

2022 EDITION



METALLURGICA
SAN MARCO

THE ITALIAN BRASS PARTNER

Sustainability Report



Guidelines for the reader

Metallurgica San Marco S.p.A. drew up the Sustainability Report 2022 with the support of the consulting firm Fedabo SpA SB, following the 'with reference to' option in relation to the GRI (Global Reporting Initiative) international standards, in relation to the latest update that came into force at the start of 2023.

This is the company's second sustainability report and **aims to communicate to its stakeholders (internal and external) the virtuous initiatives implemented by the company with regard to environmental, social and governance sustainability.**

The report was drafted adopting the principles of materiality, inclusiveness, sustainability context, completeness, accuracy, balance, clarity, comparability, reliability and timeliness.

With regard to the definition of the contents, this sustainability report examines in greater detail the concept of impact materiality: in this sense, the materiality analysis carried out in the first edition of the sustainability report was supplemented by an analysis of actual and potential, positive and negative impacts. The link to the Sustainable Development Goals is also included for each theme reported.

The information given refers to the reporting period from 1 January 2022 to 31 December 2022. Information on the previous three-year period (2020-2022) can be found within the document.

With solid experience spanning fifty years and the innovative spirit of a start-up, **Metallurgica San Marco** is proud to present its second Sustainability Report for 2023.

We set ourselves the challenge of balancing our position in the metal industry, a mature sector, with the **ever changing** needs and expectations of the market, including the financial market. This challenge has required **constant innovation** and the adoption of strategies that respond to global trends, challenges and emerging goals.

At Metallurgica San Marco, we embrace all aspects of **sustainability**, going beyond merely being eco-friendly. In addition to the environment, we turn our attention to **human capital**, **social responsibility** and the **well-being of the local communities** involved. We recognise that we are part of a vast network of stakeholders and are committed to operating within this system, without artificial boundaries.

We have taken a rigorous and analytical approach in implementing our sustainability initiatives. This has involved the creation of an aligned **corporate culture** in which we emphasise the well-being of people, promote **technological innovation** and foster collaboration between **research and industry**.

During 2022, we took significant steps towards environmental sustainability in the area of responsible resource management and production.

These advances include obtaining **PDR 88:2020 certification** for traceability in our lead-free alloys and increasing the use of recycled and/or recovered material in our production processes. In this regard, Metallurgica San Marco is committed to the continuous development of new brass alloys with the aim of minimizing the environmental impact

of our manufacturing processes. These initiatives are an integral part of our commitment to responsible resource and production management.

Metallurgica San Marco operates within an integrated system in which **human capital**, represented by the **workers**, the **local community** and the **territory**, plays a fundamental role. This approach is implemented through a series of initiatives: awards for the educational achievements of our employees' children, support for leading local associations, the introduction of neuroscience to improve human performance in production processes, and the joint funding of scholarships for industrial PhD projects in cooperation with the local university. These activities are part of a broader framework of social sustainability, demonstrating our commitment to contribute positively to our community and to **value human capital**.

Everything we have achieved is ideally summarised in this document, which reflects our tangible commitment to a sustainable vision of the future. This report is our way of demonstrating openness and clarity towards our stakeholders, confirming our commitment to integrate sustainability into the very essence of our corporate mission.

Marco Gambarini
President of Metallurgica San Marco



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.

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About
US



About Us

Metallurgica San Marco (MSM) 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.

The company's strength is that it is able to produce fully customised products. Through the constant commitment to research and development, it responds to the specific work and application needs of an increasingly dynamic and evolving market. MSM is a company with a strongly innovative character, open to new projects and constantly on the move.

Valuing people and the continuous growth of production are the fulcrum of the company's 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. In 2021, Metallurgica San Marco became part of the Holding Metallurgica Group together with Cidneo Metallurgica, another leading Brescian company in the brass sector. Today, thanks to careful management and a continuous quest for innovation, the organisation ranks among the leading manufacturers of drawn and extruded brass products in Europe.

Values and principles

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Metallurgica San Marco is committed to engaging all stakeholders, so that, by sharing the company's mission and objectives, they may benefit from a driving force capable of keeping the company on a path of growth, in the present and in the near future, also in light of the major changes to the market.

The primary value for Metallurgica San Marco is human capital. 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. Central to business at MSM is the concept of both social and environmental sustainability, oriented towards improving production processes and continuous investment in advanced technologies that ensure a safe and environmentally friendly workplace, according to the highest internationally recognised standards. The objective at MSM is to value its people, creating a climate that fosters ideas, in order to respond to market developments efficiently and effectively.

Our values can be summarised as follows:

honesty

fairness

respect

transparency

HONESTY AND FAIRNESS

These are understood as the quality of **acting and communicating daily** in a sincere and loyal manner 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 intention to commit at all times to **providing truthful, complete and comprehensible information** external and internal to the organisation.



Metallurgica San Marco from its origins to the present day

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First generational succession in the **Gambarini family and partnership with the Forelli family**

Certification
ISO 9001

Certification
OHSAS 18001

Internal review of the company's organisational processes with recruitment of highly qualified personnel

**1968
1969**

1970

**1990
2000**

2003

**2003
2005**

2009

**2012
2013**

**2014
2016**

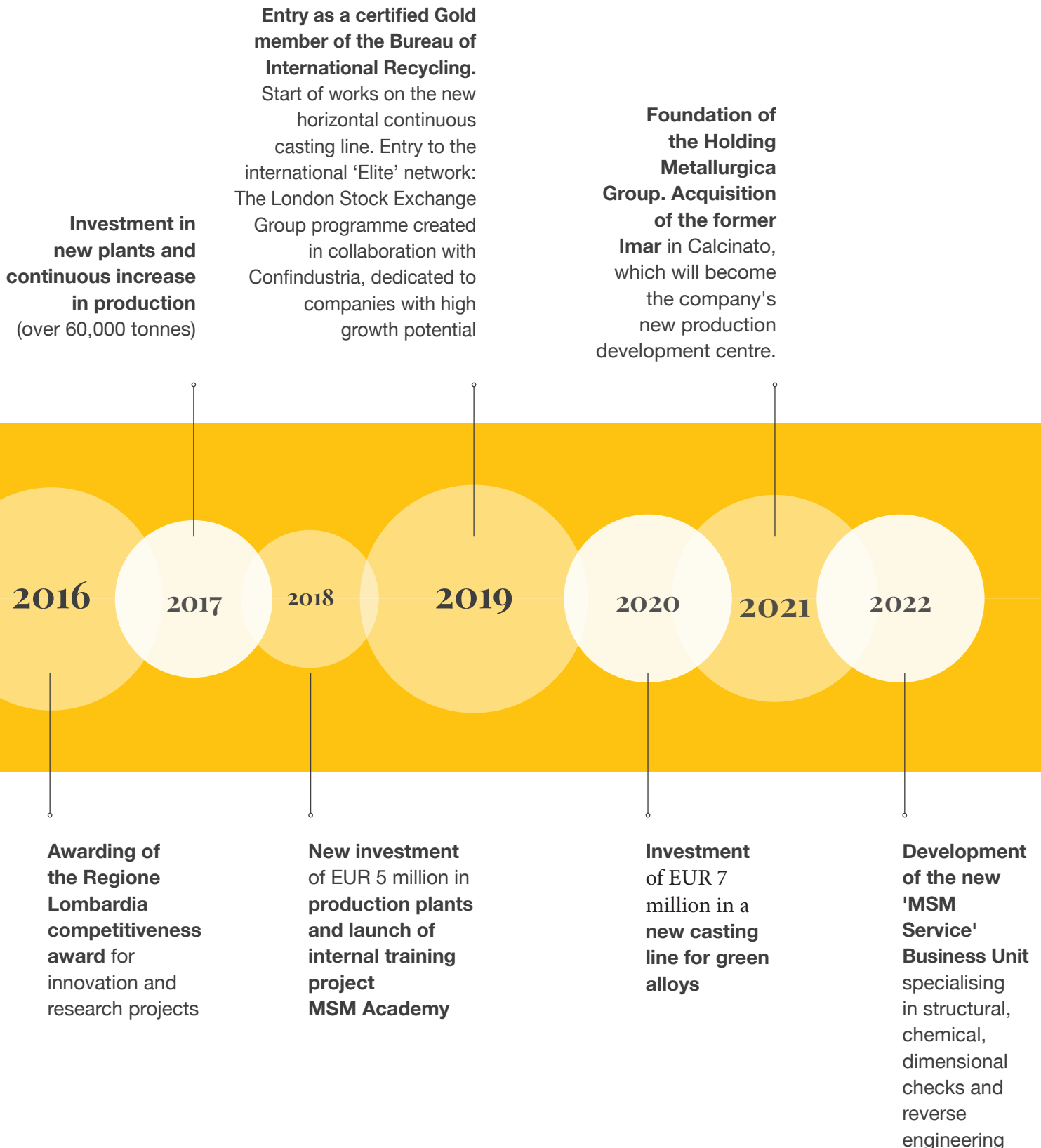
First production plant in
Ponte San Marco

Expansion of the production site and start of internationalisation and certification processes.
In four years (1996-2000) production doubles from 9,000 tonnes to 18,000 tonnes

Complete renovation of extrusion press and melting furnaces with major investments of around 25 million euros

Generation change among top management and entry of new key figures

Certification
ISO TS 16949



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>
80
k

tonnes of brass
processed each
year

>
95%

of raw material of
secondary origin
(reclaimed)

> 310
m

of directly generated economic value

98%

of waste produced is
directed to recovery

46%

of expenditure on
suppliers is spent
locally

approx

0
4

employees

new
alloy

with
reduced
lead content

a pilot project of

forestation
in Kyrgyzstan

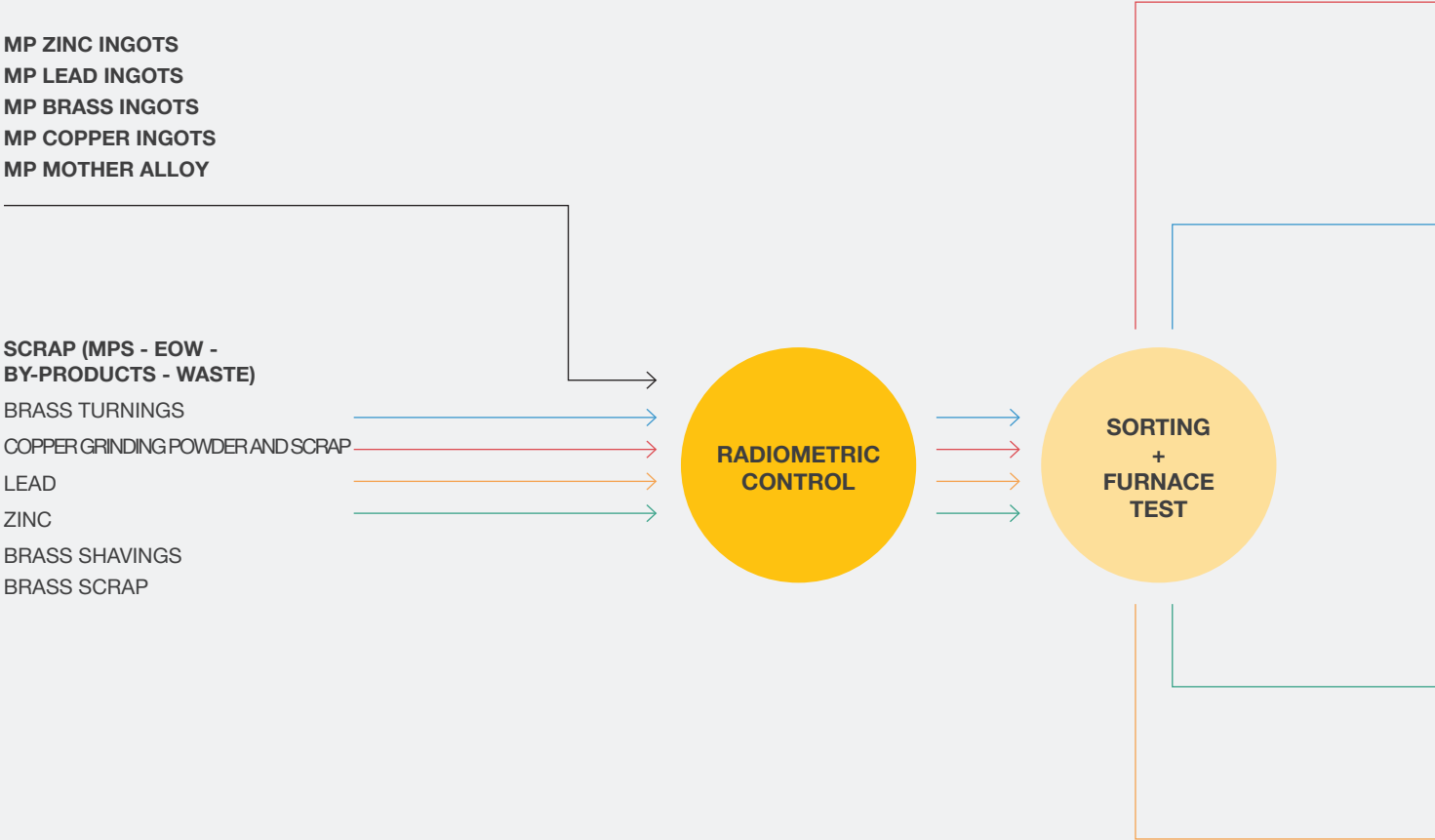
zero
reports

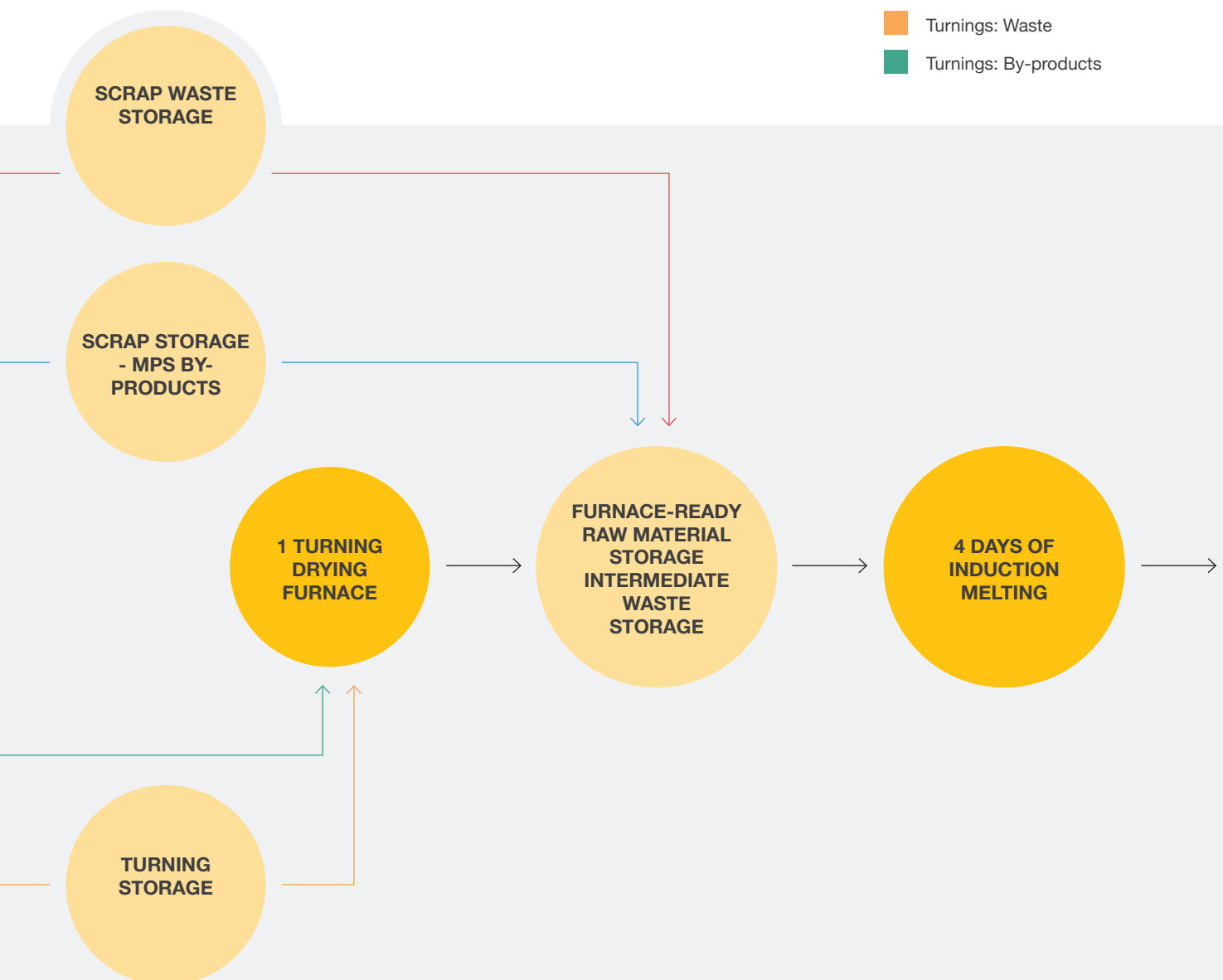
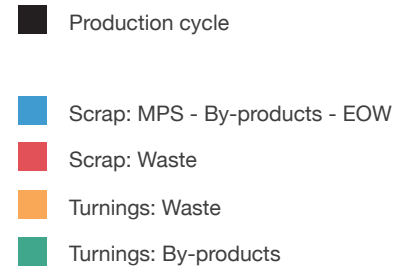
of discrimination or corruption

- 1.1
- 1.2
- 1.3
- 1.4
- 1.5

Business Units

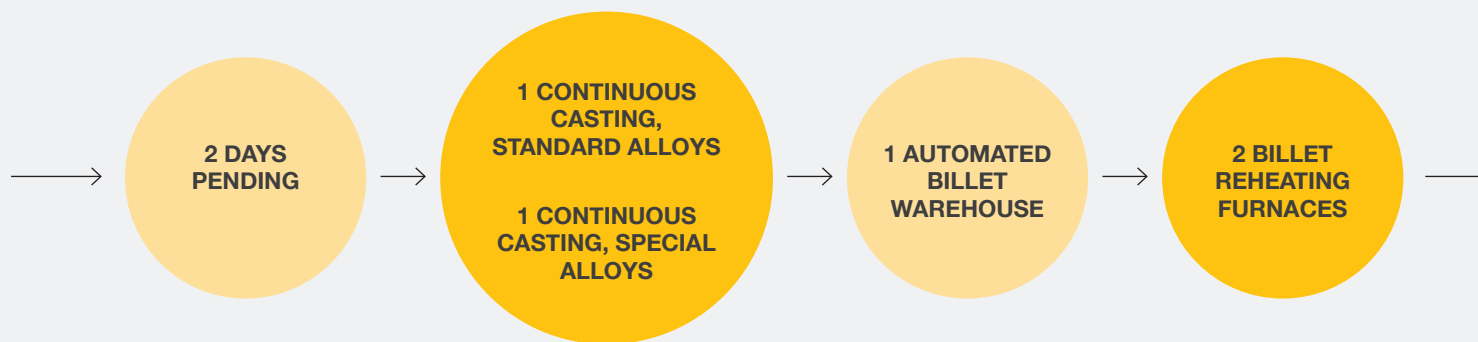
The diagram below presents the production flow of Metallurgica San Marco's products.



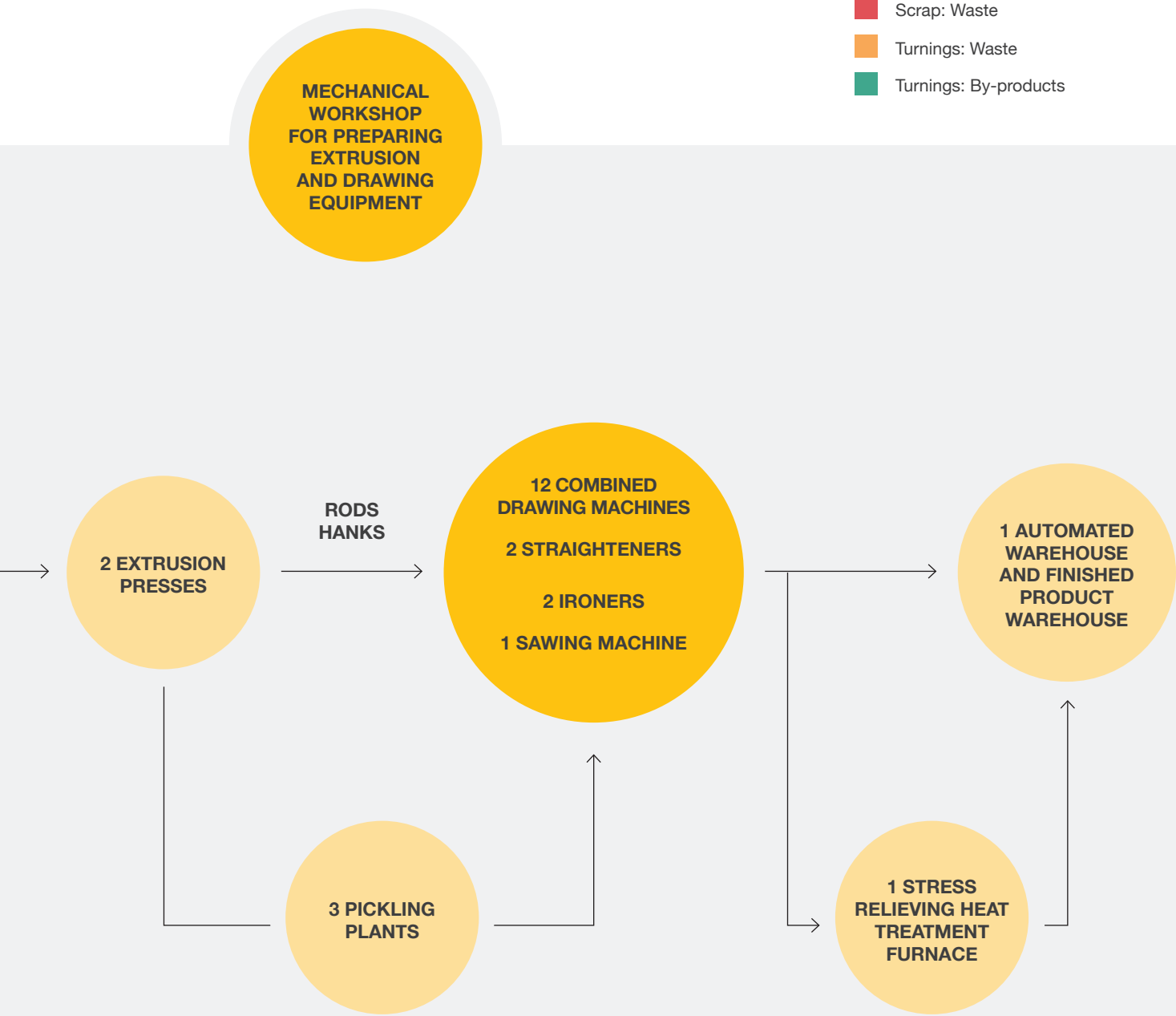


Business Units

The diagram below shows the production flow of Metallurgica San Marco products.



- Production cycle
- Scrap: MPS - By-products - EOW
- Scrap: Waste
- Turnings: Waste
- Turnings: By-products



1.1	_____
1.2	_____
1.3	_____
1.4	_____
1.5	_____

Modern systems and continuous innovation, a highly-trained and motivated workforce and organisation of excellence are the founding pillars of Metallurgica San Marco's production department, which is divided in two macro business areas:

BAR PRODUCTS

Metallurgica San Marco manufactures solid bars in rectangular, square, hexagonal and round versions in copper – zinc – lead and lead-free copper – zinc alloys. 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. Used both for cold forming and machining, the profiles are made of copper – zinc – lead alloys and lead-free copper and zinc alloys, depending on the type of end application and machining they will be used for. 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.

MSM SERVICE

In 2022, we established MSM Service, our business unit specialising in structural, chemical and dimensional inspections and reverse engineering.

It consists of a specialised Quality Laboratory, which carries out chemical-metallographic analyses and mechanical tests of the finished product, returning a quality and conformity report; and a Metrology Room, in which 4 specialised technicians work with Zeiss 3D scanners with structured light, 2 optical machines for checking dimensions and 3 three-dimensional measuring machines, producing two-dimensional control metrology reports and 3D control graphical reports. Reverse Engineering enables us to produce mechanical parts without a specific drawing, by means of 3D scanning, reconstruction of the CAD model and laying out the part drawing.



1.1

1.2

1.3

1.4

1.5

Corporate sustainability strategy

Metallurgica San Marco places great emphasis on Corporate Social Responsibility (CSR). Conscious of the potential impact its activities on the environment and the surrounding community, the company is committed to promoting initiatives aimed at raising awareness on these issues.

Through a well-defined communication strategy, Metallurgica San Marco identifies and implements projects that reflect the company's values of sustainability, positive environmental impact and active local engagement. These initiatives aim to create a positive social impact by promoting responsibility and awareness both within and outside the company.

Metallurgica San Marco recognises that CSR is not only an opportunity to improve corporate reputation, but also a way to contribute to the well-being of the society and the environment in which it operates. For these reasons, the company is committed to environmentally friendly actions, through conscious and sustainable choices, in line with European and national plans.

These actions have enabled Metallurgica San Marco to embark on a path towards renewable energy. This was a significant change, which involved lowering CO₂ emissions and limiting the use of fossil fuels in favour of zero-impact renewable sources.



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 updated the Carbon Footprint for Organization analysis undertaken in 2021 with data from the current year, focusing on the direct emissions produced within its own plants (scope 1) and the indirect emissions caused by the supply of electricity from the national grid (scope 2). The annual update of the scope 1 and 2 CFO is essential for the definition of measures to reduce atmospheric emissions and for the monitoring of projects already underway.

As early as 2021, Metallurgica San Marco drew up a **sustainability plan with the support of specialist consultants and some in-house professionals, with the aim of improving performance in every sphere of sustainability**. The plan was also renewed at the end of the year 2022 and the objectives that MSM has set itself will be presented in the relevant sections of the individual chapters.

The Sustainable Development Goals

In addition to the standards of the Global Reporting Initiative (GRI), this sustainability report refers to the Sustainable Development Goals (SDGs), which are the core of the United Nations 2030 Agenda. **More specifically, they are the 17 goals embodied in the joint plan for sustainable development that the governments of the 193 UN member states signed up to in 2015. The achievement of these goals, set for 2030, implies the active involvement of institutions, organisations, companies and civil society.**

We have chosen to report, with respect to each sustainability theme (environmental, social or governance), the reference SDGs, with specific focus on the actions taken and initiatives adopted by Metallurgica San Marco, during the year 2022, towards each of these goals.





greatest achievement

Materiality and impacts

Metallurgica San Marco's priorities: material topics

2.1

2.2

I M P A C T A S S E S S M E N T

For this edition of the sustainability report, in line with the requirements of the new GRI standards, MSM has supplemented its first materiality analysis carried out last year with an **analysis of the impacts generated** by the organisation on the environment, the economy and society, in order to assess the **impact materiality**.

The analysis started with a study of the business context and, considering all stakeholders, assessed the **positive and negative (actual and potential) impacts** generated by the company.

In order to ensure an impact analysis that was representative of the company's reality, interviews were conducted with company managers, with the aim of assessing the significance of the impacts generated.

Impacts were classified according to their magnitude and likelihood of occurrence in the case of potential impacts, while they were identified according to magnitude (the extent of the damage or benefit procured) in the case of actual impacts (positive or negative impacts resulting from events whose occurrence has already been recorded).

The rating scale of the impacts generated went from 1 to 5. As far as severity/magnitude is concerned, in the case of positive impacts (actual or potential), the highest value (5) is to be considered the best/optimal value, while for negative impacts, a value of 5 indicates a very significant threat to the organisation (and thus takes on a negative meaning). With regard to probability, on the other hand, in the case of potential impacts, the greater the probability of an event occurring, the higher the score assigned (again, maximum value 5).

In addition, for each impact, actions already taken internally to manage or mitigate the effects generated were identified, along with areas for improvement.



2.1
2.2

ACTUAL IMPACTS GENERATED

Below is a table showing the most significant actual impacts for each material issue identified by the company. The table shows the main actual positive and negative impacts generated directly and indirectly by the company on the environment, people and the community.

SPHERE	PRIORITY TOPICS	IMPACT GENERATED	TYPE OF IMPACT	SEVERITY/ MAGNITUDE
Environment	GHG emissions	Development of a planting project in Kyrgyzstan with environmental and social benefits.	Positive, actual	5
	Waste management	High recovery rate of waste produced.	Positive, actual	5
	Energy and energy efficiency	Implementation of energy efficiency measures (e.g. LED lighting system).	Positive, actual	4
	Circular economy	Recovery of raw material within the production process.	Positive, actual	5
		Engagement of and collaboration with the entire supply chain to promote circular economy projects.	Positive, actual	5
Social	Health and safety at work	Presence of an ISO 45001-certified health and safety management system.	Positive, actual	4

SPHERE	PRIORITY TOPICS	IMPACT GENERATED	TYPE OF IMPACT	SEVERITY/ MAGNITUDE
Social	Employee well-being	Increased youth turnover due to the lack of alignment with the demands of the younger generation.	Negative, actual	3
		Adoption of a welfare platform and extension of services available to staff.	Positive, actual	3
	Training and education	Participation in innovative events to disseminate our internal culture and activity.	Positive, actual	5
		Development of industrial PhD projects and traineeships to foster talent development and provide opportunities for growth for the younger generation.	Positive, actual	4
	Value creation in the local community*	Investment in projects with a positive impact on the local community (e.g. brass bands, donations to local associations).	Positive, actual	4
		No complaints from institutions or the local community about negative impacts generated by the organisation (e.g. spills, noise, traffic, etc.)	Positive, actual	4
Governance	Economic performance	Financial stability of the organisation and guarantee of stable and continuous employment for staff.	Positive, actual	5
	Research and development	Existing collaborations with educational institutions and research organisations to receive support for innovation.	Positive, actual	4

* As evidenced by the materiality matrix, this was not a material issue for MSM, but it was decided to include it because it was relevant to the organisation.

2.1 ———

2.2 ———

POTENTIAL IMPACTS GENERATED BY MSM

In addition to the actual impacts presented above, we also analysed the potential impacts, both positive and negative, that may be generated by the organisation. These impacts were assessed on the basis of magnitude and probability of occurrence, as explained in the introduction.

POTENTIAL NEGATIVE IMPACTS

The table below shows the main **potential negative impacts** related to the material topics identified by the organisation, broken down by sphere (E, S, G). Following the table, however, there is a matrix which positions the identified potential negative impacts in relation to their importance, obtained by combining the magnitude and likelihood in relation to the different issues.

SPHERE	PRIORITY TOPICS	POTENTIAL NEGATIVE IMPACTS
Environment	GHG emissions	Failure to meet targets in terms of reducing GHG emissions and risks related to communicating the sustainability pathway undertaken.
	Waste management	Spills or hazardous waste treatment issues.
	Materials	Difficulties in procuring raw materials (e.g. due to increased costs and delivery times).
	Water	Risk of spills.

SPHERE	PRIORITY TOPICS	POTENTIAL NEGATIVE IMPACTS
Social	Health and safety at work	Accidents at work (serious and non-serious) due to the type of process carried out.
	Employee well-being	Increased voluntary turnover due to professional development not in line with expectations.
		Difficulties in recruiting staff.
		High staff absenteeism.
Governance	Economic performance	Customer insolvency.
	Customer satisfaction	Negative effects related to potential customer dissatisfaction if it is not tracked and resolved.
	Sustainability strategy	Difficulties in responding to a change in the market and demands towards a more sustainable economy, which can lead to a loss of reputation.
	Anti-corruption and data protection	Incidents of bribery and fraud within the company.
		Malfunctioning or degradation of information systems and incidents of fraud by former employees.
	Supply chain	Difficulties in finding suppliers of raw material that meet sustainability requirements.

Potential negative impacts of MSM



As shown in the matrix, the main impact relates to the issue of '**Occupational Health and Safety**'. The organisation is already focusing on the impacts arising from this issue and, given the type of production process concerned, is aware of the risks associated with this and the importance of adopting preventive behaviour.

The events with intermediate probability of occurrence include in particular the risks related to **customer satisfaction**, **material use**, **data protection** and **corporate sustainability strategy**, while the risks associated with 'water' and 'supply chain' are of lower magnitude.

Finally, there are very significant risks related to greenwashing and failure to meet GHG emissions reduction targets, as well as the potential impacts of spills or problems in the treatment of hazardous waste and those related to potential customer insolvency.



POTENTIAL

POSITIVE

IMPACTS

The methodology and process of context analysis also included the identification and management of **potential positive impacts**, which have been reported in the table below.

SPHERE	PRIORITY TOPICS	POTENTIAL NEGATIVE IMPACTS
Environment	GHG emissions	Achieving carbon neutrality of direct emissions (scope 1) and indirect emissions due to imported energy (scope 2).
	Energy and energy efficiency	Development of an energy diagnosis and an ISO 50001-certified energy management system.
		Increased self-consumption of renewable energy through the installation of the new photovoltaic system.
		Reducing energy waste.
	Water	Introduction of a water management system to monitor periodically consumption and performance.

02.

Materiality and impacts

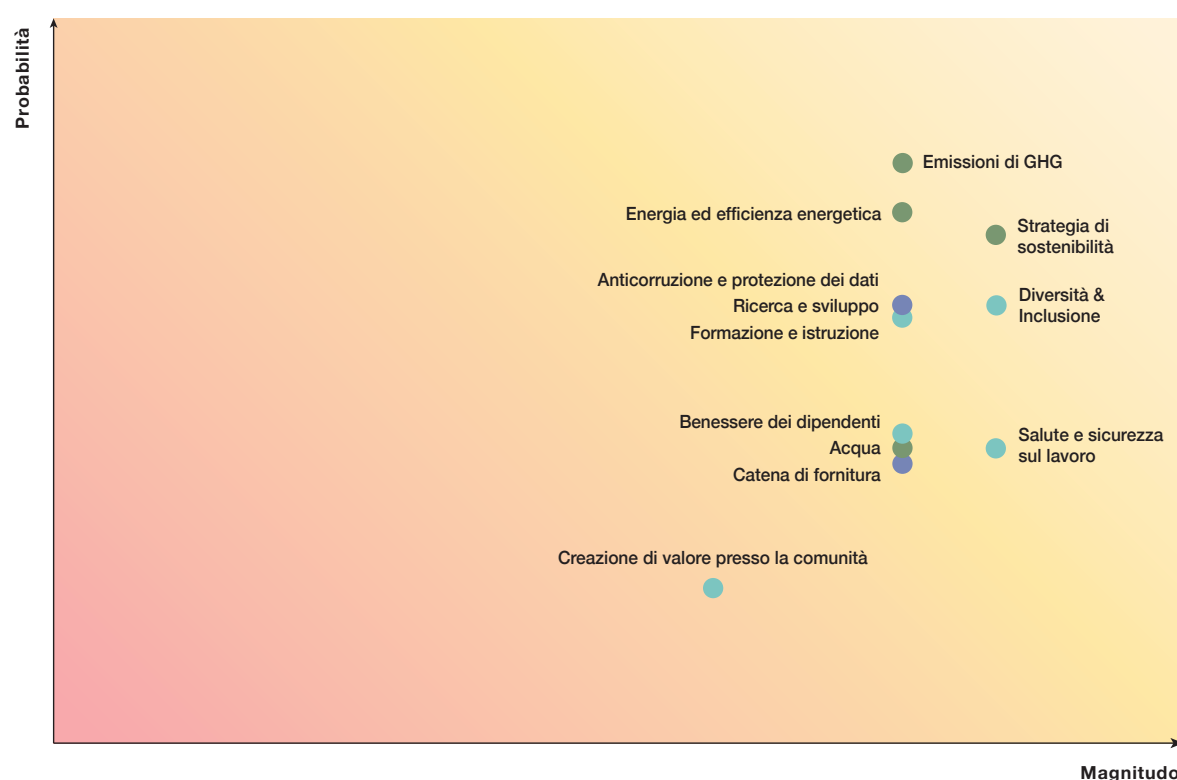
Metallurgica San Marco's priorities: material topics

2.1 —
2.2 —

SPHERE	PRIORITY TOPICS	POTENTIAL NEGATIVE IMPACTS
Sphere	Occupational health and safety	Analysis of near misses and development of preventive actions to promote worker safety.
		Provision of specific safety courses, beyond the legal obligations (e.g. first aid course, using a defibrillator, etc.)
	Employee well-being	Development of an internal climate analysis in order to understand and intercept possible employee dissatisfaction.
	Diversity & Inclusion	Existence of a whistleblowing channel for reporting episodes of discrimination.
		Communication to staff of the existence of this mechanism and response to any reports received.
	Training and education	Existence of a structured and customised training and career advancement plan for each person.
Sphere	Value creation in the local community	Working hours dedicated to activities in favour of the local community, e.g. company volunteer days.
	Sustainability strategy	Development of an ISO 14001-certified environmental management system.
		Commercial growth in terms of new customers and new products/services and simultaneous increase in products/services offered to existing customers.
	Research and development	Analysis and study of innovative technologies relevant to the industry.
	Anti-corruption and data protection	Delivery of specific cybersecurity awareness courses with a view to privacy and anti-corruption.
	Supply chain	Knowledge and insight into impacts along supply chain.

For this analysis, the methodology adopted is in line with the matrix seen above. The matrix of potential positive impacts with reference to Metallurgica San Marco's priority topics is presented below.

Potential positive impacts of MSM



As highlighted by the matrix, Metallurgica San Marco identifies as development opportunities the issues of achieving **carbon neutrality** for scopes 1 and 2, the possibilities of establishing a certified energy management system (**ISO 50001**) and the installation of a new **photovoltaic system**, and potential **business development** linked to the company's sustainability strategy.

2.1 —

2.2 —

There are also very significant impacts related to **'Diversity & Inclusion', 'Anti-Corruption & Data Protection', 'Research & Development' and 'Training & Education'**. With regard to the first issue, the organisation set itself the goal of increasing employee awareness of the company's whistleblowing channel. With regard to training, on the other hand, efforts are being made to create a structured training plan for everyone and, in addition, to include specific cybersecurity awareness courses in the training. Finally, MSM also identified potential positive impacts related to the study and analysis of innovations in its market sector.

Finally, potential positive impacts have been identified, albeit with slightly lower probability of occurrence, in relation to the social issues of **'Employee well-being'**, where the development of an internal climate survey is envisaged, **'Occupational health and safety'**, for which Metallurgica San Marco would like to extend health and safety courses beyond legal obligations, and **'Value creation in the local community'**, with the promotion of volunteer days in favour of social projects.

In conclusion, other impacts with high magnitude but lower likelihood of occurrence are those related to the **issue of water use and the supply chain**.

Metallurgica San Marco's material issues

2.1

2.2

Metallurgica San Marco first defined its own **materiality analysis** in its first sustainability report (FY2021). Thanks to the stakeholder engagement activities developed, it identified the sustainability issues that have greatest influence on the company, what are known as **material topics**. Material topics 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 topics, internal and external stakeholders of Metallurgica San Marco were involved. **External stakeholders** received questionnaires customised for the different target groups: clients, suppliers, financial institutions, public administration and local associations.

As concerns **internal stakeholders**, however, the organisation decided to involve 27 corporate roles. In this case, in addition to sending out a questionnaire, interviews were also carried out with company representatives.

The results of these activities were used to define Metallurgica San Marco's first materiality matrix, which remains unchanged also for this sustainability report.

Below, we present the materiality matrix resulting from the analysis carried out in the Sustainability Report 2021, which defined Metallurgica San Marco's material topics.

Environment:

Energy and energy efficiency
Waste management
Circular economy
GHG emissions
Materials
Water

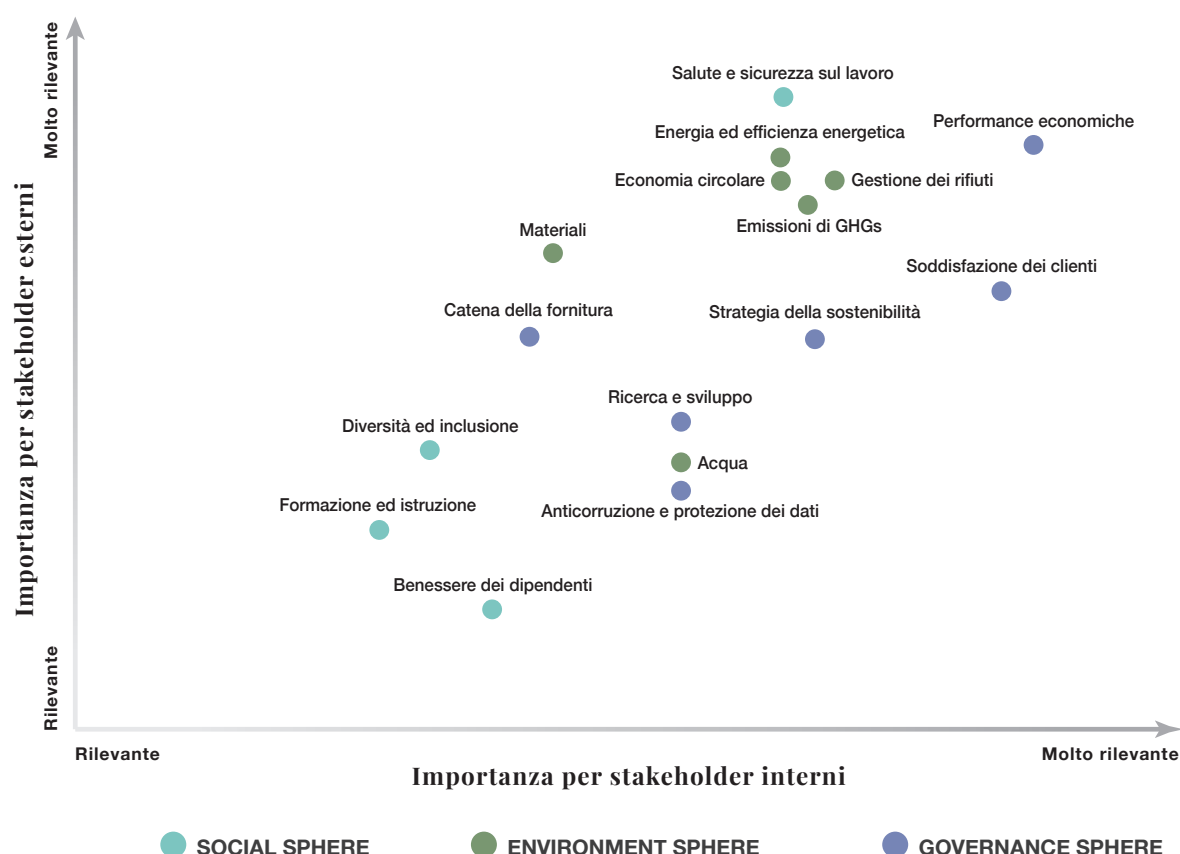
Social:

Health and safety at work
Training and education
Employee well-being
Diversity and inclusion

Governance:

Economic performance
Customer satisfaction
Research and development
Sustainability strategy
Anti-corruption and data protection
Supply chain

Materiality matrix



From the processing of the answers to the questionnaires, it emerged that the most significant issue with reference to this stakeholder category is '**occupational health and safety**' (which is also of significant importance to internal stakeholders), highlighting the extent to which this issue is fundamental for 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 improve further 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 topics, the definition of actions relating to "**energy and energy efficiency**", circular economy and the reduction of atmospheric emissions ("GHG emissions") is strategic.

From the analysis of the answers to the questionnaires, it emerged that the most significant issue with regard to **internal stakeholders** is **customer satisfaction** and the maintenance of sound **economic and financial performance**, with a view to **continuous improvement**.

For this category of stakeholders too, it is also important to the focus on issues relating to "circular economy" and "waste management", "energy and energy efficiency", "occupational health and safety", as well as on the definition of actions aimed at reducing atmospheric emissions ("GHG emissions").

Within the social sphere, however, the priority material topics were "diversity and inclusion", "employee well-being" and "training and education". Other material topics include 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.

02.

Materiality and impacts



03

Gove

ernance



Governance

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

Sustainability governance

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3.2

3.3

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

Through this report, the company seeks to convey the importance of sustainability as a key element of its business model and 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, in compliance with the new demands of the market, while respecting the environment and ensuring well-being within the company.

We are committed daily to understanding the needs of the customer and the reference market in order to guarantee innovative products and services thanks to extensive and continuous technological innovation.

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 achieve a short business chain that responds effectively to the needs of the market, on which it is a leading player.

The MSM Board of Directors has taken a proactive role with respect to monitoring environmental, social and governance performance. The adoption of a sustainability strategy thus enables Metallurgica San Marco to create and **develop a veritable ESG identity**, capable of delivering a range of benefits.

HOW THE COMPANY IS GOVERNED

The governing bodies of Metallurgica San Marco are:

General Assembly

which appoints the BoD, grants powers of attorney and approves the financial statements.

Board of Directors

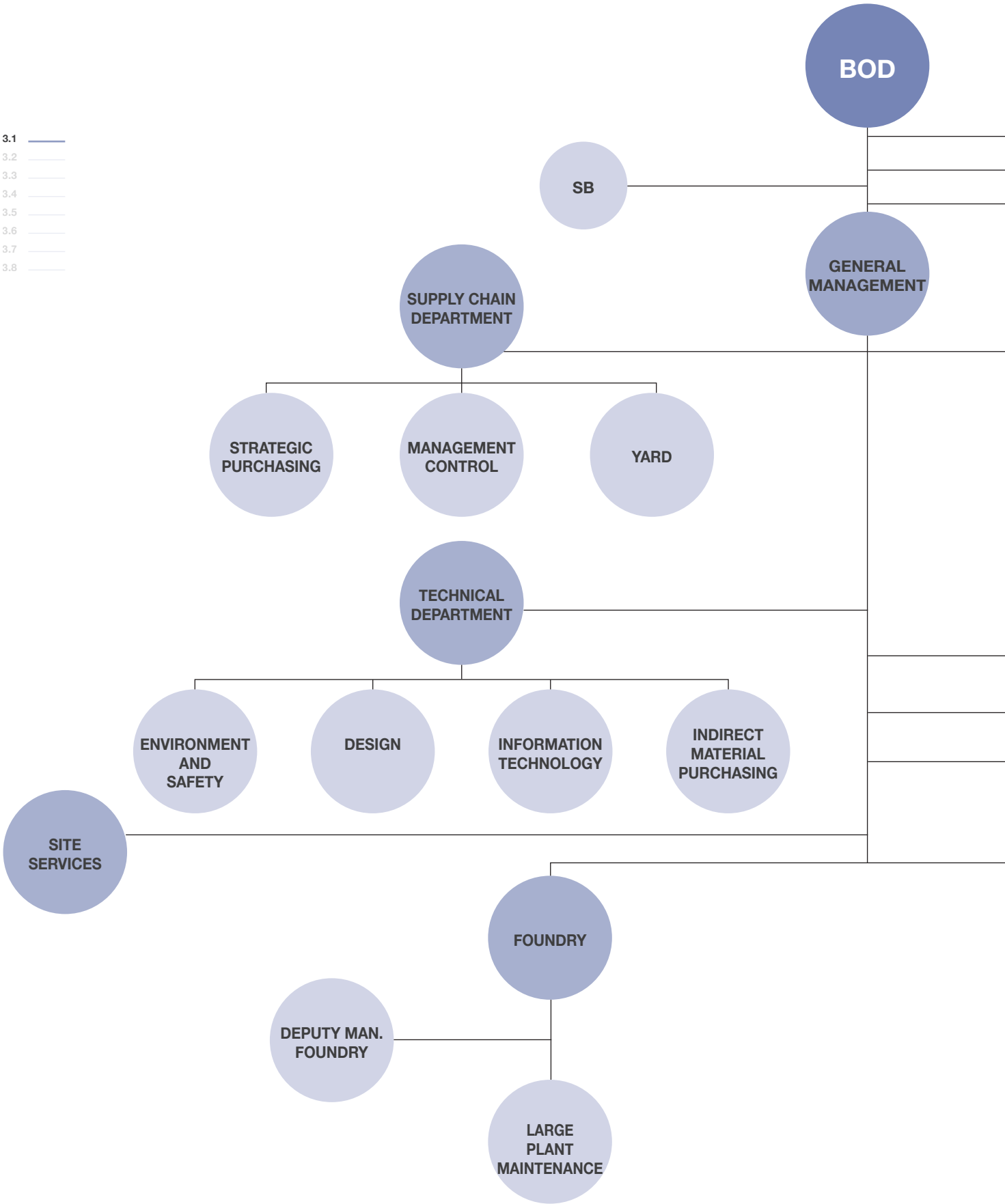
composed of five members appointed by the General Assembly. It is the management body, entrusted with the broadest powers of ordinary and extraordinary administration in order to achieve the goals defined by the organisation.

Board of auditors

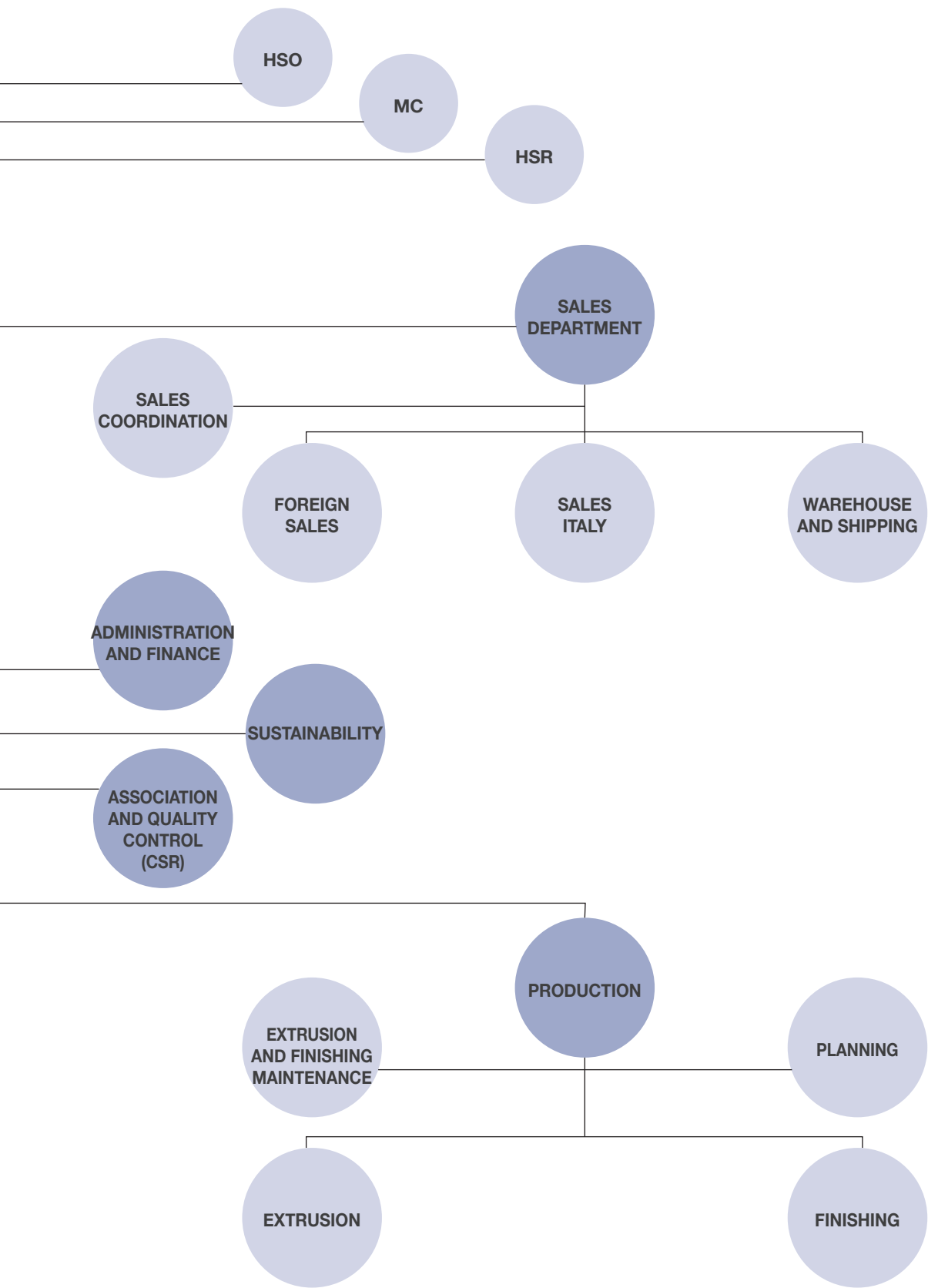
in charge of supervising the activity of the directors and checks that the management and administration of the company is carried out in full compliance with the law and the articles of association.

Metallurgica San Marco

- 3.1
- 3.2
- 3.3
- 3.4
- 3.5
- 3.6
- 3.7
- 3.8



ORGANIZATION CHART (WITH ROLES)



Guidelines of corporate governance

3.1 _____
 3.2 _____
 3.3 _____
 3.4 _____
 3.5 _____
 3.6 _____
 3.7 _____
 3.8 _____



To improve its corporate governance, Metallurgica San Marco has adopted several tools over time to support the company in ensuring effective, efficient and transparent management, including in particular:

Code of Ethics

Organisation Management and Control Model

pursuant to Leg. Decree 231/01

Quality and Safety Management System

CODE OF ETHICS

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 Code of Ethics. This document is disseminated by the company through information and training activities aimed at fostering awareness of the principles and rules it contains.

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 equally 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 finance, **it reiterates clearly and directly the importance of respecting Human Rights along the entire value chain of the company.**

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.

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

3.1 —
3.2 —
 3.3 —
 3.4 —
 3.5 —
 3.6 —
 3.7 —
 3.8 —



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**

Finally, **part of the Code of Ethics** is devoted to prescribing **certain rules of conduct governing relations with corporate bodies**, the management of human resources, staff duties, relations with customers and suppliers, and relations with public administration.



es l co g e f o



ORGANISATION, MANAGEMENT AND CONTROL MODEL

Metallurgica San Marco S.p.A. has adopted an **organisation, management and control model** in accordance with the provisions of Leg. Decree No 231/2001, with the aim of establishing an internal control system consistent with the company's purposes, in order to promote and encourage increasingly an ethical culture of honesty, transparency and legality.

As provided for in the OMC 231, a Supervisory Body has been appointed, with autonomous powers of initiative and control,

which is in charge of supervising the functioning of and compliance with the model and ensuring that it is continuously updated.

The Supervisory Board also has the task of monitoring and verifying any reports coming from the company's whistleblowing system, the channel for reporting any conduct not in line 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.

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3.4	_____
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3.7	_____
3.8	_____

CERTIFICATIONS AND MANAGEMENT SYSTEMS

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

PdR 88:2020

Certification of the content of recycled material and by-product for low-lead alloys

ISO 45001

Occupational health and safety management systems

IQNET

Certification of the implementation and maintenance of the occupational health and safety management system.

IATF 16949

Automotive quality management system certification.

ISO 9001

Quality Management System.

The company also plans to achieve **ISO 14001** and **ISO 50001** certification.

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50th Anniversary

To improve its corporate governance, Metallurgica San Marco has adopted several tools over time to support the company in ensuring effective, efficient and transparent management, including in particular:

VIDEO INTERVIEWS

We opened our 50th year with a video interview project involving the company's strategic figures. **Through their stories, we presented an unprecedented perspective of those who have experienced the company, tracing the stories, experiences, successes and challenges** that have helped shape the organisation's path of growth since its foundation.

PRESS TOUR

The company also organised a **Press Tour and Site Visit**, which ended with the installation and unveiling of the sculpture 'Un Cuore d'Ottone' (A Brass Heart), created to celebrate Metallurgica San Marco's 50th anniversary.

50TH ANNIVERSARY PARTY

To crown its 50th year, **MSM held an anniversary party for employees and stakeholders**. An emotionally charged event where brass was the fil rouge chosen as symbolic of the company's history and excellence.

Avviso



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Futura Expo

From 2 to 4 October 2022, the Brixia forum hosted the **first edition of Futura Expo – an event dedicated to sustainability and the environment for companies in the province of Brescia**. Metallurgica San Marco was among the 100 exhibitors (including companies and institutions) and was able to showcase the good practices devised and implemented for the green transition: the company exhibition centred around the 'MSM Get to Zero' project.

MSM also brought to the event a

**professional performance
demo using
'Eye Tracker', a tool for
tracking eye movements and
analysing work performance.**

This particular project designed in collaboration with Umana-Analytics is explored in more detail in the section on technological innovation.





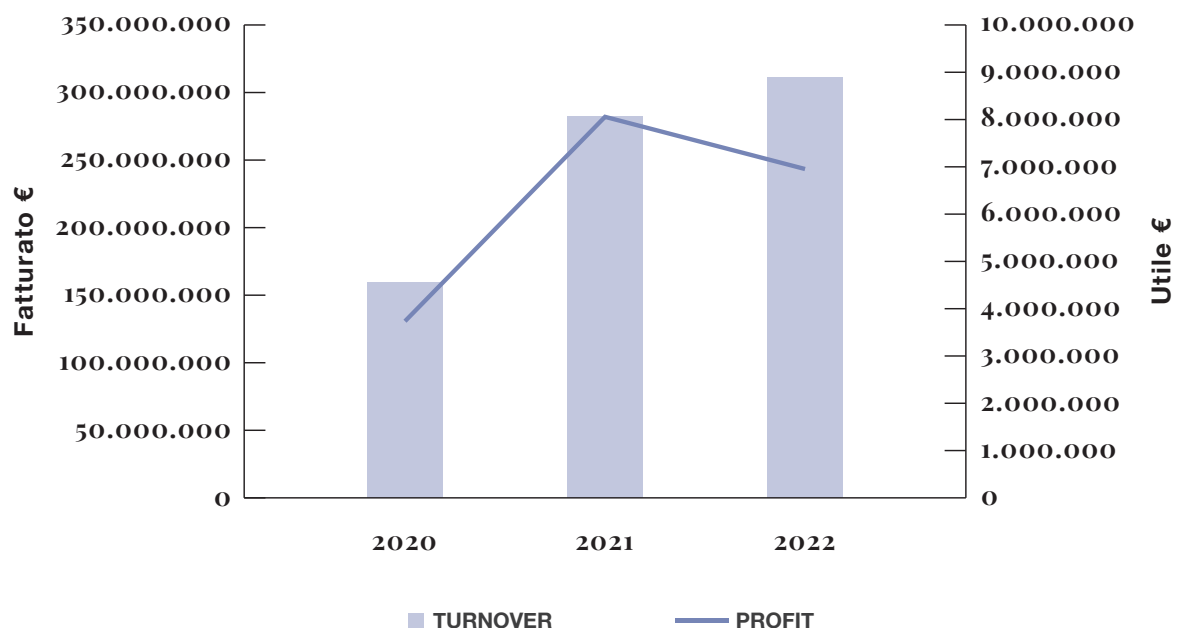
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Economic performance



**Metallurgica San Marco
is aware that economic
and financial stability is a
necessary prerequisite**

to be able to work on the different aspects of sustainability and provide its employees with the security they need. **The company is experiencing strong growth, including economic growth, with a turnover of over €300 million in 2022 (+10% compared to 2021 and +96% compared to 2020).**



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.

01

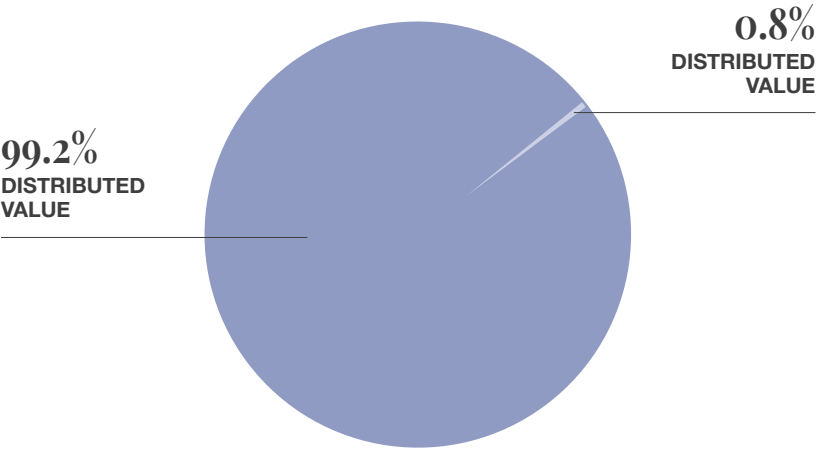
DISTRIBUTED ECONOMIC VALUE

is instead 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.

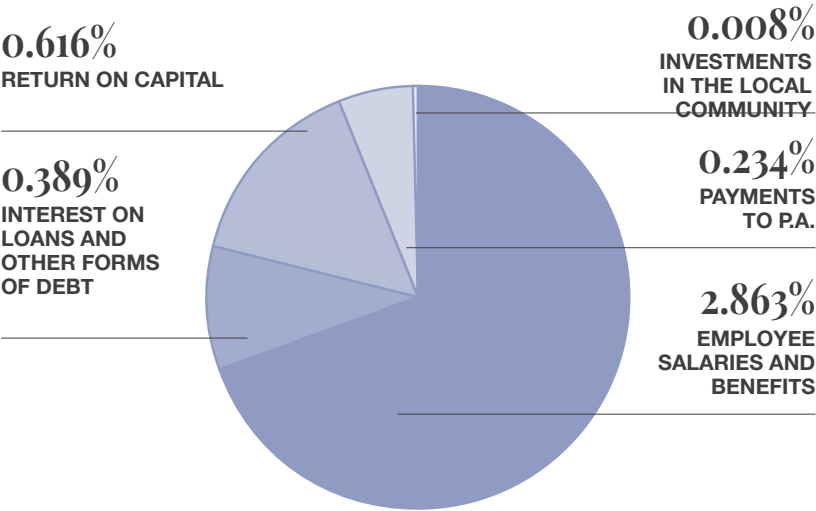
02

In 2022, 99.2% of the economic value generated was distributed among the above-mentioned components. The breakdown between the various components is shown in the pie chart. For reasons of visualisation, operating costs – which account for 96% of the distributed economic value – have been omitted in order to value the other contributions as well.

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3.8



Breakdown of economic value generated



Breakdown of distributed value, net of operating costs (96%)

Customer satisfaction



Customer satisfaction – understood to mean offering a high quality product in relation to the required technical specifications and customer expectations – is a primary objective for Metallurgica San Marco. The 'Quality Policy' approved by the Management, in addition to ISO 9001:2018 certification, detail clearly the company's commitments in this direction.

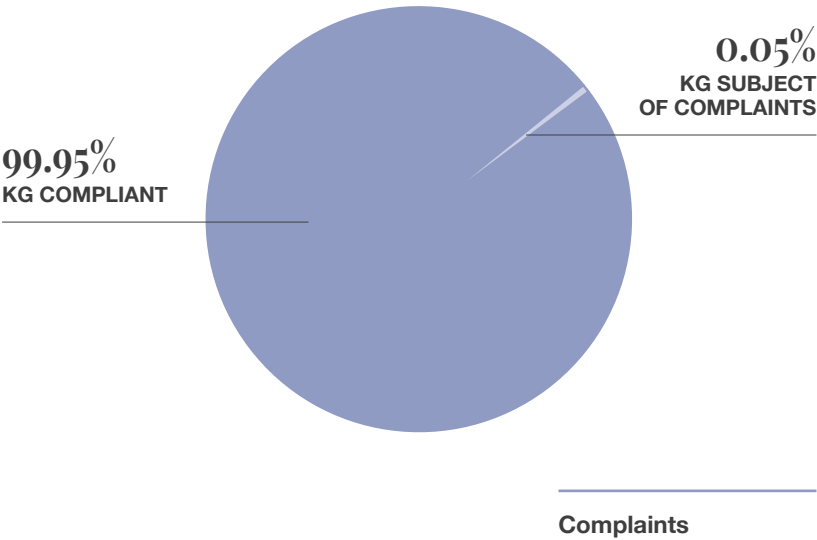
For MSM, customer relations are based on availability, clarity, respect, courtesy and understanding of each other's needs. The effectiveness and efficiency of the organisation's processes are monitored by means of two parameters: complaints and customer satisfaction.

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3.7
3.8

As far as complaints are concerned, Metallurgica San Marco maps the number of kilos subject to complaints, compared to the total number of kilos of brass shipped. In 2022, 99.95% of the kilos of product met the standards and requirements.

The second index instead concerns customer satisfaction, which is currently assessed through an indirect system, using scorecards: customers are considered satisfied when the percentage of their complaints is less than 0.2%. In 2022, satisfied customers accounted for 95% of the total.



Innovation innovation



Innovation and research are the driving forces in which Metallurgica San Marco is investing most, aware that they are what enables the company to respond promptly to the working and application demands of the market. The new production plants in which the organization has invested 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.

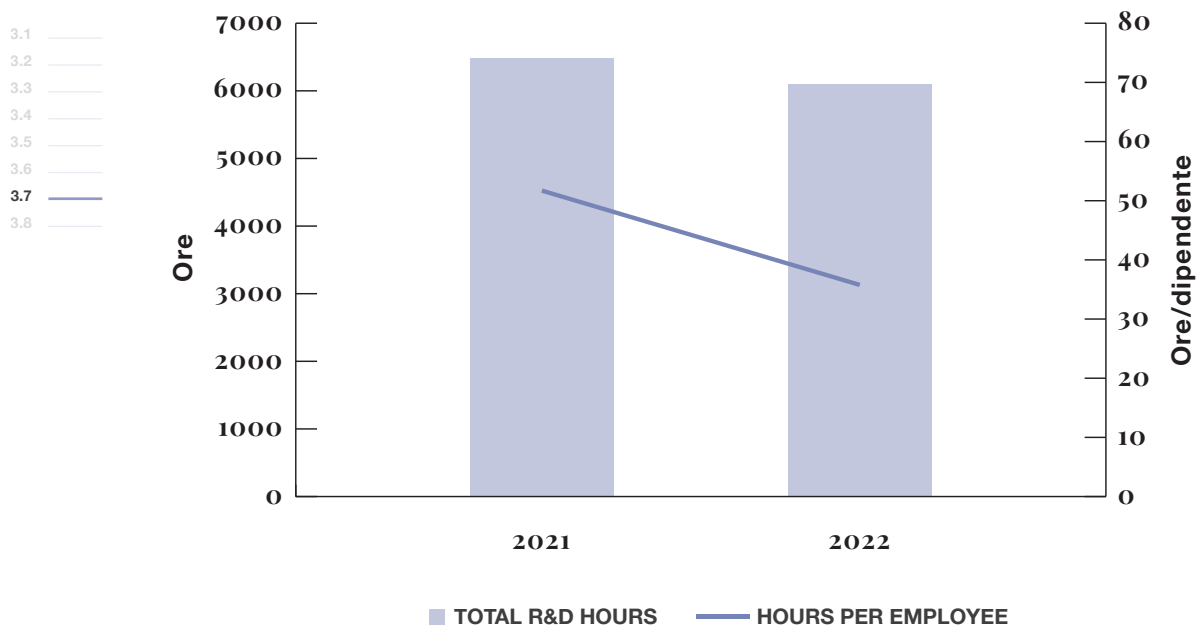
Metallurgica San Marco has important agreements with some universities in northern Italy to study methods and processes to improve the efficiency of brass processing, which means increased waste recovery, reduced energy use and reduced waste and costs.

In addition, it has also established a partnership with **SUMAS, Sustainability Management School**, which offers academic programmes on **sustainable innovation** in all different fields of business. 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.

In 2022, MSM devoted 5,960 hours to research and development activities, or 2.6% of total hours worked, for an average of 42.3 hours per year per employee.

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3.6
3.7
3.8

Hours spent on research and development



Neuroscience for human performance: the Eye Tracker project

In 2022, MSM carried out an important project in collaboration with Umana-Analytics, an innovative start-up from a spin-off of the Department of Neuroscience at the University of Chieti-Pescara. The aim of the project was to identify the production process, facilitating technology transfer and training processes, thereby reducing the margin of error and consequently increasing operator safety.

The study is based on the awareness that each task that makes up the different stages of internal processes can be completed in different ways, which vary according to the experience and skills of the different operators.

The eye-tracking technique makes it possible to observe the distribution of the operators' attention and their behaviour during the execution of a task.

This tool measures the attention of the operators from a first-person perspective, which allows us to measure objectively the expertise and skills that are put into practice when performing the task.

Analysis of the experimental data allows us to:

COMPARE THE MOST EXPERIENCED OPERATORS

with the less experienced in the performance of tasks and identify best execution practices to be transferred to trainees.

HIGHLIGHT POSSIBLE AREAS OF FRICTION

and identify possible sources of error or confusion occurring in processes that could generate safety risks for operators.

FACILITATE TRAINING PROCESSES

MSM will produce video tutorials showing from a first-person perspective the most effective way of performing tasks.

01

02

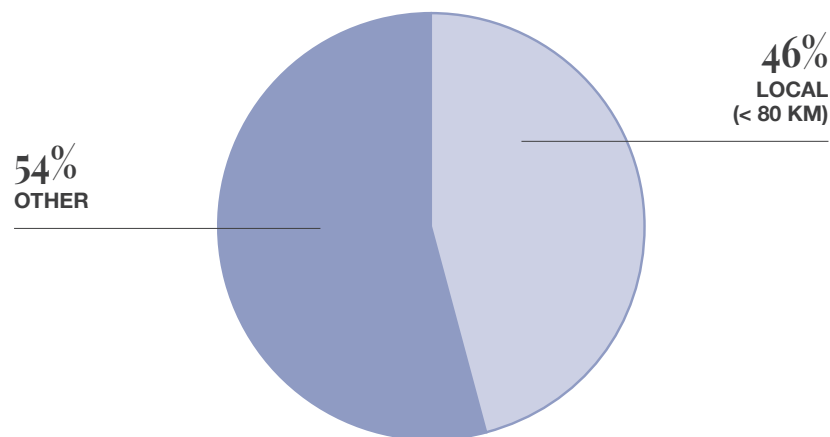
03

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 3.7 _____
 3.8 _____

Supply chain



In assessing its sustainability strategy, Metallurgica San Marco goes beyond its own corporate perimeter, also involving the supply chain. Indeed, being sustainable means also pursuing a responsible procurement policy. For the company, this includes the adoption of a supplier selection procedure that also takes sustainability aspects into account and the application of a supplier rating system. For 2023, Metallurgica San Marco plans to have its suppliers sign a declaration of commitment to its Code of Ethics. The company currently maps its suppliers by dividing them into local — i.e. located at a distance of less than 80 km from Metallurgica San Marco — and non-local. The division is made according to expenditure. In 2022, 46% of supplier spending was on local suppliers.



Expenditure on suppliers

Governance Sphere	
CORPORATE GOVERNANCE GUIDELINES	
AS IS	TO BE
PdR 88:2020 certification	ISO 14001 and ISO 50001 certification
CUSTOMER SATISFACTION	
AS IS	TO BE
Customer satisfaction analysed indirectly using scorecards	Distribution of questionnaires to assess customer satisfaction
TECHNOLOGICAL INNOVATION	
AS IS	TO BE
Partnerships with universities and Umana-Analytics	Analysis and processing of Eye-Tracking data
SUPPLY CHAIN	
AS IS	TO BE
The supply chain is partly traceable	Inclusion of sustainability criteria in supplier ratings
Requested declaration of compliance with the MSM Code of Ethics for Suppliers	

03

Environ
Sphero

ument
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e



Environment Sphere

Metallurgica San Marco is committed to the **development of new brass alloys with the aim of minimizing the environmental impact of the manufacturing process.** MSM has launched research into improving waste recovery and increasing the production of the range of low-lead alloys, to which are added ISO 50001 Certification (energy management systems) and actions to improve energy efficiency.

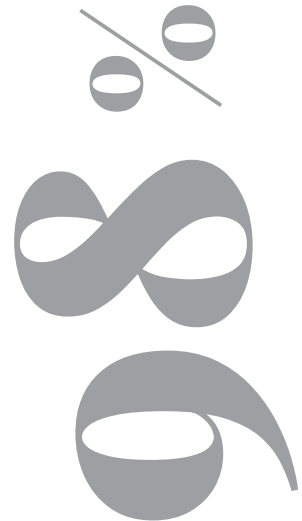
Alongside these actions to reduce emissions, the company is adopting a plan for the mitigation of emissions which cannot be reduced using existing technology. Metallurgica San Marco is involved in a pilot afforestation project and has invested in compensation projects in developing countries.

95.7%

of incoming raw material from
recovery

-5%

waste produced



of waste directed
to recovery

1 project of
forestation

certification
UNI/PdR 88:2020

for alloys with low lead content



Civil Protection

Energy consumption and efficiency

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4.2

4.3

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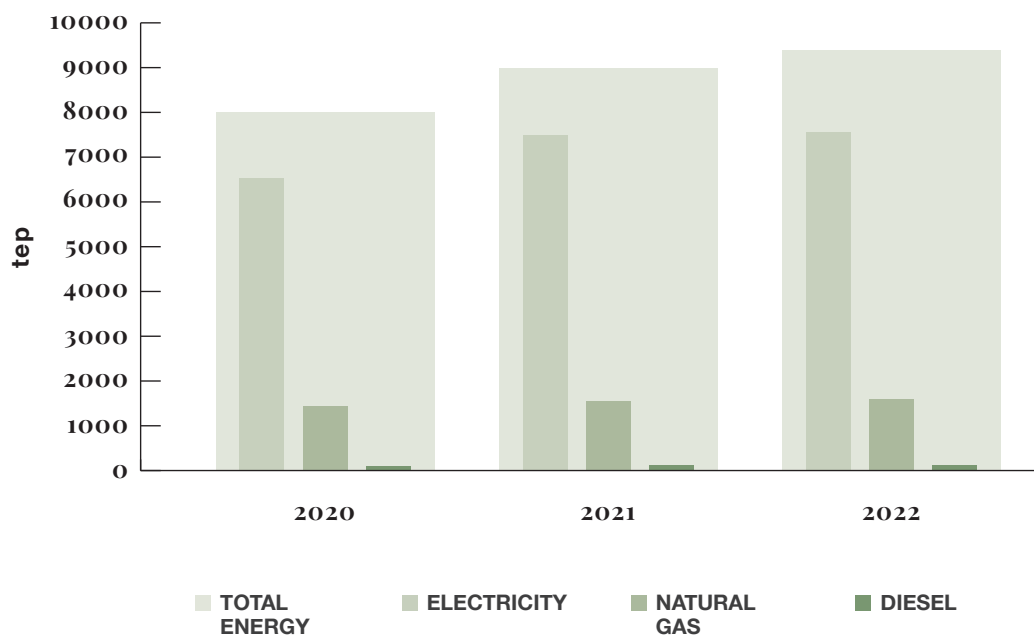
4.6



Metallurgica San Marco relies on three main energy carriers for its production: electricity, natural gas and diesel. It began mapping the consumption of these components in 2020 and, to ensure comparability, they are converted to toe (tonnes of oil equivalent). Electricity accounts for 81.2% of total consumption, 18.3% is attributable to natural gas, and the remaining fraction (0.4%) is attributable to diesel, the fuel for the company fleet.

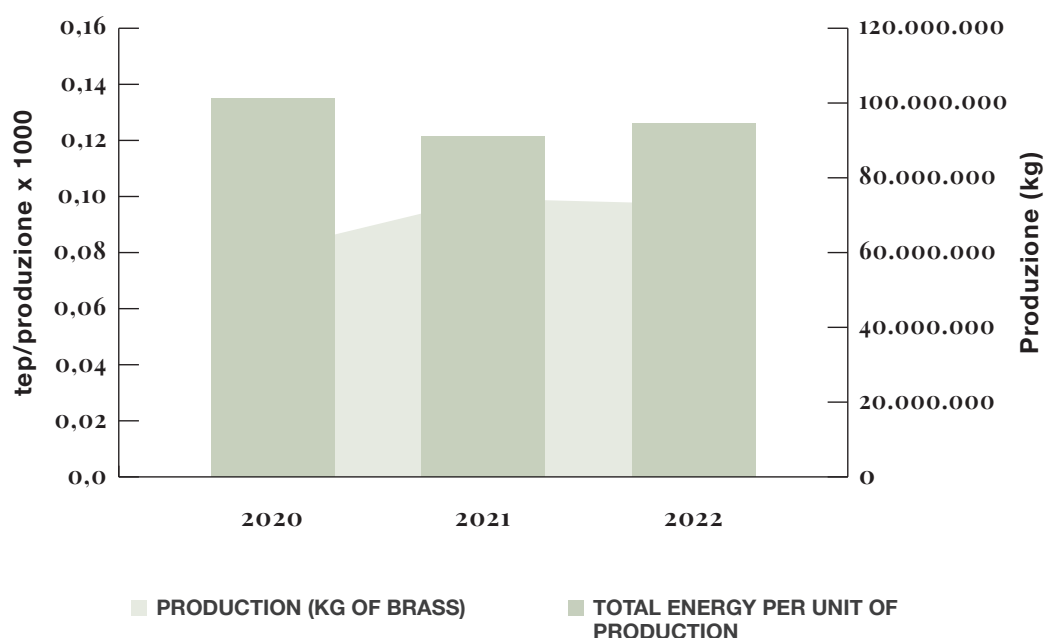
The following graph shows the development of consumption over the years. In 2022, total consumption increased by 2.4%, with increased use of both electricity and natural gas, which coincided with an increase in production.

Energy consumption



To comment effectively on energy trends, Metallurgica San Marco also mapped its specific energy consumption, understood to mean the ratio of total energy consumption to total brass production (expressed in tonnes). Specific consumption increased slightly by 4.2% in 2022.

Specific consumption versus production

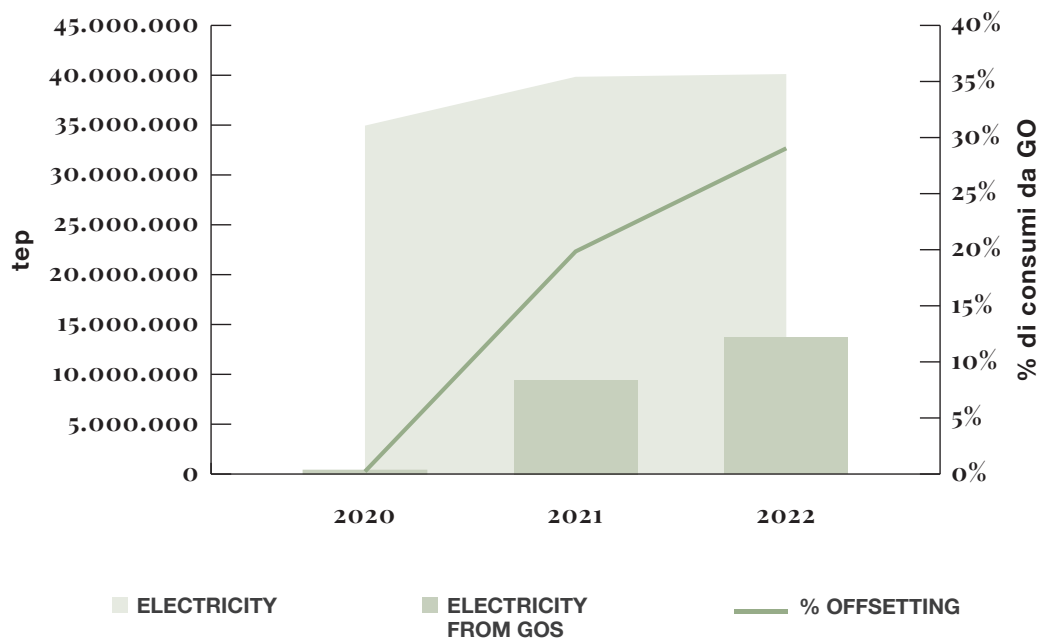


Overall, the positive trend of decreasing specific consumption that began in 2021 is confirmed in 2022 thanks to the implementation of certain energy efficiency measures, such as the conversion of the lighting system to LEDs. In 2022, more than 780,000 kWh of electricity were saved by this action, equivalent to 1.9% of the total electricity needs and equivalent to the emission of 183 tCO₂e.

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4.5 —
4.6 —

Given the importance of energy efficiency at Metallurgica San Marco, the company plans to install a 2-MW photovoltaic plant in 2023, which will cover part of its electricity needs with energy from renewable sources. In 2021, the company started purchasing a fraction of the electricity it needs through Guarantees of Origin (GOs) in order to mitigate and reduce part of its GHG emissions. In 2022, Metallurgica San Marco purchased 12,000 MWh from GOs (4,000 more than in the previous year), covering almost 30% of its entire electricity needs.

Purchasing electricity from GOs



Circular use of materials



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Sustainability is one of the pillars of the company. **More than 95%** of the raw material used is scrap from customers, collection and recovery.

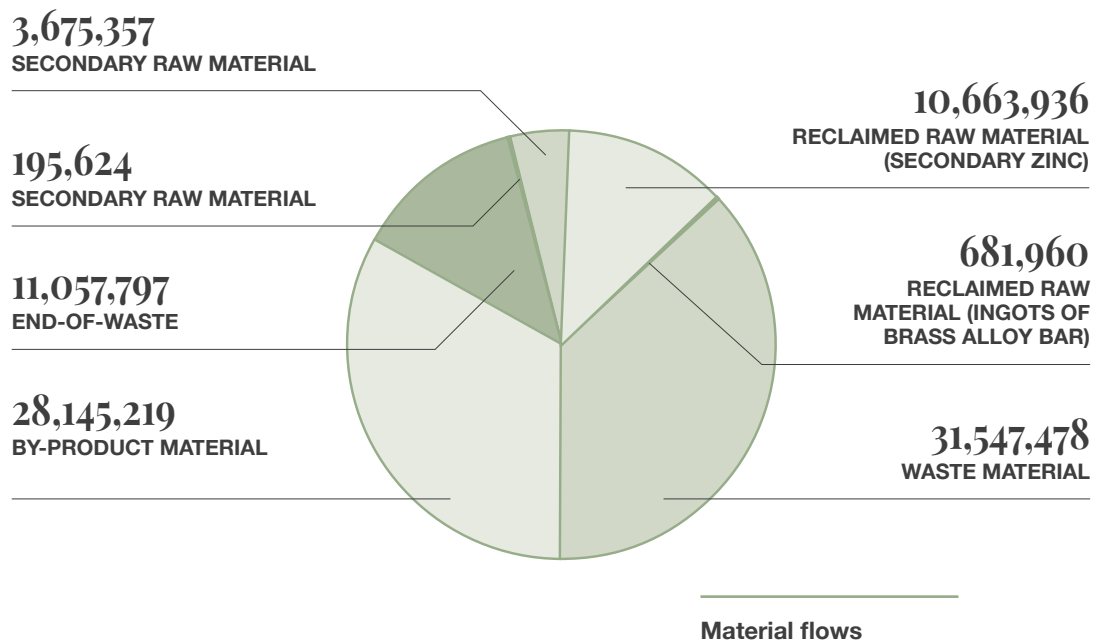
This virtuous circle was also confirmed by UNI/PdR 88:2020 certification awarded for recycled material content.

Metallurgica San Marco is one of the first Italian brass manufacturers to have obtained this certification, which attests to compliance with the requirements for verifying the content of recovered material — divided between recycled material and by-product — in products placed on the domestic market. By means of tracking, mass balance and production control, PdR 88:2020 certifies the quantity of secondary raw material and waste used within the production process analysed.

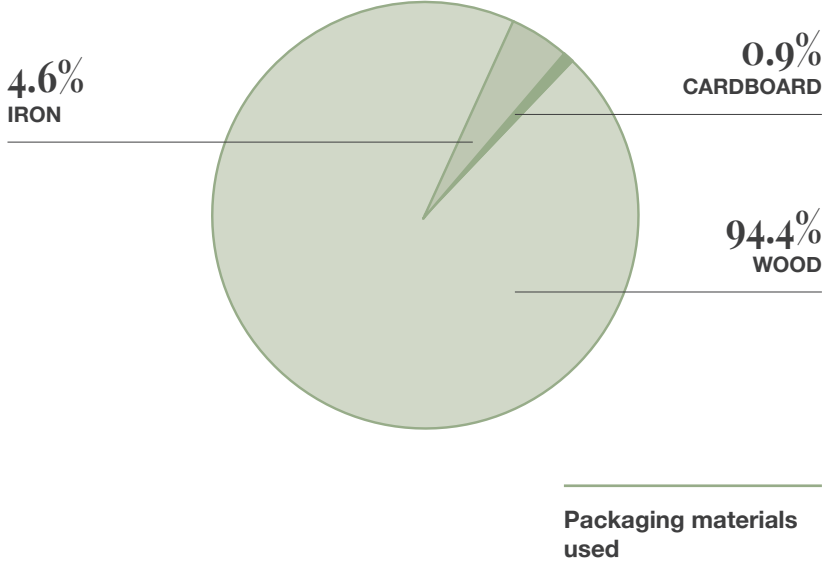
MSM has been certified by TÜV Italia for four low-lead brass alloys: CW510L, CW509L, CW511L and CW510L 80 ppm. For all these alloys, the recycling rate is well above the 50% threshold: the percentage of recovered material for the alloys CW509L, CW510L, and the CW510L 80 ppm is 58.8%, while CW511L reaches 63%.

Looking at the numbers, almost 86,000 tonnes of materials were purchased by MSM in 2022, from which more than 73,000 tonnes of finished product were obtained. Of the input material, only 4.3% is virgin raw material, while 36.7% is from waste, 32.7% from by-product, 12.9% from End-of-Waste (EoW), 12.4% from secondary zinc and the remaining 0.8% from brass ingots.

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4.6



With regard to packaging, Metallurgica San Marco uses predominantly wooden packaging (94.4% by weight), made entirely of virgin raw material. The remaining part consists of cardboard and iron, both of which are reclaimed materials.



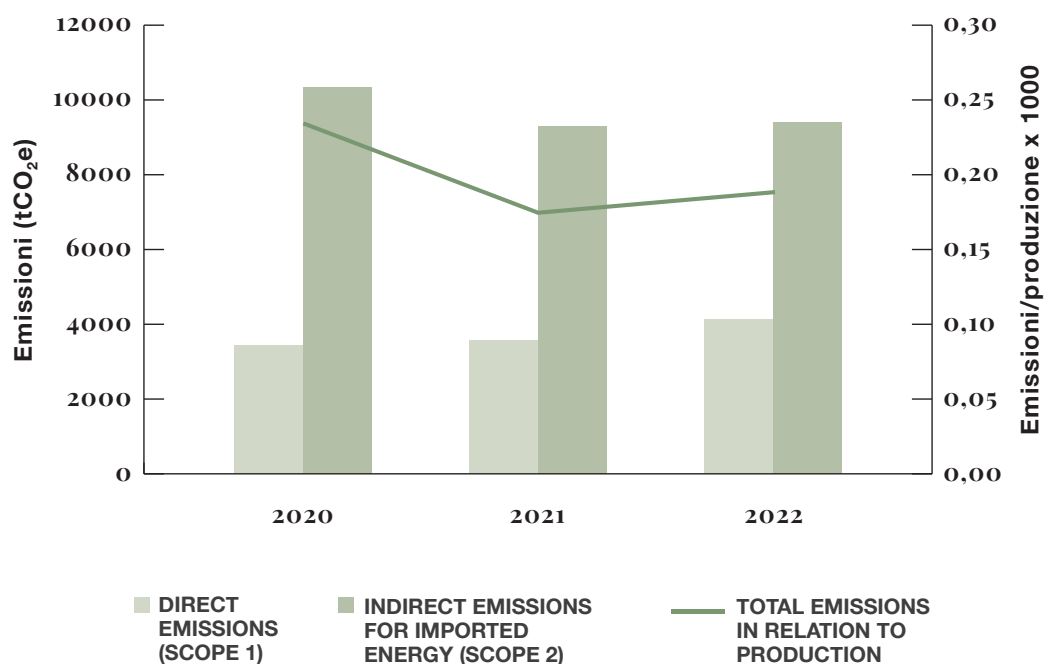
Our carbon footprint

4.1
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4.5
4.6



From the consumption mapping, Metallurgica San Marco calculates its impact in terms of scope 1 and scope 2 emissions. Scope 1 refers to **direct emissions**, i.e. including those from natural gas, diesel and any refrigerant gas leaks. Scope 2 refers to **indirect emissions for imported energy**, i.e. related to electricity taken from the grid. The following graph shows the trend in emissions for these two categories, calculated from 2020 according to 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.

Total and specific consumption

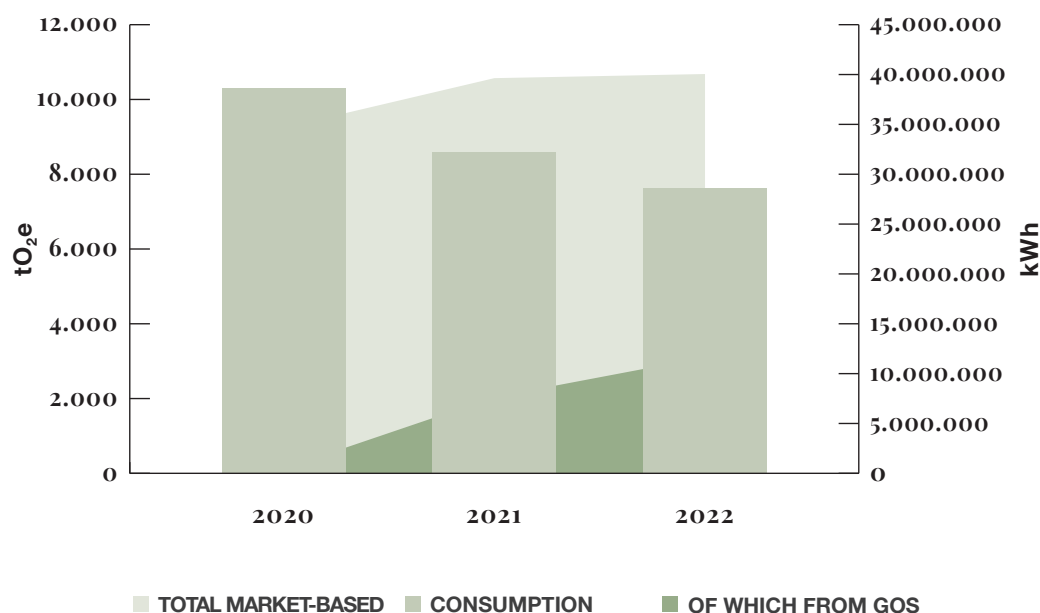


The total scope 1 and 2 emissions (market-based scenario) are 13,640 tCO₂eq., up slightly (+3.1%) from the previous year. As for the value of specific emissions in relation to production, this increased by 5%, in line with the increase in consumption.

It should be noted that for greater representativeness, the market-based scenario was used to calculate emissions for imported energy, i.e. the energy mix of Metallurgica San Marco's supplier (whose emission factors for previous years were also updated according to the most recent revisions) and not the national energy mix (location-based).

For the sake of completeness, the following graphs show the comparison of scope 2 emissions, calculated using both approaches.

Market-based scope 2 emissions



Location-based scope 2 emissions

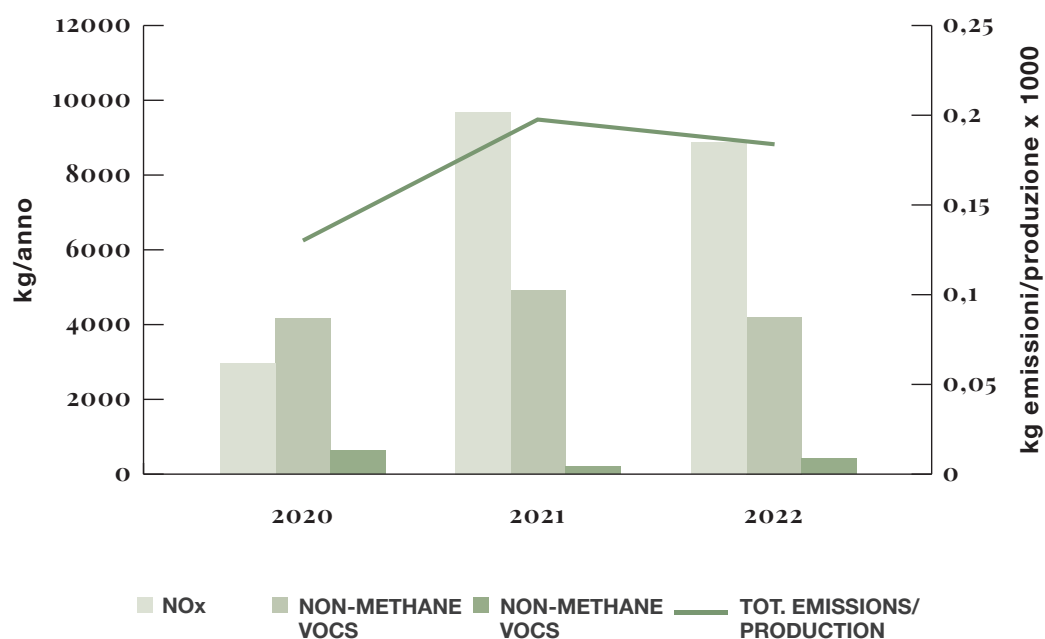


The **location-based** approach returns an emissions trend in agreement with consumption, as it does not take into account any responsible sourcing choices by the company. The **market-based** approach, on the other hand, takes into account that, starting in 2021, Metallurgica San Marco has covered part of its electricity needs with GOs (8,000 MWh in 2021 and 12,000 MWh in 2022), thus significantly reducing its impact.

The emission factor associated with that fraction of energy from GOs is, in fact, equal to or close to 0; consequently, the scope 2 emissions calculated using a **market-based** approach show a reduction in scope 2 of 11% compared to 2021 and 26.1% compared to 2020 (base year).

The company also monitors the annual quantities of certain emissions that are considered significant, both in terms of the climate-changing potential of the pollutants and the amount in relation to production. In 2022, the total quantities, given by the sum of nitrogen oxides (NOx), volatile organic compounds (VOCs) and dust, decreased by 8.6% and 6.9% in relation to production, and, as in previous years, the company is below the regulatory thresholds.

Other significant emissions



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4.6 _____

MSM GET TO ZERO

Reducing CO₂ emissions into the atmosphere is at the heart of the **MSM project Get To Zero - Shaping a sustainable future**. The many and significant initiatives undertaken by the company in this area seek to promote an ongoing process of reducing and optimising energy resources, and limiting waste and dispersion, with the long-term goal of fully mitigating its climate impact.

While scope 2 emissions can be reduced by purchasing GOs for their abatement (in the market-based scenario), scope 1 emissions can be reduced through efficiency measures.

With the current state of technology, however, reaching the target of zero direct emissions is still too ambitious a goal. Since 2021, Metallurgica San Marco has therefore resorted to the **voluntary compensation** market.

In 2022, the company mitigated the emission impact of its direct emissions (scope 1) through the cancellation of 4,185 carbon credits.



**Shaping a
Sustainable Future.**

Metallurgica San Marco's pilot project in Kyrgyzstan

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 4.6 _____

In 2022, Metallurgica San Marco continued its **afforestation project in Kyrgyzstan**, in cooperation with the State Forestry Department and a team of local agronomists.

Metallurgica San Marco chose Kyrgyzstan insofar as its forest ecosystems are vulnerable and constitute an ecological sentinel for the whole of Central Asia. The **objectives of the 'Naturally Kyrgyz' project** are the following:

INCREASE the productivity of 5,000 hectares of forest land

PRESERVE local biodiversity with 6 million trees planted in 5 years

HELP the social development generated by the new forests

INCREASE the bee population

OFFSET 2 million tonnes of CO₂ in 25 years

GENERATE know-how for the enhancement of fruit trees

Metallurgica San Marco's contribution to achieving the project's final objectives includes:

REFORESTATION with the planting of 6,700 trees (mixed coniferous and deciduous)

INCREASING the bee population by purchasing jars of honey

INCREASING awareness on sustainability, both internally and externally

COOPERATION and development of training meetings between local authorities and institutions and the company



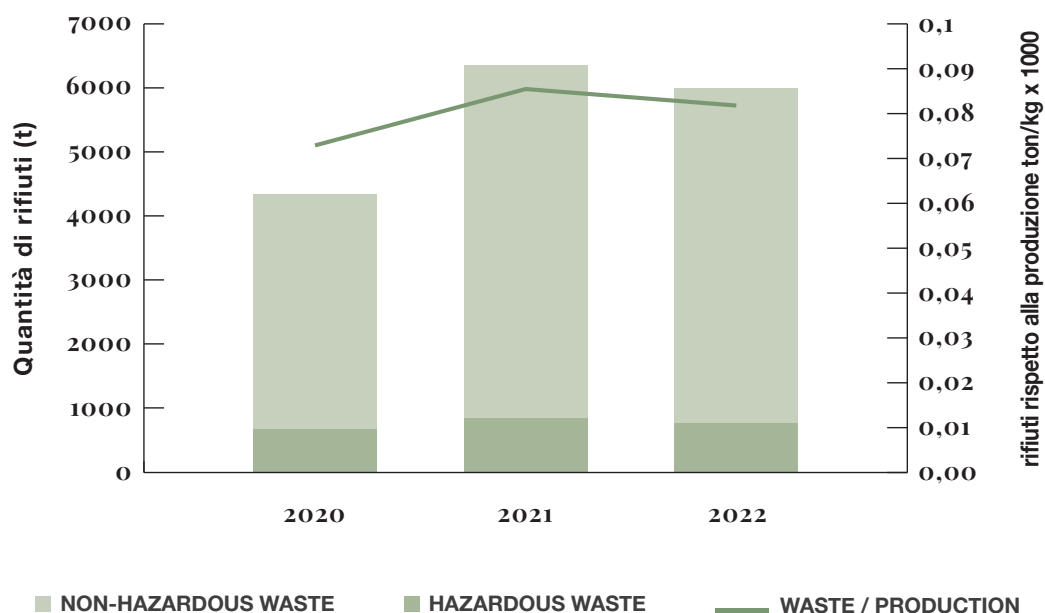
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Waste management and treatment

Responsible waste management is a material issue for Metallurgica San Marco, whose production activity is already part of an industry that is circular by nature. MSM's finished products, in fact, are created from scrap, machining swarf and moulding burrs that come in the form of scrap (or waste) from various suppliers.

The production of waste, divided into hazardous and non-hazardous, has been mapped since 2020 and is depicted in the graph below. In 2022, the amount of waste generated dropped by 5.5% from 6,344 tonnes to less than 6,000 tonnes. Of this, 12.8% was hazardous waste, also down from the previous year.

Trends in waste generation



Specific waste generation



The specific generation of waste, expressed as tonnes of waste per tonnes of production, also decreased considerably in 2022 compared to 2021, by 3.8%.

In terms of waste destination, almost all waste (98%) is directed to recovery, with a view to maximising the principles of the circular economy.



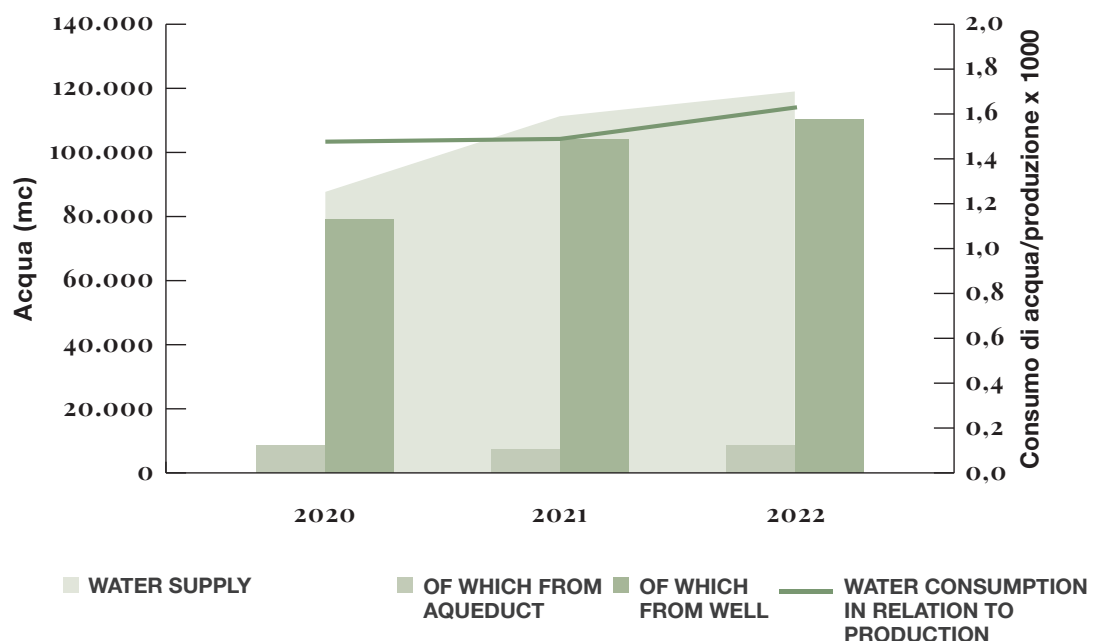
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Water withdrawal and consumption



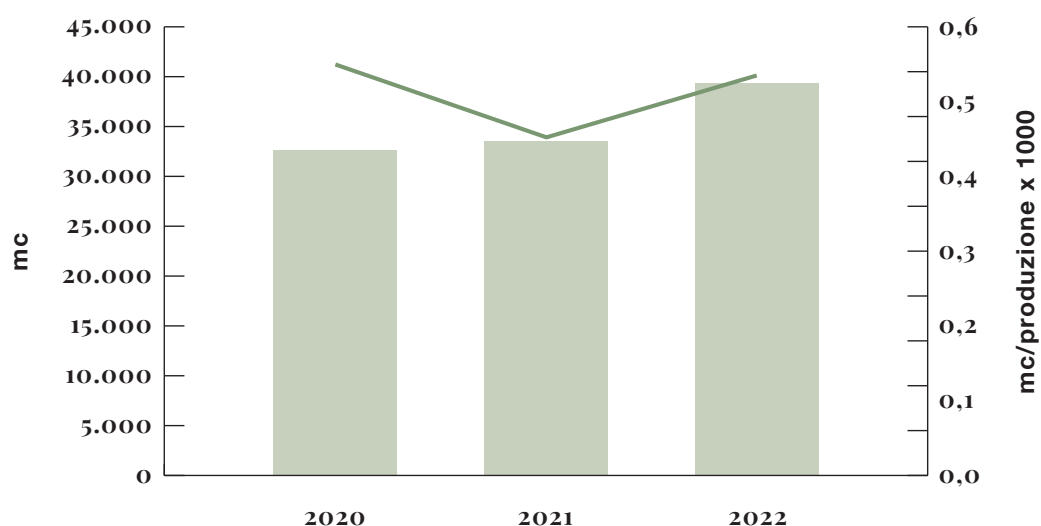
In a context of water scarcity, the material issue is perceived as significant, especially by internal stakeholders; this is part of the reason why Metallurgica San Marco maps its water consumption and the amount of water it discharges. As far as water supply is concerned, the company draws 92.6% from groundwater (through wells), with the remainder coming from aqueducts. Overall, total water consumption in 2022 was 119,276 m³, 7.2% higher than the previous year. When compared to production, expressed in tonnes of brass, it can be seen from the graph below that specific consumption increased by 9.1% compared to 2021.

Total and specific water withdrawals



In terms of water discharges, similar to water consumption, discharges increased in 2022 in absolute terms (from 33,620 m³ to 39,426 m³), and in relation to production (+19.4%).

Water discharges



Environment Sphere

ENERGY CONSUMPTION AND EFFICIENCY

AS IS	TO BE
29.8% of electricity comes from renewable sources (thanks to the purchase of 12,000 MWh of GOs)	Self-production from photovoltaic system
-	Energy Management System (2023) according to ISO 50001

CIRCULAR USE OF MATERIALS

AS IS	TO BE
95.7% of recovered materials	Feasibility study for a new de-oiling and oil recovery system
PdR 88:2020 Certification	-

OUR CARBON FOOTPRINT

AS IS	TO BE
29.8% of electricity comes from renewable sources (through the purchase of GOs)	>30% electricity from renewable sources (through the purchase of GOs and the installation of a PV system)
Analysis of the Carbon Footprint of Organisation (scopes 1 and 2)	Extension of carbon footprint calculation to scope 3
Offsetting scope 1 direct emissions	Reforestation project in Kyrgyzstan

WASTE MANAGEMENT AND TREATMENT

AS IS	TO BE
-3.8% waste generated in relation to production	-5% further decrease in waste generated in relation to production
98% of waste directed to recovery	-

WATER WITHDRAWAL AND CONSUMPTION

AS IS	TO BE
1.63 m ³ /t production	≤ 1.6 m ³ /t production
-	Emergency water management optimisation project



05

Social Sphere



Social Sphere

Human capital is invaluable to Metallurgica San Marco

Metallurgica San Marco functions thanks to a **cohesive and qualifying system**, in which human capital, represented by the workers, but also by the local area and community, feels valued by the company.

141
employees

(+13.7% compared to 2021)

90%

of employees hired on
permanent contracts

welfare
platform

for employees

Future



Workforce management

5.1

5.2

5.3

5.4

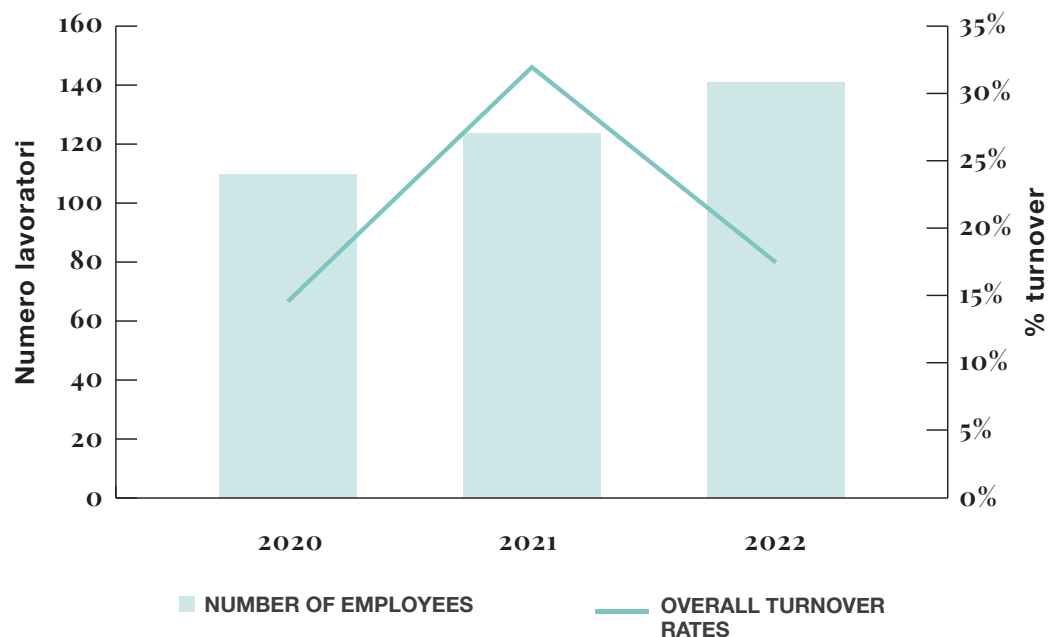


For Metallurgica San Marco, valuing human resources also means ensuring a working environment in which everyone can work together, expressing their professional aptitude and potential. A favourable climate and a structured organisation are the key elements for forming a cohesive team that is capable of meeting market demands, but also a key factor in business development.

COMPOSITION OF THE COMPANY POPULATION

Metallurgica San Marco is going through a period of growth, also in terms of human resources. In 2022, the number of employees increased by 13.7%; as at 31 December 2022, the workforce numbered 141 people.

Overall turnover



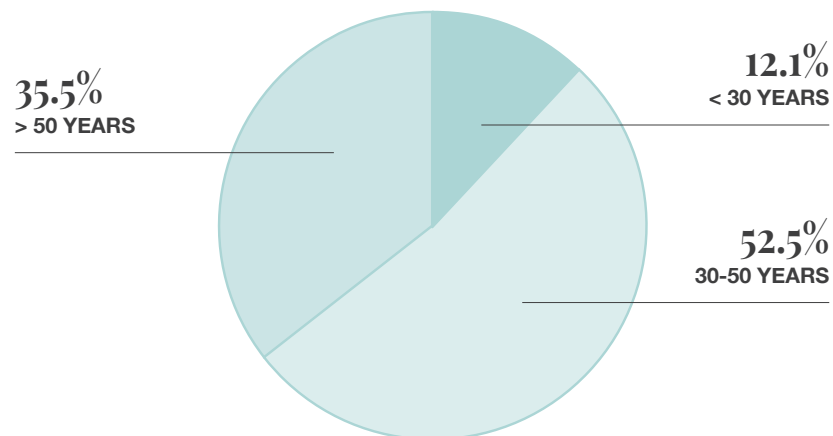
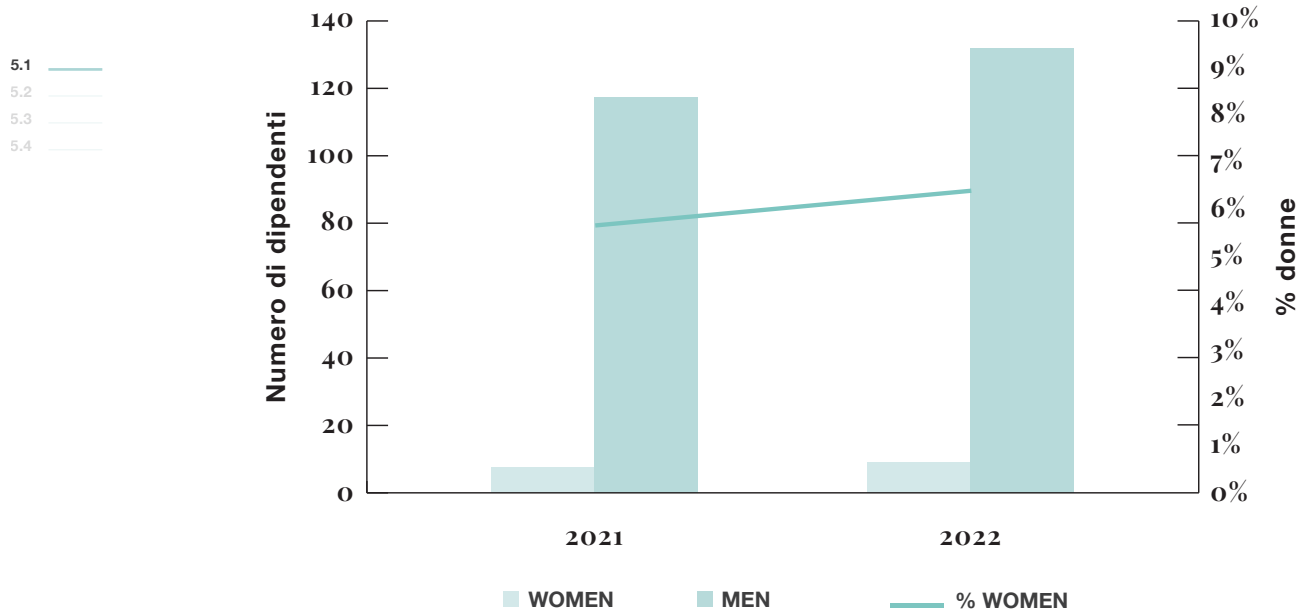
Recruitment is based on respect for equal opportunities, private life and the views of the candidate. In particular, **Metallurgica San Marco encourages and promotes equal opportunities between women and men and is careful to use inclusive language** in its job advertisements. Due to the type of activity it performs, the company's workforce is predominantly male (94%); in fact, women are present in particular in the offices, where they account for around 30% of the staff.

More than 65% of Metallurgica San Marco's employees are under 50 years old and 12% are under 30 years old. Compared to 2021, the company population has become considerably younger: the average age is currently 45.

Increasing the number of staff under 30 was a target set by MSM in its previous budget, and this has largely been achieved.

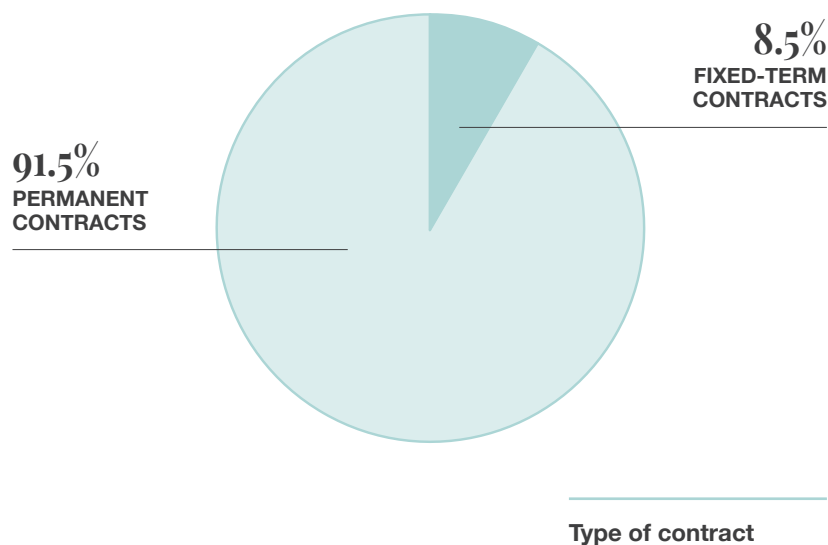
As at 31 December 2022, there were in fact 17 employees under the age of 30 in the company.

Employees by gender



Employees by age group

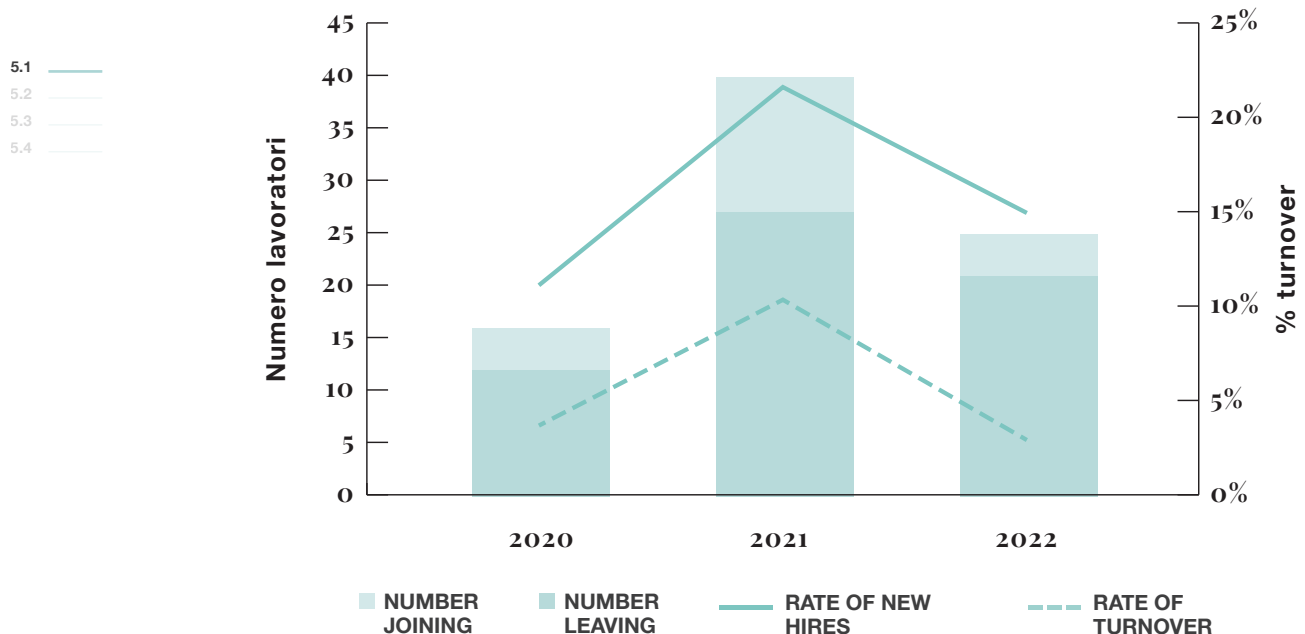
91.5% of Metallurgica San Marco's employees are employed on **permanent contracts**.



The **turnover rate** – calculated as the ratio of people joining and leaving the company during the reference period to the total number of staff at the end of the same period – is 17.7%, almost half of the ratio for the previous year (32.3%).

It was **the exit rate especially**, which fell from 10.5% to 2.8%, that demonstrated the improvement in the company's retention capacity.

Rate of new hires



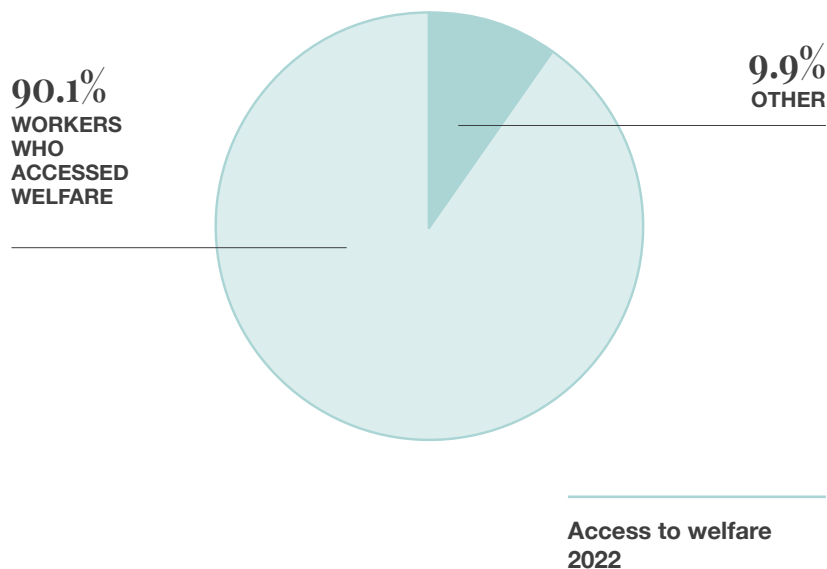
For the future, the company plans to conduct a Survey Trust, a study on well-being, inclusion and confidence in the Metallurgica San Marco organisation.

This is an innovative survey compared to the usual company climate assessments, which values individuals and allows for much more targeted improvement actions.

EMPLOYEE BENEFITS

In 2021, Metallurgica San Marco signed a trade union agreement that provided for the option of converting the end-of-year performance bonus into welfare, with the possibility of using it from 2022. In the reporting year, 90.1% of employees took the welfare option (open to 100%) and about 20% of staff then used the platform.

Overall, the value of welfare paid out was €20,760, while the value of benefits was €62,970.



PROJECT +CONFIDENCE +WELL-BEING +INCLUSION

MSM is aware that confidence is a veritable production factor to be managed, therefore to be measured, in order to activate continuous improvement processes. This is why, again in 2022, it launched a project with Umana-Analytics with the **aim of initiating a virtuous circle that leads to the harmonious growth of Confidence, Well-being and Inclusion.**

It consists of a questionnaire to be used to create graphs representing the degree of robustness of the corporate network, i.e. its ability to withstand shocks.

All the parameters obtained will then be examined both as a whole and by subcategory, while fully guaranteeing the privacy of employees.

5.1	_____
5.2	_____
5.3	_____
5.4	_____

TEAM BUILDING - MSM GOLF TOURNAMENT 2022

On 17 June 2022, the eighth edition of the Metallurgica San Marco golf tournament was held at the beautiful Gardagolf Country Club. As usual, the event hosted employees, customers and key stakeholders of Metallurgica San Marco. In addition to providing an opportunity for entertainment and sports competition, the tournament was significant in promoting corporate team building.

Participants from different company-related spheres had the opportunity to interact and establish synergies within an informal context.

**The event fostered the
exchange of experiences,
the creation of bonds
and strengthened the
sense of belonging to the
company.**

The success of the eighth Metallurgica San Marco tournament underlined the importance of promoting activities that go beyond the workplace, helping to consolidate a cohesive and stimulating professional environment.



Personal Health and Safety

5.1

5.2

5.3

5.4



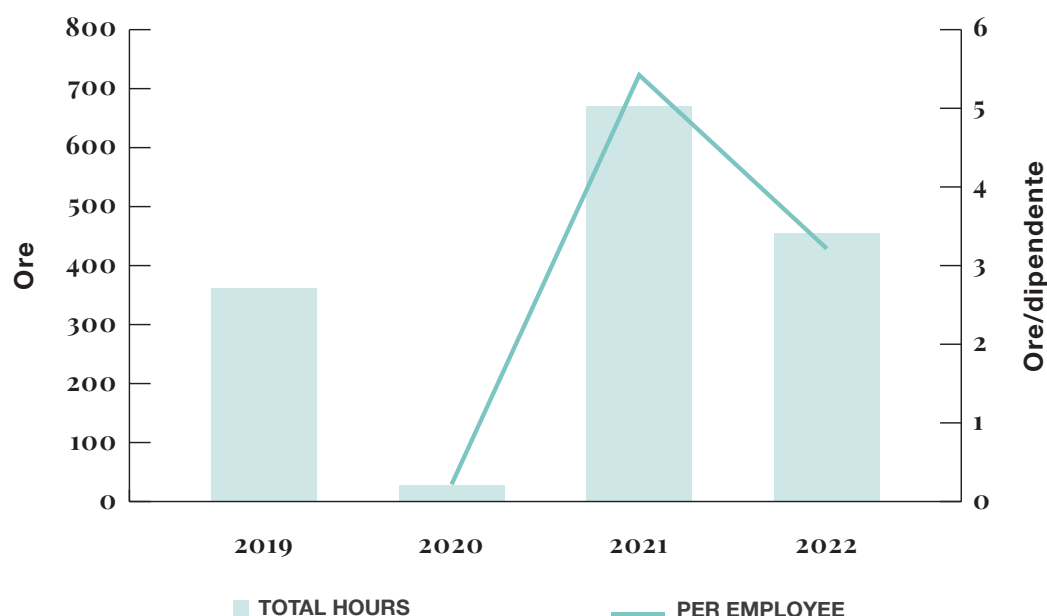
Protecting the health and safety of its people is a priority objective for Metallurgica San Marco, and is thus a cornerstone of its code of ethics.

The company headquarters is thus designed to guarantee employee well-being, with a particular focus on creating areas in which they feel comfortable. The Ponte San Marco site has areas for taking breaks, the lighting in the offices is designed to be kind and relaxing, and the air conditioning can be adjusted for the individual workstations. Renovations at the headquarters began in 2021, running through to completion in 2022, with the installation of a Metrology Room, a Quality Laboratory and internal offices. In terms of health and safety, the company seeks to go beyond legal obligations and is certified according to UNI ISO 45001 - 'Occupational Health and Safety Management Systems'.



In 2022, MSM delivered 456 hours of health and safety training, a much higher figure than in 2019 (+26.7%). In this regard, it should be noted that 2020 and 2021 are not to be considered as representative years due, in the first instance, to the COVID-19 health emergency and, in the second, to the need to make up for training not provided the year before.

Health and safety training

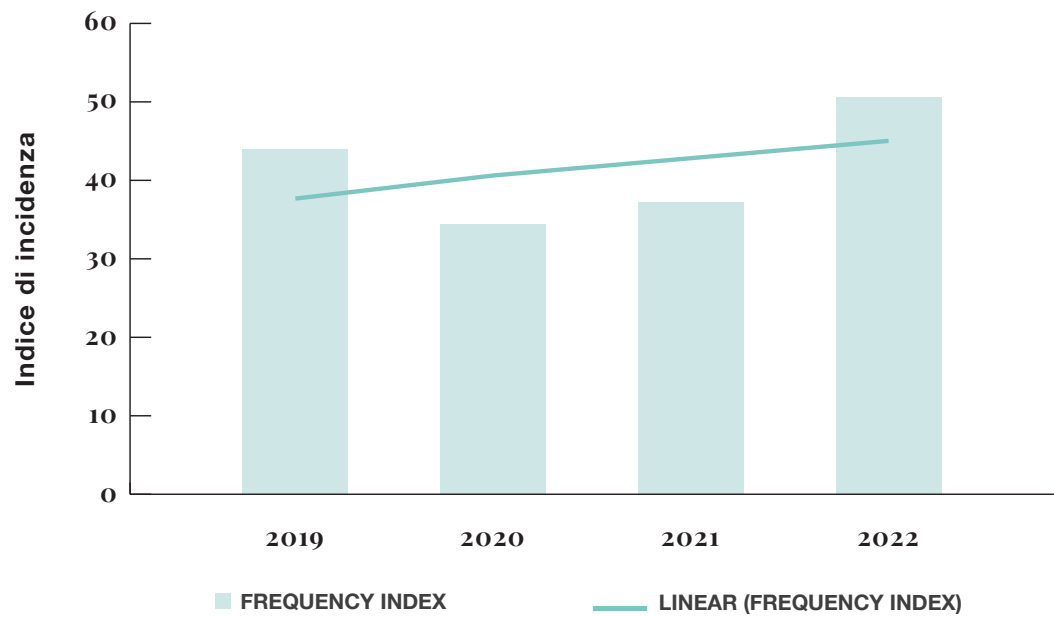


Accurate reporting of occupational health and safety also includes the study of accident/injury frequency and severity indexes, which depend on the number of work-related accidents and days off work due to work-related injury, respectively. Metallurgica San Marco has been mapping these indexes for 20 years now. This report presents the results of the last four years of reporting.

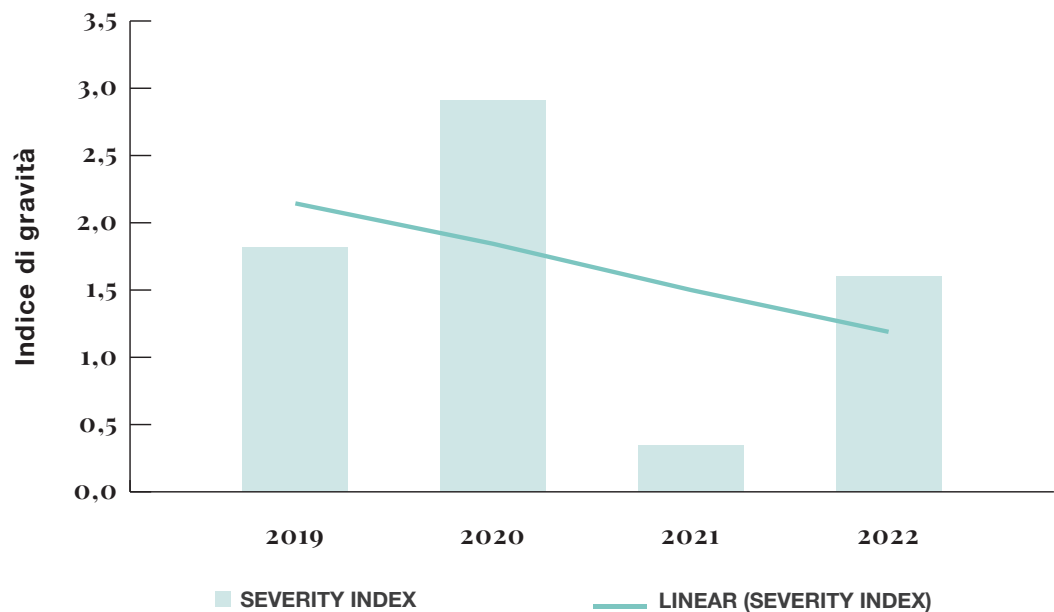
As can be seen from the graphs, there is a slight upward trend in frequency, while the severity index declined compared to 2019 and 2020, and increased slightly compared to 2021.

5.1
5.2
5.3
5.4

Incidence index



Severity index



Training and education

5.1

5.2

5.3

5.4

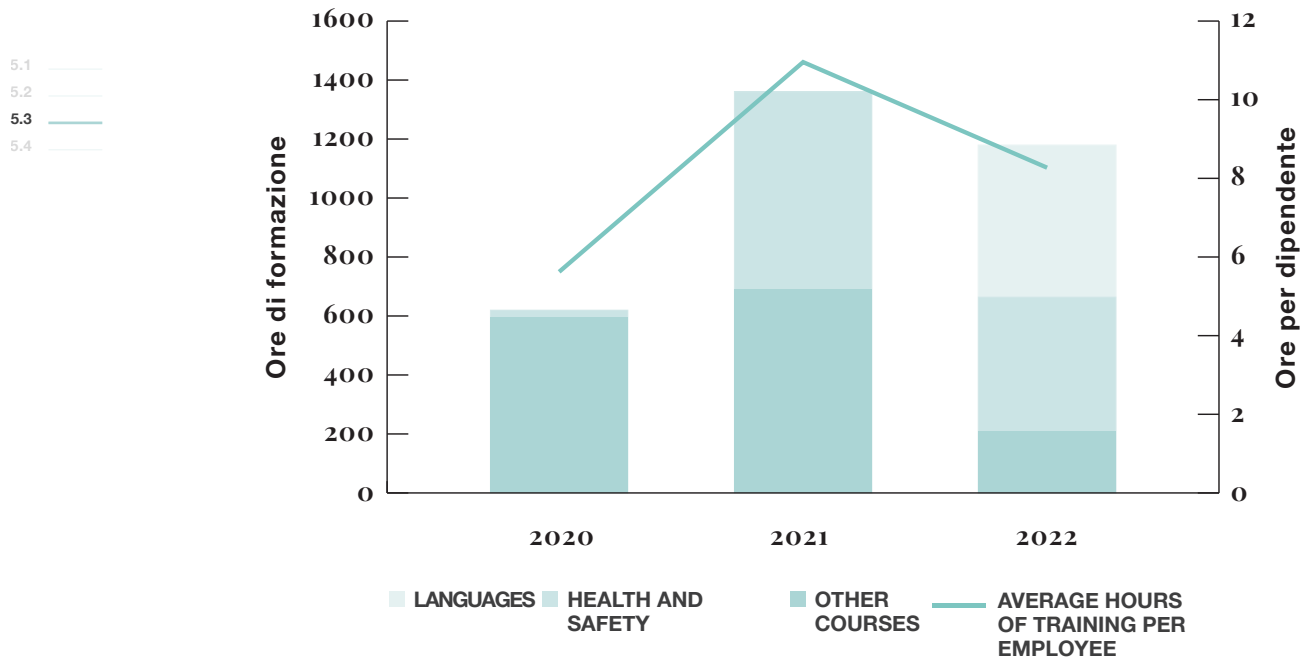


Metallurgica San Marco believes that enhancing everyone's skills is fundamental for raising company standards and continuous improvement.

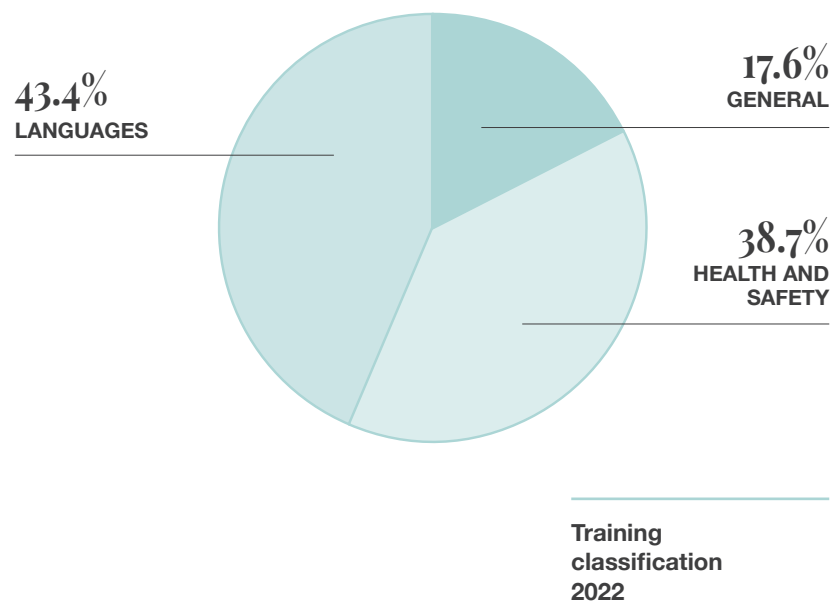
In 2022, the company provided more than 1,100 hours of training, equal to 8.4 hours per capita. Training hours decreased compared to 2021 (the year in which an IT course was held), but increased on 2020, both in absolute terms (+90.2%) and per capita (+48.4%).

The topics covered by the training courses mainly concern occupational health and safety (38.7% of total hours) and languages (43.4% of total hours).

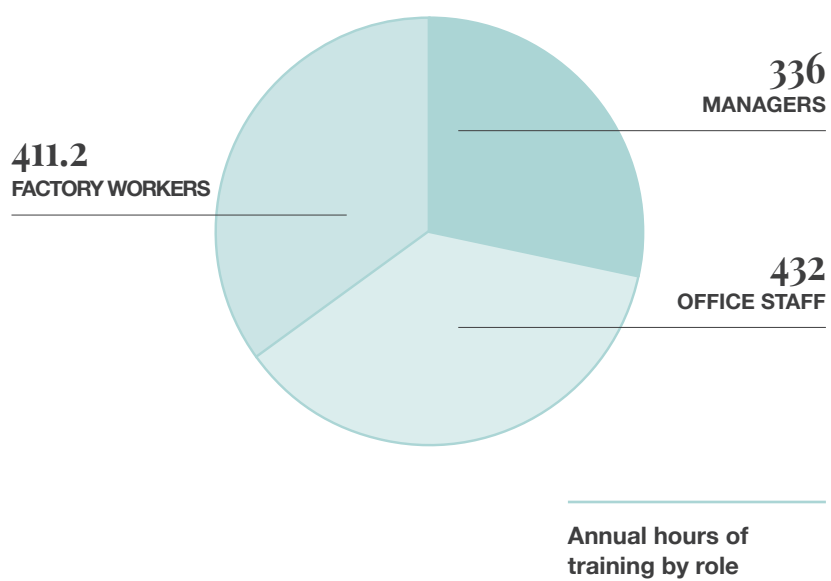
Hours of training



The figure of total training hours for 2021 has changed from that published in the last sustainability report, following a revision.



Overall, the training hours are equally divided between managers, office staff and factory workers. Managers received 28 hours of training per capita in 2022, office staff received 16.6 and factory workers 4.



PAGELLE D'OTTONE

Pagelle d'ottone (Brass Report Cards) is Metallurgica San Marco's innovative project to **promote corporate social responsibility** by rewarding the best academic results among its employees' children, consequently creating a link between the company and the growth and future of young people.

5.1
5.2
5.3
5.4



PARTNERSHIPS WITH UNIVERSITIES

The company has renewed agreements with the **Università Cattolica del Sacro Cuore**, the **University of Trento** and the **University of Brescia** and also plans to establish a partnership with the SUMAS Business School in 2023. **As part of these projects, seven in-house traineeships were completed in 2022.**

Of these, two were alternating school-work programmes, while the remaining five were internships for university students.



UNIVERSITÀ
DEGLI STUDI
DI BRESCIA

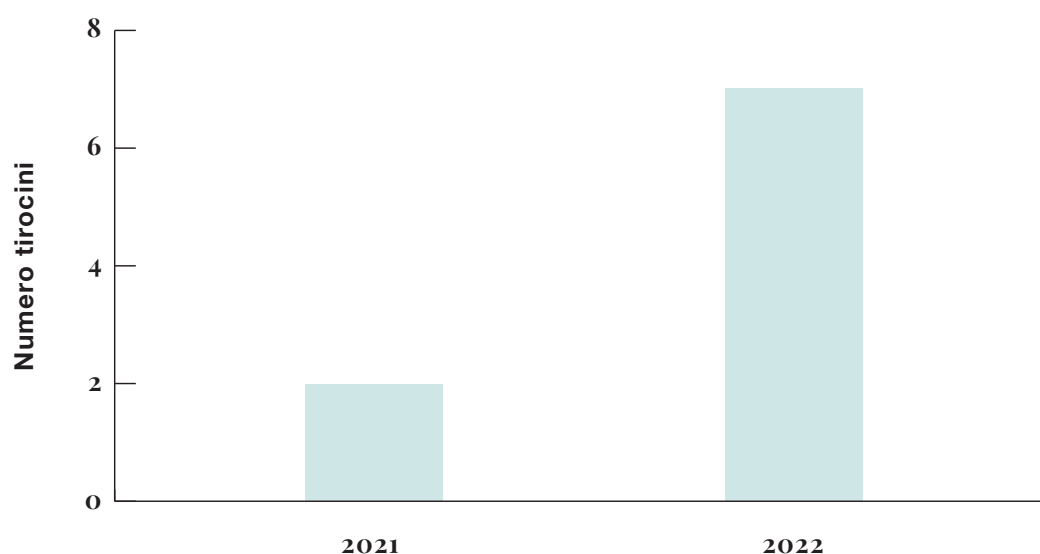


UNIVERSITÀ
DI TRENTO



UNIVERSITÀ
CATTOLICA
del Sacro Cuore

Apprenticeships



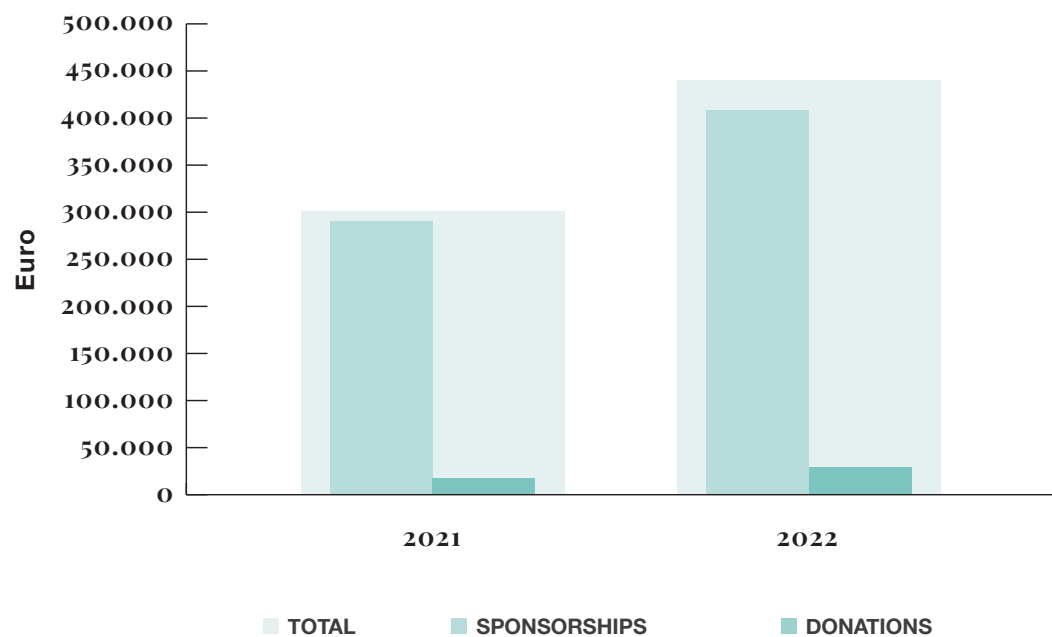
Value creation in the local area and among stakeholders

5.1
5.2
5.3
5.4



Metallurgica San Marco believes in creating a strong bond with its surrounding environment; therefore, it is actively committed to supporting the local area and community through the promotion of sports culture, creating value in the local area and the support of charitable projects also through sponsorships and donations.

Sponsorships and donations



SPORT SPONSORSHIPS

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

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

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

VIRTUS BASKET LUMEZZANE
Basketball

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

PONTE DI LEGNO SKI SCHOOL
Ski school

**UNIONE CALCIO MONTECCHIO
MAGGIORE**
Football

CHARITABLE AND LOCALLY BENEFICIAL PARTNERSHIPS

UN CUORE D'OTTONE

To mark the company's 50th anniversary, the artist Edoardo Ferrari was commissioned to create the sculpture *Un Cuore d'Ottone* (A Brass Heart). This project is one of the many socially responsible activities promoted by Metallurgica San Marco, which symbolises the bond between MSM and the local community and aims to promote values of sharing and common commitment.

VIRTUAL TOUR - BRESCIA CASTLE

Metallurgica San Marco welcomed the Brescia Castle Virtual Tour project, supporting as a partner one of the first projects dedicated to 'Brescia and Bergamo Italian Capital of Culture 2023'.

DONA PROJECT - TOFFA FOUNDATION

In keeping with its commitment to the local area, Metallurgica San Marco was one of the partners and supporters of the first major project by the Nadia Toffa Foundation, which launched an ambitious fundraiser for paediatric oncological research.



Social Sphere

WORKFORCE MANAGEMENT

AS IS	TO BE
Number of employees as at 31/12/2022: 141	Number of employees $\geq$ 145
Number of employees under 30: 17	Number of employees under 30 $\geq$ 20
Eye Tracker Project	Project +Confidence +Well-being +Inclusion
Option to convert the performance bonus into welfare services	Activation of more agreements on the welfare platform
'Pagella di ottone' for employees' children	Increased support for the education of employees' children also at university level

OCCUPATIONAL HEALTH AND SAFETY

AS IS	TO BE
ISO 45001 Certification	WHP membership

TRAINING AND EDUCATION

AS IS	TO BE
8.4 average training hours per employee during the year	> 10 hours of average training per employee during the year
Funding an industrial PhD	Creation of special areas for training courses
Partnerships with 3 universities	Partnership with SUMAS Business School

VALUE CREATION IN THE TERRITORY AND AMONG STAKEHOLDERS

AS IS	TO BE
Sports, social and cultural sponsorships	Voluntary donations



06

Content

GRI
nt Index

For each material issue identified, the correlation with the main international reference standard for sustainability reporting, the Global Reporting Initiative (GRI), is presented below.

There are no GRI sector standards relevant to Metallurgica San Marco's activities.

DECLARATION OF USE	Metallurgica San Marco S.p.A. submitted a 'with reference to' report on the GRI Standards for the period 01/01/2022 - 31/12/2022.
USED GRI 1	GRI 1 - Foundation - Version 2021

GRI 2 - GENERAL DISCLOSURES 2021		
GRI STANDARD	DISCLOSURE	REFERENCE SECTION
The organisation and its reporting practices		
	2-1 Organisational Details	Methodological Note
	2-2 Entities included in the organisation's sustainability reporting	Methodological Note
	2-3 Reporting period, frequency and contact point	Methodological Note
	2-4 Restatements of Information	Any variations are indicated in the text
Activities and workers		
	2-7 Employees	Workforce management
	2-8 Workers who are not employees	Workforce management
Governance		
	2-9 Governance structure and composition	Governance and economic sphere
	2-10 Nomination and selection of the highest governance body	Governance and economic sphere

	2-11 Chair of the highest governing body	Letter to stakeholders
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability governance
	2-13 Delegation of responsibility for managing impacts	Sustainability governance
	2-14 Role of the highest governance body in sustainability reporting	Sustainability governance
	2-15 Conflicts of interest	Sustainability governance
	2-17 Collective knowledge of the highest governance body	Sustainability governance
	2-18 Evaluation of the performance of the highest governance body	Sustainability governance
Strategies, policies and practices		
	2-25 Processes to remediate negative impacts	Metallurgica San Marco's priorities: analysis of impacts and materiality
	2-27 Compliance with laws and regulations	Corporate governance guidelines
Stakeholder engagement		
	2-29 Approach to stakeholder engagement	Metallurgica San Marco's priorities: analysis of impacts and materiality
GRI 3 - Material topics - version 2021	3-1 Process to determine material topics	Metallurgica San Marco's priorities: analysis of impacts and materiality
	3-2 List of material topics	Metallurgica San Marco's priorities: analysis of impacts and materiality
	3-3 Management of material topics	Metallurgica San Marco's priorities: analysis of impacts and materiality

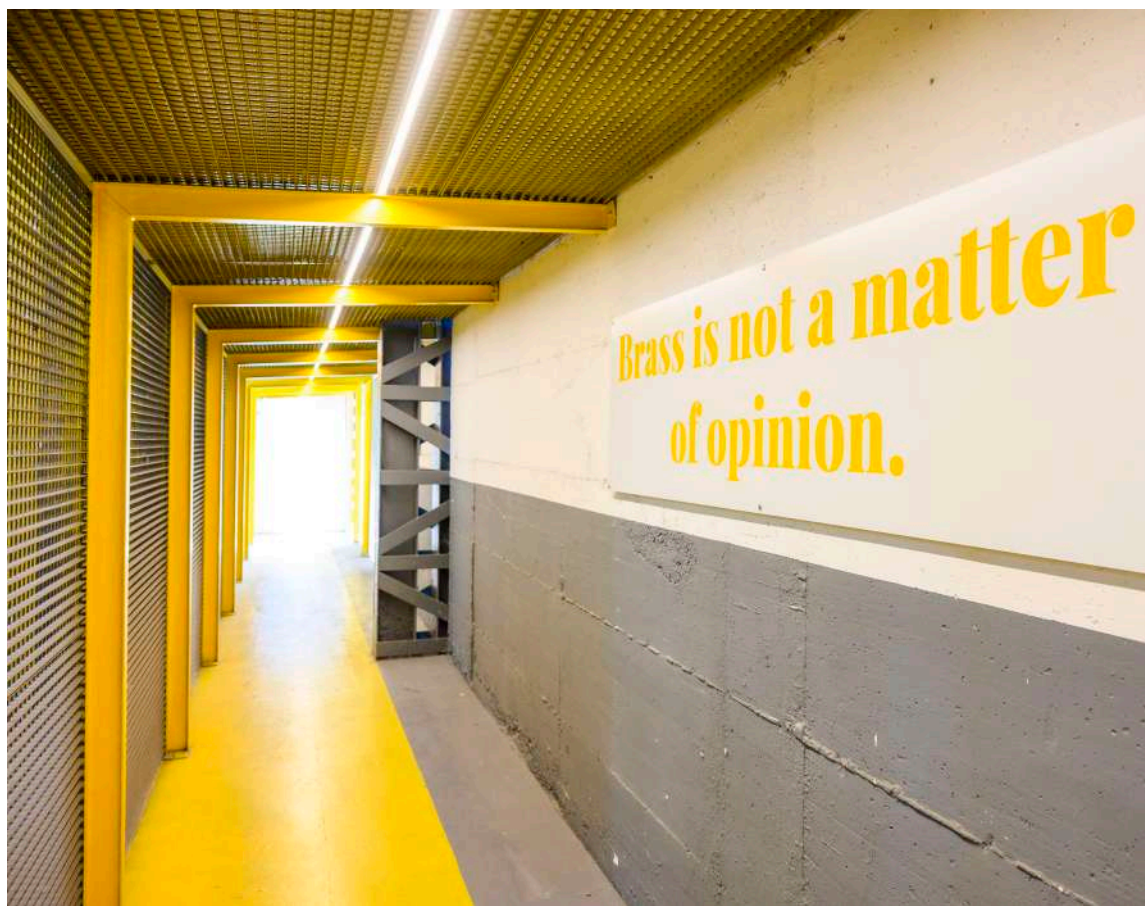
INFORMATION	REFERENCE SECTION
Standard topics – economic	
201-1 Directly economic value generated and distributed	Economic performance
203-1 Infrastructure investments and services supported	Energy consumption and efficiency
204-1 Proportion of spending on local suppliers	Supply chain
Standard topics – environment	
301-1 Materials used by weight or volume	Circular use of materials
301-3 Reclaimed products and their packaging materials	Circular use of materials
302-1 Energy consumption within the organisation	Energy consumption and efficiency
302-3 Energy intensity	Energy consumption and efficiency
302-4 Reduction of energy consumption	Energy consumption and efficiency
303-3 Water withdrawal	Water withdrawal and consumption
303-4 Water discharge	Water withdrawal and consumption
303-5 Water consumption	Water withdrawal and consumption
305-1 Direct (Scope 1) GHG emissions	Our carbon footprint
305-2 Energy indirect (Scope 2) GHG emissions	Our carbon footprint
305-4 GHG emissions intensity	Our carbon footprint
305-5 Reduction of GHG emissions	Our carbon footprint
306-1 Waste generation and significant waste-related impacts	Waste management and treatment
306-2 Management of significant waste-related impacts	Waste management and treatment

306-3 Waste generated	Waste management and treatment
306-4 Waste diverted from disposal	Waste management and treatment
306-5 Waste directed to disposal	Waste management and treatment
307-1 Non-compliance with environmental laws and regulations	Corporate governance guidelines
Standard topics – social	
401-1 New employee hires and employee turnover	Workforce management
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Workforce management
403-1 Occupational health and safety management system	Personal health and safety
403-2 Hazard identification, risk assessment and incident investigation	Metallurgica San Marco's priorities: analysis of impacts and materiality, Personal health and safety
403-5 Worker training on occupational health and safety	Personal health and safety
403-6 Promotion of worker health	Personal health and safety
403-9 Work-related injuries	Personal health and safety
404-1 Average hours of training per year per employee	Training and education
405-1 Diversity of governance bodies and employees	Workforce management
406-1 Incidents of discrimination and corrective actions taken	Corporate governance guidelines
413-1 Operations with local community engagement, impact assessments, and development programmes	Value creation in the local area and among stakeholders
413-2 Operations with significant actual and potential negative impacts on local communities	Value creation in the local area and among stakeholders

ECONOMIC PERFORMANCE				
GRI 201-1	UoM	2020	2021	2022
Turnover	€	159,746,701	283,714,419	312,609,491
Profit	€	3,692,382	8,062,316	6,932,942
Economic value distributed	€	156,054,319	275,652,103	324,785,568

BOD				
GRI 2-9	UoM	2020	2021	2022
Total number of members	num	5	5	5
Of whom under 30	num	-	-	0
Of whom between 30 and 50	€	-	-	2
Of whom over 50		-	-	3

RESEARCH AND DEVELOPMENT				
		UoM	2021	2022
Number of hours dedicated to R&D		hours	6,465	5,960
Average per employee		hrs/employee	52	42.3



ENERGY				
GRI 302-1	UoM	2020	2021	2022
Electricity	kWh	34,956,000	39,703,200	40,228,800
Of which withdrawn from the grid	kWh	34,956,000	31,703,200	28,228,800
Of which from GOs	kWh	0	8,000,000	12,000,000
Natural Gas	Sm ³	1,756,712	1,890,209	2,029,335
Diesel	l	44,492	47,754	47,500
Total energy	toe	8,044	9,046	9,260
EMISSIONS				
GRI 305-1, 305-5	UoM	2020	2021	2022
Direct (Scope 1) emissions	tCO ₂ eq	3,631	3,896	4,185
Of which from Natural Gas	tCO ₂ eq	3,492	3,765	4,058
Of which from Diesel	tCO ₂ eq	129	128	127
Of which from F-gas leakage	tCO ₂ eq	10	3	0
Indirect (Scope 2) emissions - location-based	tCO ₂ eq	8,215	9,331	9,455
Indirect (Scope 2) emissions - market-based	tCO ₂ eq	10,360	8,600	7,658
Total (Scope 1 + Scope 2) emissions - location-based	tCO ₂ eq	13,990.82	13,226.88	13,639.94
Of which mitigated through carbon credits	tCO ₂ eq	0.00	3,884.00	4,185.27
WATER CONSUMPTION				
GRI 303-3, 303-4, 303-5	UoM	2020	2021	2022
Total water supply	m ³	87,813	111,248	119,276
Of which from well	m ³	79,456	104,089	110,482
Of which from aqueduct	m ³	8,357	7,159	8,794
Water discharge	m ³	32,543	33,620	39,426

MATERIALS				
GRI 301-1, 301-3	UoM	2020	2021	2022
Virgin raw material	kg	-	-	3,675,357
Reclaimed raw material (Secondary zinc)	kg	-	-	10,663,936
Reclaimed raw material (brass alloy bar)	kg			681,960
Waste material	kg	-	-	31,547,478
By-product material	kg	-	-	28,145,219
End-of-Waste	kg	-	-	11,057,797
Secondary raw material	kg	-	-	195,624
Total packaging material	kg	2,237	1,377	51,032
Of which cardboard	kg	265	386	470
Of which wood	kg			48,190
Of which iron	kg	1,972	991	2,372
Of which reclaimed and/or re-used	kg	2,237	1,377	2,842

WASTE				
GRI 306-1, 306-3, 306-4, 306-5	UoM	2020	2021	2022
Waste generated	tons	4,322	6,344	5,993
Of which hazardous	tons	684	842	765
Waste directed to recovery	tons	4,070	5,992	5,900
Of which directed to disposal	tons	0	0	93

PERSONNEL AND TURNOVER				
GRI 401-1	UoM	2020	2021	2022
Number of employees	num	110	124	141
Number joining	num	12	27	21
Number leaving	num	4	13	4
Overall turnover rate	%	14.5%	32.3%	17.7%
People joining under 30	num	3	10	7
People leaving under 30	num	0	3	1
youth turnover rate	%	2.7%	10.5%	5.7%

CLASSIFICATION OF EMPLOYEES				
GRI 305-7, 305-1	UoM	2021	2022	
BY CONTRACT TYPE				
Permanent	num	117	129	
Fixed-term	num	7	12	
BY GENDER				
Women	num	7	9	
Men	num	117	132	
BY AGE GROUP				
< 30 YEARS	num	10	17	
BETWEEN 30 AND 50	num	63	74	
> 50 YEARS	num	51	50	

TRAINING				
GRI 404-1, 404-2, 403-5	UoM	2020	2021	2022
Total number of hours	hours	620	1,358*	1,179
Of which on health and safety	hours	28	672	456
Of which on languages	hours	0	0	512
General	hours	592	686	208
Number of hours per employee	hrs/employee	5.64	11	8.4

Glo

ossary

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

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