

| 2021 EDITION



METALLURGICA
SAN MARCO
THE ITALIAN BRASS PARTNER

Sustainability Report



Vision

The market is growing and customer demands are becoming more and more precise and detailed: Metallurgica San Marco is committed to involving all the internal forces and new professionals that are being implemented these in changes, so that the company's mission and objectives will find in their collaboration a driving force capable of keeping the company on track for success, in the present and in the near future, also in light of the major changes that the economic-production system is facing. Therefore it is essential to provide the right motivation, stimuli and incentives, having the courage to make radical choices that offer faster solutions in a creative and innovative way. **Metallurgica San Marco's aim is to give value to those who work, creating a climate that encourages ideas and a structured organisation**, so as to create a compact corporate chain that responds efficiently to the needs of the market and to act as a solid leader.

Mission

Metallurgica San Marco **invests in the continuous and constant improvement of the company's procedures** to make production processes more efficient, in order to obtain products that meet increasingly high quality standards, while respecting the environment and the internal well-being of its industry.. Our daily commitment is aimed at understanding the needs of the customer and the target market in order to guarantee innovative products and services thanks to an important research and development activity that makes both the company and the territory grow.

The journalists who attended the inauguration of the brass work in September 2022 defined Metallurgica San Marco as «**a company with fifty years of experience and the enthusiasm of a start-up**». The artwork, created to celebrate half a century of activity in the industrial field, was installed in the roundabout near our factory in Ponte San Marco. Precisely on the 50th anniversary of our foundation, in keeping with our innovative and dynamic spirit, we want to share our first Sustainability Report.

It is a **comprehensive analysis of our industrial reality** and examines every aspect of our company.

The challenge we set ourselves from the outset was to reconcile our status as a player operating in a mature industry such as the metallurgical industry, with the drive of a market (including the financial market) that demands a step forward from our industry. It demands that our strong, technology-rich industries, the foundation of our real economy, are able to demonstrate their capacity to innovate, to engage and to embrace global macro-trends, challenges and underlying objectives.

We got the message and wanted to take it further. We did so by giving an all-encompassing interpretation of the drive for sustainability that goes well beyond the focus on environmental friendliness. This is why we have also focused on human capital interventions, social responsibility activities and attention to the local communities that make up our large system. In fact, our company is a stakeholder that acts and cooperates in a dense and enormous network composed of different stakeholders; therefore our governance must demonstrate that it operates in compliance with the rules of the system, without artificial boundaries.

We approach the complex system of sustainability interventions with a critical and thorough approach.

First of all, we are aware that in order to make an issue concrete

and real, it is necessary to have an aligned organisational culture: the focus on people and skills development must be combined with technological innovation and the contamination between research and industry. Only the development of a strategy that takes into account all these factors can achieve the goal.

At Metallurgica San Marco our commitment has been reflected in the processes defined with the first **UNI/PdR 88:2020 certification** for the traceability of recycled and/or recovered material in our lead-free alloys, into the initiative aimed at celebrating the school successes of our employees' children, into donations to important local associations, into the **introduction of neuroscience for Human Performances** in production processes, and into the co-financing of scholarships for a PhD programme in the industrial field in collaboration with the local Engineering University.

All the above is ideally summarised by the brass work placed in front of our large company, created by Edoardo Ferrari, an artist from Brescia. In this living, beating brass heart we find the essence of Metallurgica San Marco. We see in it the commitment and passion we pour into the company and the community, with the shared goal of driving an increasingly widespread and sustainable growth.

Marco Gambarini
President of Metallurgica San Marco





Guidelines for the reader

This document is the first report on the sustainable activities of Metallurgica San Marco S.p.A. and provides the sustainability strategy for the coming year.

To design this document we took the United Nations 2030 Agenda's Sustainable Development Goals as a reference and we used them as a source for identifying key indicators for reporting qualitative and quantitative data for the financial years 2020 - 2021.

The contents of the document were identified according to the materiality principle, i.e. we selected **the most relevant topics for the organisation's sustainability as well as those derived from the interaction between the organisation and the main stakeholders**. The latter were selected based on the degree of mutual influence between the organisation itself and the identified stakeholders.

Stakeholder involvement took place through dedicated meetings where it was possible to align our views on the project, explaining the topics to be voted on, supplementing them with any suggestions and outlining the voting methods.

Among the stakeholders involved are institutional bodies, competitors, trade associations, training institutions, suppliers, consultants, customers, employees, the media and credit institutions.

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01

About
Us



About Us

Metallurgica San Marco has operated in the **brass bar market since 1972**, when the first production plant was opened in Ponte San Marco (BS). The company has been machining and customising brass in Brescia for three generations now.

Thanks to the versatility and ductility of its production, **the company is constantly growing**. Among its strengths, the company has the ability to customise the product, made possible through **constant investment** in research and development, a key factor for success in an increasingly dynamic and evolving market.

MSM places continuous growth in human capital and production at the core of its corporate objectives.

It is essential for the company to ensure the safety of people at all times and a good work-life balance, as well as to contribute positively to the protection of the environment.

Today, thanks to this careful management and continuous search for innovation, Metallurgica San Marco ranks among the leading manufacturers of drawn and extruded brass products in Europe and, since 2021, has become part of the Holding Metallurgica Group together with Cidneo Metallurgica, another leading Brescian company in the brass sector.

Business Unit

Modern systems and continuous innovation, trained and motivated workforce and organisation of excellence are the pillars on which Metallurgica San Marco's production department is based, structured in two macro business areas:

BAR PRODUCTS

Metallurgica San Marco produces rectangular, square, hexagonal and round solid bars. Manufactured in accordance with European and international standards, Metallurgica San Marco bars guarantee excellent performance in all turning and hot forging processes. Bars are used in various sectors and for different types of product: from automotive to electrical; from small parts in general to plumbing and heating; from fittings to valves; from fashion accessories to handles.

DRAWN PROFILES

Metallurgica San Marco produces commercial and customised extruded and drawn brass profiles, in any shape, from the simplest to the most complex. Today, an important part of the company's production of semi-finished brass products is customised products, designed and manufactured for specific work and applications requirements. Extruded and drawn profiles are used in construction, mechanical applications and parts, locks, pressure gauges, ribbed rods, valves, padlocks.

Each of MSM's product line can be manufactured in copper-zinc-lead alloys as well as in lead-free copper-zinc alloys, depending on the type of end application and processing they will be used for.

Technology and the future

Metallurgica San Marco attributes great importance to projects in both innovation and research because they enable the company to achieve its **goal of continuous improvement and constant production growth**.

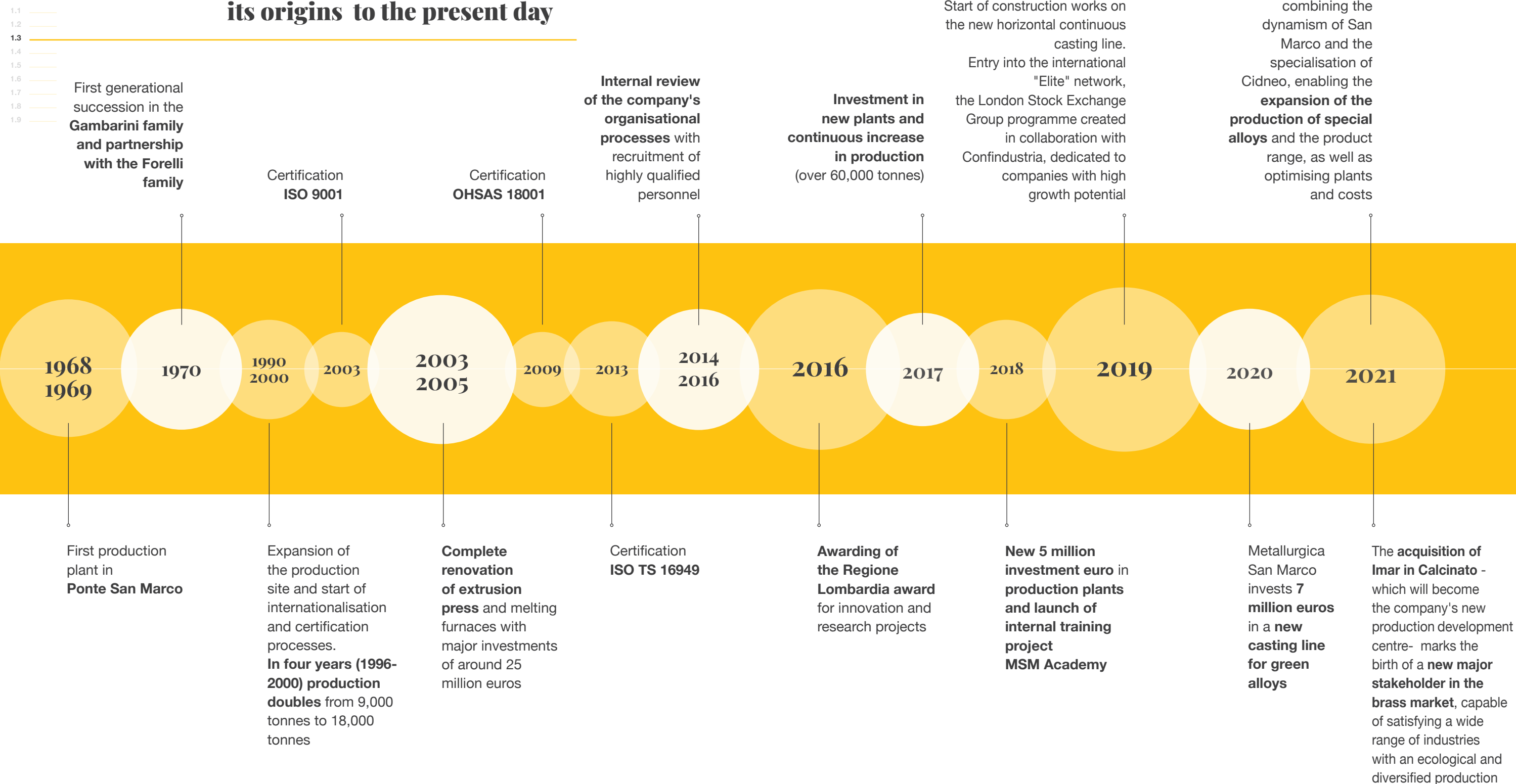
The new production facilities respond to the **highest technological requirements and process management is fully digital and automated**.



Furthermore, Metallurgica San Marco has entered into relevant agreements with several Italian universities to study methods and processes to improve the efficiency of brass processing. Another research front is dedicated to lead-free brass - the future of the alloy - for which MSM has developed and certified a special alloy for the haute couture industry.

growth

Metallurgica San Marco from its origins to the present day



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80 thousand tonnes of brass processed each year

> 280 million of turnover

> 95%

secondary materials (from recovery or reuse)

130 employees

investments in circular economy

10 million

new alloy with reduced lead content

a pilot project of

reforestation in Kyrgyzstan

Values and principles

Metallurgica San Marco is committed to involving all the internal forces and new professionals that are being implemented these in changes, so that the company's mission and objectives will find in their collaboration a driving force capable of keeping the company on track for success, in the present and in the near future, also in light of the major changes that the economic-production system is facing.

MSM's goal is to value its people, creating a climate that encourages ideas, in order to respond to market developments efficiently and effectively. Many of the strategic choices made in the company depend on the well-being of those who are passionately and seriously committed on a daily basis.

Metallurgica San Marco wants to promote the following **company values**:

honesty

fairness

respect

transparency

HONESTY AND FAIRNESS

They are understood as qualities of daily action and communication that are **sincere and fair** towards all stakeholders.

RESPECT

This refers to **compliance with all relevant national and international laws**, as well as company procedures and regulations. The company also promotes respect for people's dignity and prohibits any kind of discrimination.

TRANSPARENCY AND INTEGRITY

This refers to the organisation's willingness to disclose **true, complete and comprehensible information** at all times.



Corporate sustainability strategy

At Metallurgica San Marco, both social and environmental sustainability is oriented towards **improving production processes and continuous investment in advanced technologies** that make the workplace safe and environmentally friendly according to the highest internationally recognised standards.

In order to actively contribute to the achievement of the United Nations Sustainable Development Goals, in 2022, Metallurgica San Marco has embarked on a sustainability journey to monitor and improve its performance with respect to social and environmental responsibility issues.

MSM Get to Zero certainly represents the most important project undertaken by the company. It is an articulated strategic plan aimed at achieving a fundamental objective: carbon neutrality.



In 2022, the company developed the organisation's first Carbon Footprint analysis focusing on the direct emissions produced within its own plants (scope 1) and on the indirect emissions caused by the supply of electricity from the national grid (scope 2) in 2021. This initiative coincides with the organisation's desire to carry out interventions aimed at reducing atmospheric emissions from these two scopes.

At the same time, with the support of specialised consultants and several professionals in the company, Metallurgica San Marco is developing a **sustainability plan to improve its performance in all areas of sustainability** by implementing social initiatives to contribute positively to the well-being of the workforce and create value for the local communities, and governance, where the present and future strategic direction of the company is defined.

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IMPROVEMENT PLAN

Analyse

Take action

Disclose

CARBON
FOOTPRINT
(SCOPE 1 E 2)

ESG
SUSTAINABILITY
ASSESSMENT

SUSTAINABILITY
REPORT

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Sustainable Development Goals

For the assessments in this report, the Sustainable Development Goals (SDGs) were used as international benchmarks. **SDGs are 17 goals that form the 2030 Agenda, the shared sustainable development plan signed in 2015 by the UN member countries, to be achieved by 2030 through the involvement of governments, companies and private citizens.**

In this report, each sustainability issue (environmental, social or governance) is associated with one or more SDGs to which that particular topic contributes.



sustainable development

Metallurgica San Marco's priorities: material issues

For the first time, Metallurgica San Marco has defined its own materiality analysis and, thanks to the stakeholder engagement activities developed, has identified **the sustainability issues that are most influential at company level**, the so-called material issues. Material issues are topics that reflect significant economic, environmental and social impacts for the organisation or that profoundly influence stakeholder assessments and decisions.

In order to define the relevance of the different issues, internal and external stakeholders of Metallurgica San Marco were involved. **External stakeholders** received questionnaires customised for clients, suppliers, financial institutions, public administration and local associations. The analysis of the answers revealed that:

for this category of stakeholders, the most relevant issue is “health and safety at the workplace”.

It is also of **significant relevance to internal stakeholders**, highlighting how this issue is fundamental to the company.

The organisation has always placed great importance on this issue and periodically identifies actions to implement the best practices on the market in order to **further improve the health and safety of the workforce when performing their various tasks**.

From this analysis, the issue of maintaining stable and solid **"economic performance"** is also very important, while for environmental issues, the definition of actions relating to **“energy and energy efficiency”**, circular economy and the reduction of atmospheric emissions ("GHG emissions") is strategic.

To assess the relevance of topics for internal stakeholders, the organisation decided to involve **27 corporate functions**. In this case, in addition to sending out a questionnaire, interviews were also carried out with company representatives. As a result of these activities, it was possible to define Metallurgica San Marco's first materiality matrix.

The analysis of the answers to the questionnaires showed that the **most relevant issue** with regard to **internal stakeholders** is that of

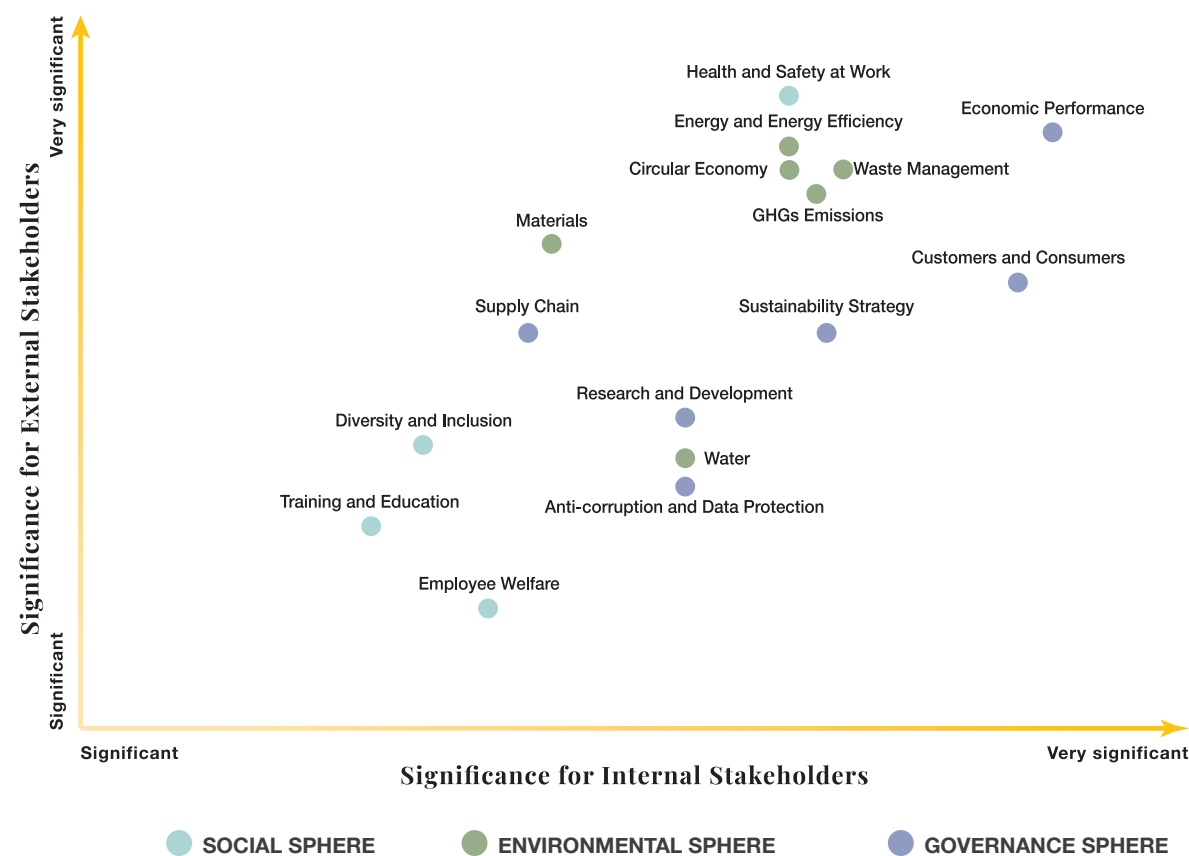
customer satisfaction and the maintenance of solid economic and financial performance,

continuous improvement.

Moreover, for this category of stakeholder, the focus on issues relating to **“circular economy”** and **"waste management"**, **“energy and energy efficiency”**, **"health and safety at work"**, as well as on the definition of actions aimed at **reducing of atmospheric emissions (“GHG emissions”)** is also very important.

Among the material issues of the social sphere, however, "diversity and inclusion", "employee welfare" and "training and education" were selected as priorities. Other material issues relate to the traceability of the supply chain and materials, research and innovation of its products and processes, the definition of a sound sustainability strategy by governance, as well as attention to water use and data protection.

Materiality matrix



The analyses carried out have also identified issues which, although not among the material issues included in the matrix, are nevertheless of importance to Metallurgica San Marco and its stakeholders. For example **value creation projects in the local area** and **workforce management**, in particular with regard to the creation of career opportunities and the attraction and empowerment of talent.

Introduction to the principle of double materiality

In April 2021, the European Commission presented its proposal for a new directive in the field of non-financial reporting, the Corporate Sustainability Reporting Directive (CSRD). It invites organisations to report on material issues by adopting a **double perspective**, which takes into account:

MATERIALITY MATRIX

Areas that reflect the significant impacts on people and the environment, actual or potential, negative or positive, related to the organisation's activities as well as to its value chain, upstream and downstream. This first perspective was the subject of the previous section, where the **materiality matrix** is illustrated.

RISKS AND OPPORTUNITIES

The **risks** and **opportunities** related to sustainability issues that can have a **positive or negative impact** on the organisation's development, performance and position (in the short, medium or long term).

Although the issue is constantly evolving and the methodological guidelines for the implementation of the CSRD requirements are still under development, Metallurgica San Marco has decided to address the principle of **double materiality** already in this first exercise, combining the matrix with a risk and opportunity analysis, which is presented below.

Analysis of risks and opportunities

In order to better understand the risks and opportunities associated with the various material issues, Metallurgica San Marco carried out an analysis aimed at defining the actions to be taken to mitigate the risks and take advantage of the opportunities offered by the market and by technological progress.

Like the issues in the materiality matrix, **the risks identified below have also been classified according to the three dimensions of sustainability:**

environmental

social

governance

In order to ensure a consistent and representative risk analysis across the whole company, interviews were conducted with the relevant company figures to assign probability of occurrence and impact values to each element of the analysis.

Furthermore, for each issue, risk mitigation and management tools already adopted inside the company, as well as initiatives to contain or limit the associated risks were identified. The probability scale and the impact scale go from 1 to 5, depending on the probability of occurrence and the extent of the damage/benefit caused.

Below is a map of the most significant risks divided into the three dimensions of sustainability, obtained by combining the probability and impact related to each material issue.

Analysis of risks



As shown in the matrix, the main impacts for the company may arise from events related to "health and safety at the workplace", as any increase in the accident rate may have a significant impact on employees and company activities; difficulties in the procurement of raw materials ("materials") and "customer satisfaction" are potentially high-impact factors, since, if dissatisfied, these may lead to losses in market share.

Lastly, the risk related to cybersecurity and data protection is relevant. These risks can have a potentially high impact on the business, but the likelihood of their occurrence is currently low.

The situation changes when it comes to "workforce management": high turnover and difficulty in recruiting are elements that Metallurgica San Marco must pay attention to even though their impact is modest.

The same goes for the issue “energy and energy efficiency”, where energy cost trends can play an important role on company performance. For this reason, the company preparing a series of tools that will be presented later in the energy section.

The applied context analysis methodology and process also includes the identification and management of opportunities. The methodology adopted for the opportunity analysis is also in line with that applied for the risk analysis. The results of the opportunity analysis and the resulting matrix are presented below.

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Opportunity analysis



As highlighted by the matrix, Metallurgica San Marco identifies as development opportunities the **issues related to the adoption of technological innovations** relevant to its industry (“research and development”) and to the business development that can be achieved through these initiatives (“sustainability strategy”).

Also identified as relevant opportunities are issues relating to **initiatives in the social sphere** that positively contribute to the well-being of the community in which the organisation operates ("value creation in the community") and to the **achievement of carbon neutrality** ("GHG emissions"), as well as projects related to the treatment of waste for reuse and recovery ("waste management") and the development of new partnerships and collaborations with research bodies and universities ("training and education").

Social responsibility is an element that has characterised Metallurgica San Marco since its origins.

In fact, MSM’s strategic choices are based on a **sustainable business model that integrates economic objectives as well as environmental and social aspects.**

02

Environmental Sphere

Environmental Sphere

Metallurgica San Marco engages in the **development of new brass alloys with the aim of minimizing the environmental impact of the manufacturing process.** To this end, MSM is carrying out studies to increase waste recovery and the production of a range of alloys with reduced lead content, as well as implementing measures to enhance energy efficiency.

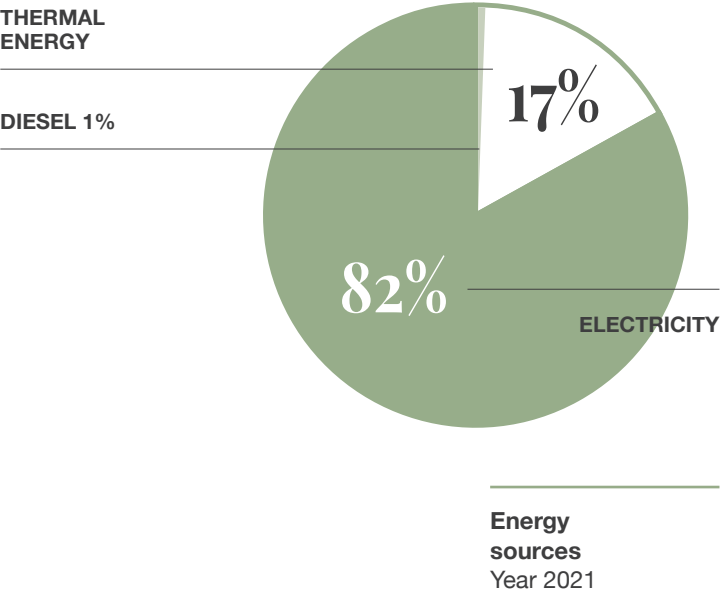
Besides these emission reduction actions, the company is implementing a plan for the mitigation and compensation of emissions which cannot be reduced by leveraging on current technologies. Metallurgica San Marco is involved in a pilot afforestation project and has invested in compensation projects in developing countries.

Energy consumption and efficiency

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The energy consumed by Metallurgica San Marco to carry out its activities is composed of **three vectors, as shown in the graphs below**. The various quantities have been converted into toe (tonnes of oil equivalent) for the sake of mutual comparison. In particular, it can be noted that **electricity consumption is predominant compared to other energy sources and exceeds 80% of total energy consumption in both years**. The second vector in terms of consumption is natural gas (thermal energy), which accounts for about 18% of the total consumption, followed by diesel, which is used mainly by the company fleet.



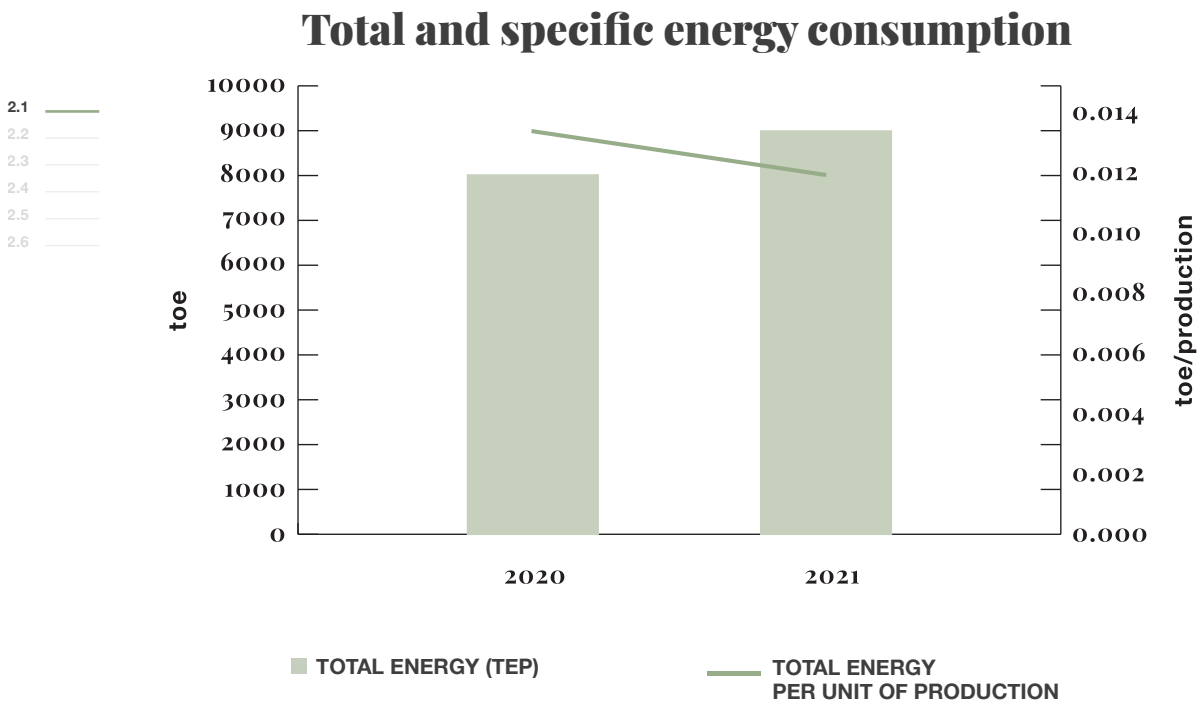
With regard to consumption trends, the following chart highlights **an increase of electricity consumption** in absolute terms (34,956 MWh in 2020 vs. 39,703.2 MWh in 2021), **while the data for the other two energy vectors remain constant**.

Energy sources



Despite the trend in absolute terms, **specific energy consumption** - the ratio between total energy consumption and total brass production (in tonnes) - **have decreased** in the two-year period under review.

- 9% in electricity consumption and approximately -14% in natural gas and diesel consumption



This reduction in specific energy consumption was possible thanks to a series of energy efficiency measures implemented by Metallurgica San Marco to reduce consumption over time and improve the efficiency of its plants. In particular, the company **made an investment to convert the lighting system to LEDs and installed inverters** that allowed to optimise consumption for the individual machines used in the production process. This type of intervention has also allowed access to energy efficiency certificates (TEE).

Having identified the importance of this material issue for MSM, the organisation has taken steps to develop improved interventions for the 2022-2023 two-year period as well. On the one hand, we are starting a project to create an energy management system through ISO 50001 certification and, on the other hand, we are carrying out a feasibility study that will lead to the installation of a photovoltaic system.

Circular use of materials



The promotion and development of a circular economy model has always been in the company’s DNA, by virtue of the supply chain in which it operates.

The raw materials used by the organisation are mostly made up of processing waste that is recovered in order to prevent the extraction of virgin materials.

Therefore the percentage of **raw materials used by Metallurgica San Marco obtained through recovery processes is very high: about 98%** of the materials used in production is of secondary origin. The only virgin material is zinc, which is of primary origin.



The **total quantity of materials** used by MSM is approximately **105,000 tonnes**, from which **75,000 tonnes of finished product** (poured finish) could be produced by 2021. Lastly, for finished products, there is **almost no packaging**.

In 2022, the company plans new investments for the creation of new alloys with reduced lead content.

MSM intends to launch the “Green CW510L” alloy, a CuZn38 binary Copper – Zinc alloy with reduced lead content (< 80 ppm) which will ensure that there is no possible lead release on contact.

This is a special alloy used for in the haute couture industry, whose content of recovered material will be certified according to the UNI/PdR 88:2020 (which contains the requirements for verifying the recycled and/or recovered and/or by-product content in the new alloy).

The circular economy for Metallurgica San Marco is not only about the product, but also about its processes and plants. Therefore, in 2022-2023, the investment programme includes the installation of a rotary de-oiling plant which will allow full recovery of the industrial oils used in the processes.



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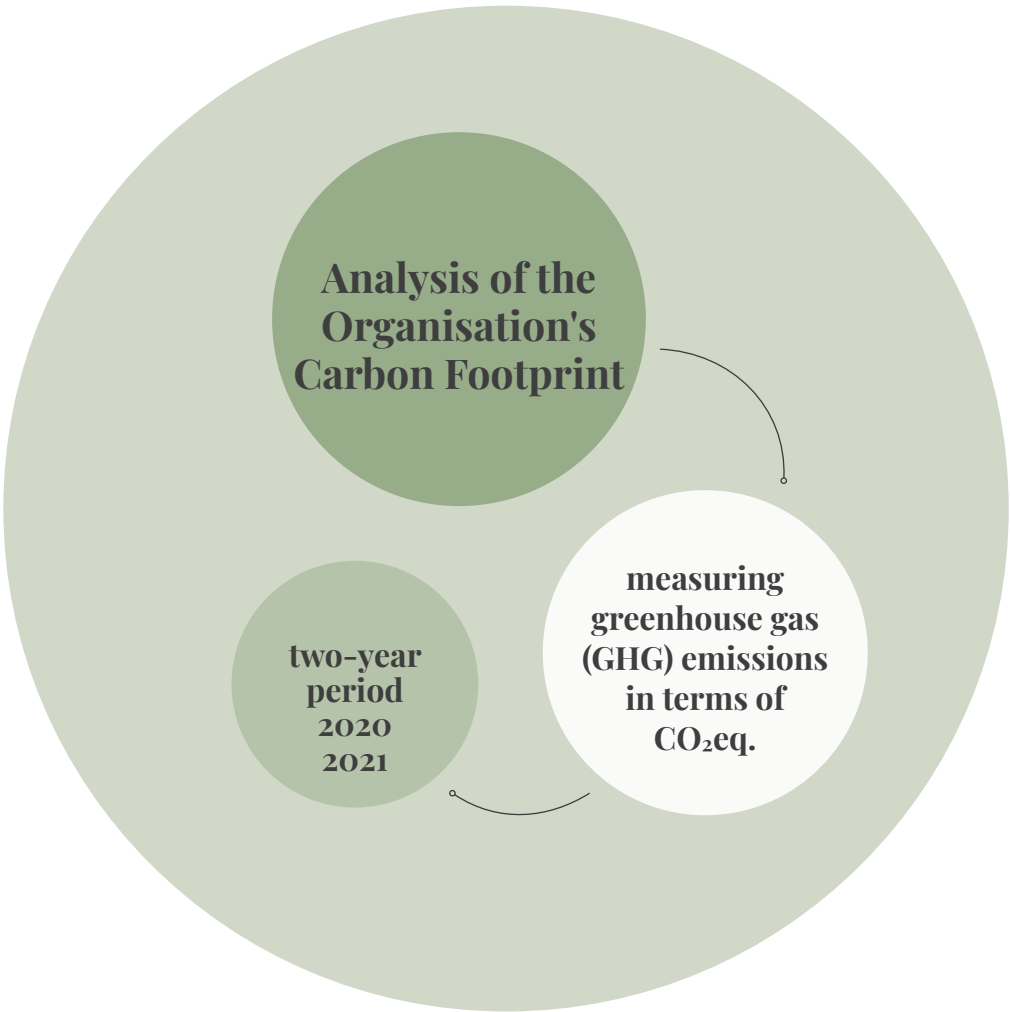
Our carbon footprint



Among the initiatives taken during 2022, Metallurgica San Marco carried out **an analysis of the company's Carbon Footprint** in order to quantify direct emissions (scope 1) and indirect emissions from imported energy (scope 2) caused by the company. This analysis was carried out following the ISO 14064-1:2018 standard, which allows the **measurement of greenhouse gas (GHG) emissions in terms of CO₂ equivalent** generated by the organisation's activities.



The data processed refer to the **two-year period 2020-2021**; the analysis will be updated annually to allow for a comparison in absolute and relative terms between the quantities under study and to verify the **quantitative trend of GHG emissions over time**.



In total, scope 1 and 2 emissions (market-based scenario) amounted to 15,501.80 tCO₂eq. in 2020 and to 17,380.50 tCO₂eq in 2021.

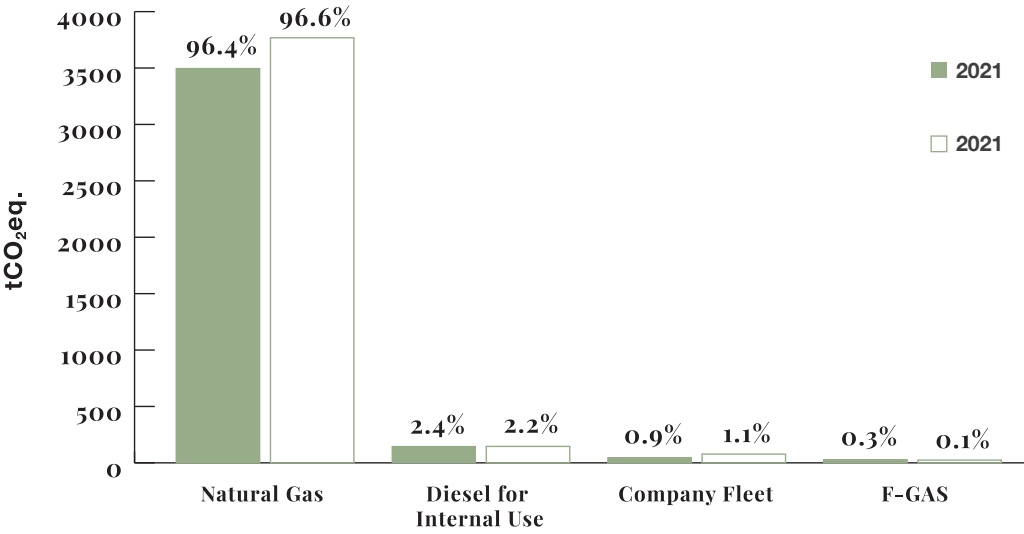


Between 2020 and 2021 the emissions increased in absolute terms, but the ratio of emissions to total production in the two years shows a positive trend, i.e. a slight decrease in the emission index (about -2%).

With regard to direct emissions (scope 1), the standard requires the monitoring and reporting of GHG emissions produced directly within the organisation's plants. Specifically, for Metallurgica San Marco these emissions are almost entirely produced by the consumption of natural gas used in processes and for office heating, which accounts for approximately 96% of the total emissions in this scope. The remaining part of scope 1 emissions is made up of the combustion of fuels (diesel and petrol) used for internal use or for the company's fleet of vehicles, plus F-Gas (Fluorinated Gases) losses caused by the air conditioning system, which accounted for less than 0.5% of total GHG emissions in both years under analysis. The following graph shows the trend of direct emissions in 2020 and 2021.

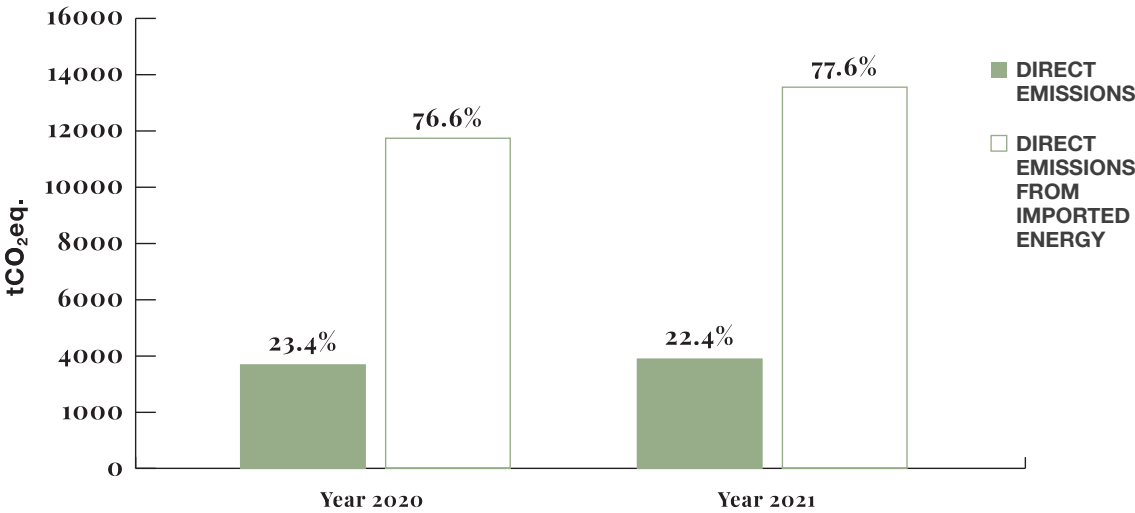
Scope 1 - Direct emissions

PERIOD 2020 - 2021



Scope 2, on the other hand, is made up of indirect emissions from imported energy: this scope includes only the electricity taken from the national grid (market-based scenario) and accounts for about 77% of the total emissions analysed for both years.

GHG emissions trend



In order to reduce GHG emissions related to these two scopes, the company is implementing a reduction strategy: from 2022 onwards, MSM will cover approximately 20% of its electricity supply with energy from renewable sources accompanied by a Guarantee of Origin (GO), thus guaranteeing a reduction of its emissions in this scope.

Projects for the reduction of GHG emission

METALLURGICA SAN MARCO'S PILOT PROJECT IN KYRGYZSTAN

Metallurgica San Marco also plays its role as a global stakeholder with conviction in addressing social and environmental challenges for the benefit of the entire planet. And it also does so by taking part in or by supporting innovative initiatives.

An example of the active and pioneering role played by the company can be found in the **pilot project in Kyrgyzstan, in which Metallurgica San Marco launched the first reforestation initiative in the Central Asian country, carried out in collaboration with the State Forestry Department and a team of agronomists.** The project is designed to achieve social as well as environmental objectives.

Reforestation contributes to the absorption of CO₂ from the atmosphere,

On the one hand, the company promotes the fight against climate emergency, while on the other, projects of this kind imply a **direct involvement of local communities**, triggering a virtuous circle with significant impacts on the development and livelihoods of the local community's inhabitants.

CARBON NEUTRALITY AND OFFSETTING

At present, Metallurgica San Marco can implement a number of measures to reduce GHG emissions. However, with the current state of technology, it is not yet possible to achieve zero emissions through the implementation of direct plant and product measures alone. Therefore, the strategy to reach neutrality must also go through the voluntary offset market.

Apart from the energy efficiency actions in which the company invests annually and which have already been presented in the section on energy and energy efficiency, MSM has considered implementing an offset strategy to mitigate the remaining part of the GHG emissions that, to date, cannot be eliminated.

Therefore, in 2021 Metallurgica San Marco **decided to purchase 3886 carbon credits on the voluntary offset market in order to offset the organisation's direct emissions impact** (scope 1). In particular, the company decided to invest in three different projects in India, Brazil and Mexico.

The first two projects, in India and Brazil, support the construction of hydroelectric energy production plants.



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In the state of **Mato Grosso**, the projects foresees the reduction of greenhouse gas emissions (by more than 40,000 tonnes per year), as well the creation of new jobs for the local communities.

In the Indian region of **Karnataka**, Metallurgica San Marco is contributing to a similar project to produce hydroelectric power from the potential of the Kemp Hole River, contributing directly to the economic development of the Hassan district where the plant will be located.

Lastly, in **Mexico** Metallurgica San Marco pursues the objective of reducing N2O (nitrous oxide) emissions released into the atmosphere during the nitric acid production process. **On the latter project, the company has decided to offset its direct emissions in 2021.**



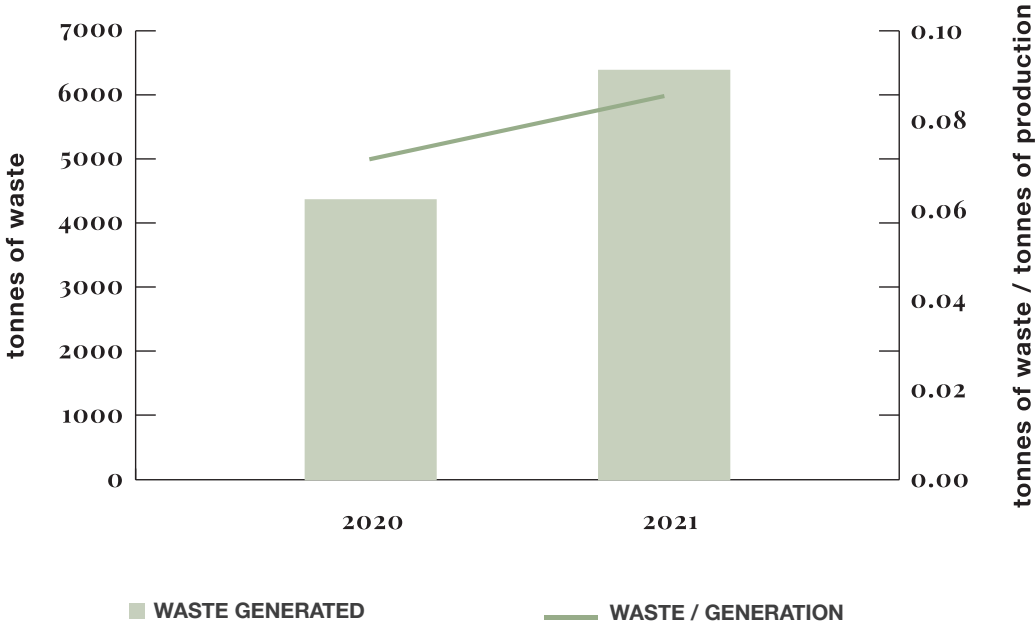
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Waste management and treatment

Another important issue for the organisation is the management and treatment of waste produced by the organisation. Metallurgical San Marco **monitors a number of indicators to keep data on this issue constantly updated.**

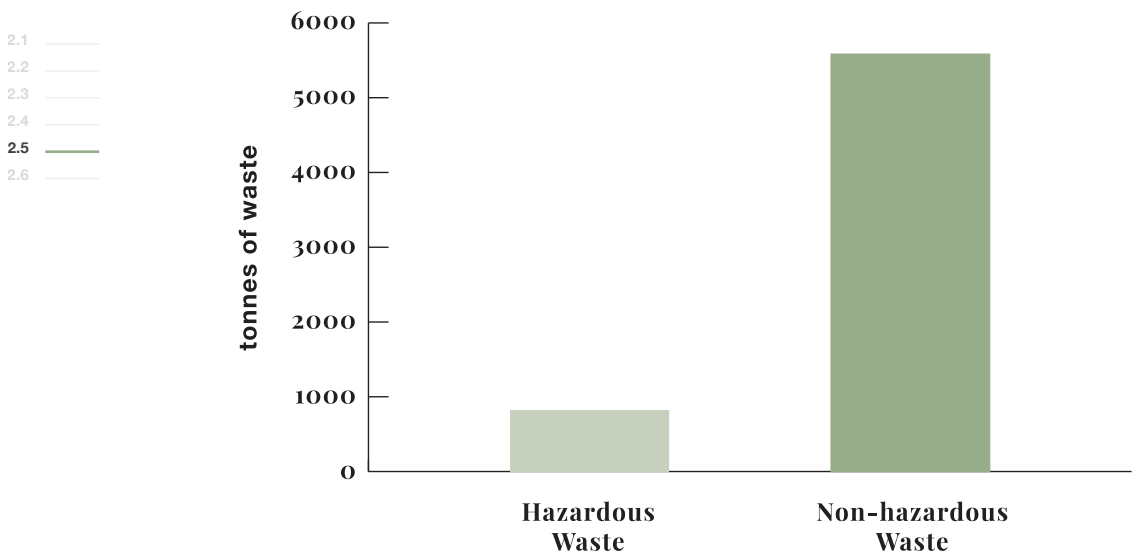
Between 2020 and 2021, MSM recorded an increase in tonnes of waste produced in both absolute and relative terms (compared to production). Although, however, the total amount of waste generated increased over the two-year period (4,322 t. in 2020 vs. 6,344 t. in 2021), **the percentage of hazardous waste in relation to the total has decreased.**

Trends in waste generation



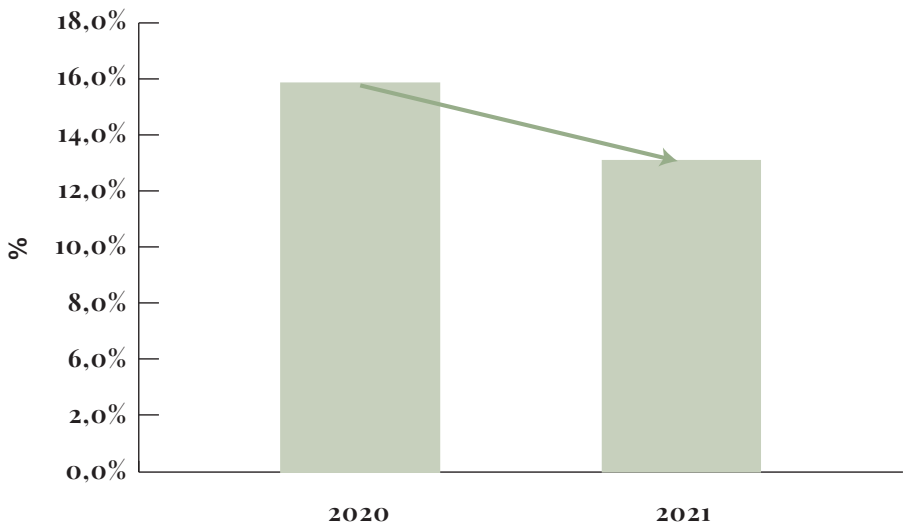
Hazardous and non-hazardous waste

2021

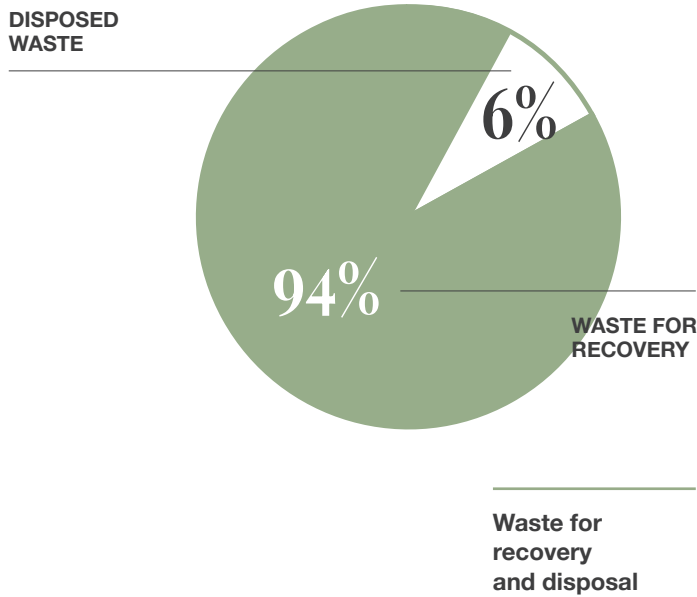


It is important to note that a comparison of the two years under review highlights a **sharp decline of the percentage of hazardous waste in relation to the total amount of waste produced**. Whereas in 2020, waste classified as hazardous was 16% of the total and in 2021 this category of waste drops to 13%.

Hazardous waste vs. produced waste



As regards the distinction between waste for **recovery operations** and waste for disposal, Metallurgica San Marco confirms its commitment to recycling by **recovering around 94% of the waste produced** in 2021.

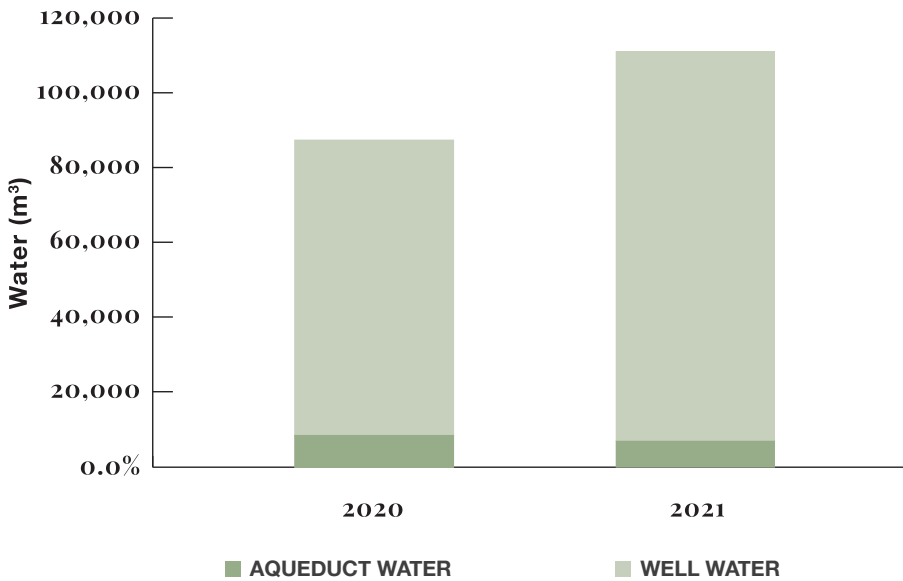


Water withdrawal and consumption

Another relevant issue, particularly for internal stakeholders, was water consumption. Metallurgica San Marco draws the water necessary for its processes from two sources: aqueducts and wells. Specifically, more than 90% of water is drawn from wells, while the remainder comes from aqueducts.

There has been an increase in water consumption proportional to the increase in production; total water consumption was 87,813 m³ in 2020 and 111,248 m³ in 2021, split between water from the aqueduct (7,159 m³) and from the well (104,089 m³).

Withdrawal and treatment of water



Furthermore, Metallurgica San Marco has also introduced some **measures for the recovery and reuse of water**: for example, a project was developed to reuse cooling water in the pickling phase. However, to date the company has not installed any meter and consequently the data on reused or recovered water is currently not available. However, the main efficiency-related project concerns the **replacement of the cooling towers**, which will increase the efficiency of the plant and minimise the waste of resources. This project began in 2021 and will be completed in 2022.



2.1

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2.6

Environment Sphere	
ENERGY CONSUMPTION AND EFFICIENCY	
AS IS	TO BE
Energy efficiency measures: LED lights and inverter installation	Feasibility study and installation of a photovoltaic system
-	ISO 50001 Certification – Energy Management System (2023)
-	8,000 MWh purchase of energy from renewable sources, accompanied by a Guarantee of Origin (GO).
CIRCULAR USE OF MATERIALS	
AS IS	TO BE
98% of recovered materials	PdR 88:2020 Certification
-	Feasibility study for a new de-oiling and oil recovery plant
OUR CARBON FOOTPRINT	
AS IS	TO BE
-	Drafting of a formal plan for reduction of GHG emissions
Calculation of the organisation's Carbon Footprint – scope 1 and 2	Extension of carbon footprint calculation to Scope 3
Offsetting of direct emissions – scope 1	Offsetting of direct emissions – scope 1
13,494 tCO2eq – Scope 2	10% tCO2eq reduction for scope 2 compared to 2021
	Reforestation project in Kyrgyzstan
WASTE MANAGEMENT AND TREATMENT	
AS IS	TO BE
-3% hazardous waste/generation compared to 2020	Reduction of hazardous waste/generation compared to 2021
94% of waste undergoes recovery processes	Increase in waste undergoing recovery processes
WATER WITHDRAWAL AND CONSUMPTION	
AS IS	TO BE
1.49 m3/t production	≤1.6 m3/t production
-	Water recovery monitoring system



03

Social Sphere



Social Sphere

Human capital is invaluable for Metallurgica San Marco.

The sustainability of a company is not only about the environmental factor.

It must take into account human capital represented by its workers, its surroundings and its local community.

In this regard, the 2030 Agenda for Sustainable Development is a fundamentally important document that, with its goals and policies, guides the company's growth. Metallurgica has been on this kind of path for a long time, which, thanks to continuous investments, will be increasingly implemented in order to protect and harmoniously integrate people, work and the environment.



Workforce management

3.1
3.2
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3.4



Pursuing business objectives people in an inclusive environment, valuing human resources and ensuring opportunities for personal and professional growth **are the cornerstones on which Metallurgica San Marco's human resources management is based.**

Inclusive environment

Valuing human resources

opportunities for personal and professional growth

WORKFORCE OVERVIEW

In 2021, **the number of employees increased by 12.5%** compared to the previous year. In fact, as of December 31, 2021, there are 126 MSM, of which 7 are women and 10 are under 30 years of age.

32

employees

94

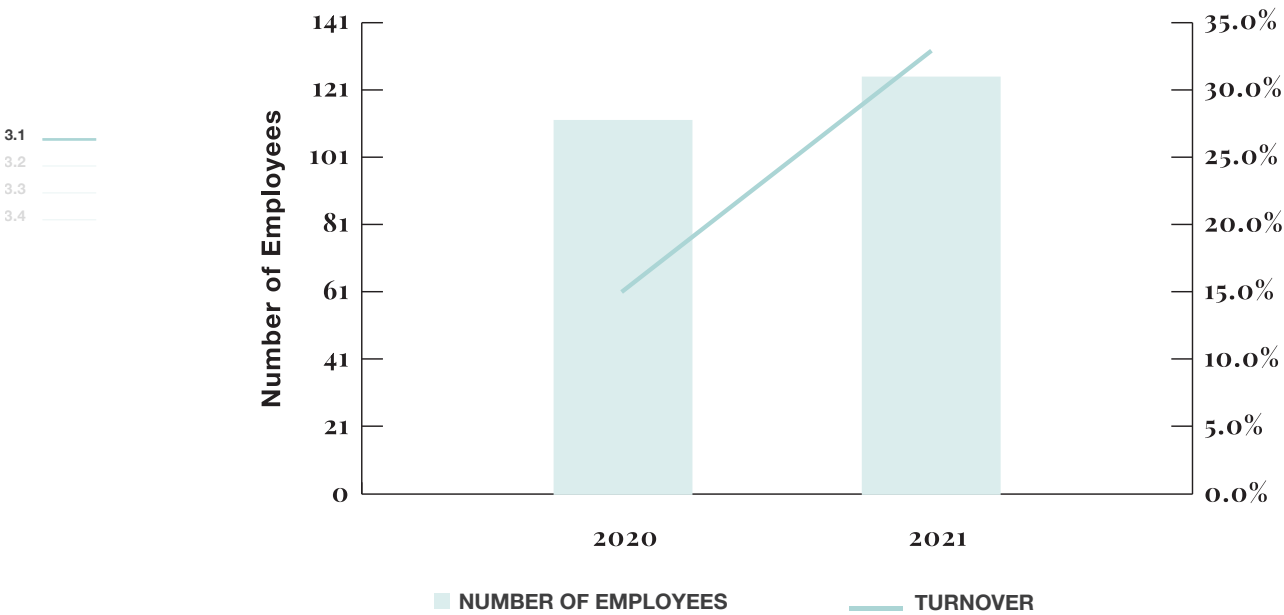
Factory workers

The percentage of **females** among the administrative staff is **22.5%**, while operational tasks are performed predominantly by men due to the specific nature of the sector.

Job stability remains a trait of Metallurgica San Marco: in fact, **90.5%** of the employees (equal to 114 people) have **permanent contracts**.

In line with this approach, 6 fixed-term contracts were converted into permanent contracts during the year.

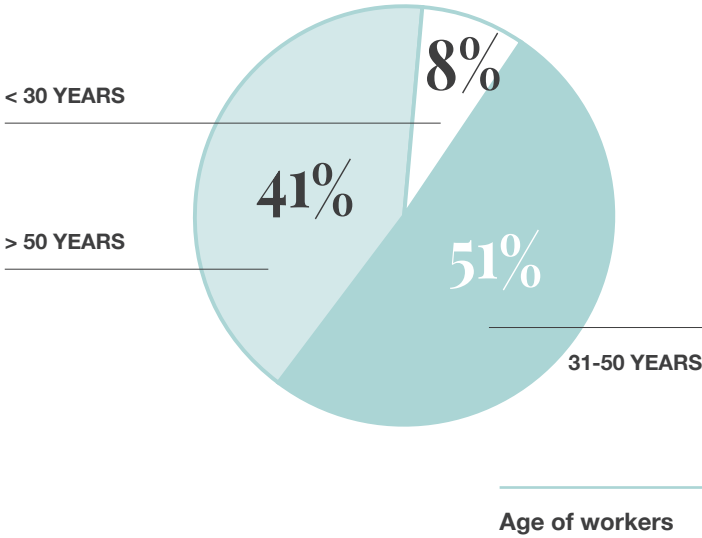
Trend in the number of workers



The **turnover rate** – calculated as the ratio of people who joined and left the company during the reference period to the total number of staff at the end of the same period – was **32.3%**. On the other hand, the **hiring rate** - the ratio of those hired during the year to the total at the end of the period - was **21.4%**.

By the end of 2021 **59% of the company's workforce was aged under 50 and 8% were young than 30** (+70% compared to 2020). While those over **50 years of age make up 41%** of the total.

Despite fluctuations from year to year, Metallurgica San Marco has realised that the winning formula lies in the **balanced mix of novices and more mature professionals** who have developed skills of various kinds.



With regard to **pay**, the **provisions of national contracts and regulations apply to all employees**.

The remuneration (considered as the basic salary plus any bonuses, benefits and overtime) received by female workers is 93% of that received by male workers. The ratio was calculated by dividing the total amount of the remuneration received by women by the total amount of the remuneration received by men, for each category, considering that all employees are employed full-time.

With reference to **corporate welfare**, in 2021,

the company signed a trade union agreement that allows to conversion of the performance bonus into social welfare instruments

to be used from 2022 onwards.

VALUING HUMAN
RESOURCES

In the management of employment relationships, Metallurgica San Marco values skills, potential and commitment, using clear and consistent evaluation criteria. The Company guarantees a collaborative work environment in which everyone can express his/her professional attitude, responsibilities are clearly set and shared rules are respected and promoted.

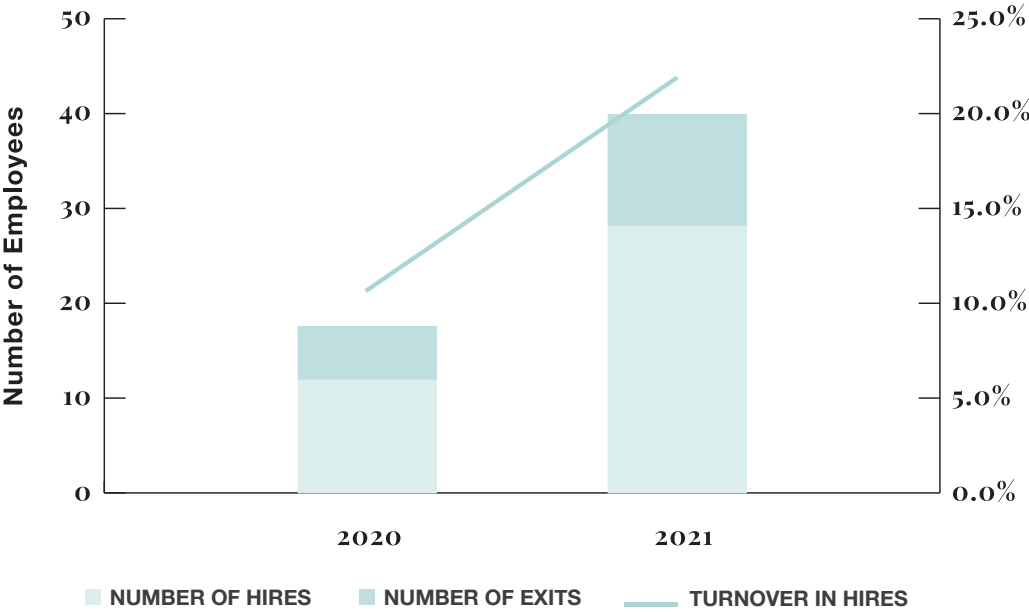
Recruitment, which is governed by the MSM code of ethics, is based on universal criteria, respecting equal opportunities, privacy and the views of the candidate. Abuse of authority at the workplace cannot be tolerated. In this case, abuse of authority is understood as the request by a superior for favours and personal services that go beyond those intended to achieve the company's goals.

All employees must be hired with a regular employment contract in accordance with the provisions of the law. Furthermore, the availability of the resources necessary to carry out the assigned tasks in order to achieve the objectives is ensured.



3.1
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Changes in employees



In 2021 27 workers were hired, while 13 contracts were terminated, with a 55.5% increase in total hires compared to the previous year.

Over the years, teamwork has proven to be one of Metallurgica San Marco's main strengths. In fact, collaboration made it possible to achieve important results.

Throughout these first 50 years, an anniversary that MSM will celebrate in 2022, **every single employee was encouraged to share and develop his/her own personal and professional qualities**, following a wide-ranging growth and planning strategy.

Health and safety of employees

3.1
3.2
3.3
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Metallurgica San Marco's primary objective is to safeguard the **health** and **safety** of all persons directly or indirectly involved in the company's activities. It is therefore committed to ensuring adequate standards of prevention and to improving safety, health and working conditions over time.

The correct application of current legislation and the compliance with the related technical regulations represent for the organisation, together with the information and training of workers and their involvement, the indispensable tools for achieving, maintaining and improving working conditions and environment, so as to guarantee the protection of the health and safety of workers, collaborators and third parties within the company.

In order to properly control the issue, all company activities are governed by management systems **certified according to the UNI ISO 45001 standard** - "Occupational health and safety management systems" and good practices aimed at preventing and managing possible risk situations are adopted, promoted and shared with suppliers as well.

HEALTH AND SAFETY WITHIN THE COMPANY

All employees are required to comply with the rules for the protection of health and safety at the workplace and the environment. Employees, within the scope of their duties and responsibilities, participate in the process of risk assessment and prevention, and in the protection of their own health and safety and that of colleagues and third parties. Hygiene and safety issues arising on the company's premises are examined and disclosed; encouraging a constructive attitude towards the formulation of practical operational proposals aimed at improving accident prevention in the company.

The company, also through the active collaboration of its employees and its external service providers:

promotes and implements

takes steps to minimise risks and remove the causes that could endanger people's safety and health, excluding any form of exception or derogation from the internal procedures adopted for this purpose.

adopts

initiates an **Occupational Health and Safety Management System** (OHSMS) to prevent, control and reduce the risk of accidents, identifying responsibilities, training people and setting concrete and measurable objectives.

collaborates

with its stakeholders, both internal (e.g. employees) and external (e.g. institutions, supervisory bodies, etc.), to **optimise the management** of health and safety at the workplace.

maintains

high safety standards in compliance with current legislation.

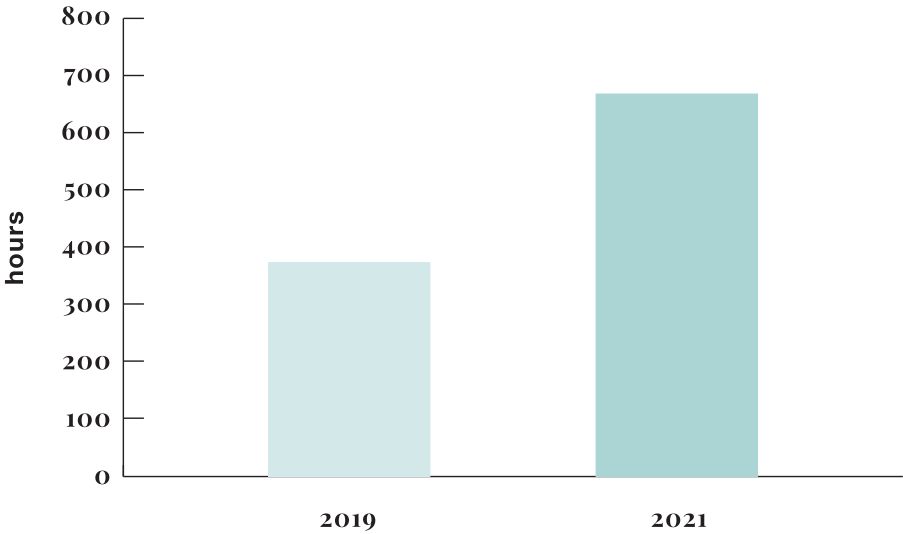
HEALTH AND SAFETY IN NUMBERS

Metallurgica San Marco believes that the way forward is through continuous training on the necessary knowledge and skills is essential in order to avoid health hazards resulting from the risks present in the company and related to work processes.

In this regard, the number of hours of Health and Safety training increased from 360 to 672 hours in 2019, which is equivalent to approximately 5 hours of training per employee.

In the graph below we have chosen not to present the year 2020 as it is considered insignificant due to the Covid-19 health emergency, which led to a considerable reduction in training hours.

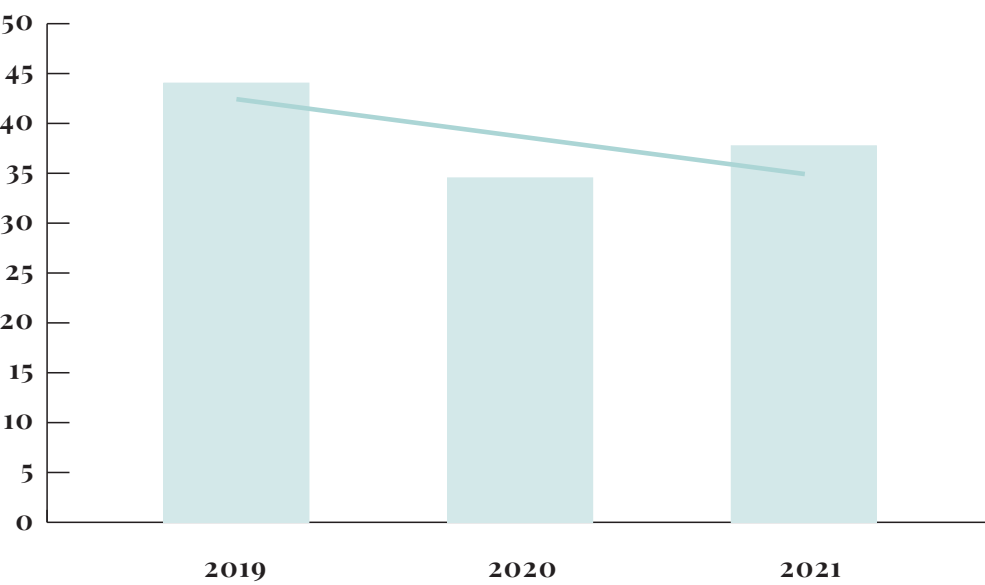
Health and Safety Training



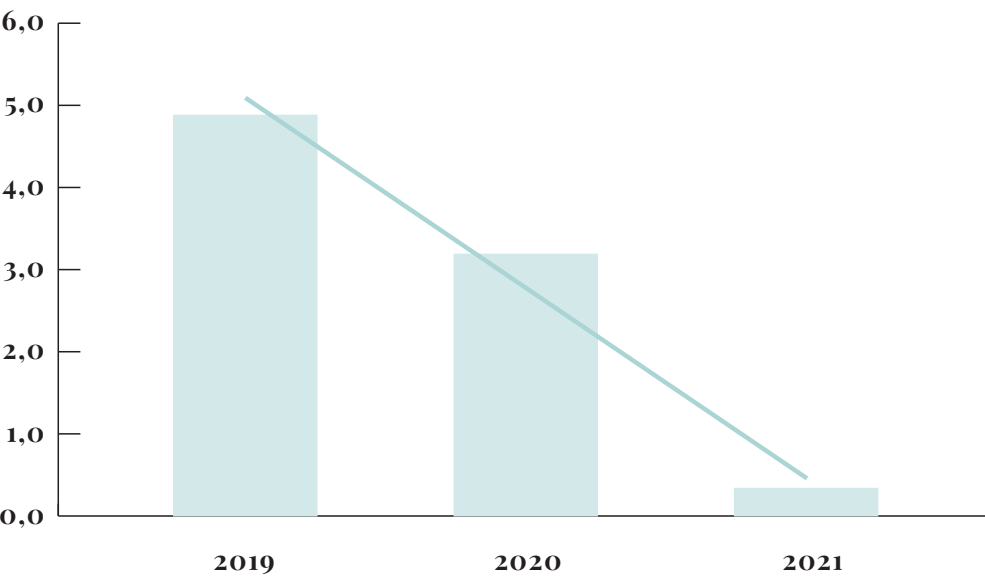
3.1
3.2
3.3
3.4

Three of the most representative accident indices are shown below: Accident incidence rate and severity index.

Incidence index



Severity index



HEALTH PROMOTION AT THE WORKPLACE

security comfort health innovation

These are the concepts around which the renovation project of Metallurgica San Marco's headquarters by architect Emanuele Vergine was centred. Aim of the project was to raise the infrastructural standards for the well-being of the company's human capital.

With the common thread of the different applications and facets of brass linking the new interpretation of the workspaces, the renovation of the company's administrative offices has restored a identity vision, previously fragmented due to the structural expansion of the area over the years.

A reinterpretation of the building that has placed employee well-being at the centre, as evidenced by the creation of refreshment areas where employees can socialise and relax.

And again, comfortable and relaxing lighting and individually air-conditioned workstations contribute to the well-being of the employee.



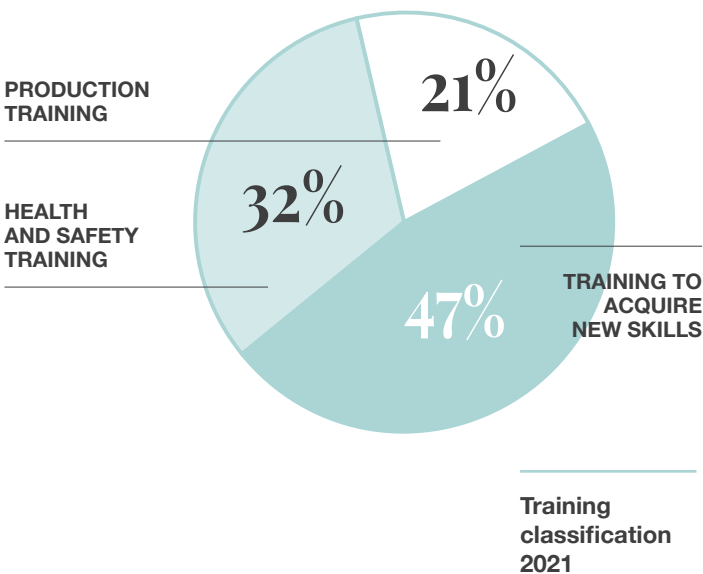
Training and education



Investing in human capital is always a winning move

Metallurgica San Marco pays particular attention to training, which is considered a strategic lever for the growth and continuous improvement of its employees' professional skills and for organisational development.

In 2021, the company provided more than 2,100 hours of training, equal to 17 hours per capita. The hours provided are divided into compulsory Health and Safety training, training aimed at developing new skills and training for workers involved in production departments.



ACADEMY PROJECT

Staff training, academic research, innovations in the service of a harmonious and profitable development of work relationships are at the core of Metallurgica San Marco's initiatives..

For Metallurgica San Marco, **human capital is a determining factor**. Training and investments for its constant development are essential, also because their value is directly proportional to the growth of the company, to its success on the market.

In May 2019, Metallurgica San Marco launched **MSM Academy**, a real "Corporate Academy" to be entrusted with the planning and delivery of ad hoc training programmes. The preparatory work goes back a long way and **involves universities and research centres such as the Laboratorio RISE (Research & Innovation for Smart Enterprises) of the Università degli Studi di Brescia and the academic spin-off IQ Consulting**.

In this regard, in 2019 Metallurgica San Marco entered into a collaboration with Umana Analytics, a spin off of the Università degli Studi di Chiesi, which focuses on **neuroscience for human and professional performance**. It is an extremely innovative project aimed at reducing resources waste and risks at work through the adoption of Eye Trackers within the company. Moreover it will be possible to capitalise on the experience and information gathered by the internal team.

This innovative project, which will be explored in more detail in the Governance section of this report, is accompanied by the activation of internal avenues for the improvement of basic computer skills and the study of the English language, increasingly crucial in a company like Metallurgica San Marco with its strong drive to internationalisation.

In conclusion, with the launch of the company Academy, Metallurgica San Marco has embarked on a highly specialised and performance-oriented path, identifying and resolving critical issues in metallurgy, technology and plant engineering.

ACADEMIC TRAINING

The need to create a solid bridge between education and the world of work is becoming more concrete and real. A link that would allow the achievement of a two-fold objective, aimed both at university students, who would be integrated and updated in the needs and dynamics of the professional environment, and at companies, which could provide tools to potential future employees, while gathering valuable information on the training levels and skills of graduates and undergraduates.

Metallurgica San Marco intends to confirm its socially responsible commitment to the younger generations by embarking on a path together with the academic world. This is one of the innovative and forward-looking strategies pursued by the company that makes its consolidated know-how available to university students, graduates and PhD students.

The company has in fact signed **three agreements – with Università degli Studi di Brescia, Università di Trento and Università Cattolica del Sacro Cuore** – certifying it as a place for curricular apprenticeships (for students) and extracurricular apprenticeships (for graduates).

Two ways to achieve complementary objectives: students have the opportunity to gain an educational, qualifying and professionalising experience specific to their course of study, while graduates can strengthen their skills through knowledge transfer and experimentation as well as gain access to the world of work

Metallurgica San Marco sees the company as a place of dialogue and development. An entity with whom cooperation is crucial for community development.

This is why its commitment is constant, as is its dialogue with academia and institutions for growth that is an asset for the entire community.



UNIVERSITÀ
DEGLI STUDI
DI BRESCIA



UNIVERSITÀ
DI TRENTO



UNIVERSITÀ
CATTOLICA
del Sacro Cuore

Thanks to these collaborations with academic institutions, **2 apprenticeships were launched** in 2021.

Value creation
in the territory and among
stakeholders

3.1
3.2
3.3
3.4



Metallurgica San Marco also supports various territorial realities which, through their social commitment in different areas of the territory, contribute to the moral, cultural and physical development of the people who live there.

SPORT SPONSORSHIPS

Boxe Team Pipia

MSM supports the team for its philosophy, because it wants to offer solid help to all those companies in the area who put talent at the centre and promote the healthy values of sport.
The Boxe Team Pipia is a small company based in Concesio, where it moved in 2020. Giorgio Pipia is a bit like Rocky's Mickey Goldmill and his gym is a place where people from all walks of life come to learn about boxing. Over time, Giorgio has trained over 300 people, aged between 12 to 50 years, and some of them have become competitive.

Atletica Brescia 1950

Metallurgica San Marco strongly believes in the social value of a company. A belief that the company pursues in various areas, one of which is sport.
By supporting the Atletica Brescia 1950 team, thus supporting the mother discipline of all sports, the company confirms its commitment to the community.

Basket Brescia Leonessa

This year, Metallurgica San Marco, always in tune with its surroundings and willing to promote values that put people, their dynamism and talent at the centre, has decided to partner with an outstanding sports company in the Brescia area. MSM is in fact the official sponsor of the team Basket Brescia Leonessa that plays in the Serie A.

PALLACANESTRO BRESCIA
Basketball

F.C. PRO VERCELLI 1892 SRL
Football

ATLETICA BRESCIA 1950
Athletics

IL POLIGONE DELLA
GALLERIA ASD
Shooting range

A.S.D TEAM BOXE PIPIA
Boxing

PRO-AM GOLF CLUB VERONA
Golf

ESC SOCIETÀ SPORTIVA
DILETTANTISTICA
Spalto San Marco tennis centre

SMS RE S.R.L.
sport activities related to football

PONTE DI LEGNO SKI SCHOOL
Ski school

UNIONE CALCIO MONTECCHIO
MAGGIORE
Football

F.C. LUMEZZANE S.S.D. S.R.L.
Football

ZANCHI MOTORSPORT ASD
Go-kart

VIRTUS BASKET LUMEZZANE
Basketball

3.1
3.2
3.3
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Social Sphere	
WORKFORCE MANAGEMENT	
AS IS	TO BE
Number of employees: 126	Number of employees ≥ 140
Number of employees under 30: 10	Number of employees under 30 ≥ 15
Production bonus	Possibility of converting the production bonus into welfare services (access guaranteed for all personnel)
-	Activation of school-work projects
-	Provision of scholarships employees' children
TRAINING AND EDUCATION	
AS IS	TO BE
Hours of training per employee 17	Hours of training per employee ≥ 22
-	Activation PhD programmes in the industrial field
VALUE CREATION IN THE TERRITORY AND AMONG STAKEHOLDERS	
AS IS	TO BE
Sports, social and cultural sponsorships	Sports, social and cultural sponsorships
	Donation to first aid volunteers (Association "Soccorso pubblico")



04

Governance Sphere



Governance Sphere

Metallurgica San Marco's governance has always been based on principles of environmental, social and economic sustainability.

Sustainability governance

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Through this report, the company wishes to express how sustainability is a key element of its business model and has become a priority at all levels of governance. Metallurgica San Marco invests in the continuous and constant improvement of the company's procedures to make production processes more efficient so as to obtain products that meet the increasingly high quality standards, while respecting the environment and the well-being of its industry. Every day, we are committed to understanding customer and target market needs to ensure innovative products and services through extensive research and development to grow both the company and the region.

As seen in the previous paragraphs, in addition to technological innovation, Metallurgica San Marco places a strong emphasis on people and their well-being, creating a favourable climate for the development of ideas and a structured organisation, so as to have a compact company that responds effectively to the needs of the market and to act as a concrete leader.

With reference to all the issues and areas mentioned and detailed in this report, Metallurgica San Marco committed to periodically review its performance and to implement and introduce improvement activities through the support of ad hoc qualitative-quantitative tools to identify them.

Therefore, the adoption of a sustainability strategy enables Metallurgica San Marco to create and **develop a real ESG identity**, capable of delivering a range of environmental, social and governance benefits.

HOW THE COMPANY IS GOVERNED

The governing bodies of Metallurgica San Marco are:

General Assembly

which appoints the board of directors, grants powers of attorney and approves the budget.

Board of directors

composed of five members appointed by the General Assembly. It is entrusted with the broadest powers of ordinary and extraordinary administration in order to achieve the goals defined by the organisation.

Board of auditors

in charge of supervising the activity of the directors and checks that the management and administration of the company is carried out in accordance with the law and the articles of association.

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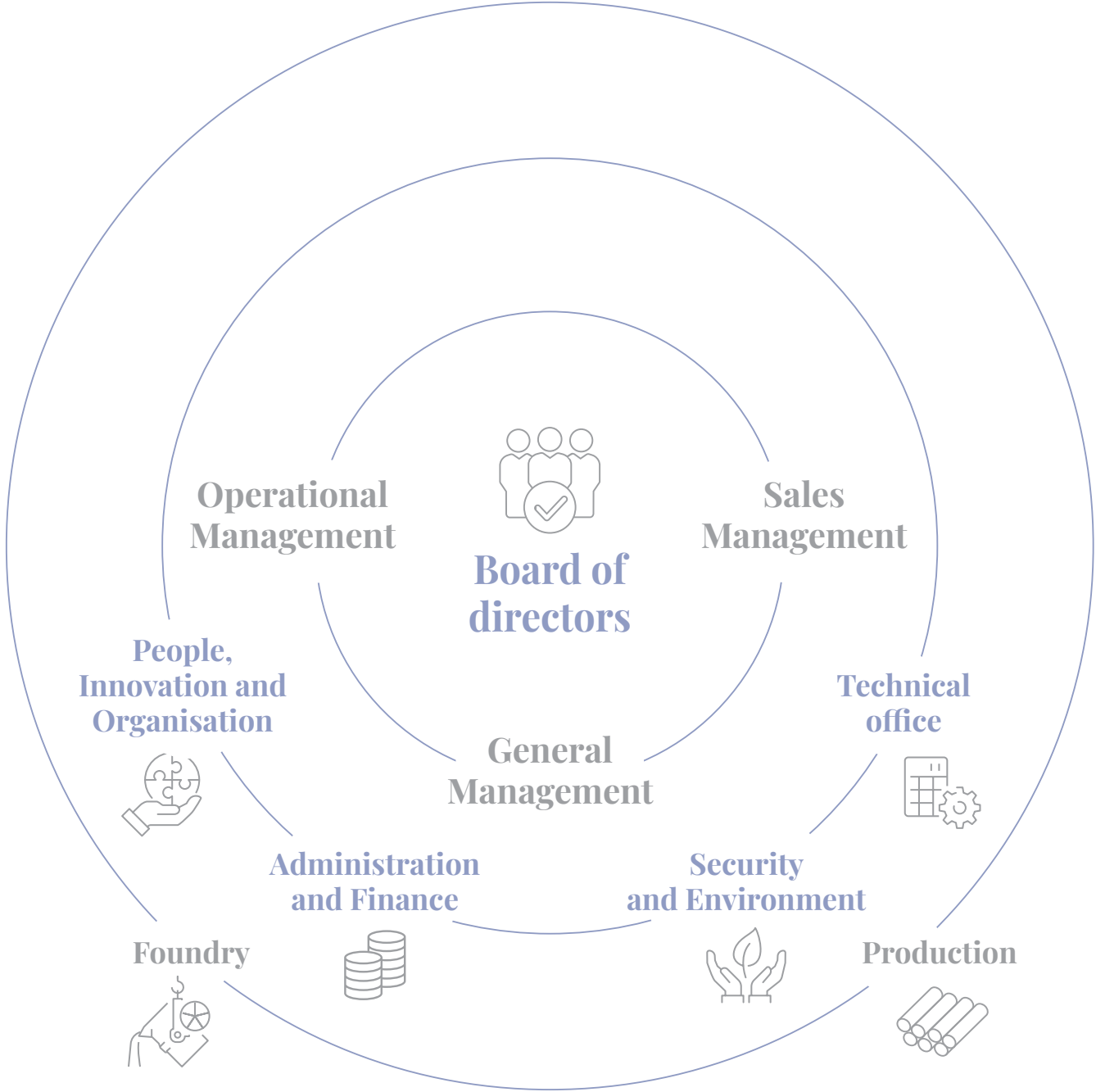
Composition of the Board of Directors as at 31/12/2021	Number
Women	0
Men	5
Under 50	2
Over 50	3
Total	5

BOD average age

54 years

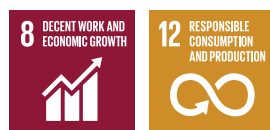
12

MEETINGS HELD
DURING THE YEAR



Corporate governance guidelines

4.1
4.2
4.3
4.4
4.5



Metallurgica San Marco has several tools to support the company in ensuring effective, efficient and transparent management, such as:

Code of ethics

MOG 231

Quality and safety management system

CODE OF ETHICS VALUES

Metallurgica San Marco is committed to acting in an ethical, honest and transparent manner – in compliance with all laws. To this end, all members of the administrative and control bodies, employees, collaborators, suppliers and all those who work in the name and/or on behalf of Metallurgica San Marco in any capacity without distinction or exception are required to formally comply with the high standards set in the Metallurgica San Marco's **Code of Ethics**.

The 2016 Code of Ethics is the **document that sets out the principles that influence the daily behaviour** of all those who work at Metallurgica San Marco in the performance of their professional activities. It was updated in 2020 with the latest sustainability policies and applies to all levels of the organisation. The code sets out the principles and duties of conduct at MSM: in addition to **provisions on integrity, fairness and transparency in accounting and financial**, it highlights the importance of **respecting Human Rights along the entire value chain**.

In particular, the **Code promotes principles of diligence, loyalty and transparency**, and clearly states the unacceptability of any behaviour that - indirectly or directly - involves any form of exploitation, corruption, discrimination or violation of workers' human rights.



4.1
4.2
4.3
4.4
4.5

The main directives are grouped into **nine areas**:



Legality



Respect for the people's dignity



Honesty and fairness



Transparency in the management of business affairs and accounting and tax compliance



Product quality



Effectiveness and efficiency



Competition protection



Safety and health protection



Environmental protection



ORGANISATION, MANAGEMENT AND
CONTROL MODEL ACCORDING TO
LEGISLATIVE DECREE 231/01 (MOG231)

Metallurgica San Marco S.p.A. has adopted an **organisation, management and control model** with the aim of establishing an internal control system consistent with the purposes and provisions of Legislative Decree no. 231/2001. The goal is to promote and enhance, to an ever greater extent, an ethical culture of honesty, transparency and legality within the company.

To this end MSM appointed
a Supervisory Body with
autonomous powers of
initiative and control,

in charge of supervising the functioning of and compliance with the Model and ensuring that it is continuously updated.
The Supervisory Body has a structured whistle-blowing procedure, which allows the reporting of any conduct that does not comply with the model.

In conclusion, Metallurgica San Marco believes that transparent reporting of economic, social and environmental performance and impacts is key in its relations with stakeholders.

MANAGEMENT SYSTEMS

Metallurgica San Marco is also committed to continuously **expanding and maintaining management systems that oversee** specific issues such as **Health and Safety** at work and **Quality** of the products and services provided.

QUALITY ASSURANCE
CERTIFICATIONS

ISO 9001

ISO 45001

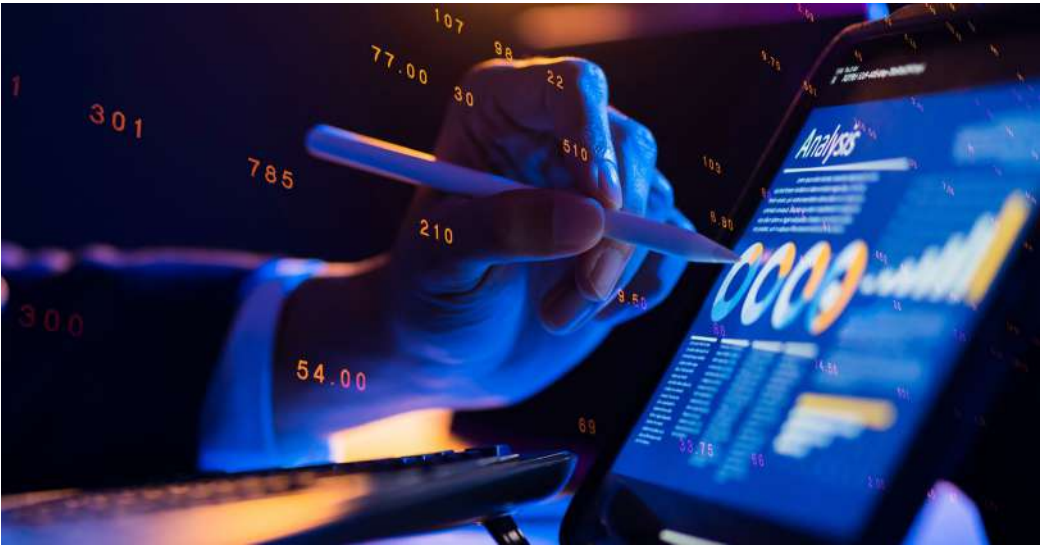
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Economic performance



For Metallurgica San Marco, sustainability and value creation are closely related.

By operating in a way that contributes to the growth of the economic, social and environmental context to which the company belongs and in which it operates, wealth is created for both the company and its stakeholders, measured in terms of directly generated and distributed economic value.



Metallurgica San Marco calculates the Value generated and distributed based on the International Non-Financial Reporting Standards (GRI Standards), that define the two concepts as follows:

DIRECTLY GENERATED ECONOMIC VALUE

is represented by revenues, such as net sales plus revenues from financial investments and sales of goods.

DISTRIBUTED ECONOMIC VALUE

is represented by the following components: operating costs, employee wages and benefits, payments to capital providers, payments to public administration and investments in the local community.

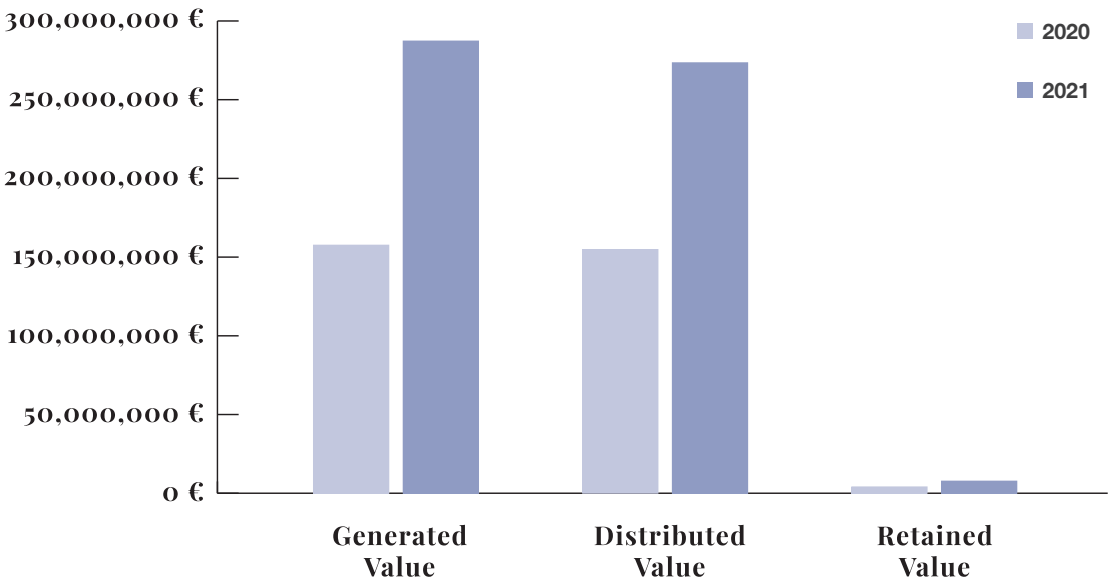
01

02

In 2021, the **economic value** generated by Metallurgica San Marco amounted to **€ 283 million** (+78% compared to 2020). As can be seen from the chart below, 97.2% of this value was distributed and mainly attributed to operating costs (raw materials) (90%), salaries and benefits (7%) and investments in the local community.

Financial contributions donated to the local community amounts to approximately €100,000.

Value generated, retained and distributed



Technological innovation

INNOVATION AND RESEARCH:
THE KEYS TO SUCCESS

Innovation and research are the driving forces in which Metallurgica San Marco invests the most. The new production plants meet the highest technological requirements and the organisation of process management is fully digital and automated: every piece of data is live, traceable and therefore easily verifiable. Metallurgica San Marco has important agreements with some universities in northern Italy to study methods and processes to improve the efficiency of brass processing, which means increased waste recovery, reduced energy use and reduced waste and costs. Another research front is dedicated to lead-free brass, which represents the future of the alloy, and which needs applications and research to become an alloy that maintains full workability and important mechanical properties.

6
million

Capex Industry 4.0

2.8%

hours dedicated to technological
innovation (compared to total
hours worked)

1.2%

of turnover from Research
and Technological Innovation
Projects



NEUROSCIENCE FOR HUMAN PERFORMANCE

Umana Analytics is an innovative start-up created from a spin off of the **Department of Neurosciences of the Università di Chieti-Pescara** and by an interdisciplinary research team whose work support companies in the management of internal resources and provides them with the key elements to implement a strategy for continuous improvement.

How?

The study of "professional performance" using eye-trackers. The tasks that make up the different stages of internal processes can be completed in different ways, but different methods can lead to different results. Understanding how the team completes each task can help to identify the best practices that can optimise each step of the process, allowing them to capitalise on knowledge derived from field experience, thereby accelerating the training process, reducing error and increasing safety.

Why the eye-tracker?

The eye-tracking technique makes it possible to observe the distribution of the operators' attention and their behaviour during the execution of a task. The eye-tracker is a non-invasive tool that can be used in conjunction with other protective instruments without affecting the task or safety during its execution. At the same time, it allows the recording of data obtained in real time at those stages in the execution of a task where skills are put into practice and can thus be measured objectively.

Areas of intervention

QUALITY AND PERFORMANCE:

Observing and identifying the best practices for carrying out a task that, for the same quality of output, optimise time and costs.

SAFETY:

By highlighting potential areas of friction, it is possible to identify sources of error or confusion that may create safety risks for operators.

TRAINING:

Incorporating the eye-tracker into training processes allows for real-time feedback and contexts, along with the possibility to review post-session activities and reflect on the errors and areas for improvement.



Supply chain

Metallurgica San Marco is well aware that its sustainability strategy can only be effective if it involves all stakeholders in the supply chain.
The first step in pursuing a sustainability goal is to measure one's own impact and performance so that specific measures can be taken.

In this sustainability report, the company reports the **expenditure on local suppliers**, which, by 2021, is 64%, excluding metals.
It is worth noting that a **local supplier** is a supplier whose head office or main warehouse is **less than 80 km from the company**.

Metallurgica San Marco's suppliers are required to comply with the requirements of the Quality, Safety and Environment management systems set out in the company's code of ethics.
Starting next year,, the company plans to introduce a code of conduct for suppliers with the aim of presenting binding guidelines for environmental and social performance for the continuous improvement of transparency and sustainability standards.

Furthermore, **in 2022 Metallurgica San Marco will launch a project on supply chain traceability**.

Governance Sphere	
CORPORATE GOVERNANCE GUIDELINES	
AS IS	TO BE
-	Training courses on cybersecurity and/or prevention of phishing in 2023
-	UNI/PdR 88:2020 certification – Requirements for the verification of recycled and/or recovered and/or by-product content in the products
SUPPLY CHAIN	
AS IS	TO BE
-	Project on traceability along the supply chain
-	Introduction of a code of conduct for suppliers

Glossary

Carbon Neutrality

The objective of the carbon neutral strategy is to achieve a balance between the direct greenhouse gas emissions produced by the company's activities and those avoided and/or absorbed by the atmosphere, according to a reduction trajectory defined by the company. Emissions are balanced by offsetting residual emissions through their reduction outside the corporate value chain or their sequestration/absorption.

CO₂ equivalent

It is a unit of measurement for weighing different greenhouse gas emissions with different climate-changing effects. The amount of CO₂ equivalent is calculated by multiplying the mass of a given greenhouse gas by its global warming potential (GWP).

Voluntary Offsetting

Voluntary offsets are a mechanism for organisations to offset their CO₂ emissions by supporting certified emission reduction projects, which contribute to achieving zero emissions globally.

Carbon credits

Carbon credits are part of voluntary offsetting tools. In particular, they represent a title with which companies can reduce the environmental impact of their activities, supporting national and international projects aimed at promoting sustainable development. This makes it possible to offset emissions by balancing them with other environmental protection initiatives, especially in developing countries. A carbon credit is a real financial unit of measurement which represents the removal of one tonne of CO₂ equivalent from the atmosphere. Since these are certified carbon credits, each offset project requires certification by an independent third party to verify that the project has been developed according to certain requirements.

Scope 1

The GHG Protocol defines Scope 1 emissions as all GHG emissions directly attributable to the company's activities within its boundaries.

Scope 2

The GHG Protocol defines Scope 2 emissions as the indirect emissions generated to produce the energy (electricity and heat) necessary to cover the company's needs.

Tonne of oil equivalent

The tonne of oil equivalent (TOE) is a unit of measurement of energy defined as the amount of energy released by burning one tonne of crude oil. That is approximately 42 gigajoules or 11,630 megawatt hours. It is used to measure energy consumption against economic productivity and is based on the energy value of oil.

Sustainability Report

Made in collaboration with Fedabo Spa SB





**METALLURGICA
SAN MARCO**

THE ITALIAN BRASS PARTNER

METALLURGICA SAN MARCO S.p.A

Via Statale 11, 132

25011 Ponte San Marco BS - Italy

ph. +39 030 5538201 (r.a.)

fax +39 030 9969973

msm@metallurgicasanmarco.it

metallurgicasanmarco.it