop electronic and mechanical solutions that are increasingly integrated, while at the same time capable of maximizing comfort performance by reducing energy consumption and CO₂ emissions. SIT seeks to **provide its customers with innovative solutions that enhance efficiency and expedite their sustainability strategies at the most favorable total cost of ownership, while ensuring a rapid time-to-market**.

In 2023, SIT incurred **Research and Development costs of Euro 15.5 million, equivalent to 4.8% of revenues**, compared to Euro 13.6 million in the previous year (3.5% of revenues). In 2023, the research and development area had an **average workforce of 137**, including **82** located at the Parent Company. At SIT, the **innovation and development process** follows the logic of eco-design to minimize the environmental impact of products throughout their life cycle: from design to production, and from use to disposal.

Life cycle analysis was incorporated into the product development procedure in 2022 in the form of **Product Carbon Footprint** analysis during the early stages of design. Thanks to the CFP Systematic Approach system, enhanced in 2023 with the LCA Tool, SIT's Research and Development Department is able to evaluate viable design alternatives using a **Life Cycle Assessment** approach, incorporating environmental impact measurement by calculating CO₂ emissions (PCF) and LCA parameters alongside technical and economic dimensions.

SIT has engaged in numerous **research initiatives** alongside renowned Italian universities, including the Polytechnic University of Milan, the University of Padua, and the University of Ferrara. Additionally, SIT has collaborated with leading global players in co-design and development endeavors. It has also established **partnerships with technology incubators and providers**. Numerous research collaborations with universities are currently active on the development of **innovative technologies** aimed at significantly **reducing energy consumption and pollution**, while ensuring ever-improving user comfort.

Patent families were streamlined in 2023, reducing the number of active patent families from 90 in 2022 to 84 in 2023.

CO₂ emission reduction

In line with the decarbonization targets set by the European Union, SIT pursues research and innovation in products that enable its customers to develop energy-efficient heating applications with reduced CO₂ emissions, powered by electricity or alternative fuels to natural gas.

In 2023, the **Heating & Ventilation Division** consolidated its development of new fans for **residential heat pumps**. This milestone represents SIT's entry into a new sector, driven by its strategic partnership with Panasonic Industry, announced in November. This collaboration combines SIT's advanced expertise in fluid dynamics and electronic motor control with the quality and reliability of Japanese-designed motors, seeking to develop a comprehensive fan solution specifically tailored for residential heat pumps. The new application will be available in several configurations depending on the specific needs of individual heat pump manufacturers. This ensures peak performance, minimal noise, and compatibility with all refrigerants, including R290.

Federico de' Stefani (President and Chief Executive Officer of SIT) stated: *"This agreement represents a milestone for SIT as it accelerates our entry into the heat pump sector and bolsters our growth objectives in the ventilation market. Ventilation technology, expected to contribute around 30% of our future revenues, is a crucial pillar in our shift towards carbon-neutral heating and climate control solutions. Panasonic's reputation in manufacturing reliable, top-quality motors perfectly aligns with SIT's commitment to providing effective solutions tailored to meet the technical requirements of Original Equipment Manufacturers (OEMs). By integrating Panasonic motors into our products, we will be able to deliver a best-in-class solution to both our existing and prospective customers."*

The first heat pump fan will be unveiled at the MCE - *Mostra Convegno Expocomfort* exhibition in March 2024.



Innovation continues to advance in both **residential and commercial heating appliances**, specifically with the development of combustion control applications. These applications enable operation with high modulation and various gas blends, including an increasing percentage of hydrogen.

At the 2023 Frankfurt Fair, SIT presented a **complete range of gas-adaptive solutions** with its three models **FLEXA IONO**, **FLEXA H2** and the latest **FLEXA PRO**, the sensorized mixer capable of directly measuring gas and air flows.

Since flame characteristics vary significantly with different combustible gases, the combustion control system no longer relies on estimates but the **measurement of combustion parameters**, using a new component that integrates sensors and related electronics. The system's algorithm ensures that the combustion concentration remains within the optimal range, thereby maximizing system efficiency and minimizing emissions.

- **Flexa Pro** combines the flexibility of electronic combustion control with the power of a system that measures both air and gas flows, offering the advantages of an adaptive gas package. The development times for individual appliances are very short as the combustion control algorithms are based on real flow measurements instead of hardware-specific behavior mapping with different gases. This combination of features facilitates the application of electronic combustion controls in commercial and professional appliances.
- **Flexa Iono** is a solution for premix applications featuring electronic combustion control based on Plasma Pulse technology. It enables the development of adaptive gas appliances with modulation speeds surpassing 1:10, capable of functioning with gas from groups II and III, in addition to hydrogen blends of up to 30%. The system adjusts according to the gas type, accommodating plant features and compensating for component aging. In addition, through the use of a dedicated conversion kit, appliances equipped with Flexa Iono can combust pure hydrogen;
- **Flexa H2** is an electronic combustion control system for pure hydrogen. Upgrading an appliance equipped with Flexa Iono simply requires the application of a conversion kit comprising a burner, UV sensor, and sensorized mixer. The Flexa Iono circuit board already incorporates Flexa H2 algorithms designed for hydrogen. The sensorized mixer's sensors measure both air and gas flows, ensuring precise and secure control of hydrogen combustion. Switching from standard gases to pure hydrogen can be seamlessly executed on-site without manual intervention.

The product range was integrated and adjusted for the use of **hydrogen** and **biomethane** through the development of tailored solutions in collaboration with major customers. SIT continues to invest in the development of technologies for boilers capable of operating with both **100% hydrogen**, in addition to blends containing natural gas, biomethane, and both pure and blended hydrogen with natural gas.

SIT confirmed its position as a technology partner for manufacturers of boilers and heating systems, actively contributing to the transformation of the supply chain towards **hydrogen-ready products**: The first high-efficiency residential boiler equipped with combustion control systems “**made by SIT**” enabling **zero emissions** was presented at the MCE exhibition in Milan in early 2022.

Our **latest platform for the UK smart gas metering** sector (MMU6 PT3) successfully obtained all necessary product certifications updates, complying with SMETS 2, ZigBee, UKCA, and SMDA regulations. The product boasts a dual battery, dual-band communication, and a new thermo-mass sensor that can measure methane and hydrogen blends up to 23% and is currently undergoing approval with major local customers.

In addition, after being awarded the design of Italgas Reti’s **next-generation smart meters** in 2022, MeterSIt developed the product using thermo-mass technology in 2023, in which it is a world leader, allowing accurate measurement in any conditions, without the need for external conversion devices. Accuracy in consumption measurement is guaranteed for a variety of uses: natural gas, biomethane and hydrogen, both pure and “blended” with natural gas blends. The new meter, which will be distributed in 2024, incorporates innovative sensor technology that can analyze possible pressure losses in pipelines, in addition to detecting fires and identifying potential seismic activity.

In 2023, MeterSIt has begun developing an **innovative G40 meter** for the Industrial and Commercial markets. Using thermo-mass technology, this meter enables the measurement of natural gas and hydrogen blends up to 23%, with a remote NB-IoT communication interface, even in **industrial settings**. Scheduled for launch in 2024, the new meter promises to introduce a very lightweight device to the market for the first time, with positive impacts on sustainability in its market segment, thanks to the ability to inject hydrogen into gas distribution networks.

In addition, MeterSIt has started developing an **industrial meter (MMU16)** for the UK market. This meter will be able to measure blends of Methane and Hydrogen up to 23%. Despite its industrial nature, this meter will be built on the PT3 platform (mass market) and will incorporate two parallel thermo-mass sensors.

MeterSIT has also produced two new solutions:

- “**Domusnext Vision**”, a cutting-edge meter designed for both residential and commercial applications. It introduces significant advancements to the market, including dual “NB-IoT” and “Wireless Mbus” communication, an anti-fraud system, remote anomaly and leak detection through artificial intelligence, and the capability to measure the percentage of hydrogen present, thus allowing utility providers to effectively manage gas blends with reduced carbon content;
- A new version of “**Domusnext MMU6**”, which can measure natural gas and hydrogen blends of up to 23%.

Reduction of energy consumption

SIT has begun developing new fans for **Controlled Mechanical Ventilation**, a sector in which it has been involved for some time, providing control electronics alongside fans. It also offers support through interfaces, sensors, and tools for R&D, production, and installation. CMV is an effective technology for reducing the energy consumption of buildings, as it enables air exchange through heat recovery between outgoing and incoming airflows, without wasting the heat generated by heating systems.

SIT’s fans are equipped to operate with both gas blends and **100% hydrogen in condensing boilers**. The new fans use the three-phase brushless motor platform, making them 5% more efficient than benchmark competitors, quieter, and able to offer the best performance-to-size ratio.



New fans equipped with new-generation condenser and brushless motors have also been developed for **extractor range hoods**. Due to their high energy efficiency, they have been categorized as class A++.

The fans with higher capacities and efficiencies feature a three-phase synchronous configuration that reduces vibrations generated by rotating, thereby decreasing noise levels. This new generation of capacitor motors is designed to achieve the highest possible efficiency across the full range of operating speeds, resulting in tangible utility savings.

In the range hood sector, SIT formed a joint Venture titled **SIT MBT** with the innovative start-up Motors & Blowers Technology Srl (MBT) and Wentelon, a partner specializing in ventilation motors. The JV specializes in the design and manufacture of fans for range hoods, induction cooktops with

built-in ventilation, and pellet stoves. It seeks to develop innovative, energy-efficient products tailored to specific customer needs, leveraging the technological expertise of the Montecassiano center of excellence. The primary goal of the JV is to swiftly respond to opportunities, specifically with the introduction of new European energy labelling regulations for range hoods and cooktops with built-in ventilation for kitchens, coming into effect in early 2025.

Reduction of water consumption

Since entering the water meter market at the end of 2020 with the acquisition of the Portuguese company **Janz**, SIT also pursues the development of sustainable products through the introduction of new technologies for **measuring water resource consumption**. These technologies enable end users to monitor their consumption, significantly reducing waste and ensuring **water savings** and **energy efficiency**.

At Enlit Europe 2023, one of the largest conference and exhibition events dedicated to the energy ecosystem, Janz presented **SmartIO, the new smart ultrasonic meter**, resulting from the strategic partnership with GWF.

This new meter employs cutting-edge technology in water flow measurement, featuring no moving parts and offering significant benefits to network management companies in terms of installation flexibility and real-time network monitoring. The meter was developed using an eco-design approach, minimizing environmental impact through the careful selection of materials. The meter will be manufactured in the newly outfitted Lisbon facility, specifically designed for this purpose, starting in Q2 of this year. A recirculation and recovery system will be used on the production line, designed according to Lean principles, to reduce water consumption during the testing phase.

The new water meters can help drastically reduce water waste. In fact, the communication system detects consumption remotely, identifies leaks and inefficient use from a smart building perspective, and supports the provision of services to ensure network efficiency, as well as water balancing.

At the same time, JANZ also showcased its entirely revamped **JV 800** volumetric meter. Development of this product was facilitated by the experience acquired from the JV 400 and 600 products. The result is a quieter meter with a more stable metrological curve due to the use of a two-inlet chamber and a more reliable production process thanks to its molded brass body.

Major improvements were also made to existing products throughout the year. Specifically, the **Singlejet Combi** meter now belongs to the R125 metrological class (previously R100), and the **MST DN40 Multijet** commercial meters boast a resolution of one liter.

Improved air quality

People are aware that the ongoing monitoring of **air quality**, **noise**, and **brightness** in indoor environments, as well as the automated control of the systems involved in their management (air conditioning, heating, and ventilation), are a basic requirement for people's health.

A focus upon health and well-being in indoor environments is growing: in Italy and other industrialized countries, people spend about 90% of their time indoors, where the air can be as much as five times more polluted than outdoors. Smart buildings have therefore grown in popularity over recent years, involving the digital and automated connection, thanks to IoT (Internet of Things) and home automation, of residential and office buildings, which therefore become “intelligent”, i.e., capable of monitoring quality parameters and managing in an automated way the systems that make an indoor space healthy.

Indoor air quality control is one of the core elements of SIT's mission. This awareness prompted SIT to acquire a stake in UpSens in 2022. This innovative SME is based in Trento and belongs to the Optoi Group. It specializes in the development of devices for monitoring indoor environmental parameters, both in standard and custom set-ups, with specific expertise in air quality.

By making this **strategic decision**, SIT demonstrated that it intends to play a leading role in the energy transition, creating solutions that can truly make a difference to people's quality of life, in line with decarbonization goals and environmental protection policies. Major synergies will arise from the collaboration between SIT and UpSens in the area of air quality solutions, particularly in the **VMC** (Controlled Mechanical Ventilation) segment, as mentioned above.

Use of circular economy logic

SIT operates in a global market that is currently facing **increased demand for raw materials** and **resource scarcity**. In light of the impact that extracting and using raw materials has on the climate (increased energy consumption and carbon dioxide emissions), in addition to the European Commission's action plan for a new circular economy under the Green Deal, **SIT is committed to creating sustainable products by purchasing secondary materials or reusing existing ones.**

By doing so, SIT can contribute to reducing the amount of materials used, the Carbon Footprint of its products, and Scope 3 emissions.

With a view to life cycle analysis, SIT also pays close attention to limiting the CO₂ emissions released upstream of its business during component production.

While emissions associated with component production are determined by production processes along the supply chain, SIT contributes by **consciously selecting materials and technologies** during the Research and Development phase.

In fact, the following two factors are encouraged during the design phase:

- A focus on **minimizing the consumption** of materials used in the manufacture of products and components: efficiency is a key requirement for the sustainability of new products;
- The choice of **materials with a reduced impact on emissions**. To enhance sustainability and minimize CO₂ emissions from products, the new fans have been developed using plastics whose production generates 60% fewer CO₂ emissions during production compared to previously used plastics.
- The use of a **circular** economy approach through:
 - The choice, where possible, of **recycled materials**: The metals used in the manufacture of products are mainly of secondary origin, and scraps are sent for recovery to produce new raw materials. Aluminum, brass, and steel, which make up an average of 66% of the weight of a valve and 49% of a fan, are chiefly made from scrap. MeteRSit is exploring the potential of incorporating recycled plastic shells into its residential, commercial, and industrial meters;
 - **Exploring opportunities for material reuse**. For volumetric water meters, there is an ongoing initiative to **recover** products from the market for **repair, refurbishment, and reuse** of the brass body. This brass body is then incorporated into new meters, which are subsequently returned to the customer. This follows a logic that also seeks to reduce the energy cost of material recovery;

- Exploring opportunities for material **recovery**. In the Water Metering sector, a feasibility study was launched for the potential **scrapping and recovery** of end-of-life plastics.

Collaboration with customers is key in establishing policies on circularity. Specifically, for **reuse of materials**, initial discussions have begun with key customers to identify additional **cross-cutting opportunities to reduce emissions**, with the goal of strengthening the partnership toward shared sustainability.

Other Initiatives

In July 2023, SIT entered into a joint venture with e-Novia to develop a new hydrogen generation and storage system for both residential and industrial buildings, resulting in the creation of the start-up **Hybitat**.

While E-Novia provides its expertise in deep tech technological innovation, SIT possesses technical-industrial expertise in the field of residential heating and air conditioners, allowing the two companies to launch the start-up together in a market segment with excellent potential for growth. The transaction involves a substantial investment plan.

Unlike the more common lithium-ion battery technology, hydrogen storage based on absorption in metal powders offers several significant advantages:

- three times higher energy density, making it suitable for weekly storage;
- It does not use rare earth metals, which often have a high environmental impact.

Storage plays an essential role in maximizing the use of energy produced by photovoltaic plants, which experience inherent intermittency. **Hybitat therefore provides a response to the rising energy requirements of households and businesses, linked to evolving energy needs and mobility trends.**

Responsible supply chain management

We are committed to establishing a **sustainable value chain** that can create long-term benefits for SIT, its suppliers, and its customers. We are committed to respecting the environment, workers' rights, and local communities. Our focus is on minimizing our impact throughout the product life cycle (LCA), paying particular attention to reducing our carbon footprint. We involve our suppliers as business partners in the pursuit of sustainability, quality, and safety goals for products and processes.

SIT believes that the synergies that come from working as a single team promote improvements in the level of service provided to customers, enabling a focus on analyzing and managing market dynamics and fluctuations and managing the supplier base with increasing attention to risk coverage and ESG issues. As such, and to respond appropriately to the needs of an increasingly volatile market, the Business Units are in the process of consolidating the Planning, Procurement, Customer Care, and After Market functions under a single Supply Chain Department.

Over the years, the Group has established a structured supplier management process, which seeks to obtain components, materials, and services at the right price, on time, and with a high level of quality. It also has the goal of promoting an environment geared toward respect for **ethics** and **sustainability**, along with the development of stable relationships, the pursuit of safety, innovation, and technological development throughout the supply chain.

In 2023, efforts were made to further improve the Supplier Management process by strengthening supplier engagement, evaluation, and subsequent selection, with a growing focus on ESG criteria through measurement and continuous monitoring.

SIT encourages continuous improvement in its suppliers' performance and their involvement in product innovation processes, with a view to strategic partnership. To ensure the utmost safety and quality of its products, **SIT is committed to involving suppliers from the earliest stages of project development**, taking a preventive and proactive approach to anticipate and resolve any critical issues. Direct discussion, sharing of best practices, mentorship and process analysis are just a few examples of activities carried out once again in 2023 to support the development of quality skills in production process management. The Procurement Team comprises the New Products for Supply Chain unit, which seeks to represent the Supply Chain from the outset at new product development discussions.

Finally, in order to guarantee compliance with ethical standards in its supply chain, SIT has defined a **Code of Ethics** for third-party suppliers and intermediaries, which expresses the basic principles that third parties, individuals and entities must comply with in supplying goods or services, or brokering goods transactions between the seller and the Company or any of its subsidiaries.

*The Supplier Code of Conduct has to date been signed by **64%** of suppliers, covering **95%** of turnover⁵.*

The Code's principles define the Group's commitment to operating in compliance with applicable legislation and with respect for human rights, child labor prevention, employee health and safety, environmental protection and sustainability, conflict mineral use prohibitions, fair competition, anti-trust, conflict of interest and corruption prevention, information confidentiality, and property rights. The Code is distributed to suppliers during the stipulation of the supply contract and must be returned signed for acknowledgment.

In carrying out its activities, SIT relies on the contribution of more than **600** companies, located in **30** countries around the world, which provide goods and services that are essential to the Group's industrial processes.

In 2023, there were **662** third-party suppliers for **101** commodity groups. In terms of expenditure, the suppliers with the greatest impact are those that provide direct materials.

<i>Percentage of suppliers by supply type</i>	2023	2022⁶
<i>Metals, raw materials, plastic and rubber components</i>	45%	46%
<i>Electronics and electromechanical components</i>	26%	27%
<i>Production services for factories and subcontractors</i>	29%	27%

SIT also pursues an **international development strategy that centers around** the local area and a commitment to creating stable relationships with local communities. This is reflected in the high percentage of suppliers located in the same geographical area of Italy where the Group's foundry, machine shop and logistics hub are located.

However, given the specificity of its products, in the supplier selection process the **quality of procured materials** takes precedence over the geographical proximity of the supplier to Group production sites. We also note that a high percentage of procurement for the Heating & Ventilation Business Unit's final products is intercompany, as sizeable volumes of components are manufactured directly by Group companies.

⁵ The data refer to the Heating & Ventilation and Smart Gas Metering Business Units.

⁶ The percentages for 2022 were recalculated to include figures for Portugal as they are useful for comparative purposes with 2023.

As shown in the following table, procurements from local suppliers are highest in **Italy, Portugal and the Netherlands**.

<i>Portion of spending on local suppliers⁷</i>	2023	2022
<i>Italy</i>	33%	43%
<i>Portugal</i>	30%	40%
<i>Netherlands</i>	45%	30%
<i>China</i>	24%	25%
<i>Mexico</i>	12%	12%
<i>Romania</i>	4%	3%
<i>Tunisia</i>	4%	3%

When defining the Supplier Base and material transfers between affiliates, periodic evaluations are conducted to optimize logistics, both for new products and those already in production. The objective is to **improve the carbon footprint, limit stock levels, and reduce transportation**.

In this regard, in line with the ongoing commitment to raising awareness about sustainability topics, and following the initiatives undertaken in 2022 regarding the Carbon Footprint, a new initiative titled “Fast Track Training” was introduced for the Supply Chain in 2023. Its purpose is to promote the organization’s global projects and understand new Sustainability governance aspects, ongoing methodologies, projects, and accomplishments. 100% of the Heating & Ventilation BU’s Supply Chain Department participated in the training course.

The project forms part of the Sustainability Culture project promoted by HR:

*“We invest in our staff, providing them with the conditions in which to grow within the Company.
Together, we are working towards creating a sustainable work environment and a better world”*

In 2023, SIT’s commitment was recognized and certified by **EcoVadis** with a **90/100 score** in sustainable procurement. SIT ranks among the top 1% of companies assessed by EcoVadis in its sector.

Among the strengths recognized by EcoVadis in SIT’s sustainable procurement efforts, we note its adherence to the United Nations Global Compact and Association Connecting Electronic Industries

⁷ The percentage is calculated from expenditure on direct suppliers, considering local suppliers to be located in the same geographical region. The calculation also includes inter-company suppliers. Countries with significant operations are those where the Group has production facilities.

(IPC), the formal definition and communication of quantitative objectives, and extensive coverage of sustainable procurement policies across the Company's supplier base and operations. In addition, SIT demonstrated a high level of commitment to sustainable procurement across its supplier base and business operations. This includes training procurement staff on social and environmental aspects of the supply chain.

Among the specific comments, EcoVadis specifically acknowledged that SIT possesses an advanced sustainable procurement management system.

Supplier sustainability system assessment

In the process of **auditing suppliers** working under contract for SIT, inspections are planned to verify compliance with applicable regulations on **health and safety in the working environment**.

SIT has applied a structured process shared with the suppliers themselves, which seeks to raise their awareness and support them in the effective management of occupational health and safety aspects, preventing and mitigating any impacts caused by the activities outsourced by SIT.

The process comprises three main stages:

- Clear **communication** of the standards SIT requires of its business partners regarding product and service quality, respect for **Human Rights, Diversity and Inclusion, worker protection**, and attention to **ESG issues** more generally;
- **Evaluation** of suppliers' ability to meet technical specifications and ESG requirements, both at the qualification stage and throughout the business relationship, and monitoring of supply risk;
- **Support** for suppliers in their continuous performance improvement activities along with strengthening innovation capacity

Guided by a specific desire to assess and possibly extend sustainability culture and practices to the entire upstream supply chain, in 2023, following an initial onboarding phase, **SIT launched a project to assess and monitor its suppliers' sustainability systems** with the support of **EcoVadis**.

EcoVadis' main assessment tool consists of a collaborative platform which allows companies to monitor their suppliers' sustainability practices, manage their risks, and request that corrective action is taken where it is deemed necessary

The assessment methodology incorporates several international sustainability standards (e.g., the Global Reporting Initiative, ISO 26000) and is based on **21 Corporate Social Responsibility (CSR) criteria** grouped into four categories:

- Ethics
- Working practices and human rights
- Environment
- Sustainable procurement

Trade CSR scores - which are expressed on a scale from zero to 100 - correspond to performance that can be ranked from insufficient to structured and proactive towards ESG issues. For each supplier analyzed, the EcoVadis platform issues an assessment report that highlights strengths and areas for improvement in managing sustainability issues, which the supplier can use to take action to improve its performance.

With regard to the EcoVadis project, training courses on Sustainable Procurement and supply chain sustainability were organized for **100% of the Procurement team** at SIT's HQ.

More than 25% of a total pool of approximately **130** strategic Heating and Ventilation Division suppliers (around 25% of direct material suppliers) were assessed, **achieving the target set for 2023**.

Corrective actions have already begun following these assessments to foster improvement. In addition, the **2024 invitation campaign has already been launched** to assess at least 50% of the strategic suppliers mentioned above.

Responsible Raw Material Procurement Management

As SIT products are extremely specific safety and measurement products, both component suppliers and the components themselves are subjected to rigorous approval processes that lead to reliable supply standards.

SIT has established a structured process for **supplier base assessment and approval** to ensure that every supplier is able to consistently produce and deliver **high quality** products, not only in accordance with SIT's required specifications to achieve customers' expected reliability, but also in compliance with agreed timelines, costs, and **international regulations** governing the use of **materials** and the origin of **raw materials**.

Conflict minerals refer to commodities or minerals such as tin, tantalum, tungsten and gold from areas of high risk or affected by armed conflict, where trade in such materials may finance armed groups, fuel forced labor and other human rights violations, and support corruption and money laundering

SIT undertakes to use and acquire only materials not containing minerals from conflict zones, thereby avoiding indirectly contributing to human rights violations.

This commitment is the responsibility of the **Purchasing** function in cooperation with the Supplier Quality function, which are tasked with:

- **Qualifying** new suppliers in line with SIT quality standards and approving new components with automotive procedures;
- **Supervising** production processes and ensuring compliance with supplier control plans;
- **Monitoring** the quality of supply to its production lines;
- **Analyzing** supply nonconformities and implementing necessary corrective actions at suppliers;
- Continuously **developing** growth and development plans for strategic suppliers and improvement plans for critical suppliers.

*The percentage of turnover monitored for the above purposes is **70%** of direct material purchasing turnover, remaining unchanged in 2023 compared to the previous year.*

Among the many actions taken to **protect human health** and **the environment**, the Group has defined the **standard SIT 4900000**, which is regularly updated.

Changing constraints on material use in the international arena require control and management tools to be available in the supply chain. As such, SIT has introduced a management system called

Material Trade Compliance (MTC). By introducing a privileged channel to the supply chain, this system is able to analytically configure **the compliance status of SIT's products**.

MTC currently allows coverage of the compliance issues regulated by the SIT 4900000 standard under the REACH regulation, the RoHS Directive, the US Conflict Minerals and Toxic Substances Control laws, and an additional set called SIT Restricted Substances that allows potential future critical issues in procurement to be monitored.

Suppliers interact with the MTC system through a dedicated portal, providing all necessary information and monitoring the processing status of requests received by SIT.

Specifically, the Conflict Minerals Reporting Template (CMRT) protocol is adopted for the management of Conflict Minerals

Providers are involved with a cover letter and receive onboarding support from a dedicated guidebook and webinars. At the end of 2023, information on Conflict Minerals was available for more than **75%** of the relevant suppliers in SIT's CMRT Report.

In addition, a dedicated sustainability area has been created and is available on the **SIT Supplier Portal** home page to encourage effective communication, share best practices and develop greater awareness of sustainability issues through topic-based insight. This included sharing brochures dedicated to Conflict Minerals and the issue of Cobalt.

Since 2020, SIT is an AEO "Full" certified Authorized Economic Operator. This authorization from the Customs Agency proves that SIT is equipped with reliable, secure business processes that meet international trade standards.

Management of energy consumption

The Group's production activities **involve the use of electricity**, accounting for **57%** of consumption, and **thermal** energy, mainly generated from Natural Gas combustion, which represents **37%** of total energy consumption.

Overall, energy consumption decreased by **9%** in 2023, as shown in the following table.

Energy consumption at the organization in GJ⁸

	Unit	2023	2022
<i>Natural gas</i>	GJ	70,791	80,739
<i>Diesel</i>	GJ	5,213	5,447
<i>LPG</i>	GJ	1,810	2,551
<i>Petrol</i>	GJ	3,140	3,230
<i>Electricity purchased</i>	GJ	108,469	116,876
<i>Of which from renewable sources</i>	GJ	1,280	1,804
Total	GJ	189,423	208,843

About two-thirds of the natural gas consumed by the Organization is used to heat buildings, while the remainder is used by production equipment. Compared to the previous year, gas consumption **decreased by 12% and LPG consumption by 29%** in 2023, primarily at the Rovigo plants and in Mexico. Fuel consumption by mobile plant, mainly company vehicles, decreased by **3%**.

SIT is committed to limiting its energy consumption through a **continuous improvement process** and the use of energy from a variety of sources. With a view to achieving sustainable development, this commitment takes the form of the pursuit of **ever-increasing efficiency**, with a focus on using **energy from renewable sources** to contain the climate impacts of CO₂ produced by the Group's activities.

The Group's production facilities place particular emphasis on reducing consumption through **production efficiency and actions to recover heat and energy**, with efforts ongoing over time.

Specifically, the Rovigo plant has invested in **energy efficiency** over several years. For instance, residual heat from the melting furnace is recovered to heat the Assembly Department. In addition to

⁸ Energy consumption in GJ was calculated using the UK Government GHG Conversion Factors for Company Reporting – DEFRA 2023 and 2022 conversion coefficients. The consumption of LPG used for testing is estimated based on the purchase of gas tanks during the reporting year and not on actual consumption.

drastically reducing the amount of oily emulsions to be sent for external recovery, the new foundry wastewater concentrator, in operation since 2022, also boasts greater efficiency than its predecessor, enabling an increase in the quantity of heat recovered from the melting furnace. With regard to electricity consumption, LED lighting has been installed in production departments since 2016. In addition, between 2020 and 2023, four out of eight air conditioning units were replaced with inverter machines, while the external general air conditioning system unit was replaced in 2017. In terms of compressed air production, the dryer was replaced in 2021, and the replacement of the main compressors with inverter machines began in 2019.

In 2023, an **energy diagnosis was conducted at the Rovigo plant by SIT and MeterSIt**. The drafting of the document, which involved mapping utilities, represented an important opportunity to identify further areas for improvement.

At the Mexican plant, new inverter compressors have been installed in recent years to replace older models. The installation of LED lighting in the warehouse and production area has been completed, along with the replacement of the main air conditioners containing ozone-damaging gases.

With regard to **production processes, ongoing improvements** owed to various lean transformation projects contribute to an increase in production efficiency, thereby **reducing the energy resources** required for production. In addition to **optimizing energy consumption**, SIT decided to diversify its electricity supply by incorporating a portion of energy from renewable sources. This includes both **self-production** and **self-consumption of energy from photovoltaic plant**, in addition to the purchase of certified renewable energy.

A **photovoltaic plant** with a peak power of **828 kWp** was installed on the roof of the new **headquarters in Padua** to partially cover **energy needs** through **self-consumption of energy from renewable sources**. The new building was designed to improve energy efficiency: The spaces are air-conditioned with high-efficiency heat pump systems, and lighting systems are managed intelligently using technologies to reduce energy consumption. Natural gas is only used in the R&D and quality testing laboratories, one of which is equipped with a heat recovery system developed using the tested equipment. It will be used for heating purposes.

In 2023, the Research and Development facility became operational, with the delivery of office areas scheduled for the first half of 2024.

*The new PV system is currently scheduled for commissioning upon completion of works at the new
HQ*

In 2019, a small photovoltaic plant was installed on the roof of the new workshop at the Rovigo site. This marks the first phase of a larger project to install a **photovoltaic plant** with a peak capacity of approximately 2.8 MWp. Once completed, the plant will meet about **20%** of the Rovigo 1 facility's needs, reasonably assuming self-consumption of approx. **85%** of the energy produced. The project, including the installation and authorization process, has been completed, and detailed bids have been received from selected suppliers. However, the project's implementation, initially slated for 2023, has been postponed due to sustainability concerns related to the initiative's financial aspects.

All electricity purchased by MeterSit in 2023 is fully covered by Guarantees of Origin, certifying it as renewable.

The management of greenhouse gas emissions

Following the 2015 Paris Agreement, the international community, and notably the European Union through the Green Deal, accelerated efforts to combat climate change, aware that decisive action is required to limit the temperature increase to acceptable levels of 1.5°C. Companies can play a significant role by reducing greenhouse gas emissions in both their direct and indirect processes.

To manage measurement, analysis, and planning activities, and to respond to increasing demands from stakeholders inside and outside the company, SIT has created a specific **Carbon Management** function. This is an active part of the Sustainability Team, focused on issues relating to climate change impacts. The function has the objective of managing greenhouse gas emissions by measuring and analyzing data, identifying potential areas for action, setting reduction targets, developing and managing a reduction plan, and raising awareness of climate change issues at all company levels to promote a widespread culture.

SIT is also a member of the **Carbon Disclosure Project - CDP** program, which assesses the Company's decarbonization progress status. The program recognized the Company's awareness of the issue of climate change and its efforts towards an advanced model to manage its impact. CDP also provides authoritative guidance on setting improvement targets and defining the process for achieving them.

Impact measurement

Measuring greenhouse gases plays a key role in promoting transparency and awareness and represents the starting point for all reduction efforts. As one of the first companies to do so in its sector, **SIT has analyzed its emissions since 2020**, in addition to its **Carbon Footprint**, a parameter that seeks to assess its impact on climate change in terms of CO₂ equivalent emissions.

SIT opted to measure its carbon footprint in accordance with international ISO standards, which entail **analyzing the entire product life cycle (Life Cycle Approach)**. This involves not only capturing emissions produced on the Company's premises but also studying external activities across the SIT supply chain. This approach has allowed the Company to improve its awareness of its direct and indirect impact on the environment in general, and climate change in particular.

Adhering to ISO standards ensures a consistent methodology, while third-party certification validates the results.

Product study

In studying its products, SIT used the **Carbon Footprint Systematic Approach (CFP-SA)**, a model created specifically for the Company according to the **UNI EN ISO 14067:2018** standard. This collects in a database all the information needed to categorize its products and production processes in terms of Greenhouse Gas emissions.

The system was adopted in 2021 for the main Heating & Ventilation Division (Mechanical Controls, Electronic Controls, Ventilators) and Gas Metering Division (Gas Meters) product lines.

Along with the above model, **Product Category Rules (PCR)** were developed as required by the standard for calculating specific product categories under review. The PCRs for fans, valves, circuit boards, and gas meters are published on the Carbon Footprint Italy program website and serve as a regulatory reference for the Carbon Footprint (CFP) of similar products.

The CFP Systematic Approach model is updated and verified annually by an independent third party. **SIT is therefore now autonomous in properly calculating and certifying the carbon footprint of its products**, both for internal analyses and external requests from stakeholders, and can publish them as part of accredited Program Operators.

The Carbon Footprints of the 845 Sigma valve and the NG40E Fan, two of SIT's main products, were published as part of the Program Operator Carbon Footprint Italy

In 2022, the CFP Systematic Approach system database was enhanced with the LCA Tool, facilitating the calculation of factors required for Environmental Product Declarations (**EPDs**) as per **ISO 14040/44** standards. This update extends beyond CO₂ emissions that impact climate change, to measure impacts on other environmental factors, thereby enhancing the Company's awareness of its environmental impact.

The EPD⁹ model is incorporated into the CFP model and allows for the joint assessment of all environmental impacts using a Life Cycle Approach

The CFP Systematic Approach - LCA Tool allows SIT to respond quickly to customer requests concerning the carbon footprint of its products and provides the company functions, starting with the Research & Development department, with a tool to quantify the impacts of the Group's various design decisions in terms of CO₂ emissions and other LCA parameters.

Calculating the Carbon Footprint of various products using the life cycle analysis approach identified the **main emissions sources**, highlighting **the impact of the Company's upstream activities**. This new evaluation scope highlights the role of Innovation and Responsible Supply Chain Management, and

⁹ EPD model certification was postponed as publishing the data is not considered a priority at the moment.

the importance of ongoing relationships with customers and suppliers, alongside the systematic optimization of internal processes.

The systems approach creates opportunities to capture and plan for inherently sustainable material choices, designs that promote **reparability** and **recyclability**, evaluate procurement choices, and identify potential efficiencies, confirming the close connection between environmental and economic sustainability. Specific **Sustainable Design Guidelines** were created for this purpose, while CFP calculations were incorporated into the New Product Development Procedure as a requirement for the initial development phases.

The Organization's Carbon Footprint

Carbon footprint analysis was extended to the entire Organization in 2021 (the baseline year), with quantification and reporting of greenhouse gas emissions in line with the international standard **ISO 14064-1:2018**. The **Inventory**, as per the **ISO** standard, can be seamlessly converted into the **GHG Protocol** framework.

Along with **direct emissions** (Scope 1) and **indirect emissions from imported energy** (Scope 2), which are associated with the Company's operations and already monitored by SIT, **indirect emissions** (Scope 3) **related to external activities** were calculated, both upstream and downstream of its facilities. In the ISO standard, Scope 3 emissions are divided into categories that more specifically highlight their nature:

- Emissions from transportation;
- Emissions from products used by the organization;
- Emissions from the use of products made by the organization;
- Emissions from other sources;

To identify the relevant emissions for reporting, a **significance analysis** was conducted, as required by the standard. Subsequently, specific types of indirect emissions were omitted as they were deemed insignificant.

Emissions falling under Scope 1 and 2 are always significant and must therefore be **fully measured**. As a result, fugitive emissions and process emissions, previously overlooked due to their relatively low absolute values, were included in the direct emissions (Scope 1) category.

Primary data - such as fuel, energy and material consumption - were collected for all processes under SIT's control. For processes not under SIT's direct control, secondary data from international databases such as SimaPro/Ecoinvent were used

While the 2022 Inventory underwent third-party verification, the publication timeline for the 2023 Inventory did not allow for third-party verification, which is nevertheless scheduled to take place in 2024.

GHG INVENTORY¹⁰	2023	2022
Category 1: Direct GHG emissions and removals¹¹	4,248	5,009
1.1 Emissions from stationary combustion	3,707	4,245
1.2 Emissions from mobile combustion	539	568
1.3 Process emissions	2	3
1.4 Fugitive emissions	0	193
1.5 Emissions from land use	0	0
Category 2: Indirect GHG emissions from imported energy¹²	10,725	11,496
2.1 Indirect emissions from imported electricity production and consumption	10,725	11,496
Category 3: Indirect GHG emissions from transportation¹³	6,426	9,312
3.1 Emissions from upstream transportation and distribution of goods	1,767	3,694
3.2 Emissions from downstream transportation and distribution of goods	2,037	2,468
3.3 Emissions from employee commuting	2,622	3,150
Category 4: Indirect GHG emissions from products used by the organization¹⁴	100,336	136,058
4.1 Emissions from purchased goods	99,096	134,326
4.2 Emissions from capital goods		
4.3 Emissions from waste disposal (liquid or solid)	68	98
4.4 Emissions from the use of leased assets		
4.5 Emissions from the use of services not included in the previous categories	1,172	1,634
Category 5: Indirect GHG emissions from products produced by the organization		
Category 6: Indirect GHG emissions from other sources		
TOTAL GHG EMISSIONS (tCO₂eq)	121,735	161,875

We note a few considerations:

- **Categories 4.2, 4.4, 5 and 6** were emissions found to be insignificant;
- **Categories 3.1, 3.2 and 4.1** do not include emissions related to Water Metering activities because they are not currently measurable;
- According to the ISO 14064-1 guidelines, **Category 2** considers indirect emissions “location-based”; the data for 2022 were updated with emission factors (AIB) available for the year starting from June 30, 2023.

¹⁰ We note that in 2023, 1,064 tCO₂e of biogenic carbon dioxide emissions (outside the scopes) were recorded, marking a 29% decrease on 2022, when the figure was approximately 1,500 tCO₂e.

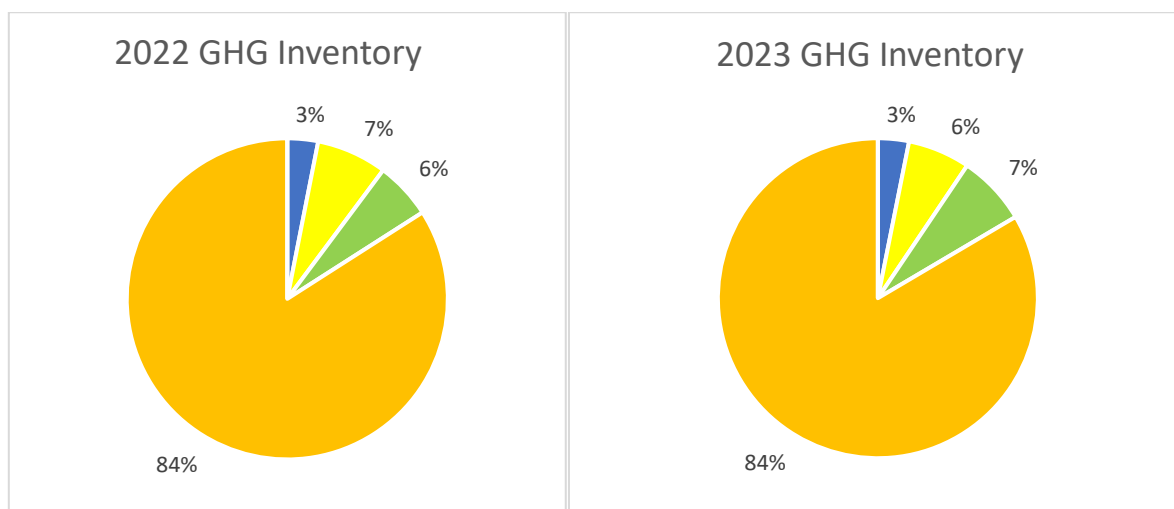
¹¹ The UK Government’s GHG Conversion Factors for Company Reporting (DEFRA 2022 and 2023) were used to calculate Scope 1 emissions. Moreover, regarding SIT’s emissions, the consumption of hydrogen and other mixed gases, such as hydrogenated nitrogen, and mixtures of methane and argon, were not considered as they represented a negligible portion of the total.

¹² For the calculation of Scope 2 emissions with the location-based method, average emission factors expressed in CO₂ relating to domestic power generation for the various countries of operation were utilized (source: AIB supplier mix 2023 and Terna - International Comparison, 2018 and 2019).

¹³ To calculate Scope 3 emissions (Category 3), specific emission factors related to the transportation of goods and people from the Ecoinvent 3.9.1 database were used.

¹⁴ To calculate Scope 3 emissions (Category 4), the following specific emission factors derived from the Ecoinvent 3.9.1 database were used: factors related to purchased goods for Category 4.1; emission factors related to the type of waste generated and disposal method for Category 4.3; emission factors for externally processed materials for Category 4.5.

Analysis



- Category 1: direct GHG emissions and removals
- Category 2: indirect GHG emissions from imported energy
- Category 3: indirect GHG emissions from transportation
- Category 4: indirect GHG emissions from products used by the organization
- Category 5: indirect GHG emissions from products produced by the organization

The inventory confirmed the preponderance of **indirect emissions over direct activities**, highlighting how the **choice of materials, supply sources** and **product use pattern** are essential to effectively contribute to achieving the decarbonization targets set by the International Agreements.

In the 2022 Inventory, the Group's production activities comprise approximately **10%** of the total measured emissions. An additional **6%** stems from transporting raw materials, components, and finished products, in addition to employee travel and logistics between production facilities. The remaining **84%** comprises upstream emissions, associated with the products used by the organization.

In the 2023 Inventory, there is a notable **absolute reduction in indirect emissions from product use** (category 4.1), linked to significant efforts to limit procurement and thereby reduce working capital. As a result, the relative weight of direct emissions increases to **13%** of the Inventory, while indirect emissions make up the remaining **87%**.

Direct emissions

Direct CO₂ emissions, referred to as “Scope 1” emissions – Category 1 in the GHG Inventory – mainly originate from fossil fuel consumption in both stationary and mobile plants, comprising **43%** of total energy consumption.

	2023	2022 ¹⁵
Category 1: Direct GHG emissions and removals	4,248	5,009
1.1 Emissions from stationary combustion	3,707	4,245
1.2 Emissions from mobile combustion	539	568
1.3 Process emissions	2	3
1.4 Fugitive emissions	0	193
1.5 Emissions from land use	0	0

Plant and equipment containing **F-Gases** were mapped at all sites, ensuring proper management of their operation and maintenance to avoid the release of greenhouse gases into the atmosphere. Any refills conducted during maintenance follow the regulations in place in the country of operation and have a relatively limited impact in terms of greenhouse gas emissions compared to the Group’s operational activities. In 2023, no F-Gas refills were carried out on monitored equipment.

Regarding **substances harmful to the ozone layer (ODSs)**, a **survey** of all equipment and its gas content **was completed in 2023** to enhance **informed management** and potentially create a plan to **eliminate or replace ozone-depleting gases**.

Mapping revealed the presence of R22 gas at the Chinese plant and two remaining appliances at the Mexican plant, where it was not technically feasible to replace the gas with more sustainable alternatives. However, no gas additions were made to this equipment in 2023.

Indirect emissions from imported energy

Category 2 of the ISO 14064 Inventory accounts for **indirect emissions from imported energy**, known as Scope 2.

57% of the energy consumed by SIT is electricity, which saw a **7%** reduction in consumption in 2023 compared to the previous year. In 2023, temperatures reached record highs, significantly impacting consumption at Tunisian plants, where consumption increased by 8% compared to 2022, driven by the increased use of air conditioning to cope with the high summer temperatures.

¹⁵ Fugitive emissions and process emissions were incorporated into Category 1 of direct emissions. They were previously disregarded due to their low absolute value, following the ISO 14064-1 guidelines.

	2023	2022
Category 2: Indirect GHG emissions from imported energy	10,725	11,496
<i>2.1 Indirect emissions from imported electricity production and consumption</i>	10,725	11,496

In 2023, all energy purchased for MeterSIt came from renewable sources.

We note that the GHG Inventory, as per ISO 14064-1, includes electricity emissions calculated on a **location-based** basis for both 2022 and 2023, using AIB factors from 2022¹⁶.

In 2023, Scope 2 Market-Based emissions benefited from the portion of renewable energy purchased for MeterSIt activities.

Scope 2 Market-Based emissions – Indirect energy¹⁷

	Unit	2023	2022
<i>Purchased non-renewable electricity</i>	tCO ₂ eq	13,304	14,410
<i>Energy purchased with Guarantee of Origin</i>	tCO ₂ eq	0	0
TOT	tCO₂eq	13,304	14,410

In line with the approach taken for location-based emissions included in the Inventory, market-based emissions for 2022 were recalculated using updated emission factors (the figure for 2022 using previous factors was 14,077 tCO₂eq).

¹⁶ To create the comprehensive 2022 GHG Inventory, we used average AIB factors for 2022 (updated to June 2023). These factors were not available when drafting the 2022 NFS, which calculated 2022 emissions using the average 2021 factors. The GHG 2022 inventory constructed according to ISO14064-1 was verified by Bureau Veritas.

¹⁷ For the calculation of Scope 2 emissions with the market-based method, average emission factors expressed in CO₂ relating to the residual mix (European Residual Mix 2022 - source AIB 2023) were utilized, where available. Otherwise, the emission factors used for the location-based method were also adopted for the market-based method.

Indirect emissions

Developing the GHG Inventory involves **studying the organization's indirect impact on the value chain upstream and downstream of its operational boundaries** and increases the relevance of the Company's role in contributing to the overall reduction of emissions.

The calculation of the Greenhouse Gas inventory confirmed the preponderance of indirect emissions (Scope 3) over direct activities, highlighting how the choice of materials, supply sources, and product use pattern are essential to effectively contribute to achieving the decarbonization targets set by the International Agreements.

	2023	2022
Category 3: Indirect GHG emissions from transportation	6,426	9,312
3.1 Emissions from upstream transportation and distribution of goods	1,767	3,694
3.2 Emissions from downstream transportation and distribution of goods	2,037	2,468
3.3 Emissions from employee commuting	2,622	3,150
Category 4: Indirect GHG emissions from products used by the organization	100,336	136,058
4.1 Emissions from purchased goods	99,096	134,326
4.2 Emissions from capital goods		
4.3 Emissions from waste disposal (liquid or solid)	68	98
4.4 Emissions from the use of leased assets	0	0
4.5 Emissions from the use of services not included in the previous categories	1,172	1,634
Category 5: Indirect GHG emissions from products produced by the organization		
Category 6: Indirect GHG emissions from other sources		
Total Scope 3	106,762	145,370

Indirect emissions from products used

More than **80%** of the GHG emissions in the Inventory are produced **outside** the Organization, specifically upstream of the Company's operational activities, for the extraction, processing and transformation of raw materials used in production.

Emissions from purchased goods (**Category 4.1**) decreased by **26%** in 2023 compared to 2022 thanks to reduced production volumes combined with **effective efforts to limit material procurement** following the stock increase carried out in 2022.

Excluding the effect of production volumes, SIT's action on these issues comes through product design choices, **co-design with customers**, and its **relationship with the supply chain**, activities that inherently have a medium to long-term impact.

SIT designers assess the sustainability of purchased materials, processes, and production locations, integrating Production Carbon Footprint assessments with technical decisions. This approach favors **lighter designs, raw materials produced through low-emissions processes**, and the use of **recyclable**

materials. There is also growing focus on **packaging**, with a preference for cardboard over plastic and a systematic exploration of potential circular solutions.

Many technical material choices are shared with customers who develop the applications for which the products are intended. On the other hand, reducing emissions from materials purchased by SIT is the direct responsibility of suppliers, highlighting the importance of ongoing technical communication with them.

As stated in the Supply Chain section, in 2023, a process began to **involve suppliers in assessing ESG topics**. This initiative will eventually enable the sharing of opportunities and actions to reduce emissions related to their production processes or upstream value chain.

Category 4.5 includes indirect emissions from external processes, which, in addition to the dynamics of emissions from purchased goods, are influenced by footprint choices. The Lean Transformation department is working on these aspects with a view to simplifying and continuously improving them.

Emissions from the Janz plant are still not measurable and are therefore not included in **Categories 4.1 and 4.5** of the Inventory. In addition, the significance analysis found that emissions relating to instrumental goods and equipment under leasing were not significant in this category.

4.3 emissions from the disposal of liquid or solid waste have less weight in **Category 4**. They decreased **30%** on 2022.

Transport emissions

The **comprehensive mapping of transportation**, essential for calculating **Category 3** of the Inventory, revealed a notable contribution to overall emissions, approximately **5.3%** in 2023 (compared to 5.8% in 2022).

Emissions from the **transport of raw materials and components** were calculated with the direct involvement of suppliers through a specific survey proposed as early as 2021 for the Carbon Footprint Systematic Approach database. This survey was updated in 2022, obtaining direct feedback from **44%** of respondents, representing **47%** of total procurement turnover. The missing routes were estimated based on company information and shipping addresses. The complete picture of transportation related to all supply arrivals in the year was then constructed and is updated with each year's Inventory.

A detailed analysis of shipments enabled the estimation of routes to **customers**. Likewise, a **comprehensive map of intercompany shipments** was created to accommodate the numerous exchanges between production and assembly plants.

Transport emissions from upstream sources now account for **1.5%** of the Inventory (compared to 2.3% in 2022) and decreased by **52%** in 2023 compared to 2022. While much of this reduction is attributable to decreased production volumes, a positive impact was also achieved by relocating some supplies for local production from Italy to Mexico. SIT's efforts to limit these emissions stem from supplier localization choices, in line with the quality and technology requirements dictated by design.

Downstream transport emissions represent 1.7% of the overall Inventory, decreasing by 17% in 2023 compared to 2022, largely due to volume effects.

Intercompany transport emissions collectively account for 0.87% of the total Inventory, with a portion included in upstream transport emissions (0.53%) and another portion in downstream transport emissions (0.34%).

Emissions from the Janz plant are not included in **Categories 3.1 and 3.2** of the Inventory as they are not yet measurable.

Employee mobility and remote working

A significant proportion of indirect transportation emissions relates to employee travel to the workplace. To quantify this value, a **survey** was conducted across all employees, which also gathered ideas for improvement.

At overseas facilities in Romania, Tunisia, and Mexico, employee mobility is facilitated by an efficiently organized shuttle service.

SIT chose to further consolidate the use of remote work in 2023, offering its employees the opportunity to work remotely for at least nine days a month, thus significantly reducing transport emissions

Emissions from employee commutes **decreased by 17%** in 2023 compared to 2022 and represent **2.2%** of the overall Inventory (compared to 1.9% in 2022).

Emissions from products manufactured

The Greenhouse Gas Inventory calculation stops at the corporate "gate", since products are used as components in customer applications, where SIT's visibility is limited. Estimating emissions would require several assumptions, making it less useful for analytical purposes. Due to the limited scope of measurability, **Category 5 was deemed insignificant** in the significance analysis.

Nevertheless, SIT remains dedicated to systematically **reducing energy consumption** and, consequently, emissions during the **usage phase**, which is reflected in the **performance of its products**. As a strategic supplier to leading players in the energy, utility, and alternative energy

resources sectors, SIT actively engages in **pathways to decarbonization, energy efficiency**, and the **reduction of waste** in the use of gas, electricity and water during the product life cycle. This topic is discussed in more detail in the section on Research, Development, and Sustainable Innovation. SIT's products, such as high-efficiency range hood fans, H₂-ready products, combustion control systems, and products under development for heat pumps, are designed to **empower customers to reduce their energy consumption and use alternative, less polluting fuels or electrical power in their applications**.

Studies are also underway into the possibility of introducing **circular packaging**, thereby reducing waste disposed of by customers and minimizing the use of non-recycled raw materials.

The plan to reduce emissions

The next step following detailed measurement and analysis of the carbon footprint results is the establishment of **targets** in line with the European Union's **Green Deal** and an **emission reduction plan**.

SIT began development of the plan as early as 2022, in parallel with the process to measure the **Organization's Carbon Footprint**, based on information from the analysis of major products.

Medium-term targets have been set for the containment of both direct and indirect emissions, and the foundation has been laid for the identification and development of long-term measures. The Company is still considering the possibility of validating its targets in line with those outlined in the Paris Agreement by participating in the Science Based Targets Initiative (SBTi). Against this backdrop, SIT sent two company representatives to the Climate Ambition Accelerator organized by the United Nations Global Compact in 2023, specifically focusing on the SBTi.

The **Scope 1 + Scope 2 (location-based)** target for emissions caused directly or indirectly by the Company's activities, is to **reduce emissions by 4% annually** over the medium term (2022-2024, baseline data 2021). This reduction will be achieved through **continuous process improvement** within the lean transformation framework and projects that seek to enhance **efficiency** and **incorporate renewable energy**, as already discussed in the section on Energy Consumption Management. In 2023, the activities described above collectively resulted in reduced consumption, contributing to a decrease in emissions compared to 2022, alongside the decline in production volumes. The unavoidable construction delays experienced by Rovigo photovoltaic plant were offset this year by a reduction in volumes, while compensatory measures are being considered.

The **Scope 3** target has been structured in terms of projects and involves the **introduction of circular economy programs**, particularly on packaging and materials, digitalization of Supply Chain Planning,

and thorough training concerning the company culture. A study into returnable packaging and the Advanced Planning System (APS) project was initiated in 2023 to digitalize the supply chain.

Medium-term targets defined for Scope 1+2 and Scope 3 issues have been incorporated into the long-term remuneration systems for the Company's top management

Of particular importance in reducing Scope 3 emissions is the raising of awareness among all employees and collaboration with the Company's external stakeholders, including customers. Constructive dialog has already been initiated with the most significant among these. Close attention is paid to suppliers, with whom a process of raising awareness and **involvement in the EcoVadis program** has begun. Over time, this initiative seeks to facilitate the sharing of opportunities and actions to reduce emissions related to their production processes or upstream value chain.

Training

To broaden the Company's knowledge and awareness of **Climate Change and the Reduction of GHG Emissions** as thoroughly as possible, a training program was launched in 2021. This began with a module to **raise awareness** among senior figures on the topics mentioned above and **technical training** for individuals responsible for managing Carbon Footprint data. In the following years, numerous initiatives were undertaken through the Company's e-learning platform (open to the entire workforce), the corporate Intranet, and targeted sessions. These efforts sought to disseminate Carbon Management concepts, raising awareness on the issue of climate change and the importance of emissions management.

Specifically, a systematic **Sustainability Training** program (**Fast Track Training**) was launched in 2023, which sought to spread ESG and Environmental Responsibility competence to all levels of the Company. A total of **154 employees** from the Research and Development, Finance & Legal, and Supply Chain departments participated in the program.

Other emissions

The production sites that release the most **pollutants into the atmosphere** are located in Italy and Mexico.

In 2023, the emissions situation closely mirrored that of the previous year. Compared to 2022, we note an increase in the emissions of hazardous HAP pollutants in Italy, primarily associated with the Rovigo 1 plant. Nevertheless, these values are still substantially lower than 2021 and are accompanied by a noteworthy improvement in NOx.

Emissions from Nitrogen oxides (NOx), Sulfur oxides (SOx) and other significant emissions

<i>Unit (kg)</i>	2023	2022
<i>NOx</i>	2,553	2,891
<i>SOx</i>	71	40
<i>Persistent organic pollutants (POP)</i>	0	0
<i>Volatile organic compounds (VOC)</i>	178	117
<i>Hazardous air pollutants (HAP)</i>	112	33
<i>Particles (PM)</i>	1,517	1,507
<i>Other¹⁸</i>	3,856	5,896

¹⁸ Included within the "other" item are emissions in terms of Total Organic Carbon (TOC), HCT, Carbon Monoxide (CO), and Lead.

Waste management

The Group is extremely attentive to **proper waste management** in full compliance with the law. This focus is expressed operationally both in terms of attempting to reduce **waste production** to a minimum and in terms of ensuring **traceability** of waste transfer to authorized disposal operators (as opposed to mere dumping), all with a view to enhancing and maximizing recovery and hence minimizing or even eliminating environmental impacts.

The various production sites have adopted practices and operating procedures **to identify the correct supply chain and the final treatment destination of the waste itself**. As mentioned above, this makes it possible to eliminate or minimize any environmental impacts related to waste production and, of course, to optimize costs.

The internal waste classification system for the total waste generated by the plants, introduced in 2021 and identifying three macro-categories, reveals that the generation of waste from the Group's activities is related more to secondary and ancillary processes or services than to product waste, scrap, and/or primary production processes.

Weight of waste generated¹⁹

<i>Unit (t)</i>	Not sent for disposal		Sent for disposal		Total	
	2023	2022	2023	2022	2023	2022
<i>1) Waste directly related to the product (and/or generated by primary production processes)</i>	1,166.6	1,464.7	29.1	20.1	1,195.7	1,484.8
<i>2) Waste originating from secondary processes not directly related to the product</i>	662.5	761.6	125.3	201.2	787.8	962.7
<i>3) Waste generated through the provision of ancillary services (and/or accessory services) not directly related to the product</i>	227.6	320.0	560.1	1,066.7	787.7	1,386.7
Total	2,056.7	2,546.3	714.5	1,287.98	2,771.2	3,834.3

¹⁹ The waste production data only represents waste produced by the Group's production facilities.

Production waste, or waste generated by primary product-related processes, comprises around **43%** of the total. This is possible by virtue of the fact that internal reuse is maximized within the production process itself, with all recoverable components being recovered, with consequent benefits also in terms of cost containment. The remaining production residues are closely and directly related to the manufacture of our products. They generally consist of metal scraps of aluminum, brass, copper, and so forth, which are destined for suitable recovery through authorized managers or disposal operators, even obtaining monetary valuation, where possible.

*The total waste generated in 2023 **decreased by 28%** due to a combination of significantly reduced production levels and enhanced site management practices, in addition to increasingly prudent management at plants*

Installing a reverse osmosis plant to produce demineralized water for use in the painting process proved crucial to the reduction of hazardous waste, in particular. Despite an increase in plant drainage water, this installation, completed and operational since early 2023, successfully eliminated the generation of a significant amount of liquid waste. In 2022, this waste amounted to approximately 42 cubic meters of hazardous waste.

The Montecassiano plant installed a reverse osmosis system in 2023 to replace the previous demineralized water production system, which involved the use of chemicals and the related disposal of hazardous waste. An increase in the site's water consumption is definitely expected in the coming years, as this system discharges fairly substantial quantities of drainage water.

As part of the SIT group, MeterSit adheres to the WEEE chain through registration with the National Register of entities required to finance the system and the ECOLIGHT collection consortium. In 2023, 1,443,446 kg of WEEE were placed on the market.

Conscientious use of water resources

At SIT and MeterSIT facilities, and for municipal necessities, water is mainly used for industrial purposes related to the use of water in production processes and the cooling of machinery and plants.

At present, consumption at all of the SIT group's Italian sites **comes from aqueducts** while water used for municipal necessities similar to domestic use is discharged into municipal sewers.

There are some authorized discharge points on the Montecassiano grounds, which are of little relevance as they are used to discharge condensed water from compressed air separators or cooling water from the laboratory testing chamber. These discharges flow into municipal sewers. The aforementioned wastewater is irrelevant in terms of the quantity of water discharged and pollutants due to its type and origin.

Plant 1 in Rovigo is responsible for the majority of **discharged waters used for industrial purposes** in Italy, where water is sourced from the aqueduct for production processes. Once used, this water is purified by means of a chemical-physical process and is later discharged as surface water into the drain on the site grounds.

Discharged wastewater used for industrial purposes – authorized under the Rovigo 1 “Integrated Environmental Authorization” – is monitored by an independent laboratory in accordance with the Monitoring and Control Plan (PMC) through wastewater sampling and analysis. In addition to the aforementioned checks, the treatment plant is equipped with control and management tools to ensure that the **proper treatment and purification process** is followed.

In Mexico, the site's water requirements are essentially met from two sources: the first consists of **groundwater** drawn from an authorized well for use in the fire-fighting system, in healthcare services and in the canteen for non-potable purposes; the second consists of the **purchase of purified water from third parties** to meet the need for drinking water and for water used for specific process purposes for which high levels of purity are required.

Analysis of the water use cycle within the Mexican plant enables identification of potential water-related impacts, assessing the quantity and quality of water from extraction to discharge, using tools such as flow meters and quality gauges, and carrying out quarterly laboratory analyses. The **volume** and **quality of water** extracted from the well is checked on a daily basis and the findings are automatically sent to the authority, which verifies compliance with authorized levels. Through its environmental management system, the Company has introduced an internal monitoring process for its water treatment plant to ensure compliance with discharge parameters.

As far as SIT Romania is concerned, the water previously drawn mainly from a licensed well is now also taken from the aqueduct as a result of the recent hook-up with the latter. Water consumption is primarily for normal household-type use. Its use for production purposes is of little relevance, particularly for the valve calibration process, for which distilled water is used. Water is discharged into public sewers in all cases.

The SIT factories in the Netherlands and China meet their water needs by **sourcing water from aqueducts**. Water at these plants is not used in production processes: It is only consumed for standard municipal use similar to household use and is discharged into the municipal sewers.

With regard to the plants included in the 2021 reporting scope, namely SIT Control Tunisia, Plast Alfin, and Janz, water consumption primarily relates to domestic use requirements, in addition to cooling machines and plants. The entire water supply is met exclusively through the aqueduct system.

Overall, there has been a general decrease in water consumption across the entire Group. This reduction is primarily due to a significant decline in production, resulting in lower consumption of both the water used in processes and the water used for human needs, owing to the reduced number of people present and/or fewer work shifts. The only exception is the Mexico site, where an increase in water consumption from wells was observed. In 2023, the site had to conduct several maintenance activities, including extraordinary maintenance of the fire water system.

WATER WITHDRAWALS BY SOURCE²⁰

<i>Source of withdrawal (megaliters)</i>	2023		2022	
	All areas	Water stress areas	All areas	Water stress areas
<i>Groundwater (total)</i>	55.14	55.14	40.55	40.78
<i>Third-party water (total)</i>	71.58	12.87	97.68	18.36
<i>Total water withdrawal</i>	126.72	68.01	138.23	59.14

In 2023, there was an increase in water consumption in areas with high or very high water stress, primarily due to the increased water usage at the Mexican site to conduct extraordinary maintenance and related tests on the fire water system.

²⁰ To identify water-stressed areas, we used the Aqueduct Tool developed by the World Resources Institute (WRI). The WRI tool is available online at: www.wri.org/our-work/project/aqueduct. The results identified in the “water stress” scenario were taken into consideration for the analysis. The sites considered to suffer from (high or extremely high) levels of water stress are: Montecassiano (Italy), Monterrey (Mexico), Brasov (Romania), Suzhou (China) and sites in Tunisia. In the absence of specific information, the source of third-party withdrawals has been estimated based on the country. We note that the data on water withdrawal only includes water used at the Group’s production plants.

Overall, considering the Group's total water consumption and the fact that a significant number of Group facilities are located in regions marked by high water-stress levels, we note that water consumption in these areas continued to remain relatively low. This is mainly due to the fact that the highest levels of water consumption to meet production process needs can be found at the Rovigo site, in particular Rovigo 1, located in a medium-low water stress risk area.

Considering the overall Group data for 2023, an **improvement consisting of an overall decrease in water consumption** can be observed.

Product quality and safety

The Quality function is responsible for ensuring compliance of products, processes, and quality systems, and for coordinating all aspects of continuous improvement to enhance customer satisfaction and streamline inspections.

In 1988, SIT was among the first companies in Italy to achieve **ISO 9001 Quality Certification**, and, over the years, has endeavored progressively to adapt to and often **anticipate the growing needs of the market**.

All of the Group's operating facilities are certified to ISO 9001.

In order to maintain the certifications, the Group submits to annual notified body audits of its Management System and corporate and production processes. This activity is supplemented by an **internal audit** regularly conducted on all corporate processes and functions, and main suppliers. In addition, SIT regularly analyses all customer feedback.

The product and service development cycle is mapped in the Quality Management System, which is correlated with procedures describing the Company's processes, including the design and manufacture of products and services and work instructions detailing the stages of work, to ensure that the process meets internal and regulatory standards of quality and safety that are constantly evolving and improving.

The **Quality Department** gives substance to and harmonizes all the operational areas in which the Company conducts its business. The documentary system of procedures, the monitoring tools provided by the System and compliance with ISO standards are fundamental elements to support the entire organization and its strategic business choices.

SIT's goal is to continue the process of strengthening the concept of quality as a managerial tool integrated into the business. Given the Group's extreme dynamism, this vision is as valid as ever.

The function is headed by the **Quality Assurance Director**, who has specific authority to ensure that the **Quality Management System** is set up, applied and maintained.

Additionally, attention to quality and safety standards of products and services is ensured across Company functions, with different levels of responsibility according to the phases of a project:

- **Responsible:** those who execute the action operationally
- **Accountable:** those responsible for carrying out the activity
- **Consulted:** those who must be consulted in order to carry out the activity
- **Informed:** those who must be informed about the activity

SIT has always been committed to seeking out the best technological and production solutions to ensure the highest quality standards for its customers. For this reason, in-house production is a strategic element of SIT's business model, allowing it direct oversight of all stages of the production process that can impact the quality of its products.

Quality is embedded in every Group function, from Research and Development to Operations and Sales services.

On an annual basis, quality goals are defined and then formalized in an **Annual Quality Plan**. The KPIs of such goals include the quality of the finished product as perceived by customers, the efficiency of operating processes, and the performance of suppliers. During the year, **performances are continuously monitored** against targets in order to **verify project progress and identify new actions** where deemed necessary.

SIT works in synergy with its customers to bring excellence to its production lines, enabling data processing at the source and making information accessible and secure. In collaboration with them it develops solutions to add value to the final products, creating increasingly complete and integrated products.

The production processes are based on lean production and make-to-order to best respond to our customers' needs. In order to enhance its performance, SIT collects feedback from customers about the fulfillment of their expectations, both informally and systematically. In particular, customer **satisfaction** is monitored in two ways to ensure maximum flexibility, depending on the systems they use. If a customer has a vendor rating system, agreements are made to define the achievement of performance targets, monitoring methods and permanent plans for improving processes and products that are supervised periodically. If this option is not available, the survey is conducted through a dedicated survey mediated by the sales team. In addition to these direct indicators, other indirect indicators are monitored, such as analysis of sales, repair work, delivery delays and complaints received.

With regard to mechanisms for **handling complaints and reports**, the Group has a Customer Quality Function that acts as an entry point for all customer communications. It conducts a detailed analysis of products deemed to be defective and provides feedback to the customer using an 8D methodology to communicate the root cause analysis and any possible remedies.

For SIT, the collection and monitoring of this information is one of the measures of the effectiveness of the Quality Management System.

Drawing upon its high level of corporate know-how, the Group is also in a position to support its customers in solving system problems that cannot be traced back to SIT products.

SIT also pays the utmost attention to the **protection of data** managed through its corporate networks. In 2018, SIT decided to make a formal commitment to the most stringent international standards in this respect, starting the **ISO\IEC 27001:2017** certification process for MeterSit's information security management system. This periodically verified certification defines the requirements of an Information Security Management System (ISMS), concerning information technology, security techniques, information security management systems. Furthermore, it allows for the careful assessment of potential business risks related to the type of information being managed, highlighting areas for improvement.

SIT launched a dedicated procedure to monitor **privacy protection** and **data management** performance that places IT system security at the center of a corporate three-year improvement plan. The monitoring is carried out via specific forms, also drawn up to provide evidence for the certification compliance and maintenance process.

A plan of objectives for the Information Security Management System has been defined. This is reviewed by company management at periodic meetings, in compliance with the ISO regulations.



SIT

MADE WITH CARE



Material Topics:

- Culture of sustainability
- Management development of human resources
- Welfare and well-being
- Diversity, inclusion, and equal opportunities
- Human Rights
- Occupational health and safety
- Engagement with local communities
- Labor/management relations

- SOCIAL RESPONSIBILITY

Management and development of human resources

SIT is consistently committed to creating a work environment that promotes **the well-being and development of employees and the organization**. This commitment is based on a series of HR governance policies that seek to create an inclusive and fair environment for all team members. A key element of this strategy involves **proactively listening** to employees' needs and feedback, which allows SIT to continuously adapt its policies and practices to meet the evolving needs of its workforce.

Throughout 2023, SIT continued to invest resources and effort in human resources to promote a **sustainable work environment**. This investment was achieved by improving HR procedures and adopting policies focused on fostering inclusivity, merit, fairness, employee well-being, and professional development.

A notable result of this commitment is evident in the area of gender equality through the attainment of the **UNI/PdR 125:2022 Gender Equality Certification**. Being one of the first companies to obtain this certification is a testament to SIT's persistent efforts and consistent dedication to promoting diversity and gender equality in the workplace.

In addition, SIT's HR policies reflect an approach that prioritizes employee well-being and development, emphasizing the value of **embracing diversity** and **recognizing merit**.

SIT is aware of the importance of maintaining a **healthy work-life balance** and seeks to enable its employees to fully realize their professional and personal potential.

These policies not only reflect the **Company's social and ethical responsibility** ideals but also contribute to creating an environment where employees feel valued, respected, and empowered to thrive.

Characteristics of the workforce

At December 31, 2023, SIT had **2,218** employees, compared to 2,582 the previous year. Generally speaking, the employee count across different geographical regions remains stable, with a balanced gender distribution.

Total workforce at December 31st ²¹

	2023	2022²²
<i>Employees</i>	2,014	2,349
<i>External workers - temporary</i>	204	233
TOTAL	2,218	2,582

Percentage of the workforce by gender at December 31st

	2023		2022	
	Male	Female	Male	Female
<i>Employees</i>	44.0%	56.0%	41.4%	58.6%
<i>External workers - temporary</i>	35.8%	64.2%	35.2%	64.8%
TOTAL	43.3%	56.7%	40.9%	59.1%

56.7% of SIT's workforce is **female**, which is largely in line with the previous year (59.1%). This figure confirms the substantial prevalence of women in the Company workforce.

²¹ The total workforce includes SIT employees and external agency workers, in line with the Consolidated Financial Statements. As a result, interns, agents, contractors, the self-employed, and other external workers, including non-guaranteed hours workers, were excluded. At December 31, 2023, there were no employees on non-guaranteed hours contracts, but there were three workers on non-guaranteed hours contracts. External workers tend to handle plant operations.

²² Compared with the previous year, the number of External Workers only includes external agency workers. Therefore, all other external workers were excluded.

Employer Branding

With the goal of attracting the very best talent, the SIT group has established and maintains strong and fruitful collaborative relationships with numerous Italian schools and universities.

In 2023, the Company continued its research project “Driving the transition of manufacturing firms towards customized, integrated solutions through smart product-service systems”, which is run in collaboration with the department of Economic and Management Engineering, at the University of Padua, and which concluded by year-end.

With a view to bringing together students, recent graduates and doctoral candidates throughout the country, in 2023 SIT S.p.A., as representative of the Group, took part in 15 events organized by institutions, companies and the career guidance services of Italian universities. Through these recruitment events and participation in seven employer branding initiatives, **SIT interacted with 1,794 young talents** pursuing various educational paths, a **19%** increase on 2022. The Company established **contacts and collaborations with 35 institutions**, including research institutions and universities in Italy. It actively participates in events sponsored by the Career Services of renowned universities such as the University of Padua, the University of Trento, the University of Ferrara, the Polytechnic University of Turin, the University of Pavia, the University of Palermo, and the Marche Polytechnic University. Some talented individuals whom SIT met during the employer branding and recruiting events were later invited to participate in digital assessments with a view to activating curricular and extracurricular internship schemes that offer a real opportunity for training and growth within the organization.

Again, in 2023, more than half of the events in which SIT participated were held in physical locations. The Group continued to increase its attractiveness by participating in various employer branding and recruiting initiatives and promoting new HR activities through Facebook and LinkedIn. In 2023, these actions resulted in the receipt of more than **500 spontaneous applications** on the company website and LinkedIn.

6 work experience, **6** extra-curricular, and **10** curricular internship schemes were launched across Italy, of which 5 were dedicated to drafting dissertations. During the year, a valuable ITS training program was also completed, prompting the Company to continue its fruitful collaboration with the Higher Technical Institute, with at least three new hires expected to join the Group at the beginning of 2024.

To further foster engagement on the Company’s LinkedIn profile, both from a Talent Attraction and Acquisition perspective and for Employer Branding purposes, SIT launched a knowledge-sharing campaign on the platform called “**Curious Things**”. This campaign features a series of challenges

presenting intriguing content related to both the Company's business and topics designed to engage with the target STEM audience.

Believing strongly in the development of skills and talent, SIT actively participated in and, at times, directly organized **several initiatives in collaboration with the school**. In March 2023, SIT participated in a **workshop titled "The Era of Hybrid Jobs"** with the Istituto Salesiano Manfredini di Este (PD), which explored innovation and the skills required to achieve it. SIT had the opportunity to share its business insights and vision with 48 young students at the workshop, also participating in speed interviews to field questions and provide guidance.

Finally, in 2023, SIT opened the doors of its production plants to **149** students (+162% on 2022). This initiative seeks to **reduce educational and skills mismatches**, promote factory work as a dignified space for all professions, and **tackle the gender gap in STEM disciplines**. These students, coming from various vocational colleges in the province of Padua and Rovigo, in addition to local middle schools, were given the opportunity to explore the production process of SIT products in detail.

In the realm of Corporate Social Responsibility and Employer Branding, the Company joined the **Orientatech** initiative, promoted by Randstad and the Cattaneo-Mattei Institute in Conselve (PD) in March 2023. The objective was to participate in school and university orientation activities, presenting real technical business cases to 32 students to solve. SIT also participated in an orientation-focused online seminar titled **"Towards Employment,"** organized by Er.go, the Regional Company for the Right to Higher Education. This platform enabled SIT to showcase its business and offer valuable insights to young talents, equipping them with essential information for navigating the job market and a greater awareness of the most sought-after skills and soft skills, in addition to how to write CVs and handle job interviews.

SIT received the BAQ stamp from Confindustria, confirming its provision of high-quality training courses for students engaging in work experience (PCTO - Alternanza Scuola Lavoro) for the year 2023.

As part of its **talent acquisition and employer branding initiatives**, the SIT group strives to maintain its reputation among entities and institutions that train individuals for the workforce. The Company is committed to delivering high-quality training programs, **fostering a healthy and sustainable work environment**, and addressing the issue of skills mismatch, which causes a misalignment between labor supply and demand. By doing so, SIT actively contributes to the economic and social development of the local area in which it operates.

Creating the Best Workplace at SIT

The SIT group has embarked on a process of improving its work environment, focusing on fostering positive relationships among colleagues and promoting harmony within the Company. This effort included actively listening to employees through the **“Great Place to Work”** survey. **The climate survey conducted in 2022 received a response rate of 69% and revealed that one in two employees consider SIT to be a “Great Place to Work.”**

In line with the Group’s long-standing commitment, the survey included an assessment of Diversity & Inclusion to gain a comprehensive understanding of the prevailing sentiments within the Company regarding these topics. These already positive results prompted SIT to do even more, outlining a clear path towards D&I. This commitment was visibly demonstrated through the adoption of new policies and the updating of best practices across the Group in 2023, as outlined in the upcoming sections.

Based on the results obtained, SIT has therefore created and continues to create programs to improve working conditions and personal support, identifying them with the logo **“SIT: towards the best place to work”**, which will accompany all employee well-being initiatives promoted in communication materials.

Responding to the feedback provided in the survey, 2023 saw the launch of the **“Breakfast with Federico”** initiative, which provides an active listening space to foster mutual understanding, exchange points of view, and provide updates on the Company’s direction with its CEO, Federico de’ Stefani. Considering the positive feedback and evident value of these sessions, which involved **30 participants** across the six scheduled events, the initiative will continue in 2024 with additional dates. By bridging gaps, this initiative facilitates the valuable exchange and sharing of different perspectives, often not achievable in day-to-day interactions. Following this initiative, a similar engagement effort was launched overseas at the Romania plant, with the introduction of the **“Breakfast with the Site Manager”** event.

To strengthen engagement, listening, and sharing, **“Town Hall Meetings”** commenced in the latter half of 2023. These quarterly events, held after the release of financial results, seek to share the Company’s business performance and relevant organizational updates, while also acknowledging team achievements and showcasing best practices. The Company intends to continue these sessions in 2024, making them a regular occurrence. They were conducted both remotely and in person, involving the entire Group, specifically the Heating & Ventilation Business Unit.

People Attraction

SIT invests in people by creating the conditions for them to develop and grow together as a Company and system towards an increasingly sustainable environment

SIT pays particular attention to its **Employee Value Proposition (EVP)**, which essentially consists of the experience had by employees and also potential candidates in the workplace. EVP is rated based on the company's intrinsic characteristics, its brand identity, its corporate culture and the relationship it has with its employees. The EVP is most explicitly expressed in the way SIT designs and manages its recruitment process. In 2023, SIT published the new Group **Hiring Procedures**, ensuring a selection and recruitment process carried out in full respect of diversity, inclusion, and equal opportunities. More specifically, the recruitment process does not discriminate with regard to gender, religion, personal beliefs, race, ethnic origin, disability, age, sexual orientation or personal politics. In addition, stable and long-lasting employment relationships are considered fundamental in fostering the growth of the Company, as well as constituting a significant motivational factor. A total of **33 people** were hired at the various Italian offices of SIT S.p.A. and MeterRSit Srl during the year, while **one contract was made permanent**.

Of the total number of new hires, 63.6% were men, while the remaining 36.4% were women. About 61% of new hires in 2023 majored in STEM subjects, of whom 27% were women.

In general, **the SIT group's recruiting and selection process is inspired by the principles of honesty, meritocracy, equality, transparency, and confidentiality, guaranteeing respect for equal opportunities, fundamental human rights, and individual freedoms. SIT firmly rejects and opposes forced labor, child labor, and human trafficking, in addition to all forms of exploitation, abuse, and coercion both in the workplace and throughout the supply chain.**

In support of its People Attraction & Retention policies, SIT maintains an active section on the Company's Intranet titled "**Careers at SIT**", which is dedicated to internal career opportunities. Here, employees have the opportunity to refer candidates through the **referral program** or apply for new roles through **job rotation**.

In 2023, growth opportunities will also be provided to undergraduates and recent graduates entering the job market for the first time. **15 curricular and extra-curricular internships** also took place.

SIT created an onboarding program called the **Employee Journey** for all newly hired employees. The program is designed to progressively and seamlessly integrate individuals into the Company and create a welcoming and supportive opportunity to socialize within the organization. In addition, when a new employee joins the team, an official announcement is made and they are gifted a **Welcome Kit** by the HR department.

A large part of the onboarding program is dedicated to an induction plan, which underwent a review and was fully digitized in 2022 through updates to the custom **I-plan Sign application**. According to the provisions of the induction plan, at monthly and recurring meetings, newly hired employees have the opportunity to meet representatives from various company departments. This approach promotes early familiarity with the Company's structure and characteristics, in addition to a welcoming environment and socialization.

SIT's induction plan consists of a structured "journey" comprising multiple appointments referred to as stations. These stations are designed to engage all new hires in their first 90 days at the Company.

The basic induction plan is complemented by a **role induction plan**, which can be customized and defined by managers or "buddies," depending on the new hire's role. The objective is to familiarize new hires with the tools, methodologies, and departments they are likely to encounter during their time at the Company. With the I-Plan sign application, the onboarding process can be conducted entirely digitally, ensuring accessibility from various Group locations without any space or worksite constraints. This approach aligns with SIT's chosen hybrid organizational model.

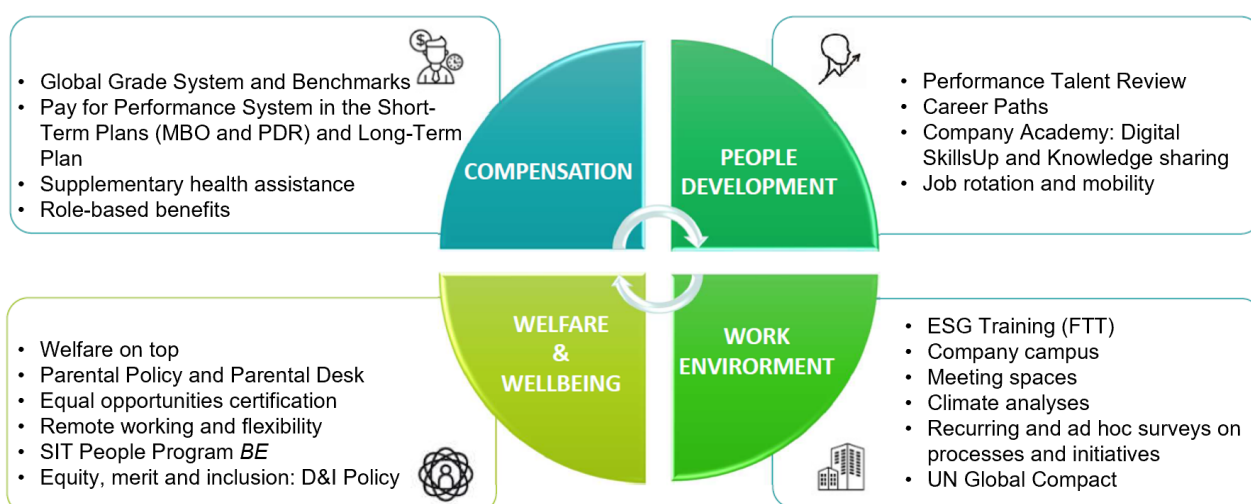
As for 2023, **15 interns**, totaling 211 hours, and **63 employees** totaling 1057 hours took part in the induction plan, representing a **39% increase in hours managed compared to 2022**.

Onboarding at SIT ends with the provision of access to the SKILLS UP corporate Digital Academy. The platform makes various training topics accessible. It also includes an additional training course called **"Welcome Kit - soft skills for new hires,"** which is specifically designed for new employees. In 2023, a total of 128 hours were dedicated to this course by new hires.

Total Reward

SIT's human resources management approach is based on the **Total Reward Strategy**, which takes various areas of focus into account. The Company strategically invests in these areas to incentivize and reward talent and the performance of SIT employees.

In line with its Employee Value Proposition, *"We invest in our staff, providing them with the conditions in which to thrive and grow within the Company. We are working together towards a sustainable work environment"*, the Total Reward Strategy sets clear guidelines for HR processes and practices, in order to **balance company objectives with employee motivation. It also seeks to enhance performance, improve employee engagement, and bolster talent retention and attraction**, guided by the following four principles:



SIT's policies in this area are designed to foster equal opportunities and cultivate a culture built on meritocracy, equality, and respect for diversity. These policies align with the broader objective of promoting sustainable personal development, while creating a positive, safe, and inspiring working environment.

People Development

In 2023, development and training proposals continued to align with the hybrid organizational model, offering various participation methods, both in-person and remote. This ensures greater engagement and accessibility across the Group's various plant.

612 individuals across Italy took part in the yearly training schedule, accumulating a total of **9,489** training hours, comprising both internal and external sessions.

Specifically, SIT's training commitments for Italy, delivered in real-time, are represented by the following percentage distribution by area of expertise:

- 8.4% D&I – ESG training hours
- 37.5% HEALTH & SAFETY training hours
- 14.1% MANAGERIAL AREA training hours
- 40% TECHNICAL AREA training hours

Real-time training sessions, conducted in person and remotely, consisted of **89 different training programs** related to technical, managerial, and language skills.

Skills-Up Digital Academy

In 2023, SIT strengthened and expanded the training offerings of its **Skills-Up** digital academy. This innovative platform allows employees to participate in topical, modern, and interactive training courses divided into sections within broader programs, which are available in both Italian and English. There was an **18%** increase in users adopting the platform compared to 2022, with the user population growing **14%** since its launch year.

Three content categories have been developed within the digital academy: **Corporate Culture, Personal Development, and Group Compliance**. The Corporate Culture section offers training opportunities to all users within the organization on corporate values, ethical practices, and sustainable organizational culture. They are designed as bite-sized courses that emphasize the Company's values and their practical and expressive applications. Personal Development proposals are tailored to the skills improvement needs of individuals. In 2023, proactive self-development and learning agility were also encouraged, essential in a dynamic environment where continuous upskilling is needed to meet evolving business needs. To support this initiative, a catalog of training proposals aligned with essential SIT skills was made available through platform plug-in enhancements: Facilitate People, Boost performance, Drive Innovation, and Lead Business. During this period, employees attended 477 hours of training and completed 179 training modules.

Customized training sessions on governance and compliance topics are also provided. The internally developed training program, enhanced by interactive content and effective micro-learning methodology, enabled the exploration and promotion of topics such as practices and policies, which are generally challenging to engage with. A total of 1,399 hours were dedicated to courses in this domain, with a participation rate of 93% among users granted access. Specifically, with reference to Legislative Decree No. 231/2001, special crimes like Market Abuse, Receiving Stolen Goods, and Money Laundering were covered, alongside a general module on Corporate Liability for 231 Entities, totaling 224 hours.

At December 31, 2023, there were 528 active Group users both in Italy and abroad, with a total of 2,830 hours used during the year, representing an increase of 345 hours compared to 2023.

ESG training

Throughout 2023, multiple initiatives were undertaken to consolidate commitment to Sustainability, a core value for SIT, resulting in a total of **420.5** hours of training delivered to 173 participants, of which 81% were delivered in-house and 18% externally.

The **Fast Track Training** program titled ***“Sustainability Culture and Future”***, led by SIT’s Mission Leaders, was particularly relevant in this regard. These webinars involved 154 employees from the Research & Development, Finance & Legal, and Supply Chain departments in three different sessions and sought to raise their awareness of the sustainability strategy, roles, and actions outlined in the “Made to Matter” Sustainability Plan. Each session was tailored to cater to the participants’ needs, with topics structured to align with the specific departments and expertise of the audience. A total of 328 hours of training were provided during the program.

In 2023, additional initiatives were launched through the Skills-Up Digital Academy platform to strengthen a series of core principles ingrained in SIT’s culture, as reiterated within the policies published during the year. One notable addition was the **Gender Harassment in the Workplace** course, which comprises five sections guiding SIT employees through a process of awareness-raising to combat gender harassment at all levels. The course involved a total of 414 people in a total of 606 hours of training. In addition, a training course on **Human Rights** was launched, in line with the commitments undertaken in the Group’s policy. The course involved all employees equipped with Skills-Up digital access. The course was completed by 295 people, amounting to a total of 125 hours of training. Finally, regarding the topic of **Diversity & Inclusion** and the training commitments made in the related policy, SIT rolled out several training initiatives, namely:

- 1,174 hours via the Digital Academy – Group
- 314 hours of real-time training – Italy

A total of **452** employees in Italy and abroad participated in these activities.

The courses mentioned above formed a mandatory component of the induction plan for all new hires with Digital Academy access. Overall, 22% of all SIT employees received training on diversity, human rights, discrimination, and/or harassment.

In addition to training on these topics, investment in external training continued within the ESG framework. **14** employees were involved in approximately 70 hours of training on **Climate Ambition** and **Sustainable Procurement** skills.

Finally, SIT employees were given voluntary access to a wide range of online courses on ESG topics through participation in the United Nations Global Compact. These courses were provided by the **United Nations Global Compact Academy**, a platform directly managed by the initiative's headquarters.

Technical skills

In terms of enhancing **technical skills**, a total of **649 participants** attended various training courses, accumulating a total of **3,143 hours** of training and consolidating acquired skills.

Thanks to partnerships with leading Business Schools, recognized both in Italy and abroad, highly specialized technical and managerial programs were launched and completed, including an Executive Master's and MBA program. 21 employees from various company departments tackled topics within their respective areas of expertise, including technological innovation, project management, and enhancing production line efficiency with a focus on ergonomics. These specialized technical and managerial courses totaled 477 hours of training. In addition, the Company facilitated professional development and training by granting **154 hours of paid study leave** following personal requests from staff members.

Managerial skills

Seven dedicated workshops on soft skills were held for **54** employees from various company departments, totaling approximately 18 hours. The proposed activities, participatory and hands-on by nature, sought to foster collaboration among employees from different departments through group work and classroom games. They were designed to promote teamwork, proactivity, open communication, an agile mindset, and effective change management.

Investment in **foreign language learning** also continued with the launch of **23** individual courses, resulting in a cumulative total of 283 hours dedicated to internationalization.

Individual coaching programs were also initiated as a support and enrichment tool for personal resources, catering to both managers transitioning into new roles of professional growth and individuals seeking to continuously improve and prepare for future challenges.

Approximately **60%** of the corporate population participated in professional and/or personal development training in 2023.

In-House Academies

In 2023, the Group's **in-house Academies** continued their commitment in **Knowledge Sharing** format. Employees volunteered as in-house trainers within the company, sharing their specific knowledge and skills with colleagues from other departments, contributing to **33%** of the overall training plan based on hours delivered.

Within the realm of R&D, the Metering division concluded a program covering cybersecurity, firmware, protocols, metrology, MID, and Atex certifications. These sessions were attended by **32** employees and amounted to a total of 237 training hours.

In the Human Resources area, the *Giuslavoro* and contract law program, comprising 10 sessions in 2023, involved the entire team in 16 hours of knowledge sharing and skill enhancement to foster continual improvement in HR processes.

The transmission of internal skills and their capitalization also benefits **interns**, who are supported by their tutors, gain work experience, and can continue the learning process at the same time. In 2023, **interns accessed a total of 219 hours of training**, including on-the-job training programs and internal training, supplemented by freely accessible training proposals through the SKILLS UP Digital Academy, totaling 172 hours of micro-learning delivered.

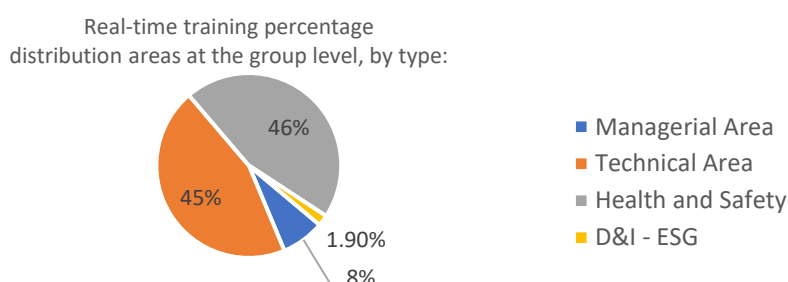
These training sessions have the objective of making the vast expertise possessed by SIT employees accessible to all and fostering a climate of professional recognition, collaboration, and knowledge capitalization.

University Teaching with SIT

In addition, the skills of SIT employees were enriched and made available to **external stakeholders** through partnerships with some of Italy's leading universities, business schools, and national calibration industry associations, and professional category associations. The target audience for **business lectures** encompassed a broad spectrum of professionals, ranging from recent graduates to seasoned professionals. Through teaching or participating in study and research roundtable discussions, SIT professionals shared their expertise and company best practices on topics such as Welfare and Benefits, Flexibility in the Workplace, Technological Innovation, Human Resource Management, Sustainability and Organization, in addition to presenting best-case scenarios such as the Gender Equality Certification process.

Training at Local Units

Regarding the training provided to **Local Units**, excluding corporate-level training, both the Portuguese and Romanian facilities invested in managerial development programs, with a focus on strengthening leadership. A total of 1,130 hours were delivered to employees of local units, with a participation rate of 56% for female employees and 44% for male employees. Plants in Tunisia, China, and Mexico allocated 54% of their annual training plans to technical skills. A total of 6,030 training hours were delivered in this area, with a participation rate of 54% among female employees. Topics related to production processes, machinery, and applied technologies, in addition to continuous improvement, were addressed at local units, with 81% of participants belonging to operational areas. Close attention is paid to the **health and safety** of employees at the Group level, who are trained and kept up to date with an average of approximately eight training hours per capita for the 1,854 participants involved.



Overall, at the Group level and across all topics, approximately **35,151 hours of training** were delivered, both in real-time and self-paced formats, with 52% male and 48% female participants. On average, **17.5 hours of training were provided per capita**.

Compensation

SIT remains dedicated to carrying out salary review initiatives that are guided by a **meritocratic and objective approach**. These initiatives seek to value the contributions of all employees, while adopting a reward logic based on performance and potential.

SIT's Compensation system tools include:

- **Base & increase salary**
- **Short-term incentives** (MBOs and performance bonuses)
- **Long-term incentives** (e.g., Performance Shares, Stability Packs, and Restricted Shares)
- **Benefits & Welfare** (supplementary health care, family support, child support)

Through its personnel management policies, **SIT has always promoted stable, continuous employment relationships**, and contractual formulas that meet the flexibility needs of its employees.

SIT refers to the applicable legislation in each of the various states in which the Group's plants and commercial offices are located.

The Company recognizes in trade union organizations the role of signatories of national collective bargaining agreements, and in their territorial representatives the natural counterparties for negotiations regarding economic, regulatory and employment matters and criticalities.

Since 2021, SIT has adopted a banding structure for all strategic organizational roles in Italy following the specific and globally recognized methodology known as the **Global Grade System**. These roles are identified based on their characteristics and specific demographics they serve. The system allows company roles within Italy to be mapped and weighted, in addition to the majority of strategic roles in overseas offices.

This formed the basis for the **Gender Pay Gap** analysis, started in 2023 in collaboration with Willis Tower Watson. The purpose of this analysis was to examine any gender-based pay gaps within the SIT S.p.A. and MeteRSit S.r.l. workforce, considering both fixed and variable remuneration components for each of the bands identified using the Global Grade System methodology. The output of this assessment provides an initial snapshot, serving as a pilot for technical working groups to further study and explore the topic. The intention is to develop a methodology that is as objective and functional as possible given the complexity of the corporate context. In 2024, the Company will begin phase 2 of the project, establishing working groups, measurement systems, and potential recovery plans.

All this further strengthened and clarified SIT's "**Equal Pay for Equal Work**" vision, in which growth and the distribution of development opportunities are governed by merit alone and the present and future contribution of people, in contrast to any form of discrimination.

SIT's banding structure, incorporated into its Compensation systems, allows for self-monitoring relative to external competitiveness benchmarks. It also ensures equity within the organization by employing robust and objective criteria, guiding the Salary Review based on the principles of **fairness and merit**.

The Group's **Salary Review** process aligns with the business's strategic needs, company and individual performance, and the dynamics and developments of the labor market. It applies to all SIT employees based on established allocation and definition criteria, which are shared with the company population. Compensation policy actions are carried out annually, with addressees notified in writing, and updated documents are promptly published on the company portal.

SIT tends to position itself above the standard pay of the reference country in order to attract more talent and remain competitive. In this regard, the ratio of the standard new-hire entry level wage to the local minimum wage in significant location of operation for the Group is shown below²³.

	2023	2022
<i>Italy</i>	1.06	1.03
<i>Romania</i>	1.00	1.07
<i>Mexico</i>	1.13	1.36
<i>Netherlands</i>	1.00	1.24
<i>China</i>	1.04	1.04
<i>Tunisia</i>	1.00	1.00
<i>Portugal</i>	1.00	1.02

²³ By significant location of operation, we mean the countries in which the group possesses at least one production facility. The local minimum wage was taken from collective bargaining agreements in the respective countries where the individual facilities are located.

The remuneration of SIT **Executives** and **Managers** includes a fixed annual component and a variable component, which is linked to the achievement of specific performance objectives, including those of a non-financial nature.

The **Management By Objectives (MBO)** incentive, governed by a specific internal policy, represents the annual variable remuneration component. This approach, known as **pay for performance**, ensures that executive and managerial remuneration is directly linked to the achievement of pre-established targets, both in terms of financial results and overall company performance. In line with Corporate Governance Code guidelines, the **Long-Term Incentive (LTI)** system created for top management also seeks to align the performance objectives of management with the achievement of the objective of the creation of value for the shareholders in the medium-long term period.

The third cycle (2023-2025) of the **Performance Shares Plan** includes **34 beneficiaries**, who will be granted the corresponding shares upon verification of meeting the performance targets corresponding to the targets outlined below:

- Three-year cumulative adjusted EBITDA (relative weight 60%);
- Adjusted NFP at end of period (relative weight 20%);
- ESG indicator (20% relative weight), which comprises the following sub-targets:
 - i) Maintenance of the ECOVADIS GOLD rating in 2024 and 2025 (10% weighting);
 - ii) H&V turnover comprising 9% “Non Combustion” Products (10% weighting)

Corresponding shares are granted following verification that the performance targets associated with the objectives set for the three-year reporting period have been achieved. The plan also provides for malus and clawback provisions that can be triggered in the three years following the award of shares, if shares are allocated based on manifestly incorrect data.

GRI 2-21: Annual total compensation ratio

Below are the values obtained when calculating the indicators required by GRI Standard 2-21, “Annual Total Compensation Ratio,” for the year 2023.

The requirement **a. annual total compensation ratio** was calculated as follows:

<i>The ratio between the compensation of the CEO & Chairperson, including fixed remuneration and short-term variable remuneration (MBO linked to targets) and the median compensation (fixed and MBO linked to targets) of employees in Italy (SIT S.p.A and MeteRSit S.r.l.).</i>	Indicator: 26.44
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As for requirement **b. Change in annual total compensation ratio**, the variation for 2022-2023 is shown below:

<i>Percentage increase in annual total compensation for the organization's highest-paid individual</i>	0%
<i>Median percentage increase in annual total compensation for all of the organization's employees</i>	12%
Change	0%

Welfare and well-being

Organizational well-being is a fundamental aspect of SIT's commitment. Focusing on employee well-being extends beyond mere organizational concerns. Employees now expect companies to support their overall well-being. This forms the bedrock of SIT's HR Strategy, with **Well-being & Work-life Balance** forming a central pillar, intersecting with the broader social sustainability strategy. **Made with Care.**

Understanding what well-being means for the workforce is not straightforward; we know how subjective feeling good can be. The experimental approach we have adopted in recent years, amidst the ever-evolving VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) landscape, revolves around a cyclical process of "listening – experimenting – recalibrating – implementation." This approach requires both effort and flexibility to navigate ongoing changes and address issues impacting people's well-being. Such was the challenge that underscored our **People care** initiatives in 2023.

Building on the efforts of 2022, SIT continued to strengthen its Welfare and Well-being policies in 2023 by paying special attention to safeguarding the **physical and mental health** of its employees, thus championing broadly accessible and inclusive initiatives that promote **opportunities for balance and well-being**. The initiatives have increased fringe-benefit purchasing power, facilitated a healthier work-life-balance, and promoted a climate of personal and professional health and well-being.

In 2023, SIT continued its partnership with the ISTUD Business School to **support families**, maintaining its commitment to this topic. This partnership provides children and siblings of employees with dedicated discounts on the school's master's degree programs.

Additionally, the provision of **paid leave** for medical appointments, upon submission of a medical certificate, was confirmed for 2023: 298 employees took this leave for a total number of 2,060 hours.

The Company reaffirmed its commitment to listening to the needs of its employees and supporting them through important life events. On March 1, 2023, a **Parental Policy** was adopted for employees of SIT S.p.A. and MeterSit S.r.l., seeking to assist mothers and fathers during the important moment of welcoming a child. This policy introduces new opportunities for new parents, complementing existing rights.

SIT therefore intends to support and **promote parenthood** with concrete initiatives and measures provided during the prenatal period and after childbirth, up to the child's third birthday. Its purpose is to assist employees in their return to work and to promote a healthy work-life balance. During the

antenatal period, SIT prioritizes working conditions, offering increased flexibility in schedules, along with paid time off for antenatal medical appointments and antenatal courses for both mothers and fathers. **Five** employees applied for these measures, for a total of 34 hours. **Following the birth of a child**, SIT grants new fathers an additional five days of paid leave, usable within the child's first year of life or within their first year of joining the family. In 2023, **10** employees took advantage of this opportunity, for a total of 304 hours. Additionally, if requested by new parents, **remote working** for 15 days per month can be granted during the first month back to work. Parents are also given extra paid leave per year for their children's **medical appointments** up to the age of 14. In 2023, this leave was used by **27** SIT group employees, totaling approximately 104 hours. To further enhance accessibility and applicability, the **Parenting Desk** was established. This monthly appointment-based service allows parents to explore dedicated services and measures through direct consultation with the HR department.

Finally, the Company offers subsidized services to support working parents, including **after-school programs and summer camps organized by the SIT Foundation**. These initiatives seek to provide employees' children with a welcoming and stimulating environment, combating issues such as school absenteeism, educational poverty, and sedentary lifestyles.

Welfare

The Company further strengthens the purchasing power of employees and their families by increasing the On Top portion of flexible benefits. This comes in addition to the national collective bargaining agreements and the Welfare portfolio that was improved in previous years. This results in a **23%** year-on-year increase in the Welfare ceiling for SIT employees. The supplementary 2nd level agreements see the Company consolidate the adoption of Welfare tools.

At SIT, the various **Welfare** measures are accessible **both through** mandatory "**contracts**" from industry national collective bargaining agreements and through "**results**", allowing employees to fully or partly convert their production bonus into corporate Welfare. Finally, **Welfare On Top** is the voluntary and flexible expansion of the portfolio through the allocation of additional portions to homogeneous categories of the corporate population.

Strengthening corporate Welfare policies constitutes a tool to **support families** and foster social responsibility, especially given the current social and economic context. Welfare offers employees the chance to supplement income, as - being tax-exempt - it increases the purchasing power of households. Based on the amount disbursed, each employee can choose the flexible benefits that best suit their needs. These can be allocated through direct disbursement or through reimbursement.

22.56% of eligible employees chose to convert their Performance Bonus to Welfare portfolio, leading to a roughly 8% increase in purchasing power on this specific source of credit compared to the previous year.

To support parents, since March 1, 2023, through the aforementioned Parental Policy, the Company offers a new source of Welfare On Top amounting to 700 Euro per child, for those parents with children up to the age of 3. This amount must be requested by the recipient, once within a three-year period, and can be used through the IT platform provided by the Company. In 2023, the initiative gathered applications from **28** employees and also extends to temporary staff.

SIT employees have access to a Welfare budget, which can be utilized through the **Edenred** platform. The Edenred platform offers a diverse array of service types, enabling employees to utilize their Welfare credit for themselves and members of their household. In 2023, a decision was made to expand the selection of services based on employee preferences, ensuring that the service offer focuses on the areas that employees most value. The introduction of a “Health Insurance Fund” (***cassa sanitaria***) within the platform provides employees with the opportunity to seek reimbursement for various medical specialist expenses, including new categories of care, medication, and pharmacy, and formerly ineligible medical devices. Additionally, the fund provides access to a wide network of contracted healthcare professionals throughout Italy. To assist with rising utility costs, employees can now also apply to have their household utility expenses reimbursed through their welfare portfolio.

Welfare policies were promoted through the provision of information and updates via the main internal communication channels, including monitors, the Company Intranet, e-mail, and messaging, depending on the target audience, with a view to maximum distribution. Efforts to improve the purchasing power of SIT employees were reflected in **the use of 93% of available employee credits, which represented a +3% increase compared to the previous year.**

This improvement of the benefits portfolio helps to expand SIT’s range of **Total Rewarding** tools, not only to ensure greater employee purchasing power but also to benefit the company's broader people **care and sustainability** system.

Well-being

As part of the efforts to prioritize the well-being of individuals at SIT, numerous projects were again undertaken in 2023 within the **SIT People Program BE**. These initiatives sought to provide support in stress management and prevention, while promoting personal and emotional balance.

The main objective remains to promote engagement in disciplines and techniques that enable employees to familiarize themselves with their cognitive and physical resources, based on their own personal **balance**, while also emphasizing the importance of individuals and their well-being.

The three categories of initiatives – Well-Being at Work, Well-Being in Action, and Well-Being in Flow – were launched in 2022 and consolidated in 2023 with the creation of structured programs.

In particular, for the **Well-being in action** strand, **yoga at work** continued in its second edition. An experimental in-person program began at the Padua office in 2022, conducted at the end of the working day on company premises. This is a moment for self-care and guided meditation, with free and voluntary attendance, that is run by a reliable professional who can be reached outside the sessions for advice or suggestions. The project has been well attended and received positive feedback.

Also as part of the **Well-Being in Action** category, in January 2023, SIT introduced the “**Psychology and Emotions**” service for staff in Italy and overseas. This service is dedicated to fostering personal and professional well-being through freely accessible sessions for all white-collar and blue-collar employees across the globe. These one-on-one online sessions with a professional psychologist who provides support for emotional distress and offers guidance towards achieving emotional balance. The professional is available for free, digital, and anonymous meetings. The uniqueness of the service lies in its accessibility in both Italian and English. Moreover, professionals are available at convenient times, enabling employees from the Group’s various sites to use the service effectively. There were 208 hours of sessions in 2023, the only year for which data is available, since the sensitive nature of the service does not allow nominal KPIs to be tracked activity subject to professional confidentiality to be monitored.

For the pillar **Well-being in Flow**, as planned, an intranet column consisting of three content pillars was launched at the beginning of the year. These pillars comprise articles on well-being and sports, edited by a sports journalist, well-being and nutrition content in collaboration with a nutritionist biologist, and a Wellness and Psychology column, edited by the clinical professional who is also responsible for the Psychology and Emotions desk. To create engagement and inspiration, the articles included in the well-being and sports column recounted the experiences and benefits provided by SIT employees’ sporting activities, with the intention of generating curiosity about new disciplines

and influence. The monthly content is offered in both Italian and English, making it accessible to the entire population with access to the intranet, both in Italy and abroad. A **total of 27** articles were published in 2023, facilitating access to comprehensive well-being culture and best practices.

In general, commitment to internal communication activities for sponsoring and enhancing Wellbeing-related initiatives ensured a high degree of curiosity and participation. For the corporate population, the programs included in the **SIT People Program BE** framework represent a signal of **cultural change with a focus on the individual**.

In 2023, the strategy, vision and success of the Wellbeing and Work-life balance activities offered by SIT in recent years was presented to a committee of Professors and researchers from the Polytechnic University of Milan, as part of the candidacy for the *HR Innovation Award 2023* promoted by the HR Innovation Practice Observatory.

Smartworking

As part of its human capital management policies, SIT has made a conscious choice to develop a working environment featuring **flexibility, autonomy in managing the workday, and both individual and Group entrepreneurship**.

The goal is to create a new work environment in which the achievement of business goals is based on the collective efforts of all individuals in a climate of **trust and productive collaboration**.

SIT seeks change in the interests of **work-life balance and organizational well-being**, where work-life balance is not simply about managing time but also about creating opportunities for balance and well-being within the Company, in addition to moments of sharing and interaction.

The integration of remote working into the organizational model is a consolidated Company practice, with an **average 85% of the eligible population using it** (up 1% on 2022) contributing to a total of **141,000 hours** of remote work.

To reinforce the organizational changes in flexible work, **training** programs were organized to strengthen the technical and managerial skills needed to best adapt to the hybrid working model.

The Company's commitment to new work practices was enhanced through participation in a contest organized by the Polytechnic University of Milan dedicated to **evolution, flexibility and technology**, with a focus on remote working. Osservatori.NET Digital Innovation involved the Company in the **Cultural Evolution - Building Trust** Business Case. The SIT group's case was published as an example of excellence, with the Company commenting: *"SIT group's Remote Working initiative, launched in 2019 to radically change the way the organization works, has developed through the gradual adjustment of company policies, the introduction of innovative technologies and through a redesign*

of spaces. The organization has also made use of a number of change management and communication initiatives to support people in changing the organizational model." During the award of the business cases at the research results conference held in Milan on November 6, 2023, SIT received a **special mention for the application of innovative technologies**.

Digital Innovation Observers have recognized the strength of the SIT group's HR approach and its innovative methodologies.

Work environment

SIT's new Headquarters, located just a few meters away from its old offices, are being constructed as part of a two-pronged approach to creating a new modern and technologically advanced campus designed to embrace the future, with indoor and outdoor spaces that provide a sustainable and welcoming atmosphere while respecting **the environment, people, and the local community**.

The first part, which is already complete, led to the construction of a brand-new **technological building**. The new building, with its sleek, curved design – almost resembling a spaceship – is named S_Lab and houses the R&D department. The second stage, in the completion stage, of the project will involve **renovating industrial production warehouses** to accommodate management offices and workshops. These spaces will be highly adaptable to accommodate a range of work needs.

The project places significant emphases on **environmental sustainability**, with a particular focus on **energy efficiency**. A portion of the Company's energy requirements will be met through a photovoltaic system generating renewable energy. In addition, high-efficiency renewable source systems will be used for air conditioning, with heat recovered from boilers in R&D laboratories. Lighting systems will be managed intelligently, using advanced technologies to reduce energy consumption, thereby contributing to the Company's sustainability.

The SIT campus stands as a symbol of **social sustainability** even from its exterior, with practical access provided to people with varying abilities.

Close attention was paid to the design of interior spaces, adopting a sustainable approach that integrates seamlessly with social factors, catering to the varied needs of both the business and SIT's employees. Spaces, layouts, and furnishings were all carefully designed to facilitate a **hybrid organizational model**, accommodating both in-office work and remote work practices. The new layout is designed in different shapes and sizes to meet the **various needs of daily work life** and beyond: open spaces, phone boxes, conference rooms and meeting rooms, from spacious areas equipped with multiple audio/video systems connectivity, to more private spaces for phone calls or meetings, including individual ones. Space management is automated through accessible booking systems available to all employees, across various locations and at all plants, identifiable by their equipment and capacity.

The strong connection with the **SIT (Sport, Inclusion, Talent) Foundation** - which reflects the Company's synergistic effort toward inclusivity and social work both internally and externally - sees the different rooms named in honor of famous representatives and champions of national and international sports. Quotes from these sportspeople seek to:

- promote a **positive and motivating work environment** by fostering a sense of teamwork, determination and perseverance among team members in achieving business goals, just like in the world of sports;
- emphasize **the importance of resilience and adaptability** in the face of business challenges;
- underline **the importance of collaboration and solidarity** between team members in achieving common goals.

Individual workstations are designed with a range of types of work in mind; large **multifunctional standing desks** reflect the focus on ergonomic issues.

Paper archiving is minimal (used only where required for legislative preservation) and distributed evenly across areas. Digitization and a reduced use of printed paper and ink is preferred.

Common areas are designed to encourage human socialization and to reinforce the perception of the company as a place where people can gather and meet, and no longer exclusively as a place of work. Workspaces create environments that motivate and provide a sense of sharing and collaboration in office work. Refreshment rooms are located in both bright and spacious indoor locations and outdoor locations with indoor gardens which are accessible directly from workstations and from multiple shared locations, thereby encouraging interdepartmental meeting and exchange.

Glazed walls not only allow natural light to reach interior spaces, but also create a feeling of continuity and connection with the **surrounding green spaces**. This blend of indoor and outdoor environment creates a sense of openness and employee well-being, making the office a welcoming and inspiring place. Plants and green areas not only enrich the work environment, but also provide an opportunity to relax and reflect, promoting creativity and concentration. The harmonious balance between nature and working spaces contributes to a more rewarding and stimulating work experience for all team members.

Employee **parking areas** offer good coverage relative to the Company's commuter population, with spaces reserved for people with reduced mobility or special needs such as pregnancy. Electric vehicle charging stations have also been installed to promote environmental sustainability and the use of low-emission vehicles. This commitment to the environment reflects the Company's focus on sustainable practices and on reducing the environmental impact of its daily activities.

Culture of sustainability

Cultivating a healthy and shared culture of sustainability is key to generating a positive impact on the world and operating as a responsible company.

We are **aware** that our daily behaviors and choices affect not only the way we do business, but also the environment and society which support SIT's activities.

The Group considers it crucial to adopt and foster a culture of sustainability, which entails a long-term **commitment to every facet of its business operations**. This ranges from product design and resource management to nurturing relationships with employees, customers, and business partners.

Specifically, SIT is committed to **minimizing the environmental footprint** of its operations, **embracing sustainable resource use practices**, promoting a **culture of diversity and inclusion**, and striving to **improve the social and economic well-being** of the communities in which we operate.

SIT embarked on its sustainability journey by defining its **Mission** and **Vision**, publishing a **Green Paper**, and establishing **Sustainability Governance**. These actions progressively led the Company towards the achievement of significant projects and milestones, including joining the **United Nations Global Compact** and receiving several awards and recognitions in the ESG domain.

To raise awareness and involve employees in the UN Global Compact initiative, the year began with a series of webinars discussing SIT's participation in the program. These webinars were held during working hours, on a voluntary basis, and were conducted in two languages. The objective was to raise awareness of SIT's international commitment among all employees, while also emphasizing the importance of a sustainable global economy and Corporate Social Responsibility.

In honor of "**International Day for the Elimination of Violence against Women**", held every year in November, in 2023, SIT sought to strengthen its commitment as a company through both physical and online initiatives focused on information, training, and raising awareness about the issue. It was an opportunity for reflection, fostering dialogue and discussion through projects involving the Group's plants in both Italy and abroad. SIT has a zero-tolerance approach to all forms of violence and discrimination. In 2023, it shared this stance with major stakeholders and suppliers through internal and external outreach activities.

Reflecting one of the Company's "Lead by Example" values, in 2023, SIT designed two programs, targeting both internal and external audiences, to raise awareness about sustainability topics. The **Sustainability Corners** held in June saw Italian facilities share some of the sustainable activities carried out by the Company and thus generate a culture of environmental and social sustainability, while also creating a space to focus on multiculturalism.

SIT Supplier Suite is the name of the monthly newsletter, complete with a specific logo, sent by the Supply Chain department to suppliers of the H&V BU in 2023. This initiative seeks to connect SIT with its suppliers by sharing highlights about its in-house projects and the sustainability journey the Company has embarked on since 2018, in line with its roots, history, and Values. It's an informative program that uses brief text and video content to communicate some of the sustainable activities that SIT is working on, in the hope of fostering a mutual focus on **sustainability** as both a value and a concrete action, while also sharing its vision for the future.

SIT is committed to **engaging its employees and promoting sustainability values and best practices** on a daily basis through initiatives designed to make SIT and its business a sustainable and responsible environment. Specifically, in 2023, specially organized materials, programs, webinars, and events were made available to employees to raise awareness and foster knowledge of ESG issues.

Promoting this culture requires **perseverance** and a daily ongoing **company commitment**. SIT also relies on the **trust of its employees**, who play a crucial role in embracing this culture in their work and individual actions. By doing so, they make a valuable and indispensable contribution to the attainment of the Group's sustainability targets.

Diversity, inclusion and equal opportunities

SIT is committed to ensuring **respect for equal opportunities** and adhering to national and supranational laws when conducting business in order to uphold and promote a **culture based on meritocracy, equality, and respect for all forms of diversity** among its internal and external stakeholders.

SIT aligns with, embraces, adopts, and advocates for the set of 10 core principles outlined by the **UN Global Compact**, which address human rights, labor standards, environmental protection, and anti-corruption.

In line with the goals set out within the “Made With Care” section of the “Made To Matter” Sustainability Plan, SIT further strengthened its corporate ESG policy framework in 2023. During the year, the Company published three BoD-approved policies designed to safeguard the rights, equal opportunities, inclusion and diversity of all people acting for or on behalf of the SIT group:

- **Human Rights Policy**
- **Code of Conduct (updated in 2023)**
- **Diversity & Inclusion Policy**

By adopting and sharing these three policies, SIT takes a further step towards the concrete implementation of its values, establishing rules and safeguards to enhance the valuable breadth and variety of human capital. This commitment reflects the Company’s support for the **strategic role played by diversity and inclusion as part of a management style that seeks to value the contributions of individuals in work groups, fostering a collaborative, inclusive and respectful work environment.**

Common to all of SIT’s policies is **zero tolerance**, a formalized commitment to actions of inclusiveness and gender equality designed to create a neutral, non-discriminatory and meritocratic workplace.

SIT has a zero-tolerance policy towards physical, verbal, and psychological abuse, in addition to harassment. Furthermore, the Company condemns all forms of violence and any actions, whether by individuals or groups, both within and outside the organization, that contribute to an intimidating, hostile, denigrating, defamatory, or offensive work environment.

SIT does not tolerate any form of discrimination based on racial and ethnic origin, nationality, age, political opinions, religious beliefs, health status, sexuality, or social-economic conditions.

SIT’s Human Resources department undertakes the responsibility to ensure compliance with such fundamental principles in the SIT group’s activities, and is committed to preventing, mitigating,

resolving or remedying negative impacts arising from verified cases of discrimination, failure to ensure equal opportunities, bullying, harassment, retaliation or intimidation.

2023 also saw the publication of the “**Plan for the Prevention and Management of Harassment, Violence, and/or Discrimination in the Workplace**”. This is designed to prevent any behavior that SIT considers impermissible in relation to the culture of inclusion it promotes. The plan also formally establishes the channels and methods for handling any reports in compliance with the provisions of the Whistleblowing regulations. This plan will be further updated with the introduction of a dedicated policy on the topic published in November 2023 and the respective digital reporting channel to be introduced in 2024.

Training in this area involved Group employees and Digital Academy users, through the “**Gender Harassment in the Workplace**” training course, which is also mandatory in the induction plans of all new hires with access to the Digital Academy.

In 2023, the SIT group recorded **0** cases of discrimination or harassment in the workplace.

Ethics and Equal Opportunities Committee

In 2022, SIT established the **Ethics and Equal Opportunities Committee (EEOC)**, which is chaired by members from the Human Resources Department, the Governance, Risk & Sustainability Department, the Chairperson of the SIT Foundation, and the Head of Compensation & Controlling. The Committee’s mission is to **promote fair and transparent organizational decision-making by fostering a culture of sustainability that values merit, inclusion, and diversity**.

In 2023, the EEOC continued its activities in line with 2022. Specifically, it assessed, managed and monitored inclusion initiatives, enacted ESG policies, took action to ensure gender equality, implemented the Code of Conduct, and defined projects and best practices on issues related to Diversity & Inclusion and the relative policy.

Gender equality certification

In line with the objective of the “Made To Matter” Sustainability Plan, in April 2023 SIT obtained **Gender Equality Certification** for Group companies according to UNI/PDR 125:2022.

The Certification attests to SIT’s entrepreneurial approach, which is based on valuing people and their work and enabling every worker to discover the ideal place to pursue their ambitions and realize their potential in an inclusive, equitable environment. **Inclusion, support for diversity and gender equality** are understood as values upon which to create a balanced work environment based

on **meritocracy** and in which corporate culture can be a strategic element capable of generating value.

The certification is valid for three years and issued by the Kiwa certifying body. It is consistent with the **Made with Care** pillar of SIT's Sustainability Plan for Social Responsibility, and is the result of a **structured approach that seeks to ensure equity, equality and inclusion, an approach which has seen the Company recognized positively in all areas covered by the certification.**

As required by reference best practices, the challenging certification scheme involved an audit assessment of six areas, each accompanied by a set of performance indicators (KPIs) and a number of variables that reflect an inclusive and gender-equal organization:

- Culture and strategy
- Governance
- HR processes
- Opportunities for growth and inclusion of women in business
- Equal pay for both genders
- Protection of parenting rights and work-life balance

To consolidate these areas - and alongside the publication of the **Human Rights Policy**, the **Diversity & Inclusion Policy** and the updating of the **Code of Conduct** - to oversee HR processes, the Group's **Hiring Policy** and **Training Policy** were updated to ensure that business processes remain in line with the principles of inclusion, equity and merit throughout the Group.

SIT has also introduced and disseminated a set of best practices and guidelines to facilitate the reinforcement of actions and behaviors that align with the values set forth in its policies. Examples include **"Towards More Inclusive Communication - Tips"**, **"No Woman No Panel; We Won't Talk Without Women"**, and **"Guidelines for Conducting Interviews"**, to avoid discriminatory questions and ensure the entire recruiting process is **bias free**, starting with "blank" CVs that give no indication of the candidate's gender.

In terms of training, the **"D&I Project Book"** was developed in 2023. This consists of a set of webinars, meetings and training courses dedicated to awareness and culture of diversity and inclusion, offered through corporate communication channels.

Specifically, as regards **D&I training**, the following were utilized:

- 1,174 hours via the Digital Academy – Group
- 314 hours of real-time training – Italy

A total of **452** employees in Italy and abroad participated in these activities.

Also in the interests of gender and opportunity equality, by publishing its **Parental Policy**, **SIT confirms its commitment to protect individuals who intend to become parents**, whether through natural means or adoption, against all forms of discrimination in terms of selection, career progression, and pay conditions.

Inclusion and equality are embodied within SIT in the creation of a work environment in which **personal differences are perceived as a value** and in which everyone is treated with **equal respect**, ensuring fair and inclusive access to opportunities and resources.

SIT is committed to safeguarding respect for every possible dimension of diversity, encouraging the sharing of differences, both within its own business and in the local community. It works to disseminate best practices and awareness, including in terms of issues relating to **multiculturalism, age diversity and disability**.

Human rights

SIT respects and promotes the protection of values such as equality, freedom, and human dignity, fair working conditions, trade union freedoms, health and safety, and the protection of the climate and environment. SIT strongly opposes and condemns forced labor, child labor, corruption, and all forms of discrimination, in addition to the violations of human rights.

SIT has formalized its commitment to respect and promote human rights by officially adopting a **Human Rights Policy**, approved by the Board of Directors of SIT S.p.A. in December 2022. Through the **12 principles** considered key and indispensable to ensure respect for human rights in the conduct of all its business transactions, the policy sees SIT committed to guaranteeing respect for human dignity and the protections acknowledged by national and international regulations and conventions. The objective is to foster and promote a culture based on respect for irrefutable human rights and fundamental freedoms among its internal and external stakeholders.

As proof of this commitment, SIT joined the **United Nations Global Compact** in 2022. This voluntary UN initiative is the world's largest sustainable culture promotion and corporate citizenship program, and encourages companies worldwide to contribute to an economic, social, and environmental framework, fostering a healthy and sustainable global economy from which all can benefit. Companies and organizations participating in the UN Global Compact are obligated to share, support, and apply a set of core principles related to **human rights, labor standards, environmental protection, and anti-corruption** within their respective spheres of influence. As a participant in the United Nations Global Compact, in 2023, SIT **integrated the 10 principles** of the Global Compact into the Group's strategy, culture, and daily transactions. It also **publicly supported the initiative** through its official media, and, most importantly, **reported its progress and achievements** in terms of observing the 10 principles to its stakeholders by **publishing its first Communication On Progress (COP)**.

SIT webinars: SIT Joins the United Nations Global Compact

To involve and raise employee awareness regarding the Company's formal commitment, webinars were carried out in early 2023. These webinars specifically targeted white-collar workers within the Group and were conducted in both Italian and English to educate employees about the significance of joining the UN Global Compact initiative, its unique features, and the activities it entails. **24** people attended the initiative, which was organized into **4 appointments** for a total of 17.25 hours delivered.

Human rights training

In terms of training, as per the Sustainability Plan and in continuity with the commitments made through the Group Human Rights Policy approved in 2022, in October and November 2023, SIT offered a **human rights training course** delivered within the Skills-Up Digital Academy. The course was created by SIT for SIT staff and offered an in-depth study of the topic, providing a fundamental overview of the origin of Human Rights, their most important characteristics and the need to protect and respect them. The course also presented the main concepts contained in the Human Rights Policy, delving into various issues related to the 12 principles. By way of example, these include forced labor, human trafficking, child labor, diversity, inclusion, equal opportunity and the right to work, freedom of association and collective bargaining. The course was completed by **295** people, amounting to a total of **125** hours of training.

Both in Italy and abroad, the Group recorded **0** cases of forced labor, child labor, and human rights violations in general in 2023.

Occupational health and safety

Among the issues close to SIT's heart, the **health and safety of workers** is considered of primary importance, and in fact is protected with the aim not only of complying with current legislation, but also of constantly striving to improve working conditions. This commitment takes the form of careful management, which seeks to ensure that each employee has a suitable working environment and working conditions that respect their dignity.

Information and **training** are of extreme value and are carried out by in-house and external expert employees, with the goal of raising awareness. In 2023, several safety, health, and emergency management training courses were organized in Italy. These courses amounted to approximately **2,675** hours of training, contributing to a global total of **14,714** hours across all regions and accounting for **46%** of overall training efforts.

Periodic **risk monitoring** and **injury assessments** are conducted on a regular basis, both in Italy and abroad, with the goal of preventing injuries and consistently improving health and safety conditions at the Group's different locations. In addition, the Company continuously plans and carries out maintenance and improvements on its systems, equipment, buildings and production processes.

The Group intends to maintain a culture of occupational health and safety by ensuring its employees are aware and take responsibility for risks and behaviors in the workplace. Individuals are consistently encouraged and trained to promptly report unsafe conditions, hazardous behaviors, and near misses to those in charge.

The Group maintains constant **constructive collaboration with workers' representatives** through regular scheduled meetings targeted at the joint assessment of health and safety risks. Improvement actions are shared during these meetings, also taking into account any potential organizational changes. At all SIT group plants, joint committees consisting of worker and company representatives have been set up. These discuss and tackle issues related to occupational health and safety and cover 99% of the SIT group's employees.

Several occupational health and safety meetings were also held in 2023, with participants including:

- Executive Designated by the Employer
- Head of Health & Safety Protection and Prevention (RSPP),
- Employee Health and Safety Representatives (EHSR)
- General Workers' Representative Body (RSU)
- Human Resources Management Representative
- Company-appointed Doctor

The meetings were organized to evaluate and report on any interventions or activities that may be necessary to **improve health and safety standards and finalized to improve the health and safety conditions of all workers in all corporate environments**, especially production plants.

A **Safety Plan** is periodically drawn up, which describes for each industrial site in Italy the activities carried out in accordance with applicable legislation and regulations and establishes objectives to be achieved. An ongoing dialogue between Prevention & Protection Service Managers, worker representatives and the Joint Shop Stewards' Committees is also encouraged.

With regard to **injuries**, the indicators for 2023 show an improvement in the injury indices, in terms of both frequency and severity, thus confirming the Company's commitment to reducing the number of injuries involving its employees.

A total of **12** work-related injuries were recorded across the Group's locations.

Injuries tend to involve impact trauma, crushing, and efforts to lift and move loads, and/or minor superficial injuries such as cuts or scrapes.

Total number of employee injuries in 2023

	Male	Female	Total
<i>Injuries recorded²⁴</i>	5	6	11
<i>of which fatal</i>	-	-	-
<i>of which with serious consequences²⁵</i>	-	-	-

Total number of external worker injuries in 2023

	Male	Female	Total
<i>Injuries recorded²⁶</i>	1	-	1
<i>of which fatal</i>	-	-	-
<i>of which with serious consequences²⁷</i>	-	-	-

Frequency index of employee injuries in 2023

	Male	Female	Total
<i>Injury frequency index²⁸</i>	3.28	3.12	3.19
<i>Mortality index</i>	-	-	-

²⁴ The total number of injuries recorded does not include those occurring while travelling in private vehicles.

²⁵ Work-related injuries from which the worker cannot recover, does not recover, or is not realistically expected to recover fully by returning to pre-accident health within 6 months.

²⁶ The total number of injuries recorded does not include those occurring while travelling in private vehicles.

²⁷ Work-related injuries from which the worker cannot recover, does not recover, or is not realistically expected to recover fully by returning to pre-accident health within 6 months.

²⁸ The Frequency Index represents the ratio between the total number of injuries and the total number of days worked during the same period, multiplied by 1,000,000.

<i>Serious injury frequency index²⁹</i>	-	-	-
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Frequency index of external worker injuries in 2023

	Male	Female	Total
<i>Injury frequency index³⁰</i>	8.58	-	2.74
<i>Mortality index</i>	-	-	-
<i>Serious injury frequency index³¹</i>	-	-	-

²⁹ The Frequency Index for serious work-related injuries is the ratio between the total number of serious work-related injuries and the total hours worked during the same period, multiplied by 1,000,000

³⁰ The Frequency Index represents the ratio between the total number of injuries and the total number of days worked during the same period, multiplied by 1,000,000.

³¹ The Frequency Index for serious work-related injuries is the ratio between the total number of serious work-related injuries and the total hours worked during the same period, multiplied by 1,000,000

Labor/Management Relations

SIT considers its employees a fundamental resource in creating value and achieving success. Through its personnel management policies, SIT has always promoted stable, continuous employment relationships, and contractual formulas that meet the flexibility needs of its employees.

For **industrial relations** management, SIT refers to the applicable legislation in each of the various states in which the Group's plants and commercial offices are located. The Company recognizes in trade union organizations the role of signatories of national collective bargaining agreements, and in their territorial representatives the natural counterparties for negotiations regarding economic, regulatory and employment matters and criticalities.

Industrial relations play a key role in **human resource** management, also in view of the geographical distribution of SIT's activities in Italy and abroad. In line with its human resources strategy - which seeks to ensure growth and optimization of work performance - and with contractual and legal provisions, SIT prioritizes the **valorization of work, professional qualifications, and increasing levels of employee satisfaction**. Strategic in achieving our objectives is the involvement of trade union counterparts in an industrial relations system that pursues the best results for both the Company and its employees.

Without prejudice to the provisions of the relevant national collective bargaining agreements, SIT recognizes the importance and centrality of the **right to information** within the framework of fair and transparent labor relations, based on communication, advance warning, and mutual respect for roles, prerogatives, and skills. As a testament to the importance of this principle, SIT has defined a labor relations model in the last year. It conducts monthly meetings with all the General Workers' Representative Bodies (**RSUs**) within the Company. These meetings primarily focus on topics related to safety development plans, including their adoption and the overall organization of work. 51% of SIT group employees are covered by union representatives at its headquarters³².

In addition, a total of **41 meetings were held with trade unions** at the Italian production facilities. These meetings allowed discussion and comparison of company performance and productivity. Specifically, for the Rovigo production sites, four agreements were signed regarding the start of Ordinary Lay-off Scheme periods (April - September 2023) following the drop in volumes caused by the market contraction. For the Montecassiano production site, three meetings were held concerning the management of 17 redundancies relating to the drop in volumes caused by the market contraction. Following the three meetings, the parties agreed and signed a Defensive

³² This figure refers to employees in the production and headquarter offices.

Solidarity contract ending on November 13, 2023, and also signed an agreement for any employment terminations occurring under the non-opposition criterion.

For the Padua office (HQ), three meetings with trade unions were held this year. They related to the management of 22 redundancies linked to early retirement or skills obsolescence in the transition to the development of electrification products. Following the three meetings, the parties agreed and signed a 12-month Defensive Solidarity contract which will end on November 14, 2024, and also signed an agreement for any employment terminations occurring under the non-opposition criterion.

Regarding the employment relationships of employees hired **abroad**, SIT complies with all legislative and local regulations on industrial relations, contracts, wages, insurance and social security in each country in which it operates. Overseas, of particular note is the constructive dialogue with social partners that took place at the Dutch SIT Controls BV Plant. This related to the cessation of production activities announced on November 7, 2023, due to the plant's lack of competitiveness. Specifically, the dialogue with the Work Council enabled the signing not only of an agreement for the discontinuation of the plant, but also the agreement for the definition of a Social Plan (December 21, 2023). This would cushion the impact of the Company's decision on workers and provide both economic incentives and tools for retraining and support for relocation.

Each meeting is minuted and signed by all the trade unions, including the General Workers' Representative Bodies (RSUs) and company management.

In addition to adhering to the national collective agreement, additional coverage from second-level negotiations is provided to nearly all employees at **Italian** production plants. This ensures that workers are more actively involved in attaining plant-specific targets set by the Company.

*More than **90%** of the Group's employees are covered by collective bargaining agreements.*

Engagement with local communities

SIT has always cherished its ties to the community in which it operates. Throughout its history, the Company has supported local clubs and associations in various fields, such as sports, social welfare, and medical and scientific research.

SIT's commitment to local communities allows it to strengthen ties with cultural, scientific and educational institutions, **contributing to the education of the society of the future** and countering early school leaving.

SIT also supports artistic events, in the fields of both fine arts and music, and promotes a culture of solidarity, inclusion and talent development by fostering sports through the **SIT (Sport, Inclusion, Talent) Foundation** and supporting a number of amateur clubs in the area. The main objective is to contribute to the well-being of present and future generations.

Described below are some of 2023's most significant projects, events and initiatives for local communities and SIT employees.

Also during 2023, SIT employees around the world and their families were able to keep abreast of company news and activities through the corporate SIT&Talk magazine, available via a web-app, which encourages participation and broadens knowledge of the company.

For Christmas 2023, a video was released that saw Chairperson Federico de' Stefani speak to all SIT staff about the past year and our achievements, significant events and plans for the future. The video was posted on the company intranet, meaning it could be watched by all employees, who were also able to participate in a virtual tour of SIT's new headquarters in Padua.

Cultural initiatives

SIT sponsored the Bano Foundation's **exhibition on Futurism** at Palazzo Zabarella, until February 26, 2023, offering free entrance tickets to employees and their families. Through a donation to the **University of Padua**, it also contributed to the Botanical Museum's project to create a Table of Books in the History Room.

Training initiatives

In Romania, SIT has a strategic Dual-Learning partnership with the local town council and high school to provide technical and production work experience to the high school's pupils. The pupils are also offered lunch and transport to and from the company. In collaboration with the town council, **SIT also provides a support grant for the pupils.**

Sports initiatives

SIT's commitment to promoting sports as an educational tool was expressed in the activities conducted during the year through the **SIT (Sport, Inclusion, Talent) Foundation**, which is discussed in the following section.

SIT again supported the Lentigione Calcio football team of Brescello (Reggio Emilia), an amateur team competing in the Italian Serie D 2022-2023 Championship season.

In 2023 Janz also continued to support the Grupo Recreativo Janz Asociados, an employee association which promotes sports and social activities and also sponsored Jorge Pina, a visually impaired athlete who cycled from Lisbon to the Vatican.

Support initiatives

By redirecting 20% of taxes on profits, SIT Romania sponsored a number of associations in the health and education sectors. The associations supported with 2023's taxes were "**Hospice**" (health care) and "**Bookland**" (education), while 2022's taxes went to four associations working in the health care field: "**Jordan's Guardian Angels**" (research and development of treatments for rare diseases), "**Hospice**" (palliative care for those suffering incurable diseases), "**Stefan V. Radulescu**" (treatment support for a child with multiple malformation syndrome) and "**Casuta Micilor Eroii**" (therapy for children with autism).

SIT also supported the **AIL** Padua Association by purchasing poinsettias for gifts and to use as Christmas decorations at the company.

In Tunisia, donations were made to an educational institution supporting and helping children with autism.

For Christmas gifts to employees at its Padua, Milan, Rovigo and Montecassiano offices, SIT S.p.A. chose **TEAM FOR CHILDREN ODV**, a private association in Padua that collaborates with doctors at the Pediatric Oncohematology Department of Padua Hospital. This association provides educational materials, electromedical equipment, finances employment contracts for oncology doctors and provides psychological and financial support for the families of sick children and young people.

SIT Australia supported a number of charitable organizations. These include **The Smith Family**, which is committed to safeguarding children and young people from abuse and neglect by working alongside their families and the community, the **Royal Flying Doctors' Service**, an air ambulance established to rescue people in the most remote regions of Australia, **Uniting Victoria**, the community service organization of the Uniting Church that provides services and programs throughout Victoria and Tasmania, and the **Red Cross**.

Environmental initiatives

In 2023, SIT considered the sustainability of the gadgets purchased for use at the fairs in which the Company participated.

Specifically, the CO₂ footprint of the SIT booth at the ISH fair in Frankfurt was offset by planting 20 baobab trees through the **Treedom** platform. Planting a tree with Treedom means funding a farmer to plant a tree and sustain it until it becomes productive. The total Carbon Footprint was calculated by Aequilibria, a consulting and training company working in carbon management, to be **6 tons** of CO₂. Each of the 20 baobab trees provides an average annual offset of 300 kg.

The aforementioned community engagement programs and initiatives were developed and promoted at **35.7%** of Group companies.

SIT Foundation

The **SIT (Sport, Inclusion, Talent) Foundation Ets** was established to solidify SIT's social commitment, developing and promoting educational projects through sports. It became **operational in 2023**, with events and projects held throughout the year.

The conversation initiated with the world of institutions and associations enabled the SIT Foundation to be accredited as a participant in the Third Sector.

The Foundation seeks in particular to be **a home away from home**, a place where people can play sports, study and be together within a safe, healthy and stimulating environment. To do so, the following goals and areas of focus were identified:

- Provide services to families
- Tackle educational poverty
- Counter early school leaving
- Promote healthy lifestyles
- Combat sedentary lifestyle and childhood obesity

The SIT Foundation was officially unveiled on May 9, 2023 through a launch event that featured **Sara Simeoni, Olympic champion and former world high jump record holder**, as guest speaker. The meeting, held inside Le Village Triveneto by CA, was attended not only by institutional guests but also by boys and girls from Padua's leading athletics clubs. The hashtag chosen for the event was **#RaiseTheBar: to teach young people to aim high**, just like Sara Simeoni, who is an **icon not only of sports but of society generally**, a model of female emancipation through sports and an expression of the Italian ability to go beyond obstacles without ever losing her smile and good humor.

SIT Foundation's participation in the **Summer Centers** organized by the **University Sports Center of Padua** became concrete in the summer. Through the agreement signed with CUS (the University Sports Association), the 2023 edition was the most successful in 31 years of Summer Centers. In addition to the very positive feedback from families, the numbers confirm that this was the largest participation ever: **1,062 children and young people** took part in the activities, **with a total of 2,819 weeks booked**. Of these, **23 children and young people with disabilities also** enjoyed free activities through the CEI (Inclusive Summer Centers) project. The Summer Centers ran for 12 weeks (closing for a single week around Ferragosto [August 15]) and involved both Cus Padua locations. The SIT Foundation contributed to the 2023 Summer Centers by providing uniforms for all instructors and participants, offering daily creative workshops and help going back to school with the "Back to School" initiative involving the teachers at the Bottega dei Ragazzi Cooperative.

Following the summer centers, **SIT Move**, an after-school service that brings homework assistance, sports and play to the same green space, has been **active since September 2023**. The program is in collaboration with Cus Padova and Bottega dei Ragazzi. It is designed for **elementary school boys and girls and secondary school boys and girls** (6-14 years old). Every afternoon from Monday to Friday from 2.30PM to 6.30PM, from September to June, these schoolchildren are welcomed to the Cus Padova facilities by educators and instructors and have the opportunity to use study rooms and sports facilities.

Finally, on October 19, in collaboration with Randstad, the SIT Foundation organized a workshop with **Giacomo Sintini**, a former volleyball player and trainer, at the University Sports Center facilities in Padua. The event comprised **two parts, one for children and young people and the other for business managers and executives**. This was a dual commitment with the same goal: to convey insights and stimuli for growth. Giacomo Sintini began by meeting the young people, telling his story and revealing all the secrets of ball control, before providing the managers and corporate executives with a workshop on the concepts of role, team, responsibility and performance. In the part for young people, in addition to members of SIT Move, the youth sectors of Pallavolo Padova and Pallavolo Arcobaleno were involved. In total, **60 boys and girls under 13** participated in the event.



DIGITAL TRANSFORMATION, INNOVATION AND LEAN CULTURE

- DIGITAL TRANSFORMATION
- LEAN TRANSFORMATION

Digital Transformation

Fully in line with an increasingly widespread trend among manufacturing companies, SIT orients its strategies and business choices toward value-added services for customers, exploiting digital technologies such as augmented reality, IoT and artificial intelligence. This trend is considered a concrete opportunity to foster environmental sustainability by enacting processes and activities that target **carbon neutrality** and **combating climate change**.

In this regard, SIT has begun a number of digital servitization projects which improve economic performance and enable deeper customer relationships, while simultaneously supporting the **achievement of sustainable development goals**. In fact, digital transformation improves the efficacy of business processes and generates meaningful insights, while servitization creates **new added value** for customers.

The overall objective of the servitization process is to establish closer proximity between the Company and its customers. This is achieved by enhancing physical product offers with a service component and tailor-made solutions

SIT's goal is to **adopt digital servitization projects with a focus on both economic and environmental sustainability**. This approach begins with basic service concepts and progresses towards the provision of more advanced and comprehensive services.

In late 2022, SIT began **developing an e-commerce platform**, with an initial focus on managing the aftermarket within the platform. The platform became fully operative in 2023. The platform provides customers with a dedicated web page where they can access their order history, benefit from personalized promotions, and stay informed about marketing initiatives and content. It is essentially an **improved service** that offers users the possibility of access at any time from any device. The platform also provides SIT with a tool to promote and market new services, provide after-sales support, and reach new customers and markets.

In terms of customer service, SIT's customer relationship management (**CRM**) platform, introduced in 2023, provides tools to:

- analyze **customer satisfaction** through surveys and data processing, providing valuable insights;
- analyze and calibrate supply and demand, assisting the supply chain in effective inventory management;
- showcase SIT's efforts to **reduce its carbon footprint**, helping users to select products that combine efficiency, quality, and minimal environmental impact.

Preventive and corrective maintenance

2023 saw the introduction of a program to **optimize** both preventive and corrective **maintenance** using the Valuekeep SW tool, currently in use in the Water Metering BU in Portugal and at the facilities in Mexico, Tunisia, Romania, and Italy at the Montecassiano operating site. The tool has made it possible to digitize all maintenance schedules previously managed by hand, taking advantage of automatic and efficient reporting, which in turn allows for better modularization of work scheduling.

Industrial IoT

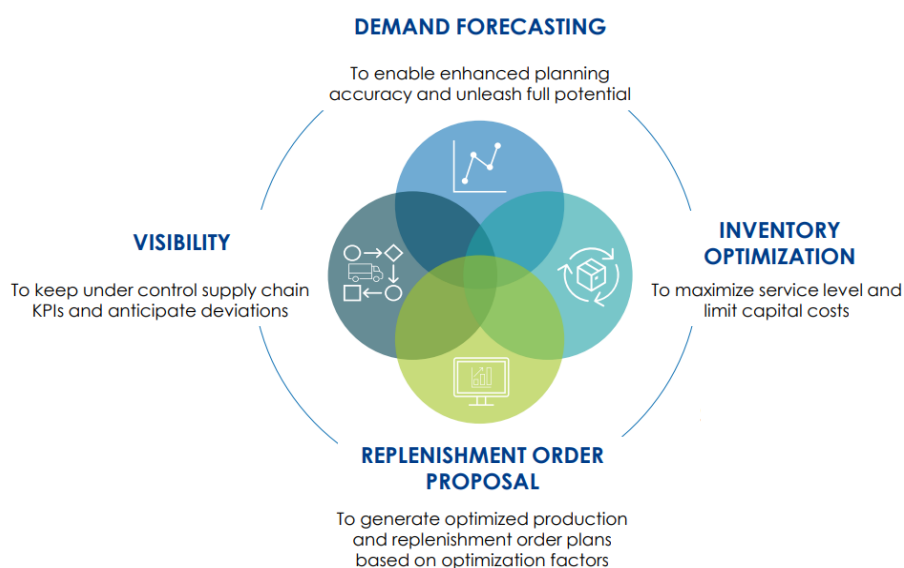
The adoption of an **IoT** (Internet of Things) system allows for the automatic and real-time acquisition of production data at our plants. This permits us to **constantly monitor production line performance** through two-way communication between machines and operators.

The IoT system plays a crucial role in enabling continuous improvement, with the goal of achieving optimal plant efficiency.

The digital generation and use of factory data allows SIT to **optimize production efficiency**, enabling it to also improve its environmental sustainability. The next step will involve the adoption of robust benchmark **KPIs**, in line with the Company's sustainability objectives.

Advance Planning System

In 2023, a project also began in cooperation with the IT Department to adopt an **Advance Planning System - APS**, decision support software that will improve production planning by predicting and forecasting customer demand.

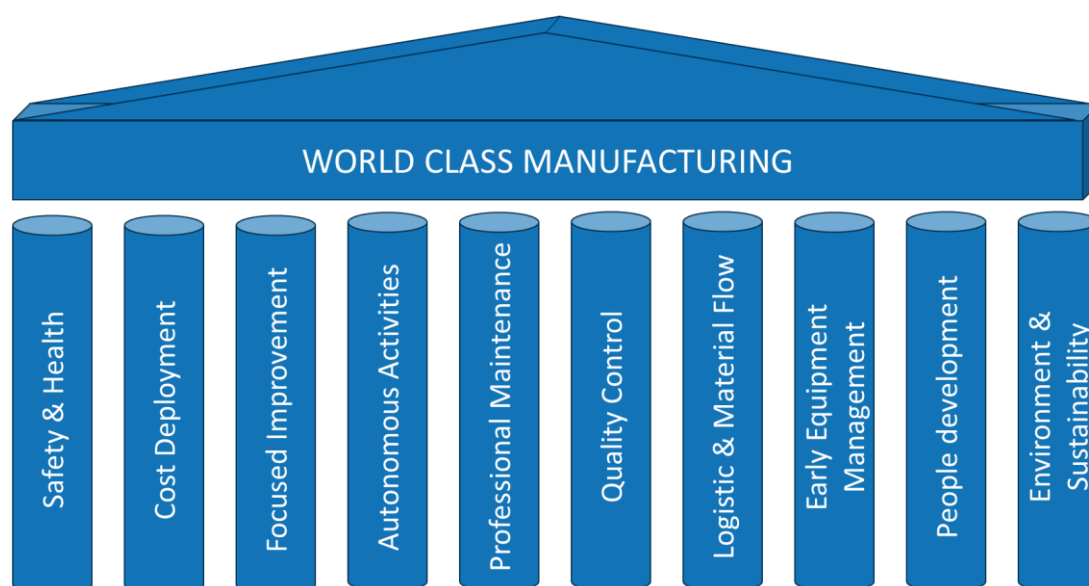


Lean transformation

Building upon the progress made in previous years, SIT continued its pursuit of lean transformation in its business processes throughout 2023.

The project's primary objective is to make **processes more streamlined and measurable**, which will have positive impacts on **company efficiency**, in addition to **reducing waste, minimizing energy consumption, improving health and safety conditions for workers**, and raising **customer service levels**.

2023 saw SIT mature further. In addition to consolidating the activities introduced in previous years - namely Gemba Walk, Scrum Board, Andon Board, TPM and 5S - the groundwork was laid to transform the Lean path into a more challenging and complex model that is rooted in **World Class Manufacturing (WCM)**. WCM is a business philosophy that focuses exclusively on the customer, seeking to **optimize performance in the production process, improve quality and eliminate waste**, in the interests of continuous improvement and standardization. Using this system, SIT has studied and defined the basis of its approach (based on the 10 pillars of WCM as described below) in order to achieve a “**zero**” situation: zero waste, zero inventory, zero accidents, zero failures, zero defects and zero customer dissatisfaction. The first field assessments and initial system implementation are scheduled for 2024.



In 2023, the transformation path continued at the Portuguese BU Water Metering plant, where, in addition to continuing the improvement projects that began in 2022, a profound re-layout of the production plant was initiated to significantly improve logistics at the facility. 2023 also saw the launch of a project in collaboration with the Portuguese **Kaizen Institute**, which seeks to drastically reduce the defect rate at the end of the line.

In general, the Company has accompanied its Lean transformation path with a digital transformation approach, particularly through the use of **Manufacturing Execution System (MES)** and **Overall Equipment Effectiveness (OEE)**. Today, the main facilities are equipped with computer dashboards that monitor production and display progress in terms of efficiency and optimization for the main machines and processes. Similarly, the adoption of the Valuekeep SW has enabled the acceleration and digitalization of **Total Productive Maintenance (TPM)** programs, which have already begun at several Group facilities.

In 2023, SIT continued its **Lean Supply Chain** project, committing to transition from a push-based approach to a pull-based logic. This shift seeks to improve service levels and on-time delivery to customers while reducing overall stock levels. For this project, SIT makes use of the **Kanban** technique, adopting specific software (KanbanBox). In addition, also in the quest for an increasingly Lean Supply Chain, and as mentioned in the previous section, the adoption of an **Advance Planning System** will enable the company to better connect with customer demand, leading to a reduction in inventories of both finished and intermediate semi-finished products, thus reinforcing the shift to a process pull logic.

Data and information security

The SIT group has historically been very attentive to data and information security issues. As such, every year the Company seeks to improve the **security** levels of its information systems and relies heavily on the **awareness** of its staff, cognizant that the threat of cyber crime is increasing and ever more aggressive.

For security reasons, over the course of several years, the Company has relocated the majority of its servers to specialized data centers. These centers focus on mitigating the risks of data loss and unauthorized access and managing Disaster Recovery and High Availability solutions. The services are monitored 24/7 to ensure secure operations and a prompt restart in the event of an incident.

Meanwhile, availability of the production servers (which are necessarily located onsite) is guaranteed by internal Disaster Recovery policies which, in line with the criticality of the system, can vary from daily backups on high-performance Cohesity platforms, to combined high availability systems that ensure almost instantaneous recovery times and virtually no data loss.

The availability of user data, which is used during daily work activities and routinely managed in the provided laptops, is doubly guaranteed:

- by the **Commvault Metallic** cloud service, which manages corporate data backups in Microsoft Office 365, covering email accounts, Teams projects, OneDrive folders, and corporate SharePoint sites, with a 10-year retention period;
- by the **configuration of user data backups** on company PCs through the synchronization of PC data folders with OneDrive.

As planned, 2023 saw the **overhaul of the** datacenter-hosted **IT infrastructure** managed on behalf of SIT by a leading industry player. This move sought to simplify the infrastructure, making it technologically homogeneous to streamline the managed hardware systems and offer a number of benefits. Chief among these is the **reduction of energy consumption** thanks to the use of less equipment and updated and modern technologies.

2023 saw the continuation of the review, initiated in 2022, of the majority of **enterprise security systems**, including procedures and partnerships. The main goal was to improve monitoring of the attack perimeter to counteract cyber criminal activities.

*The **SOC** (Security Operation Center) service, previously separate for MeteRSit and SIT, was centralized. All data sources were directed to a single **SIEM** (Security Information and Event Management) system, enhancing event correlation and control for server and enterprise network systems.*

The endpoint protection system, which is based on an **XDR** (Extended Detection and Response) software analysis system, utilizes machine learning and behavioral analysis for PC clients and servers. In 2023, the system was expanded through the acquisition of an **MDR** (Managed Detection and Response) service. In this manner, software systems identify potential threats, and a team of cyber analysts promptly responds by applying the required solutions. The same endpoint protection platform is used to protect staff laptops through disk encryption, which prevents data loss in the event that the device is stolen. Meanwhile, cell phones are encrypted using mobile device management (**MDM**) platforms.

In 2023, several **VA** (vulnerability assessment) and **PT** (penetration testing) activities were conducted. As in previous years, an indoor attack approach was chosen. By employing a “Pentera” probe, a powerful tool designed to simulate various automated cyber attacks, the security of the corporate infrastructure was tested under the assumption of a successful breach of the initial defense barrier. This scenario was simulated by exfiltrating the passwords of a user within the Group.

The **output of the tests** revealed security vulnerabilities in network equipment, servers, and PC customers. However, they also demonstrated a substantial improvement on the tests performed in 2022, mainly due to the adoption of the new CATO-Networks network devices and firewalls, which adopt a protocol for obscuring passwords in transit through the network and a principle of segregating corporate networks.

Between late 2022 and early 2023, the previous provider network was replaced with the CATO-Network provider and the entire MPLS technology was replaced with the new SD-WAN (Software-Defined Wide-Area-Network) technology. This simultaneously improves the efficiency, speed, and security of Internet connections and ensures effective redundancy in data communication lines. Network traffic is managed by CATO-Networks firewalls, and data transfer over the network is encrypted. Access by users outside the internal network is permitted only through VPNs that utilize Multi Factor Authentication (**MFA**).

In 2022, an initial **Multi-Factor Authentication** (MFA) process was introduced for Microsoft Office systems and those using Office 365-based **Single Sign-On**. This process requires multi-factor authentication when accessing applications on unregistered devices or through the web.

Multi-Factor Authentication (MFA) is required when logging into the most crucial system administration consoles, such as Endpoint Protection, Firewall Management, Endpoint Management, and Mobile Device Management.

In 2024, the adoption of MFA authentication will be extended to the management consoles of server virtualization systems, backup systems, and domain controllers.

Applications exposed to the public web are protected by **WAF** (Web Application Firewall), which utilizes an SSL protocol through authentication certificates. The use of authentication certificates and consequently the adoption of an SSL encrypted communication protocol is also planned for 2024 for web production applications, even where they are published exclusively on the LAN.

Incoming e-mail, on the other hand, is checked by an e-mail gateway (Libraesva), which was upgraded to the newest version in 2023.

Since 2022, SIT's IT department has used the NinjaOne remote monitoring and management platform for PCs and servers. This also serves as a means to update the Windows operating system and software installed on both servers and PC clients, and thus helps keep applications and security patches up to date, reducing exposure to vulnerability.

MeterSIT's on-premise production servers are updated at least once a year, at which time Disaster Recovery operation tests and data recovery from backups are performed.

The **corporate Cybersecurity Awareness** program continued in 2023, partly as a result of the VA/PT findings. To improve course participation, the previous training platform was replaced by the "Metacompliance" platform, which has a training delivery mechanism that integrates with Microsoft Teams, the everyday system used for enterprise collaboration. It was considered that simplifying course access by offering them through well-known applications that are used every day would be an effective way to increase training participation among the corporate population and, consequently, mitigate the exposure to risk. Campaign reports from 2023 indicate a decrease in the incidence of phishing among the corporate population, and a significant increase in training course participation rates. There is, however, still room for improvement, and further management and communication action is being considered to ensure that the participation rate continues to trend upwards.

Every year, SIT delivers around four periodic Cybersecurity training campaigns to all employees with digital identity.

SIT also provides for a mandatory induction program for all new hires. This includes a training meeting with the Information Security System Manager. The training sessions outline Cybersecurity

best practices to be adopted on a daily basis, in order to minimize risks and reduce the attack surface of a potential hacker or cyber-criminal.

To enhance corporate cybersecurity awareness, a dedicated web page was created on the company Intranet. This platform serves as an additional resource for sharing news, Red Flags, and informative articles related to information security.

In November 2023, MeterSIT successfully renewed its **ISO 27001** certification after passing the surveillance audit, and in 2024, MeterSIT is scheduled to be upgraded and certified to the new ISO 27001:2022.

A **POC** (Proof of Concept) for the adoption of a Data Loss Prevention (**DLP**) system, designed to monitor and prevent data loss or theft from corporate repositories, concluded in the first half of 2023. The POC was limited to MeterSIT archives. Despite the substantially positive results produced by the project, a decision was made not to introduce it at this time. The rationale for this choice was fundamentally the lack of company resources available to manage the project and carry out the necessary monitoring, regardless of the extent to which the product offered the required reliability and usability characteristics. When conditions allow, the tested solution is a good candidate for adoption.

Furthermore, in 2022, an Incident Response Plan (**IRP**) was developed, initially at a high level. This plan encompasses best practices that can be applied to each server to address potential incidents that may lead to system crashes. Subsequently, a thorough examination of the business departments was carried out to identify critical workflows and, consequently, the applications and servers that support key business activities. The high-level IRP created in 2022 was due to be further developed into specific “process-application-server” IRPs in 2023, taking into account the insights gathered from the analysis. However, this work will be postponed until 2025 because of the lack of resources available for the project.

In 2023, an initial “incident response” flow was defined, following a potential outage of server systems along the MeterSIT production line.

Overall, the SIT group recorded 0 incidents related to IT security in 2023

In terms of governance and policy, 2023 saw the publication of the “**User and IT asset life-cycle management procedure**”, which will govern the processes of user on-boarding, user off-boarding, user role-change, and IT asset replacement. At the same time, an internal web tool used by the IT department to survey, manage, and monitor corporate assets assigned to users was introduced. The

introduction of the following procedures has been postponed until 2024: Supplier management, change management, and asset management.

EUROPEAN UNION ESG TAXONOMY

The **European Taxonomy** (Regulation EU 2020/852) sets out six 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.**

An economic activity is therefore defined as environmentally sustainable 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 - DNSH);
- it is carried out in compliance with minimum social safeguards.

The SIT group has identified some of its economic activities as “eligible” to be considered environmentally sustainable within the meaning of the EU Taxonomy Regulation and relative Delegated Regulations. The following are the main assumptions underlying the analysis conducted and the results of the assessment of SIT activities in terms of Taxonomy eligibility.

Since 2022, companies have been required to **assess the level of “alignment”** of activities categorized as “eligible,” for the first two (of six) environmental objectives, based on technical screening criteria. These criteria determine the circumstances under which an economic activity can be deemed to significantly contribute to the above principles without doing significant harm to any other objective (DSNH - Do No Significant Harm).

Note: The disclosures made by the Company for 2023 are based on its current understanding of the rules set out in the regulations and may change substantially over the next several financial years consistent with legislative developments and increased understanding of the requirements of the Taxonomy.

SIT's contribution to the European environmental objectives

The SIT group is committed to contributing to the framework defined by the European Union through its activities, which feature a strong orientation toward research, innovation and sustainability. In fact, the Group's mission is to create intelligent solutions for controlling environmental conditions and measuring consumption for a more sustainable world, which is why SIT presents itself as the leading sustainable partner for energy and climate control solutions for its customers, focusing on experimentation and the use of alternative gases with low environmental profiles.

In line with the decarbonization targets set by the EU, SIT pursues research and innovation in products that enable its customers to develop energy-efficient heating applications with reduced CO₂ emissions, powered by electricity or alternative fuels to natural gas. By designing and introducing advanced technological solutions, through its products SIT therefore contributes to reducing the energy consumption of end products, thus supporting efforts to meet the European Union's greenhouse gas emission reduction targets.

Through the Portuguese company Janz, the Group also pursues the development of sustainable products through the introduction of new technologies for measuring gas and water resource consumption. These technologies enable network managers and end users to monitor their consumption, significantly reducing waste and encouraging water savings and energy efficiency.

Finally, the SIT group has adopted responsible environmental management practices as part of its operations, introducing policies on recycling, waste reduction, and sustainable resource use. These efforts have not only improved the Group's direct environmental impact but have also enabled it to achieve economic growth that is balanced and environmentally friendly.

The “eligibility” and “alignment” assessment

The assessment of the eligibility of SIT’s economic activities was carried out in full compliance with the assumptions set out in 2022, which relate to the following points contained in the EU Delegated Regulations supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by setting the technical screening criteria to determine under what conditions an economic activity may be considered to contribute substantially to the achievement of the six environmental objectives:

SIT GROUP - ELIGIBLE ECONOMIC ACTIVITIES			
ART.	ACTIVITY DEFINED AS PER EU TAXONOMY	SIT GROUP ACTIVITIES	ELIGIBILITY KPI
DELEGATED REGULATION (EU) 2021/2139 OF THE COMMISSION of June 4, 2021 (Annex I and Annex II)			
CLIMATE CHANGE MITIGATION CLIMATE CHANGE ADAPTATION			
3.1	MANUFACTURE OF RENEWABLE ENERGY TECHNOLOGIES	DEVELOPMENT, PRODUCTION AND SALE OF: <ul style="list-style-type: none"> PRODUCTS FOR PELLETS (FANS) PRODUCTS FOR THERMALLY DRIVEN HEAT PUMPS PRODUCTS FOR HYBRID APPLIANCES PRODUCTS FOR THE USE OF SOLAR/THERMAL ENERGY SOURCES PRODUCTS FOR BIOMETHANE USE 	TURNOVER CAPEX OPEX
3.2	MANUFACTURE OF EQUIPMENT FOR THE PRODUCTION AND USE OF HYDROGEN	DEVELOPMENT, PRODUCTION AND SALE OF: <ul style="list-style-type: none"> PRODUCTS FOR H2 USE (BLENDED OR 100%) 	
3.5	MANUFACTURE OF ENERGY EFFICIENCY EQUIPMENT FOR BUILDINGS: <ul style="list-style-type: none"> 5. ENERGY EFFICIENT APPLIANCES 7. SPACE HEATING AND HOT WATER SYSTEMS 8. COOLING AND VENTILATION SYSTEMS - HEAT RECOVERY UNITS; 14. PRODUCTS FOR HEAT METERING AND THERMOSTATIC CONTROLS 16. PRODUCTS FOR SMART MONITORING AND REGULATING OF HEATING 	DEVELOPMENT, PRODUCTION AND SALE OF: <ul style="list-style-type: none"> HOOD FANS PRODUCTS FOR CONDENSING BOILERS HEAT RECOVERY UNITS ROOM THERMOSTATS FIREPLACE ELECTRONICS AND APPS 	
4.1	ELECTRICITY GENERATION THROUGH THE USE OF SOLAR/PHOTOVOLTAIC SYSTEMS	INVESTMENT AND COSTS INCURRED IN THE CONSTRUCTION OF: <ul style="list-style-type: none"> PHOTOVOLTAIC SYSTEMS (ROVIGO AND PADUA) NEW BUILDING HEADQUARTERS - R&D (PADUA) 	CAPEX
7.5	INSTALLATION, MAINTENANCE AND REPAIR OF INSTRUMENTS AND DEVICES FOR MEASURING, REGULATION AND CONTROLLING ENERGY PERFORMANCE OF BUILDINGS <ul style="list-style-type: none"> 3. INSTALLATION, MAINTENANCE AND REPAIR OF SMART GAS METERS 	ENTIRE SMART GAS METERING SEGMENT BUSINESS	TURNOVER CAPEX OPEX

DELEGATED REGULATION (EU) 2023/2486 OF THE COMMISSION of June 27, 2023 (Annex I)			
SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES			
1.1	MANUFACTURE, INSTALLATION AND ASSOCIATED SERVICES FOR LEAKAGE CONTROL TECHNOLOGIES ENABLING LEAKAGE REDUCTION AND PREVENTION IN WATER SUPPLY SYSTEMS	DEVELOPMENT, PRODUCTION AND SALE OF: • RESIDENTIAL, COMMERCIAL AND INDUSTRIAL SMART WATER METERS	TURNOVER CAPEX OPEX

Regarding the asset **“alignment” assessment**, the Company performed a dedicated analytical process to identify, from its pool of eligible assets, those that actually meet the technical criteria outlined by the Taxonomy. The assessment was carried out with the assistance of management from R&D, Strategic Marketing, and Production Engineering, who analyzed SIT’s product development, production, and marketing activities in relation to the taxonomy criteria. The Department of Administration, Control, and Finance (AFC) organized the data based on the conducted analysis and provided assessments in line with the adopted “assumptions” to determine the eligibility and alignment percentage data.

Presented below are the various activities considered to be **aligned with the EU ESG Taxonomy**, how they **contribute to the Climate Change Mitigation objective** and **how they do not cause harm to the other objectives considered (DNSH)**:

- **Activity 3.1 Manufacture of renewable energy technologies**

The development, production and sales of the Heating & Ventilation Business Unit’s products (including fans for pellets, for thermally driven heat pumps, for hybrid appliances and systems for the use of solar/thermal energy sources and products for the use of biomethane) represent a concrete commitment to environmental sustainability. They contribute to the adoption of cleaner and more efficient technologies, the reduction of carbon emissions, and the promotion of renewable energy and energy efficiency by meeting the technical screening criteria defined in Delegated Regulation (EU) 2021/2139 (Annex I). At the same time, the activity meets the Do No Significant Harm (DNSH) criteria for each environmental objective to which it does not directly contribute. Specifically:

- *Climate change adaptation*: The activity meets the criteria contained in Appendix A of Annex I to Delegated Regulation (EU) 2021/2139;
- *Sustainable use and protection of water and marine resources*: The activity meets the criteria contained in Appendix B of Annex I to Delegated Regulation (EU) 2021/2139;

- *Transition to a circular economy:* In accordance with the criteria under Annex I of Delegated Regulation (EU) 2021/2139, where possible, SIT adopts techniques to promote circularity of processes and products from design to waste management. This involves design which ensures durability, recyclability and ease of disassembly of products, encouraging the reuse of secondary raw materials and components in manufacturing. Waste management is also geared toward recycling rather than disposal;
- *Pollution prevention and control:* The activity meets the criteria contained in Appendix C of Annex I to Delegated Regulation (EU) 2021/2139;
- *Protection and restoration of biodiversity and ecosystems:* The activity meets the criteria contained in Appendix D of Annex I to Delegated Regulation (EU) 2021/2139;

- **Activity 3.2 Manufacture of equipment for the production and use of hydrogen**

The SIT group's development, production, and sales of hydrogen utilization products contribute substantially to achieving climate change mitigation goals and meet the technical screening criteria defined by Delegated Regulation (EU) 2021/2139 (Annex I), offering a sustainable and environmentally friendly solution to meet society's growing energy needs. SIT has confirmed its position as a technology partner for manufacturers of boilers and heating systems, actively contributing to the transformation of the supply chain towards hydrogen-ready products, and continues to invest in the development of technologies for products capable of operating with both 100% hydrogen and blends. At the same time, the activity meets the Do No Significant Harm (DNSH) criteria for each environmental objective to which it does not directly contribute. Specifically:

- *Climate change adaptation:* The activity meets the criteria contained in Appendix A of Annex I to Delegated Regulation (EU) 2021/2139;
- *Sustainable use and protection of water and marine resources:* The activity meets the criteria contained in Appendix B of Annex I to Delegated Regulation (EU) 2021/2139;
- *Transition to a circular economy:* In accordance with the criteria under Annex I of Delegated Regulation (EU) 2021/2139, where possible, SIT adopts techniques to promote circularity of processes and products from design to waste management. This involves design which ensures durability, recyclability

and ease of disassembly of products, encouraging the reuse of secondary raw materials and components in manufacturing. Waste management is also geared toward recycling rather than disposal;

- *Pollution prevention and control:* The activity meets the criteria contained in Appendix C of Annex I to Delegated Regulation (EU) 2021/2139;
- *Protection and restoration of biodiversity and ecosystems:* The activity meets the criteria contained in Appendix D of Annex I to Delegated Regulation (EU) 2021/2139;

- **Activity 3.5 Manufacture of energy efficiency equipment for buildings**

SIT's development, production, and sales of energy efficiency products (including hood fans, condensing boiler products, heat recovery units, room thermostats, and electronics components and fireplace applications) contribute substantially to the achievement of the climate change mitigation objectives. They meet the technical screening criteria defined in Delegated Regulation (EU) 2021/2139 (Annex I), by improving the energy efficiency of buildings, reducing their energy consumption and greenhouse gas emissions, and also promoting a sustainable lifestyle and the transition to a low-carbon economy. Thanks to their high energy efficiency, H&V BU products enable the achievement of very high energy classes. At the same time, the activity meets the Do No Significant Harm (DNSH) criteria for each environmental objective to which it does not directly contribute. Specifically:

- *Climate change adaptation:* The activity meets the criteria contained in Appendix A of Annex I to Delegated Regulation (EU) 2021/2139;
- *Sustainable use and protection of water and marine resources:* The activity meets the criteria contained in Appendix B of Annex I to Delegated Regulation (EU) 2021/2139;
- *Transition to a circular economy:* In accordance with the criteria under Annex I of Delegated Regulation (EU) 2021/2139, where possible, SIT adopts techniques to promote circularity of processes and products from design to waste management. This involves design which ensures durability, recyclability and ease of disassembly of products, encouraging the reuse of secondary raw materials and components in manufacturing. Waste management is also geared toward recycling rather than disposal;

- *Pollution prevention and control:* The activity meets the criteria contained in Appendix C of Annex I to Delegated Regulation (EU) 2021/2139;
- *Protection and restoration of biodiversity and ecosystems:* The activity meets the criteria contained in Appendix D of Annex I to Delegated Regulation (EU) 2021/2139;

- **Activity 4.1 Electricity generation through the use of solar/photovoltaic systems**

Through the investments and costs incurred in the construction of the photovoltaic plants and the new building that houses the Group's headquarters in Padua, the SIT group substantially contributes to the achievement of the climate change mitigation goal by producing electricity using solar photovoltaic technology, thus meeting the technical screening criteria defined by Delegated Regulation (EU) 2021/2139 (Annex I). In addition to covering some of the Company's energy needs with renewable energy generated by the photovoltaic plant, high-efficiency renewable source systems will also be used for air conditioning, with heat recovered from boilers in R&D laboratories. Lighting systems will be managed intelligently, using advanced technologies to reduce energy consumption, thereby contributing to the Company's sustainability. At the same time, the activity meets the Do No Significant Harm (DNSH) criteria for each environmental objective to which it does not directly contribute. Specifically:

- *Climate change adaptation:* The activity meets the criteria contained in Appendix A of Annex I to Delegated Regulation (EU) 2021/2139;
- *Sustainable use and protection of water and marine resources:* N/A
- *Transition to a circular economy:* In accordance with the criteria in Annex I to Delegated Regulation (EU) 2021/2139, where possible, SIT assesses the availability of highly durable, recyclable equipment and components that are easy to dismantle and repurpose;
- *Pollution prevention and control:* N/A
- *Protection and restoration of biodiversity and ecosystems:* The activity meets the criteria contained in Appendix D of Annex I to Delegated Regulation (EU) 2021/2139.

- **Activity 7.5.3 Installation, maintenance and repair of smart gas meters**

The SIT group's entire Smart Gas Metering business is aligned with the Taxonomy since, by introducing technological innovations in the energy sector and enabling smart gas management, in line with that reported in the technical screening criteria defined in Delegated Regulation (EU) 2021/2139 (Annex I), it contributes to climate change mitigation.

In fact, through the company MeterSit, the SIT group is dedicated to the production of smart gas meters. These advanced devices enable accurate, real-time measurement of gas consumption and automatic transmission of data to energy suppliers, eliminating the need for manual readings and enabling more efficient and accurate management of energy consumption. In summary, MeterSit's smart meters make it possible to reduce energy waste, increase energy efficiency, and reduce GHG emissions by responsibly managing gas consumption. At the same time, the activity meets the Do No Significant Harm (DNSH) criteria for each environmental objective to which it does not directly contribute. Specifically:

- *Climate change adaptation:* The activity meets the criteria contained in Appendix A of Annex I to Delegated Regulation (EU) 2021/2139;
- *Sustainable use and protection of water and marine resources:* N/A
- *Transition to a circular economy:* N/A;
- *Pollution prevention and control:* N/A
- *Protection and restoration of biodiversity and ecosystems:* N/A.

Compliance with Minimum Safeguards

In all of its activities, the SIT group complies with the Minimum Safeguards as defined in Article 18 of EU Regulation 2020/852, which refers to the general principles of the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions identified in the International Labour Organization Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights. This compliance is evidenced internationally by membership of the United Nations Global Compact and also by the rich framework of policies that the Company has drafted and published in all areas mentioned by the above documents: Human Rights, Workers' Rights, Combating Corruption, Environmental Sustainability, as examples.

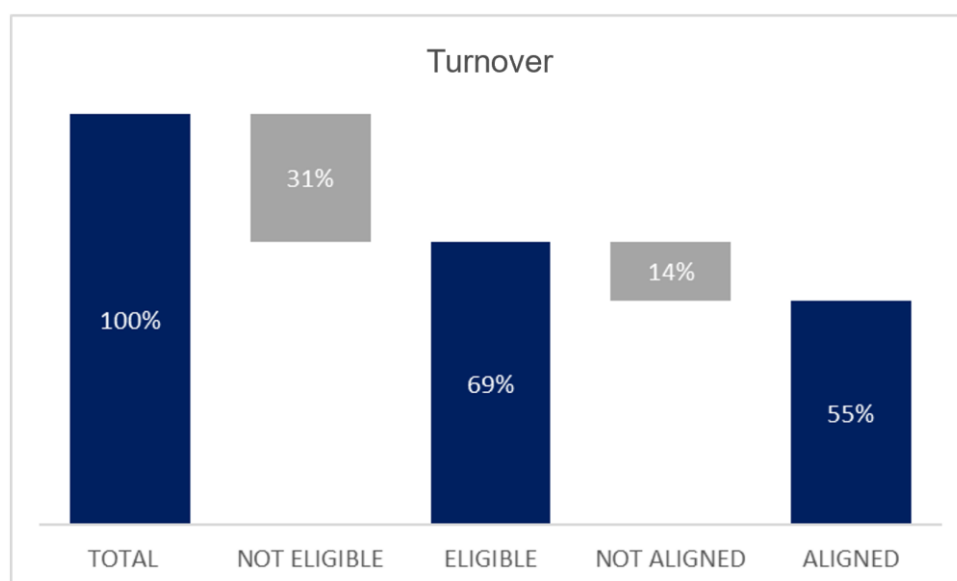
In fact, in the development, production and sale of its products, and in its investments, the SIT group pays the utmost attention to sustainability, respect for human rights and worker well-being. Every phase of its activities is managed in line with ethical standards, legality and international regulations. The Group is also committed to ensuring safe and decent working conditions for all its employees, respecting the principles of fairness, equality and non-discrimination.

At the environmental level, the SIT group's mission includes a desire to create intelligent solutions for the control of environmental conditions and consumption measurement for a more sustainable world. Adopting sustainable practices and investing in research and development for sustainable innovation are an integral part of the Company's strategy.

Set out below are details of the activities defined as “eligible” and “aligned”, broken down into the proportion of **Revenues**, Capital Expenditures (**CapEx**) and the proportion of Operating Expenditures (**OpEx**):

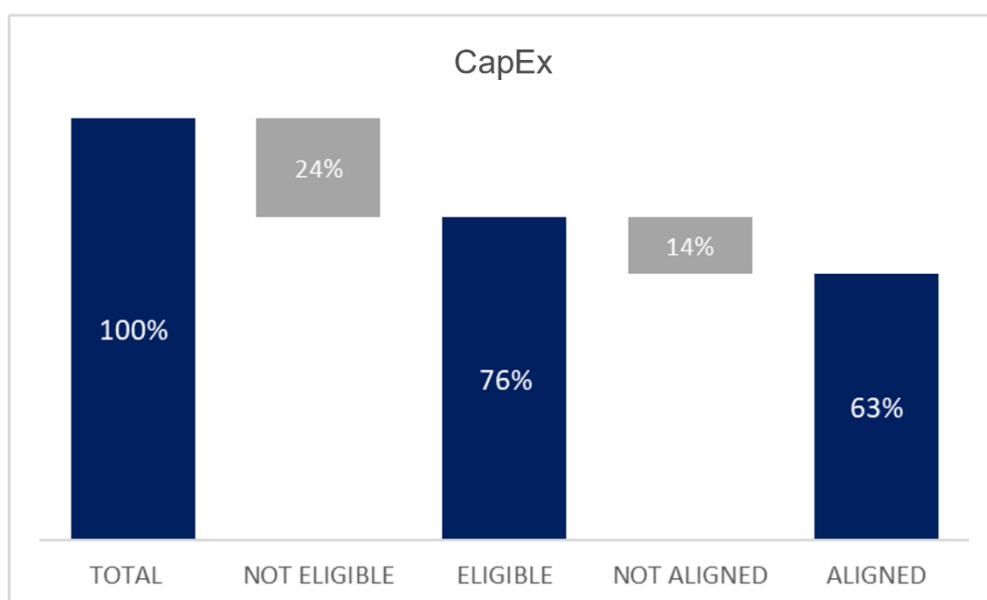
Turnover

- Analyzed turnover at December 31, 2023 amounted to **Euro 324.3 million** and included only the **core revenues of the Business Units**.
- Turnover identified as **eligible** amounted to **Euro 223.8 million**, accounting for **69%** of total revenues under analysis.
- **Water Metering** segment sales of **Euro 29.4 million**, falling within the Taxonomy criteria for the first year, were considered **93% eligible (Euro 27.4 million)**.
- **Compared with the 2022 figure**, the percentage of eligible turnover increased by **6.3%**.
- In relation to the technical Taxonomy criteria, **turnover identified as aligned amounted to Euro 177 million** and accounted for **55%** of the total turnover analyzed;
- As for the **Heating & Ventilation business**, the alignment assessments resulted in a total of **Euro 89.8 million**.
- **All turnover related to the Smart Gas Metering business (Euro 60 million)**, an activity that, by definition, falls squarely within the Taxonomy criteria, was considered **aligned**.
- Eligible turnover from the Water Metering business (**Euro 27.4 million**) was also identified as aligned.



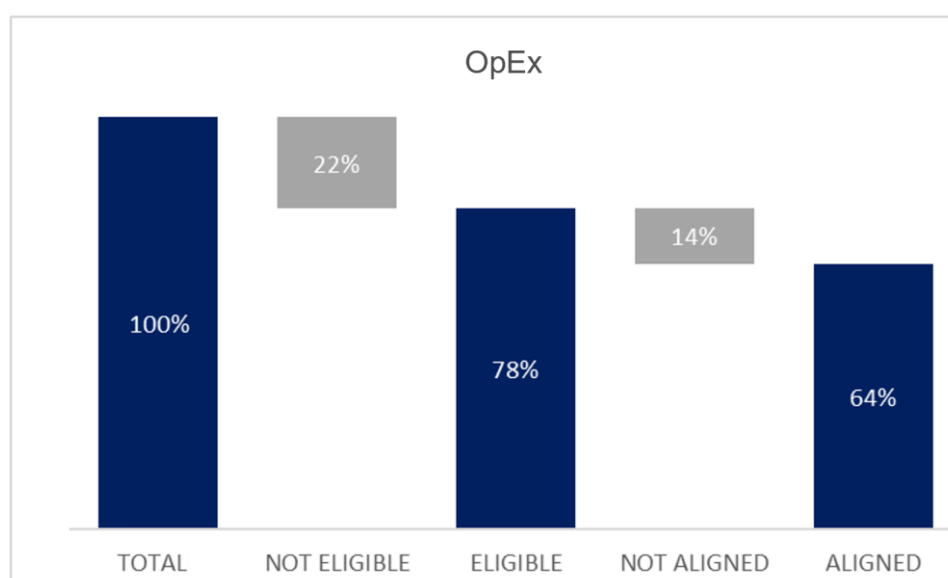
Investments (CapEx)

- The investments under evaluation, made during 2023, amount to **Euro 20.9 million**.
- Total **eligible CapEx amounted to Euro 16.0 million**, or about **76% of the total**.
- The **eligibility % difference compared to 2022 (7%)**, is due to the impact of **investments by the Water Metering Business Unit**, which entered the assessment as of this year, amounting to approx. Euro **1.5 million**.
- All CapEx pertaining to the products referred to in the revenue assessment were considered Taxonomy-eligible. **CapEx not directly attributable (i.e. serving multiple lines) was allocated on a percentage basis. The same criterion was adopted for the alignment assessment.**
- Investments in the new building are 100% eligible and partially aligned.
- The analysis performed resulted in an overall CapEx alignment rate of **63%, or Euro 13.1 million**.



OpEx

- For the evaluation of OpEx, Research and Development costs relating to products included in the eligibility criteria of the Taxonomy, plus ordinary maintenance costs of plant and equipment used in the manufacture of the products (for a total of approximately **Euro 21 million**), were taken into consideration.
- Of the operating expenses analyzed, approximately **Euro 16.3 million** were Taxonomy-eligible, representing **78%** of the total.
- Compared to 2022 (**Euro 12 million or 64.6%**), the increase in eligibility is mainly due to the inclusion of costs related to the Water Metering BU in the taxonomic scope.
- The **alignment assessment** for OpEx shows a percentage of **64%**, or **Euro 13.4 million**.



EUROPEAN UNION ESG TAXONOMY - SUMMARY DATA (Euro/000)						
ACTIVITY	TURNOVER	%	CAPEX	%	OPEX	%
TOTAL	324.3	100%	20.9	100%	20.9	100%
NOT ELIGIBLE	100.5	31%	4.9	24%	4.6	22%
ELIGIBLE	223.8	69%	16.0	76%	16.3	78%
NOT ALIGNED	46.6	14%	2.8	14%	2.9	14%
ALIGNED	177.1	55%	13.1	63%	13.4	64%

ANNEX

ANNEX.....	177
METHODOLOGICAL NOTE	178
SUMMARY TABLES	180
<i>SIT group tax data</i>	<i>180</i>
<i>Product quality and safety</i>	<i>181</i>
<i>Energy Consumption.....</i>	<i>185</i>
<i>Waste management</i>	<i>185</i>
<i>Conscientious use of water resources</i>	<i>186</i>
<i>Characteristics of the workforce.....</i>	<i>187</i>
<i>Diversity, inclusion and equal opportunities</i>	<i>194</i>
<i>Development of human resources</i>	<i>195</i>
<i>Occupational health and safety</i>	<i>196</i>
<i>EU ESG Taxonomy and KPI calculation methodology</i>	<i>198</i>
GRI CONTENT INDEX.....	203
INDEPENDENT AUDITORS' REPORT	210

Methodological note

This document represents the consolidated Non-Financial Statement for 2023 (hereinafter also “NFS” or “Sustainability Report”) of SIT S.p.A., prepared in compliance with the provisions of Articles 3 and 4 of Legislative Decree No. 254/16 (hereinafter also the “Decree”).

As envisaged by Article 5, Paragraph 1, Letter B of Legislative Decree No. 254/16, this document is a separate report containing specific wording, and was drafted in compliance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards for 2021: “in accordance” option. Annexed to this document is a “GRI Content Index”, which details the contents reported in accordance with GRI standards.

The scope and reporting period align with the Annual Financial Report of SIT S.p.A. at December 31, 2023, to which reference should be made for the consolidation methodology of the financial disclosure. Environmental data concerning MeteRSit UK and SIT Argentina S.r.l. have not been consolidated as they are considered immaterial. The Report is published on an annual basis.

The data and information reported in this 2023 Sustainability Report are compared to the previous year, where possible. Quantitative data, where estimated, are based on the best available information or statistical assumptions.

The process of collecting data and information for this document was managed in collaboration with the various company divisions of SIT, with the goal of facilitating a clear and precise indication of the information considered significant for stakeholders in accordance with the 2021 GRI Standards’ reporting principles of **accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness** and **verifiability**.

From January 1, 2022 onward, the Group is obliged to include information on its environmentally sustainable activities in its NFS, as required by the EU Taxonomy Regulation; please refer to the “EU ESG Taxonomy” paragraph for further details.

Pursuant to Article 10 of Delegated Regulation (EU) No. 2021/2178 of July 6, 2021, this 2023 disclosure concerns - as it did in the previous year - the proportion of the Group’s total turnover, investments, and operating costs that pertain to activities considered Taxonomy - eligible and - aligned, with reference to the climate change adaptation and mitigation objectives, as set out in the annexes to Delegated Regulation (EU) No. 2021/2139 of June 4, 2021. As of this reporting year, this disclosure also covers the proportion, relative to the total, of the Group’s turnover, investments, and operating costs pertaining to taxonomy-eligible activities for the four environmental objectives described in Delegated Regulation (EU) 2023/2486 of June 27, 2023 (Sustainable use and protection

of water and marine resources; Transition to a circular economy; Pollution prevention and control; and Protection and restoration of biodiversity and ecosystems).

It should be noted that the SIT group will have to apply the new Corporate Sustainability Reporting Directive (CSRD) from fiscal year beginning January 1, 2024. In this regard, the Group has begun a mapping of CSRD and European Sustainability Standards (ESRS) disclosure requirements in order to identify the information that the Group will need to integrate with reference to the 2024 fiscal year and define an action plan to ensure compliance with the new regulations.

This Sustainability Report was approved by the Board of Directors of SIT S.p.A on April 24, 2024 and was subject to limited examination ("limited assurance engagement" according to the criteria indicated by the ISAE 3000 Revised standard) by Deloitte & Touche S.p.A. The audit was carried out according to the procedures indicated in the "Independent Auditors' Report", included in this document.

All of the Group's Sustainability Reports (past and present) can be found in the "Sustainability" section of www.sitcorporate.it.

Summary Tables

SIT group tax data

Country-by-country reporting 2023

Region	Tax rate range	Nominal tax rate	Countries included in the tax range	Revenue - third parties	Revenue from intra-Group transactions	Total revenues (aggregate value)	Profit before taxes	Accrued tax	Income taxes paid	Tangible assets	Employees (Headcount at 31.12.2023)
EMEA	15%<x<20%	15.00%	TUNISIA	6,999,036	50,039,872	57,038,908	3,094,839	51,980	6,122	10,418,934	272
		16.00%	ROMANIA	6,491,265	51,528,045	58,019,309	1,299,500	212,262	349,405	8,759,045	407
		19.00%	CZECH REPUBLIC	208,547	1,093,402	1,301,949	692,543	179,010	219,624	70,697	5
		19.00%	UNITED KINGDOM	6	4,654	4,660	- 259,242	-	-	798	2
	20%<= x <25%	21.00%	PORTUGAL	29,555,713	87,410	29,643,123	3,210,339	904,645	466,869	3,077,227	255
	x >= 25%	25.00%	NETHERLANDS	29,357,866	2,419,512	31,777,378	- 427,414	533,263	735,940	681,955	76
		30.00%	GERMANY	271,491	956,401	1,227,892	317,277	101,485	64,500	8,224	4
		27.90%	ITALY	220,530,252	106,938,869	327,469,121	- 35,033,493	77,738	547,026	74,110,588	765
Total EMEA				293,414,175	213,068,165	506,482,339	- 27,105,653	2,060,383	2,389,486	97,127,468	1,786
NAFTA	x >= 25%	25.00%	THE AMERICAS	-	2,029,039	2,029,039	35,143	9,248	740	-	5
		26.50%	CANADA	2,055	198,698	200,754	7,537	2,055	20,517	-	1
Total NAFTA				2,055	2,227,737	2,229,793	42,680	11,304	21,256	-	6
LATAM	x >= 25%	25.00%	ARGENTINA	2,209	34,898	37,108	3,371	-	-	-	-
		30.00%	MEXICO	35,527,100	4,073,316	39,600,416	795,130	-	841,669	5,105,515	169
Total LATAM				35,529,310	4,108,215	39,637,524	798,502	-	841,669	5,105,515	169
APAC	x >= 25%	30.00%	AUSTRALIA	5,330,835	46,479	5,377,314	390,234	141,933	245,211	141,895	4
		25.00%	CHINA	20,325,529	2,554,911	22,880,440	854,697	-	-	562,172	49
Total APAC				25,656,364	2,601,390	28,257,754	1,244,931	141,933	245,211	704,067	53
Total				354,601,903	222,005,506	576,607,410	- 25,019,540	2,213,620	3,497,624	102,937,050	2,014

Product quality and safety

System certifications 2023

<i>Certification</i>	<i>Structure</i>	<i>Description</i>
<i>ISO 9001:2015</i>	<i>SIT S.p.A.</i>	Compliance with ISO 9001:2015 Quality Management System
	<i>SIT Romania S.r.l.</i>	
	<i>SIT Manufacturing N.A</i>	
	<i>SIT Gas Controls Pty Ltd</i>	
	<i>S.I.T. Controls B.V.</i>	
	<i>SIT Manufacturing Suzhou Co. Ltd.</i>	
	<i>Plast Alfin Sarl</i>	
	<i>SIT Controls Tunisia S.u.a.r.l</i>	
	<i>MeteRSit</i>	
	<i>JANZ - Contagem e Gestão de Fluidos, S.A.</i>	
<i>ISO 14001:2015</i>	<i>SIT S.p.A - Rovigo Production Plant</i>	Compliance with ISO 14001:2015 Environmental Management System
	<i>SIT Romania S.r.l.</i>	
	<i>SIT Manufacturing N.A</i>	
	<i>MeteRSit S.r.l. - Rovigo Production Plant</i>	
<i>ISO/IEC 17025:2018</i>	<i>MeteRSit S.r.l. - Padua laboratory</i>	Compliance with ISO/IEC 17025:2018 General requirements for the competence of testing and calibration laboratories
<i>ISO/IEC 27001: 2013</i>	<i>MeteRSit S.r.l.</i>	Compliance with ISO 27001: 2013 Information Security Management System
<i>EN 9100:2018</i>	<i>JANZ - Contagem e Gestão de Fluidos, S.A.</i>	Compliance with AS9100:D/JISQ 9100:2016/EN 9100:2018 for the manufacture of high-precision plastic and metal parts for aviation, space and defense organizations
<i>Measuring Instruments Directive (MID) Module D</i>	<i>MeteRSit S.r.l.</i>	Compliance with Directive 2014/32/EU (MID Directive) MODULE D: Production, Final Product & Testing for measuring instruments
	<i>JANZ - Contagem e Gestão de Fluidos, S.A.</i>	
<i>Atex Mod. D</i>	<i>MeteRSit S.r.l.</i>	Compliance with Directive 2014/34/EU (ATEX Directive) MODULE D: Conformity to type based on quality assurance of the production process
<i>NP EN ISO/IEC17025:2018</i>	<i>JANZ - Linear Metrologic Laboratory</i>	Compliance with UNI EN ISO 17025:2018 Testing and calibration of Linear Metrologic Laboratory according to Accreditation Technical Annex M0004

	<i>JANZ - Water Meter Laboratory</i>	Compliance with UNI EN ISO 17025:2018 Testing and calibration of Water Meter Laboratory according to Accreditation Technical Annex M0019-1 (calibrations) & Technical Annex L0405-1 (testing cold water meters DN15 to 50)
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2023 product certifications

<i>Certification</i>	<i>Products</i>	<i>Description</i>
<i>Argentina - IGA</i>	Valves and thermostats for the regulation and safety of gas appliances	Compliance with Instituto de Gas Argentino requirements
<i>Australia - AGA</i>	Air pressure switches, multifunctional controls and safety, control and regulation systems for gas appliances	Compliance with Australian Gas Association requirements
<i>Australia - IAPMO</i>	Multifunctional controls and safety, control and regulation systems for gas appliances	Compliance with GasMark certification requirements
<i>CB Test Certificate - IMQ</i>	Smoke extractor fans	Conformity of electrical/electronic product to IEC (International Electrotechnical Commission) standards
<i>CB Test Certificate – Nemko</i>	Motors for use in range hoods	
<i>CB Test Certificate - TUV Rheinland</i>	Automatic combustion control system for gas appliances	
<i>CE - DIN- CERTCO</i>	Safety thermostat for water heaters	Compliance with European Union market requirements
<i>CE - KIWA ITALIA</i>	Aluminum concentric flues; Single wall aluminum flue; Plastic parallel/concentric flue system	
<i>CE - Open Therm</i>	Remote controls	
<i>CE GAR 2016_426 - DVGW</i>	Automatic combustion control systems, pressure switches and multifunctional controls for gas appliances	
<i>CE GAR 2016_426 - IMQ</i>	Mechanical thermostats	
<i>CE GAR 2016_426 – KIWA NV</i>	Automatic combustion control systems and multifunctional controls for gas appliances	
<i>CE GAR 2016_426 – KIWA Cermet</i>	Automatic combustion control systems and multifunctional controls for gas appliances	
<i>UKCA – KIWA Gastec</i>	Automatic combustion control systems and multifunctional controls for gas appliances	Compliance with UKCA requirements
<i>UKCA - BSI</i>	Automatic combustion control systems, pressure switches and multifunctional controls for gas appliances	

UKCA – SGS	Aluminum concentric flues; Single wall aluminum flue; Plastic parallel/concentric flue system	
CHINA - CGAC	Automatic combustion control systems and multifunctional controls for gas appliances	Compliance with “China quality supervising and test for gas appliances” requirements
Mexico - ANCE	Pilots, thermocouples and thermostatic valves for gas appliances	Compliance with the requirements of ANCE - Asociación de Normalización y Certificación A.C.
North America - CSA	Pilots, thermocouples, fans, remote controls, multifunctional controls and combustion control systems	Compliance with Canadian Standards Association requirements
North America - INTERTEK	Electric fan	Compliance with Intertek ETL certification requirements
North America - UL	Automatic combustion control systems and multifunctional controls for gas appliances	Compliance with UL certification requirements
UKRAINE - EURO - TYSK	Pilots, thermocouples, flue gas extraction fans, fans for condensing boilers, flue gas evacuation systems, multifunctional controls and combustion control systems	Compliance with the requirements of the Ukrainian market
VDE - VDE	Multifunctional controls for gas appliances	VDE certification of conformity to safety and quality in electrical technology
OIML Certificate	x485xxx	Compliance with OIML R137-1 (2012)
MID Module B	A thermal-mass flow gas meter: X4851xx; X4852xx; X4853xx; X4854xx; X4855xx	Compliance with Directive 2014/32/EU (MID Directive) MODULE B: EU TYPE EXAMINATION
MID Module B	A thermal-mass flow gas meter: X4851xx; X4852xx; X4853xx; X4854xx; X4855xx	Compliance with the requirements of the MIR 2016 regulations MODULE B: TYPE EXAMINATION
ATEX Module B	Domusnext Gas Meter step 2.0 GPRS Type G10 – G16 – G25 – MMU16 – MMU25 – MMU40	Compliance with Directive 2014/34/EU (ATEX Directive)
	Domusnext Gas Meter step 2.0 NBIOT Type G10 – G16 – G25 – MMU16 – MMU25 – MMU40	
	Domusnext Gas Meter step 2.0 C&I Zigbee Type MMU25 H ₂ – MMU40 H ₂	Compliance with Directive 2014/34/EU (ATEX Directive)
CPA 1.2	MMU6 RC51.22 GSME	The product has been evaluated according to the CPA scheme and successfully verified against the safety characteristics of smart gas metering equipment version 1.2 at Foundation level.
CPA 1.3	DOMUSNEXT 2.0 MMU6 DB-GSME	The product has been evaluated according to the CPA scheme and successfully verified against the safety features of smart gas metering equipment version 1.3 at Foundation level.

	DOMUSNEXT 2.0 MMU6-H2 AND MMU40-H2	The product has been evaluated according to the CPA scheme and successfully verified against the safety features of smart gas metering equipment version 1.3 at Foundation level.
Smart Energy certified by Zigbee Alliance	MMU6	The product passed all relevant test requirements in cooperation with the Smart Energy 1.4 certification program
Smart Energy certified by Zigbee Alliance	MMU6 DB-GSME	The product passed all relevant test requirements in cooperation with the Smart Energy 1.4 certification program
Smart Energy certified by Zigbee Alliance	DOMUSNEXT 2.0 MMU40 H2 DOMUSNEXT 2.0 MMU6 H2	The product passed all relevant test requirements in cooperation with the Smart Energy 1.4 certification program
MID Module B	JANZ - Water Meters Volumetric: JV100, JV400, JV400e, JV600, JV600e, MSV1515, MSV2520, MSV3525 Single Jet: JM600, JM600e, JM300, JM300e, C300, C300e, CU1513, CU1513, CU2520 Multijet: MST3525, MST6025, MST6030, MST10040, MST15050, JT200 & JT250.	Compliance with the requirements of Directive 2014/32/EU (MID) MODULE B: measuring instruments, volumetric water meters, single jet & multijet types

Energy Consumption

Energy consumption within the organization

	Unit	2023	2022
Natural gas	m ³	1,765,609	2,030,470
Diesel	L	137,841	142,650
LPG	L	69,066	97,623
Petrol	L	92,182	94,300
Electricity purchased	kWh	30,130,378	32,465,485
Of which GO certified	kWh	355,493	501,000

Waste management

Weight of waste by management type³³

	Unit (t)	Hazardous		Non-hazardous		Total	
		2023	2022	2023	2022	2023	2022
Not sent for disposal	Reuse	-	1.44	-	0.18	2,056.70	2,546.29
	Recycling	4.32	32.23	699.99	820.35		
	Other	252.51	403.07	1,099.86	1,289.03		
Sent for disposal	Incinerator (including energy recovery)	0.26	1.86	7.52	16.89	714.50	1,287.98
	Incinerator (thermal destruction)	3.66	3.70	6.98	4.58		
	Landfill	22.52	14.50	496.96	900.61		
	Other	113.50	167.67	63.09	178.18		
Total		396.77	624.54	2,374.40	3,209.82	2,771.20	3,834.27

³³ The Group has no on-site disposal methods; thus, the numbers refer to off-site waste management

Conscientious use of water resources

Water withdrawals by source³⁴

Source of withdrawal (megaliters)	2023		2022	
	All areas	Water stress areas	All areas	Water stress areas
Groundwater (total)	55.1	55.1	40.5	40.8
<i>Fresh water ($\leq 1,000$ mg/l total dissolved solids)</i>	0.3	0.3	0.0	0.2
<i>Other water ($> 1,000$ mg/L total dissolved solids)</i>	54.8	54.8	40.5	40.5
Third-party water (total)	71.6	12.9	97.7	18.3
<i>Fresh water ($\leq 1,000$ mg/l total dissolved solids)</i> <i>of which</i>	71.6	12.9	97.7	18.3
<i>Surface water</i>	-	5.6	-	2.1
<i>Groundwater</i>	-	7.1	-	16.0
<i>Process water</i>	-	0.2	-	0.3
Total water withdrawal³⁵	126.7	68.0	138.2	59.1

³⁴ To identify water-stressed areas, we used the Aqueduct Tool developed by the World Resources Institute (WRI). The WRI tool is available online at: www.wri.org/our-work/project/aqueduct. The results identified in the “water stress” scenario were taken into consideration for the analysis. The sites considered to suffer from (high or extremely high) levels of water stress are: Montecassiano (Italy), Monterrey (Mexico), Brasov (Romania), Suzhou (China) and sites in Tunisia. In the absence of specific information, the source of third-party withdrawals has been estimated based on the country. We note that the data on water withdrawal only includes water used at the Group's production plants.

³⁵ Regarding water consumption in Mexico, we note that during 2022, the main meter was replaced to fulfill legal obligations that came into force. The new device required several calibrations and certifications, and as a result, SIT estimated its water consumption for 2022, in line with governmental procedures and regulations.

Characteristics of the workforce

Total workforce at December 31st ³⁶

No. people	Male		Female		Total	
	2023	2022	2023	2022	2023	2022
Employees	887	973	1,127	1,376	2,014	2,349
External workers - temporary	73	82	131	151	204	233
Total	960	1,055	1,258	1,527	2,218	2,582

Total external workers at December 31st

No. people	Male		Female		Total	
	2023	2022	2023	2022	2023	2022
Contractors	4	-	9	-	13	-
Self-employed workers	1	2	4	-	5	2
Temporary	73	82	131	151	204	233
Interns	8	4	6	7	14	11
Agents	5	5	-	1	5	6
Others	2	-	1	-	3	-
Total	93	93	151	159	244	252

³⁶ The total workforce includes SIT employees and external agency workers, in line with the Consolidated Financial Statements. As a result, interns, agents, contractors, the self-employed, and other external workers, including non-guaranteed hours workers, were excluded. At December 31, 2023, there were no employees on non-guaranteed hours contracts, but there were three workers on non-guaranteed hours contracts. External workers tend to handle plant operations.

Group new hires by gender and age in 2023³⁷

	< 30	30-50	> 50	Total	Rate
<i>Male</i>	58	58	10	126	47.37%
<i>Female</i>	110	95	6	211	34.53%
Total	168	153	16	337	38.43%
Rate vs prior year	34.08%	43.71%	47.06%	38.43%	-

Group terminations by gender and age in 2023

	< 30	30-50	> 50	Total	Rate
<i>Male</i>	75	101	36	212	66.25%
<i>Female</i>	164	233	63	460	64.70%
Total	239	334	99	672	65.18%
Rate vs prior year	45.61%	81.66%	101.02%	65.18%	-

Employees by gender and contract type at December 31st

<i>No. people</i>	Male		Female		Total	
	2023	2022	2023	2022	2023	2022
<i>Permanent</i>	792	854	939	1,101	1,731	1,955
<i>Fixed-term</i>	95	119	188	275	283	394
Total	887	973	1,127	1,376	2,014	2,349

³⁷ Employee hiring and turnover percentages have been calculated based on the total number of people (by age group, gender and geographical segment) employed at the end of the reporting period.

Employees by geographical area and contract type at December 31st

No. people	Italy		Europe		The Americas		Asia/Pacific		Africa		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<i>Perm.</i>	761	804	709	783	175	288	53	55	33	25	1,731	1,955
<i>Fixed-term</i>	4	6	40	115	0	0	0	0	239	273	283	394
Total	765	810	749	898	175	288	53	55	272	298	2,014	2,349

Employees by gender and type of employment at December 31st

No. people	Male		Female		Total	
	2023	2022	2023	2022	2023	2022
<i>Full-time</i>	879	960	1,066	1,306	1,945	2,266
<i>Part-time</i>	8	13	61	70	69	83
Total	887	973	1,127	1,376	2,014	2,349

Employees by geographical area and type of employment at December 31st

No. people	Italy		Europe		The Americas		Asia/Pacific		Africa		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<i>Full-time</i>	724	758	721	868	175	288	53	54	272	298	1,945	2,266
<i>Part-time</i>	41	52	28	30	0	0	0	1	0	0	69	83
Total	765	810	749	898	175	288	53	55	272	298	2,014	2,349

Group new hires by gender and age in 2022³⁸

	< 30	30-50	> 50	Total	Rate
<i>Male</i>	162	95	9	266	27.30%
<i>Female</i>	331	255	25	611	44.40%
Total	493	350	34	877	37.30%
Rate	117.90%	27.90%	5.00%	37.30%	-

Group terminations by gender and age in 2022

	< 30	30-50	> 50	Total	Rate
<i>Male</i>	179	113	28	320	32.90%
<i>Female</i>	345	296	70	711	51.70%
Total	524	409	98	1,031	43.90%
Rate	125.40%	32.60%	14.50%	43.90%	-

Group new hires by gender and age in 2023 (Italy)

	< 30	30-50	> 50	Total	Rate
<i>Male</i>	5	12	4	21	38.89%
<i>Female</i>	5	7	0	12	75.00%
Total	10	19	4	33	47.14%
Rate	31.25%	55.88%	100.00%	47.14%	

³⁸ Employee hiring and turnover percentages have been calculated based on the total number of people (by age group, gender and geographical segment) employed at the end of the reporting period.

Group terminations by gender and age in 2023 (Italy)

	< 30	30-50	> 50	Total	Rate
<i>Male</i>	4	24	18	46	148.39%
<i>Female</i>	3	14	17	34	103.03%
Total	7	38	35	80	125.00%
Rate	100.00%	118.75%	140.00%	125.00%	

Group new hires by gender and age in 2023 (Europe)

	< 30	30-50	> 50	Total	Rate
<i>Male</i>	8	17	6	31	53.45%
<i>Female</i>	13	22	6	41	31.06%
Total	21	39	12	72	37.89%
Rate	30.00%	42.86%	41.38%	37.89%	

Group terminations by gender and age in 2023 (Europe)

	< 30	30-50	> 50	Total	Rate
<i>Male</i>	20	23	17	60	61.86%
<i>Female</i>	32	85	43	160	84.66%
Total	52	108	60	220	76.92%
Rate	55.91%	85.04%	90.91%	76.92%	

Group new hires by gender and age in 2023 (Americas)

	< 30	30-50	> 50	Total	Rate
<i>Male</i>	11	3	0	14	18.67%
<i>Female</i>	21	19	0	40	22.47%
Total	32	22	0	54	21.34%
Rate	18.71%	26.83%	0.00%	21.34%	

Group terminations by gender and age in 2023 (Americas)

	< 30	30-50	> 50	Total	Rate
<i>Male</i>	26	22	1	49	39.52%
<i>Female</i>	52	64	2	118	41.11%
Total	78	86	3	167	40.63%
Rate	29.21%	61.43%	75.00%	40.63%	

Group new hires by gender and age in 2023 (Asia/Pacific)

	< 30	30-50	> 50	Total	Rate
<i>Male</i>	0	2	0	2	40.00%
<i>Female</i>	0	5	0	5	50.00%
Total	0	7	0	7	46.67%
Rate	0.00%	77.78%	0.00%	46.67%	

Group terminations by gender and age in 2023 (Asia/Pacific)

	< 30	30-50	> 50	Total	Rate
<i>Male</i>	1	1	0	2	28.57%
<i>Female</i>	1	6	0	7	70.00%
Total	2	7	0	9	52.94%
Rate	28.57%	77.78%	0.00%	52.94%	

Group new hires by gender and age in 2023 (Africa)

	< 30	30-50	> 50	Total	Rate
<i>Male</i>	34	24	0	58	78.38%
<i>Female</i>	71	42	0	113	41.09%
Total	105	66	0	171	49.00%
Rate	49.07%	49.25%	0.00%	49.00%	

Group terminations by gender and age in 2023 (Africa)

	< 30	30-50	> 50	Total	Rate
<i>Male</i>	24	31	0	55	90.16%
<i>Female</i>	76	64	1	141	73.44%
Total	100	95	1	196	77.47%
Rate	66.67%	94.06%	50.00%	77.47%	

Locally hired Executives at December 31st, 2023³⁹

	Male	Female	Total
<i>Total Executives</i>	35	4	39
<i>Locally hired Executives</i>	32	4	36
Percentage of Executives hired locally	91%	100%	92%

Locally hired Executives at December 31st, 2022

	Male	Female	Total
<i>Total Executives</i>	38	4	42
<i>Locally hired Executives</i>	35	4	39
Percentage of Executives hired locally	92%	100%	93%

³⁹ These are Executives hired with the same nationality as that of the country in which they work. The location of operations considers all countries in which the Group operates.

Diversity, inclusion and equal opportunities

Number of Group employees by age, gender and professional category at December 31st, 2023

	< 30	30-50	> 50	Total	Male	Female	Total
<i>Executives</i>	-	15	24	39	35	4	39
<i>White-collar</i>	100	380	224	704	493	211	704
<i>Blue-collar</i>	202	642	427	1,271	359	912	1,271
Total	302	1,037	675	2,014	887	1,127	2,014

Percentage of Group employees by age, gender and professional category at December 31st, 2023

	< 30	30-50	> 50	Total	Male	Female	Total
<i>Executives</i>	0.0%	38.5%	61.5%	100%	89.7%	10.3%	100%
<i>White-collar</i>	14.2%	54.0%	31.8%	100%	70.0%	30.0%	100%
<i>Blue-collar</i>	15.9%	50.5%	33.6%	100%	28.2%	71.8%	100%
Total	15.0%	51.5%	33.5%	100%	44%	56%	100%

Number of Group employees by age, gender and professional category at December 31st, 2022

	< 30	30-50	> 50	Total	Male	Female	Total
<i>Executives</i>	0	19	23	42	38	4	42
<i>White-collar</i>	98	350	178	626	443	183	626
<i>Blue-collar</i>	320	886	475	1,681	492	1,189	1,681
Total	418	1,255	676	2,349	973	1,376	2,349

Percentage of Group employees by age, gender and professional category at December 31st, 2022

	< 30	30-50	> 50	Total	Male	Female	Total
<i>Executives</i>	0.0%	45.2%	54.8%	100%	90.5%	9.5%	100%
<i>White-collar</i>	15.7%	55.9%	28.4%	100%	70.8%	29.2%	100%
<i>Blue-collar</i>	19.0%	52.7%	28.3%	100%	29.3%	70.7%	100%
Total	17.8%	53.4%	28.8%	100%	41.4%	58.6%	100%

Group employees in vulnerable categories

	2023		2022	
	Number	% of total employees	Number	% of total employees
<i>Executives</i>	-	-	-	-
<i>White-collar</i>	6	0.85%	7	1.12%
<i>Blue-collar</i>	27	2.12%	45	2.67%
Total	33	1.64%	52	2.21%

Development of human resources

Hours of training provided in 2023⁴⁰

	2023				2022			
	Total hours male	Total hours female	Total hours	Average hours	Total hours male	Total hours female	Total Hours	Average hours
<i>Executives</i>	728	133	861	22.1	420	310	730	17.4
<i>White-collar</i>	10,926	4,185	15,111	21.5	15,497	5,036	20,533	32.8
<i>Blue-collar</i>	6,484	12,694	19,178	15.1	17,999	21,348	39,346	23.4
Total	18,138	17,013	35,151	17.5	33,915	26,693	60.609	25.8
Average hours	20.4	15.1	17.5	-	34.9	19.4	25.8	-

⁴⁰ The total number of training hours has been partially estimated from training plans defined at the beginning of year. We note that total training hours differ from those reported in the Consolidated Financial Statements, as only Group employees are considered in this document.

Occupational health and safety

Total number of employee injuries in 2023

	Male	Female	Total
<i>Injuries recorded</i>	5	6	11
<i>Of which fatal</i>	-	-	-
<i>Of which with serious consequences</i>	-	-	-

Frequency index of employee injuries in 2023

	Male	Female	Total
<i>Injury frequency index⁴¹</i>	3.28	3.12	3.19
<i>Mortality index</i>	-	-	-
<i>Serious injury frequency index</i>	-	-	-

Total number of external worker injuries in 2023

	Male	Female	Total
<i>Injuries recorded</i>	1	-	1
<i>Of which fatal</i>	-	-	-
<i>Of which with serious consequences</i>	-	-	-

Frequency index of external worker injuries in 2023

	Male	Female	Total
<i>Injury frequency index⁴²</i>	8.58	-	2.74
<i>Mortality index</i>	-	-	-
<i>Serious injury frequency index</i>	-	-	-

Total number of employee injuries in 2022

	Male	Female	Total
<i>Injuries recorded</i>	9	7	16
<i>Of which fatal</i>	-	-	-
<i>Of which with serious consequences</i>	1	-	1

⁴¹ The Frequency Index represents the ratio between the total number of injuries and the total number of days worked during the same period, multiplied by 1,000,000.

⁴² The Frequency Index represents the ratio between the total number of injuries and the total number of days worked during the same period, multiplied by 1,000,000.

Frequency index of employee injuries in 2022

	Male	Female	Total
<i>Injury frequency index</i> ⁴³	5.26	2.93	3.90
<i>Mortality index</i>	-	-	-
<i>Serious injury frequency index</i> ⁴⁴	0.58	-	0.24

Employee hours worked

	2023			2022		
	Male	Female	Total	Male	Female	Total
<i>Hours worked</i> ⁴⁵	1,524,396	1,922,900	3,447,296	1,712,159	2,391,739	4,103,898

Total number of external worker injuries in 2022

	Male	Female	Total
<i>Injuries recorded</i>	-	-	-
<i>Of which fatal</i>	-	-	-
<i>Of which with serious consequences</i>	-	-	-

Frequency index of external worker injuries in 2022

	Male	Female	Total
<i>Injury frequency index</i> ⁴⁶	-	-	-
<i>Mortality index</i>	-	-	-
<i>Serious injury frequency index</i>	-	-	-

Hours worked by external workers

	2023			2022		
	Male	Female	Total	Male	Female	Total
<i>Hours worked</i>	116,524	248,064	364,588	135,154	272,068	407,222

⁴³ The Frequency Index represents the ratio between the total number of injuries and the total number of days worked during the same period, multiplied by 1,000,000.

⁴⁴ The Frequency Index for serious work-related injuries is the ratio between the total number of serious work-related injuries and the total hours worked during the same period, multiplied by 1,000,000

⁴⁵ The total number of hours worked has been partially estimated from the number hours contracted and the number of employees at December 31.

⁴⁶ The Frequency Index represents the ratio between the total number of injuries and the total number of days worked during the same period, multiplied by 1,000,000.

EU ESG Taxonomy and KPI calculation methodology

The Taxonomy requires that the Group's aligned and/or eligible taxonomy activities be represented using three key performance indicators:

- Turnover;
- Capital expenditure (CapEx);
- Operating expenditure (OpEx).

The Group's economic activities were assessed for eligibility and alignment with reference to the objectives Climate change mitigation and Sustainable use and protection of water and marine resources.

Turnover

Definitions and reconciliations: The KPI numerator corresponds to the eligible and aligned turnover according to the criteria provided by the Taxonomy. The KPI denominator, on the other hand, corresponds to the Group's total turnover for core sales in 2023, net of accounting entries for which it is not possible to accurately assess possible eligibility for ESG Taxonomy criteria.

Allocation: The numerator for the KPI in question was generated through allocation to different activities, considering the revenues generated by each company from transactions with third parties and verifying their compliance and potential alignment with the criteria under the Taxonomy.

CapEx

Definitions and reconciliations: The KPI numerator represents the proportion of capital expenditures (CapEx) related to eligible activities, potentially aligned, while the denominator is the total of such expenditures. According to the Taxonomy, CapEx may include:

- expenditure relating to assets or processes associated with economic activities that are eligible/aligned with the Taxonomy;
- capital expenditures that are part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned;
- capital expenditures related to the purchase of products from Taxonomy-eligible economic activities and individual measures that enable the Group's activities to achieve low carbon emissions or reduce greenhouse gas emissions.

Current expenses and personnel costs capitalized as a result of IAS 36 were excluded.

Allocation: Capital expenditures related to economic activities in line with the Taxonomy were allocated precisely, with detailed analyses referring to specific projects. Aligned CapEx expenses were calculated from the eligible expenses broken down by Business Unit and by project. Given the taxonomic criteria, some projects were found to be entirely aligned; for the other projects, a percentage was applied that corresponded to aligned revenues compared to eligible revenues.

OpEx

Definitions and reconciliations: the Taxonomy defines the third reporting KPI as the proportion of operating expenses associated with aligned activities or the capital expenditure plan (CapEx plan). According to Regulation (EU) 2021/2178, operating expenses are considered as direct non-capitalized costs related to building renovation, research and development, short-term rental, maintenance and repair. Any other direct expenses related to the day-to-day maintenance of property, plant and equipment, either by the company itself or by third parties to whom such tasks are outsourced, also fall within the same scope. Research expenses that are not capitalized, but expensed on an economic basis, are also included.

Allocation: Operating expenses directly attributable to activities in line with the Taxonomy were allocated precisely. R&D expenses not directly attributable to specific activities were allocated in proportion to the hours worked on eligible projects compared to total hours. Eligible maintenance expenses were estimated on the basis of cost centers and allocated to different activities in proportion to revenues. The share of aligned expenses was then calculated based on the percentage of aligned to eligible revenues.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year N	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm) (h)						Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)
Economic activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)				
Text		Euro mln	%	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
MANUFACTURE OF RENEWABLE ENERGY TECHNOLOGIES	CCM3,1	27.8	9%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	10%	E	
MANUFACTURE OF ENERGY EFFICIENCY EQUIPMENT FOR BUILDINGS	CCM3,5	62.0	19%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	21%	E	
INSTALLATION, MAINTENANCE AND REPAIR OF INSTRUMENTS AND DEVICES FOR MEASURING, REGULATION AND CONTROLLING ENERGY PERFORMANCE OF BUILDINGS	CCM7,5	60.0	18%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	13%	E	
MANUFACTURE, INSTALLATION AND ASSOCIATED SERVICES FOR LEAKAGE CONTROL TECHNOLOGIES ENABLING LEAKAGE REDUCTION AND PREVENTION IN WATER SUPPLY SYSTEMS	WTR1,1	27.4	8%	N	N	Y	N	N	N	Y	Y	Y	Y	Y	Y	Y	%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		177.1	55%	46%		8%				Y	Y	Y	Y	Y	Y	Y	%		
Of which enabling		177.1	55%	46%		8%				Y	Y	Y	Y	Y	Y	Y	44%	E	
Of which transitional			%														%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
MANUFACTURE OF RENEWABLE ENERGY TECHNOLOGIES	CCM3,1	20.0	6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8%		
MANUFACTURE OF ENERGY EFFICIENCY EQUIPMENT FOR BUILDINGS	CCM3,5	26.6	8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								11%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		46.6	14%	14%													18%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		223.8	69%	61%		8%										63%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		100.5	31%																
TOTAL		324.3	100%																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year N	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm) (h)									
Economic activities (1)	Code (a) (2)	Capex (3)	Proportion of CapEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)
Text		Euro mln	%	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
MANUFACTURE OF RENEWABLE ENERGY TECHNOLOGIES	CCM3,1	2.1	10%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	12%	E	
MANUFACTURE OF ENERGY EFFICIENCY EQUIPMENT FOR BUILDINGS	CCM3,5	3.3	16%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	13%	E	
ELECTRICITY GENERATION THROUGH THE USE OF SOLAR/PHOTOVOLTAIC SYSTEMS	CCM4,1	5.0	24%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	38%	E	
INSTALLATION, MAINTENANCE AND REPAIR OF INSTRUMENTS AND DEVICES FOR MEASURING, REGULATION AND CONTROLLING ENERGY PERFORMANCE OF BUILDINGS	CCM7,5	1.2	6%	Y	N	Y	N	N	N	Y	Y	Y	Y	Y	Y	Y	5%	E	
MANUFACTURE, INSTALLATION AND ASSOCIATED SERVICES FOR LEAKAGE CONTROL TECHNOLOGIES ENABLING LEAKAGE REDUCTION AND PREVENTION IN WATER SUPPLY SYSTEMS	WTR1,1	1.5	7%	N	N	Y	N	N	N	Y	Y	Y	Y	Y	Y	Y	%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		13.1	63%	56%		7%				Y	Y	Y	Y	Y	Y	Y	69%		
Of which enabling		13.1	63%	56%		7%				Y	Y	Y	Y	Y	Y	Y	69%	E	
Of which transitional			0%														%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
MANUFACTURE OF RENEWABLE ENERGY TECHNOLOGIES	CCM3,1	1.1	5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								6%		
MANUFACTURE OF EQUIPMENT FOR THE PRODUCTION AND USE OF HYDROGEN	CCM3,5	1.7	8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								7%		
ELECTRICITY GENERATION THROUGH THE USE OF SOLAR/PHOTOVOLTAIC SYSTEMS	CCM4,1	0.0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2.8	14%	14%													13%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		16.0	76%	14%													82%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		4.9	24%																
TOTAL		20.9	100%																

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year N	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm) (h)												
Economic activities (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)			
Text		Currency	%	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T			
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1 Environmentally sustainable activities (Taxonomy-aligned)																						
MANUFACTURE OF RENEWABLE ENERGY TECHNOLOGIES	CCM3,1	0.7	4%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	6%	E				
MANUFACTURE OF ENERGY EFFICIENCY EQUIPMENT FOR BUILDINGS	CCM3,5	4.6	22%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	25%	E				
MANUFACTURE OF EQUIPMENT FOR THE PRODUCTION AND USE OF HYDROGEN	CCM3,2	0.2	1%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	1%	E				
INSTALLATION, MAINTENANCE AND REPAIR OF INSTRUMENTS AND DEVICES FOR MEASURING, REGULATION AND CONTROLLING ENERGY PERFORMANCE OF BUILDINGS	CCM7,5	4.3	20%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	14%	E				
MANUFACTURE, INSTALLATION AND ASSOCIATED SERVICES FOR LEAKAGE CONTROL TECHNOLOGIES ENABLING LEAKAGE REDUCTION AND PREVENTION IN WATER SUPPLY SYSTEMS	WTR1,1	3.7	18%	N	N	Y	N	N	N	Y	Y	Y	Y	Y	Y	Y	%	E				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		13.4	64%	47%		18%				Y	Y	Y	Y	Y	Y	Y	46%					
Of which enabling		13.4	64%	47%		18%				Y	Y	Y	Y	Y	Y	Y	46%	E				
Of which transitional			0%														%		T			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																						
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)													
MANUFACTURE OF RENEWABLE ENERGY TECHNOLOGIES	CCM3,1	0.4	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3%					
MANUFACTURE OF ENERGY EFFICIENCY EQUIPMENT FOR BUILDINGS	CCM3,5	2.4	11%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								15%					
MANUFACTURE OF EQUIPMENT FOR THE PRODUCTION AND USE OF HYDROGEN	CCM3,2	0.1	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%					
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2.9	14%	14%													19%					
A. OpEx of Taxonomy eligible activities (A.1+A.2)		16.3	78%	60%		18%														65%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
OpEx of Taxonomy-non-eligible activities		4.6	22%																			
TOTAL		20.9	100%																			

GRI Content Index

Declaration of use	SIT S.p.A. presented this report in accordance with the GRI Standards for the period from January 1, 2023 to December 31, 2023.
GRI 1 used	GRI 1 - Foundation - 2021
Relevant GRI industry standards	N/A

GRI STANDARD	DISCLOSURE	WHERE CITED	OMISSION		
			REQUIREMENTS OMITTED	REASON	EXPLANATION
GENERAL DISCLOSURES					
GRI 2: General Disclosures (2021)	2-1 Organizational details	1; 9; 15; 18-19; 178-179			
	2-2 Entities included in the organization’s sustainability reporting	9; 15; 178-179			
	2-3 Reporting period, frequency and contact point	1; 178-179			
	2-4 Restatements of information	178-179			
	2-5 External assurance	178-179; 210-213			
	2-6 Activities, value chain and other business relationships	9; 15-19; 80-86; 178-179			
	2-7 Employees	113; 187-189			
	2-8 Workers who are not employees	113; 187			
	2-9 Governance structure and composition	44-46 Corporate Governance Report			
	2-10 Nomination and selection of the highest governance body	44-46 Corporate Governance Report			
	2-11 Chair of the highest governance body	44 Corporate Governance Report			
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Report			
	2-13 Delegation of responsibility for managing impacts	22; 43-46			
	2-14 Role of the highest governance body in sustainability reporting	22; 43-46; 178-179 Corporate Governance Report			

GRI STANDARD	DISCLOSURE	WHERE CITED	OMISSION		
			REQUIREMENTS OMITTED	REASON	EXPLANATION
GRI 2: General Disclosures (2021)	2-15 Conflicts of interest	Corporate Governance Report			
	2-16 Communication of critical concerns	59-61			
	2-17 Collective knowledge of the highest governance body	22; 43 Corporate Governance Report			
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Report			
	2-19 Remuneration policies	46-47; 127 Remuneration Report			
	2-20 Process to determine remuneration	46-47; 127 Remuneration Report			
	2-21 Annual total compensation ratio	128 Remuneration Report	GRI 2.21 a. and b.	a. Unavailable/incomplete information at Group level	a. Information is provided solely for SIT S.p.A. and MeteRSit S.r.l. The Group intends to incorporate information for all companies into the scope as per GRI requirements.
	2-22 Statement on sustainable development strategy	4-7			
	2-23 Policy commitments	43; 59-63; 69; 143-144			
	2-24 Embedding policy commitments	25; 43-46; 48-61; 80-86; 120-124			
	2-25 Processes to remediate negative impacts	26-32; 59-63			
	2-26 Mechanisms for seeking advice and raising concerns	59-63			

GRI STANDARD	DISCLOSURE	WHERE CITED	OMISSION		
			REQUIREMENTS OMITTED	REASON	EXPLANATION
GRI 2: General Disclosures (2021)	2-27 Compliance with laws and regulations	In 2023, there were no significant cases of non-compliance with laws and regulations and no penalties were paid related to significant cases of non-compliance recorded in the current or previous reporting periods.			
	2-28 Membership associations	64-67			
	2-29 Approach to stakeholder engagement	26-28			
	2-30 Collective bargaining agreements	149			
MATERIAL TOPICS					
GRI 3: Material topics (2021)	3-1 Process to determine material topics	26-28			
	3-2 List of material topics	29-32			
ECONOMIC PERFORMANCE					
GRI 3: Material topics (2021)	3-3 Management of material topics	29; 34-39			
GRI 201: Economic Performance (2016)	201-1 Direct economic value generated and distributed	38-39			
MARKET PRESENCE					
GRI 3: Material topics (2021)	3-3 Management of material topics	29; 34-39; 125-127			
GRI 202: Market presence (2016)	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	126			
	202-2 Proportion of senior management hired from the local community	193			
RESPONSIBLE SUPPLY CHAIN MANAGEMENT					
GRI 3: Material topics (2021)	3-3 Management of material topics	30; 80-86			
GRI 204: Procurement practices (2016)	204-1 Proportion of spending on local suppliers	82			

GRI STANDARD	DISCLOSURE	WHERE CITED	OMISSION		
			REQUIREMENTS OMITTED	REASON	EXPLANATION
COMPLIANCE WITH LAWS AND REGULATIONS					
GRI 3: Material topics (2021)	3-3 Management of material topics	29; 62-63			
GRI 205: Anti-corruption (2016)	205-3 Confirmed incidents of corruption and actions taken	62-63 No episodes of active or passive corruption were detected within the Group in 2023.			
ETHICS AND BUSINESS INTEGRITY					
GRI 3: Material topics (2021)	3-3 Management of material topics	15; 19; 29; 58			
GRI 207: Tax (2019)	207-1 - Approach to tax	58			
	207-2 Tax governance, control, and risk management	58			
	207-3 Stakeholder engagement and management of concerns related to tax	58			
	207-4 Country-by-country reporting	15; 19; 180			
ENERGY CONSUMPTION					
GRI 3: Material topics (2021)	3-3 Management of material topics	30; 87-89			
GRI 302: Energy (2016)	302-1 Energy consumption within the organization	87; 185			
WATER RESOURCES					
GRI 3: Material topics (2021)	3-3 Management of material topics	30; 105-107			
GRI 303: Water and Effluents (2018)	303-1 Interactions with water as a shared resource	105-107			
	303-2 Management of water discharge-related impacts	105-107			
	303-3 Water withdrawal	106; 186			
EMISSIONS					
GRI 3: Material topics (2021)	3-3 Management of material topics	30; 90-102			
GRI 305: Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	93; 95			
	305-2 Energy indirect (Scope 2) GHG emissions	93; 95-96			
	305-3 Other indirect (Scope 3) GHG emissions	93; 96-98			

GRI STANDARD	DISCLOSURE	WHERE CITED	OMISSION		
			REQUIREMENTS OMITTED	REASON	EXPLANATION
GRI 305: Emissions (2016)	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	102			
EFFLUENTS AND WASTE					
GRI 3: Material topics (2021)	3-3 Management of material topics	30; 103-104			
GRI 306: Waste (2020)	306-1 Waste generation and significant waste-related impacts	103-104			
	306-2 Management of significant waste-related impacts	103-104			
	306-3 Waste generated	103; 185			
	306-4 Waste diverted from disposal	185			
	306-5 Waste directed to disposal	185			
MANAGEMENT AND DEVELOPMENT OF HUMAN RESOURCES					
GRI 3: Material topics (2021)	3-3 Management of material topics	31; 112-142			
GRI 401: Employment (2016)	401-1 New employee hires and employee turnover	188; 190-193			
GRI 404: Training and education (2016)	404-1 Average hours of training per year per employee	124; 195			
LABOR/MANAGEMENT RELATIONS					
GRI 3: Material topics (2021)	3-3 Management of material topics	31; 148-149			
GRI 402: Labor/management relations (2016)	402-1 Minimum notice periods regarding operational changes	The minimum notice period is defined in applicable national collective bargaining agreements and legislation in the countries in which the Group is present.			
OCCUPATIONAL HEALTH AND SAFETY					
GRI 3: Material topics (2021)	3-3 Management of material topics	31; 145-147			
GRI 403: Occupational Health and Safety (2018)	403-1 Occupational Health and Safety Management System	145-147			
	403-2 - Hazard identification, risk assessment, and incident investigation	54-55			
	403-3 Occupational health services	145-146			

GRI STANDARD	DISCLOSURE	WHERE CITED	OMISSION		
			REQUIREMENTS OMITTED	REASON	EXPLANATION
	403-4 Worker participation, consultation, and communication on occupational health and safety.	145-146			
	403-5 Worker training on occupational health and safety	120; 124; 145			
	403-6 Promotion of worker health	145-146			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	145-146			
	403-9 Work-related injuries	146-147; 196-197			
DIVERSITY, INCLUSION & EQUAL OPPORTUNITIES					
GRI 3: Material topics (2021)	3-3 Management of material topics	31; 139-142			
GRI 405: Diversity and equal opportunity (2016)	405-1 Diversity of governance bodies and employees	44; 194-195			
GRI 406: Non-Discrimination (2016)	406-1 Incidents of discrimination and corrective actions taken	140			
LOCAL COMMUNITY COMMITMENT					
GRI 3: Material topics (2021)	3-3 Management of material topics	31; 150-154			
GRI 413: Local Communities (2016)	413-1 Operations with local community engagement, impact assessments, and development programs.	150-154			
PRODUCT QUALITY AND SAFETY					
GRI 3: Material topics (2021)	3-3 Management of material topics	30; 108-110; 181-184			
GRI 416: Customer health and safety (2016)	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In 2023 the Group did not register any episodes of non-compliance relating to the impacts on health and safety of products and services.			
RESEARCH AND DEVELOPMENT AND SUSTAINABLE INNOVATION					
GRI 3: Material topics (2021)	3-3 Management of material topics	30; 71-79			
CIRCULAR ECONOMY					
GRI 3: Material topics (2021)	3-3 Management of material topics	30; 78-79			

GRI STANDARD	DISCLOSURE	WHERE CITED	OMISSION		
			REQUIREMENTS OMITTED	REASON	EXPLANATION
CUSTOMER SATISFACTION					
GRI 3: Material topics (2021)	3-3 Management of material topics	29; 40-41			
HUMAN RIGHTS					
GRI 3: Material topics (2021)	3-3 Management of material topics	31; 143-144			
CULTURE OF SUSTAINABILITY					
GRI 3: Material topics (2021)	3-3 Management of material topics	31; 137-138			
WELFARE AND WELL-BEING					
GRI 3: Material topics (2021)	3-3 Management of material topics	31; 129-134			
DIGITAL TRANSFORMATION					
GRI 3: Material topics (2021)	3-3 Management of material topics	32; 156-157			
LEAN TRANSFORMATION					
GRI 3: Material topics (2021)	3-3 Management of material topics	32; 158-159			
RELATIONS WITH PUBLIC INSTITUTIONS					
GRI 3: Material topics (2021)	3-3 Management of material topics	29; 64-67			
CORPORATE GOVERNANCE					
GRI 3: Material topics (2021)	3-3 Management of material topics	29; 44-46			
RISK MANAGEMENT					
GRI 3: Material topics (2021)	3-3 Management of material topics	29; 48-58			



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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267/2018

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

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "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 SIT S.p.A. and its subsidiaries (hereinafter "SIT Group" or "Group") as of December 31, 2023 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on April 24, 2023 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "European Union ESG Taxonomy" and "EU ESG Taxonomy and KPI calculation methodology".

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI (hereinafter "GRI Standards"), which they have identified as reporting framework.

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.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Auditor's Independence and quality control

We have complied with the independence and 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, professional competence and due care, confidentiality and professional behaviour.

During the year covered by this assurance engagement, our auditing firm applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do 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 NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

1. 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 selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the SIT Group as of December 31, 2023;
4. understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;

- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report;

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of SIT S.p.A. and with the employees of MeterSit S.r.l and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the Group level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for SIT S.p.A., which we selected based on its activities, its contribution to the performance indicators at the consolidated level and its location, we carried out site visit and remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the SIT Group as of December 31, 2023 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.

Our conclusion on the NFS does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph “European Union ESG Taxonomy” and “EU ESG Taxonomy and KPI calculation methodology”.

DELOITTE & TOUCHE S.p.A.

Signed by
Cristiano Nacchi
Partner

Padua, Italy
April 30, 2024

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