

2023 EDITION



METALLURGICA
SAN MARCO

THE ITALIAN BRASS PARTNER

Sustainability Report

It is with great conviction that I present to you the **Metallurgica San Marco (MSM)** 2023 Sustainability Report, a document that reflects not only our achievements, but also our ongoing commitment to a more sustainable and responsible future.

With over fifty years of experience in the metallurgical sector, MSM has demonstrated its ability to balance tradition and innovation, meeting the challenges of an ever-changing global context. In a period of economic uncertainty and industrial change, our company has responded with resilience and determination, demonstrating that sustainability and productivity can and must co-exist.

Our approach to sustainability is based on an integrated vision that incorporates ESG (Environmental, Social, Governance) criteria and responds to the growing expectations of our investors and stakeholders. We have been working on several fronts:

01 . ENVIRONMENT

In 2023, we reduced our greenhouse gas emissions by 15% and offset 3,918 tons of CO₂ through carbon credits. The installation of a 2 MW photovoltaic system, which will be operational from 2024, is a further step towards energy efficiency. We continue to promote the circular economy, increasing the use of recycled materials and achieving UNI/PdR 88:2020 certification for our low-lead brass alloys.

02 . SOCIAL

Our human capital remains a fundamental pillar. We continue to invest in the training and development of our people and are strengthening our links with local universities to promote new skills. Our corporate welfare programme demonstrates our commitment to the wellbeing of our employees.

03 . GOVERNANCE

We operate on the principles of honesty, respect and transparency, ensuring that we conduct our business in an ethical and responsible manner.

Looking ahead, we are aware that productivity in Europe, as highlighted in the recent Draghi plan, will increasingly depend on innovation and the adoption of advanced technologies. MSM proposes itself as an active protagonist in this scenario, seeking to transform challenges into development opportunities.

Our commitment extends beyond the company. Projects such as reforestation in Kyrgyzstan, where 6 million trees will be planted over 5 years, demonstrate our desire to make a positive contribution to global well-being.

Finally, sustainability remains at the heart of our growth strategy. This report is tangible evidence of our commitment to combining innovation, social responsibility and respect for the environment. With your continued support, we are confident that we can maintain a sustainable growth path that contributes not only to the economic, but also to the social and environmental wellbeing of the communities in which we operate.

Thank you for your trust and cooperation. Together, we can turn challenges into opportunities and build a better future.


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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A modern office building with a dark blue facade and large glass windows. The building has a rooftop garden with green plants. The text "THE ITALIAN BRASS PARTNER" is visible on the upper part of the building. The text "01." is overlaid in a large, yellow, serif font.

01.

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.

Our Values

1.1
1.2
1.3
1.4
1.5
1.6

Metallurgica San Marco is committed to proactively engaging all stakeholders, so that sharing the company's mission and objectives creates a driving force for the company's growth, in the present and in the near future, also in light of the major changes to the market.

First and foremost, Metallurgica San Marco recognises the value of its 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. Sustainability, both environmental and social, is also a concept that MSM has embraced and now plays a central role in its business. The company is committed to improving production processes and investing in advanced technologies that guarantee safety in the workplace and respect for the environment, in line with internationally recognised standards.

The objective at MSM is to value its people, creating a participatory 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

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

RESPECT

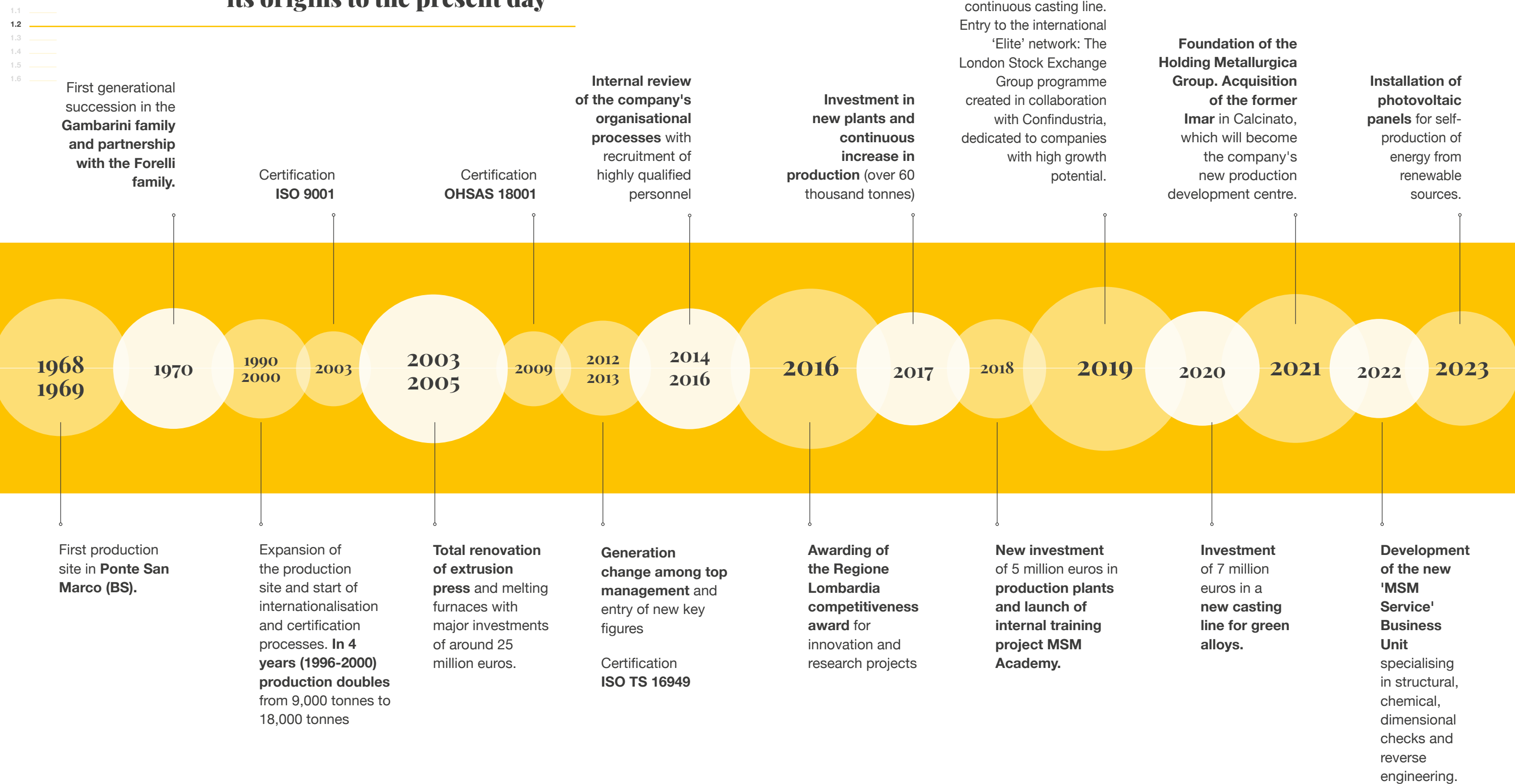
This refers to **compliance with all relevant national and international laws**, as well as company procedures and regulations. The company also promotes respect for people's dignity and prohibits any kind of discrimination.

TRANSPARENCY AND INTEGRITY

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



Metallurgica San Marco from its origins to the present day



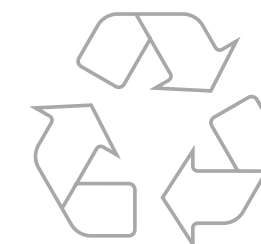
1.1
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Highlights

240
million euros
of euros of turnover

10,068
tCO₂eq
Scope 1 and scope 2 emissions¹

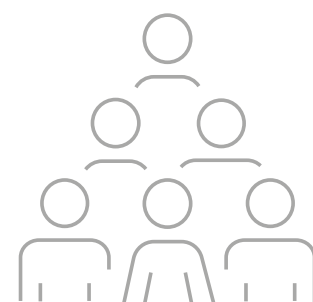
> 84,000
tonnes
of brass processed



99%
of total materials
come
from recycling

137
employees

21
hires
new



> 2,600
hours
of training

> 95%
of waste
produced is
directed to
recovery

93.4% permanent
contracts

¹ Market-based scenario

1.1

1.2

1.3

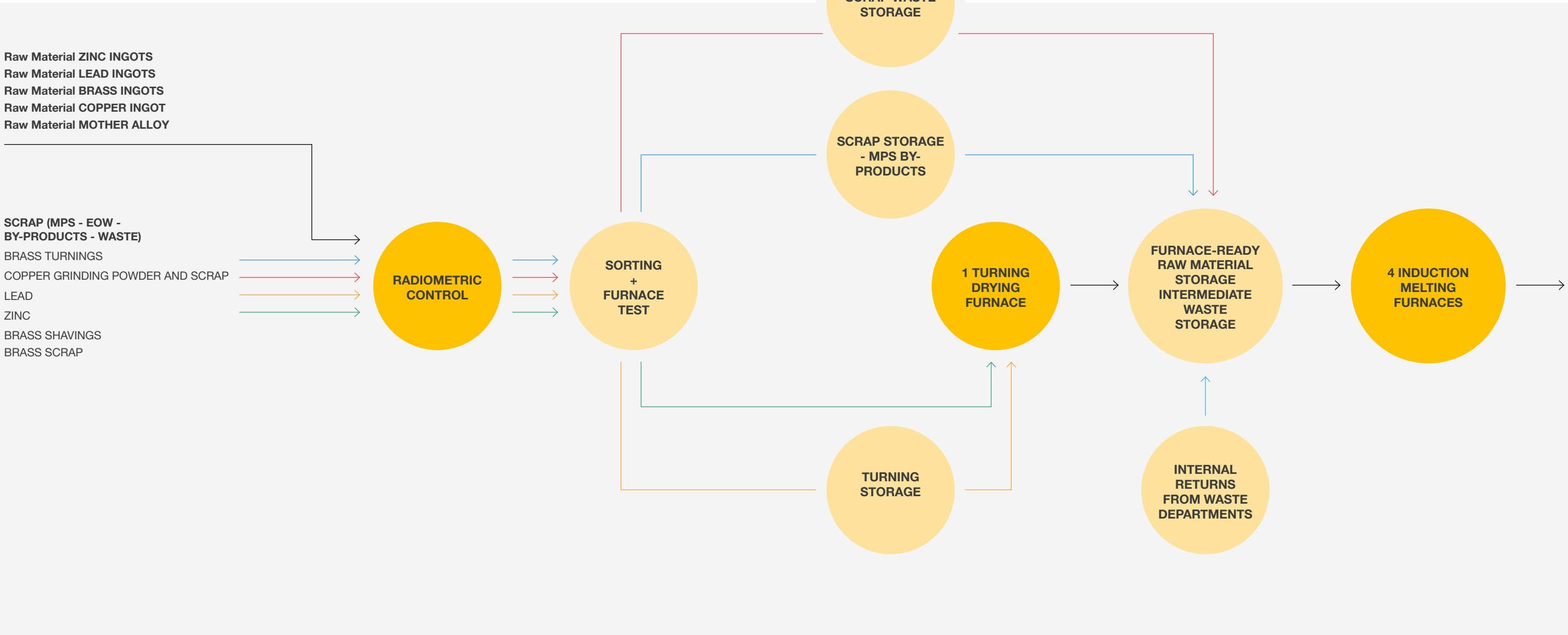
1.4

1.5

1.6

Business Units

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



1.1

1.2

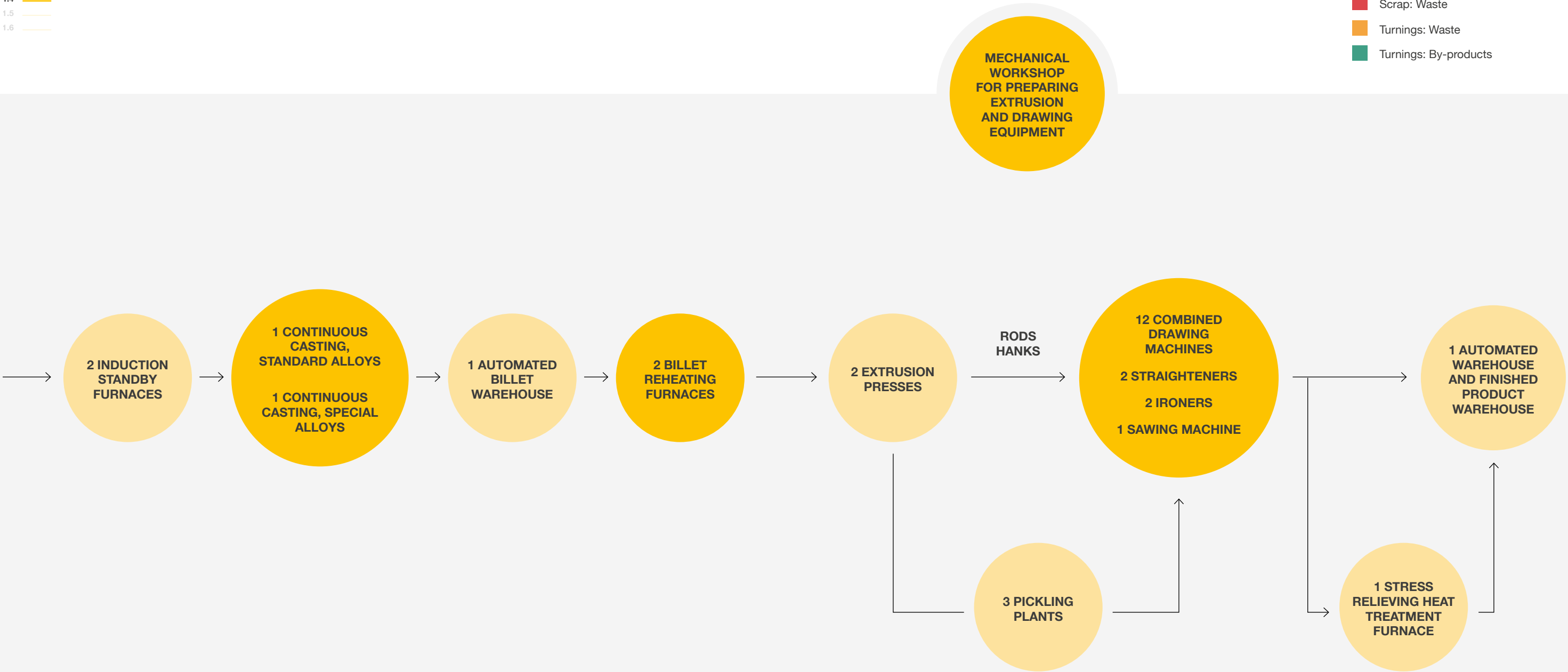
1.3

1.4

1.5

1.6

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



Metallurgica San Marco produces a wide range of brass bars and profiles in a variety of alloys, in compliance with legal requirements, including lead-free alloys to meet new market demands.. MSM continues to invest heavily in the research and development of new materials that can meet new regulations while minimising the impact on users' workability requirements.



Scan the QR Code
to view all the
Metallurgica San
Marco alloys

BAR PRODUCTS

Production of solid bars in various formats including rectangular, square, hexagonal and round in **copper-zinc-lead and lead-free copper-zinc alloys**. Designed in accordance with European and international standards, Metallurgica San Marco bars guarantee excellent performance in all turning and hot stamping processes and are used in a wide range of sectors, including the automotive and electrical industries, and product types, such as small parts, plumbing, fittings, valves, fashion accessories and handles.

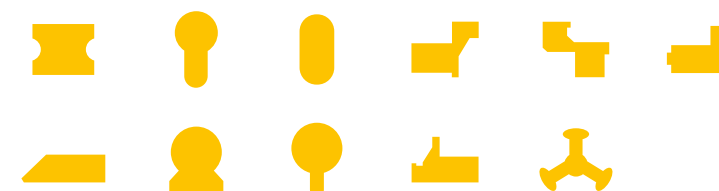
All bar sections:



DRAWN PROFILES

Manufacture of extruded and drawn brass profiles, both standard and bespoke, for both cold forming and mechanical machining. Depending on the type of final application and processing, profiles made from copper-zinc-lead and lead-free copper-zinc alloys are used in construction, mechanical applications and parts, locks, padlocks, pressure gauges, striped round bars and valves. The manufacture of bespoke brass semi-finished products, designed to meet specific working and application requirements, now forms a significant part of the company's business.

All sections of the drawn profiles:



1.1
1.2
1.3
1.4
1.5
1.6



LIBRA is the new lead-free brass alloy that aims to achieve the perfect balance between environmental sustainability and material quality, achieving **100% recyclability and recycled content**.



The **UNI/PdR 88:2020 certification** obtained by LIBRA certifies compliance with the requirements for verifying the content of recycled and/or recovered and/or by-products present in products, in accordance with the highest and most recent sustainability standards.



100% Recycled

Corporate sustainability reporting

Metallurgica San Marco pursues a sustainability strategy focused on reducing environmental impact, improving energy efficiency and enhancing social well-being. The company invests in advanced technologies to optimise the production processes of its three divisions, promotes the use of green energy through the purchase of GO and photovoltaic panels, and is committed to offsetting direct and indirect greenhouse gas emissions through the purchase of carbon credits and active support for a reforestation project in Kyrgyzstan.

This integrated approach to sustainability, combined with a focus on Corporate Social Responsibility (CSR), reflects MSM's commitment to creating long-term value for all stakeholders, preserving the environment and improving the quality of life of the people involved in its activities.

Metallurgica San Marco recognises that CSR is not only a strategy to improve the company's image and reputation, but also a **concrete commitment to make a positive contribution to the wellbeing of society and the environment.** From this belief comes the company's commitment to responsible and sustainable actions and choices in favour of the environment, in line with European and national plans.



MSM Get to Zero is the company's most important environmental project: the issue of CO₂ emissions into the atmosphere is at the heart of Metallurgica San Marco's green strategy, which aims to achieve carbon neutrality².



Scan the QR Code to see the project in detail

With a view to decarbonisation, in 2022 MSM took part in "Futura Expo", the largest Italian EXPO meeting between companies, citizens and institutions to discuss sustainability, and signed the "Brescia 2050 Sustainability Pact" for the implementation of a structured plan to quantify, reduce and neutralise residual emissions through credible, permanent and socially responsible compensation.

² Being Carbon Neutral implies that the amount of CO₂ emissions emitted into the environment is balanced by the same amount of CO₂ emissions removed.

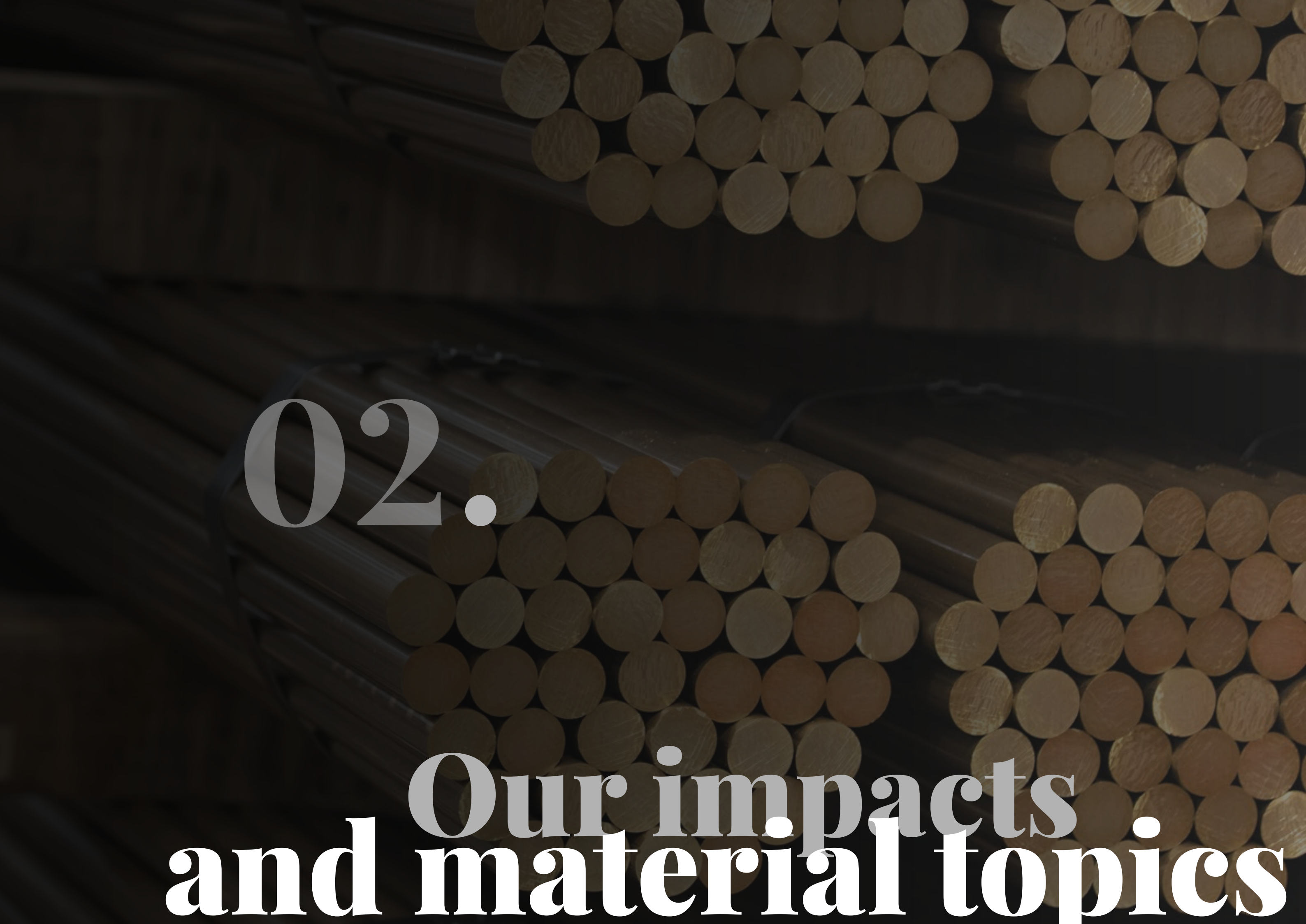
1.1
1.2
1.3
1.4
1.5

Since 2021, Metallurgica San Marco draws 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 is updated annually to report on the results achieved and to set new targets. These are presented in the relevant sections of each chapter.

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. The **Sustainable Development Goals** (SDGs) are the core of the UN's 2030 Agenda.



sustainable development

The background of the slide features a dark, moody photograph of numerous metal rods or pipes stacked horizontally. The focus is on the circular cross-sections of the rods, which are arranged in a grid-like pattern. The lighting is soft, highlighting the metallic texture and the slight variations in the circular shapes.

02.

Our impacts
and material topics

Materiality analysis and stakeholder engagement

2.1
2.2
2.3
2.4

For the 2023 Sustainability Report, Metallurgica San Marco has updated its materiality analysis, adopting the international Global Reporting Initiative (GRI) 2021 standards that came into effect in January 2023.

01

Identification of the ESG topics potentially relevant for Metallurgica San Marco

02

Assessment and assignment of materiality levels by external and internal stakeholders through a questionnaire

03

Board approval of material topics and assignment of materiality levels for Metallurgica San Marco

04

Definition of the materiality matrix



STAKEHOLDER MAPPING

Stakeholder engagement to identify potentially material topics was conducted through the use of questionnaires. However, relations with stakeholders go beyond this single study and are conducted according to the methods shown in the following diagram.



EMPLOYEES AND BOARD

Dedicated meetings, questionnaires, social media, relationship with HR



CUSTOMERS

Questionnaires, trade fairs, public events



SUPPLIERS

Questionnaires, direct relationships, public events



COMMUNITY

Questionnaires, website, social media, public events



BANKS, PUBLIC ADMINISTRATIONS AND OTHER INSTITUTIONS

Questionnaires, direct relationships



UNIVERSITIES AND RESEARCH INSTITUTES

Questionnaires, website, direct relationships

2.1
2.2
2.3
2.4

In order to assess and assign levels of materiality, stakeholders were sent a questionnaire in which they were asked to assign different levels of strategic importance to each topic on a scale of 1 to 5. In order to gather as many ideas as possible, space was also left for ideas and food for thought. A total of 97 stakeholders participated in the survey, approximately 50% more than the previous materiality survey conducted in 2022, a symptom of increased interest in sustainability issues and more effective stakeholder engagement.

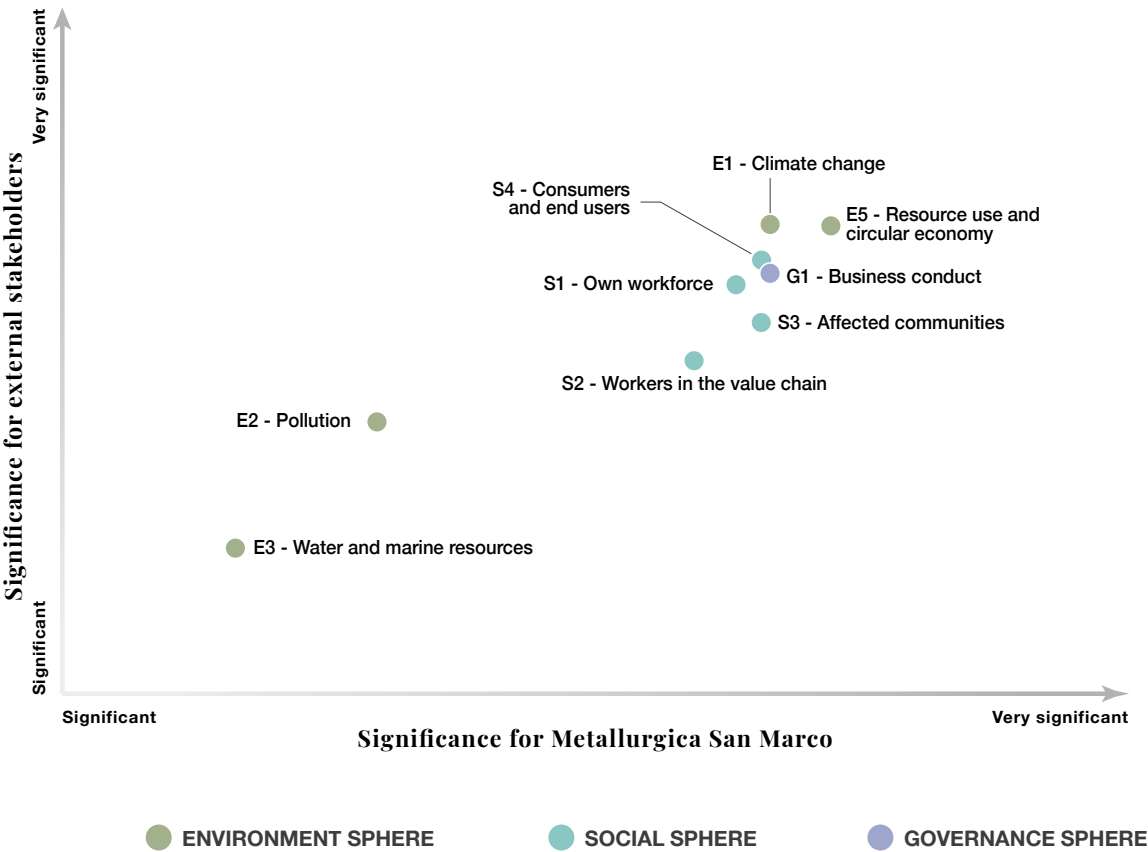
Final approval of the material topics then took place at a later stage with the involvement of MSM's strategic figures, who were asked to validate the results of the analysis in order to construct the final materiality matrix.



The visual representation of the prioritisation of material topics was achieved through the use of a materiality matrix. In this matrix, each topic is positioned in the space according to its strategic importance both for Metallurgica San Marco and for its stakeholders.

A topic's position in the top right-hand corner indicates its high level of strategic importance to the company. The topics in the bottom left-hand corner are also significant (and therefore material), although they are perceived by stakeholders and the company itself to be less urgent than others. The only topic examined in the questionnaires that was not found to be material was E4 - Biodiversity and Ecosystems and was therefore excluded from the matrix.

Materiality matrix



Impact analysis

Based on the materiality analysis, Metallurgica San Marco has identified the most relevant impacts for its business in the areas of social, environmental and governance sustainability. This study was carried out in view of the adoption of the new CSRD Directive¹ and related reporting standards² that will become mandatory in the coming years.

Metallurgica San Marco has divided the impacts generated into actual and potential, positive and negative, and has also analysed the level of causality.

The impacts described are **directly caused** by the company, but they also include impacts that are **contributory** (where Metallurgica San Marco has an influence, but is not the only actor) and impacts **associated with the activity** (events along the value chain, but not directly attributable to the company).

¹ CSRD Corporate Sustainability Reporting Directive (2022/2464)

² ESRS European Sustainability Reporting Standard, contained in the delegated act of the European Commission, dated 31/07/2023

To assess the relevance of the impacts, Metallurgica San Marco assigned numerical values (scale 1-3) to the regulatory criteria. The actual impacts were assessed in terms of **magnitude**, divided into **extent** (severity or intensity), **reach** (extension) and, for negative impacts, **irreversibility** (ability to restore the situation prior to the impact). Potential impacts were calculated as the product of magnitude and **likelihood** of occurrence.

The impact, i.e. the financial risks and opportunities not under the direct control of Metallurgica San Marco, was also analysed. The evaluation of these aspects considered the potential magnitude and the likelihood of occurrence, using a 1-3 scale for the latter.

The numerical values obtained were normalised to effectively compare the relevance of each impact. Conversion to percentages allowed for a clear and comparable graphical representation of impacts, risks and opportunities.

In the following chapters (Environmental, Social and Governance), the impacts and mitigation strategies are examined in detail; each time an impact is described, a note has been added to facilitate its identification and typology. A table in the Annex summarises the scores assigned to the different impacts, which form the basis of the analysis presented.

Inside-out impacts

Inside-out impacts refer to all those impacts that Metallurgica San Marco has or could have on the world and/or society around it, including the value chain linked to its activity.

In order to comply with the requirements of the non-financial reporting directive (CSRD), to which Metallurgica San Marco will be subject from 1 January 2025, it has been decided to integrate in this report the impact analysis required by the GRI standards, taking into account the company's supply chain, both upstream and downstream. For this reason, the following chapters illustrate not only the impacts directly attributable to MSM's activities, but also those related to the value chain, understood as the set of suppliers, customers, communities and end users with which the company interfaces.

Below are two tables showing the main actual and potential impacts, positive and negative, that the company has or could have directly and indirectly on the environment, people and communities, and on its value chain. In addition, for each actual or potential negative impact, some of the strategies planned or under implementation to mitigate such impacts are presented.

ACTUAL IMPACTS		MITIGATION STRATEGIES	
Material recovery			
Innovative events			
Project in Kyrgyzstan			
Contribution to global emissions			• Calculation of Scope 1 and 2 emissions • Emissions offsetting Scope 1 • Purchase of Guarantees of Origin to cover a portion of emissions Scope 2 • Carrying out an energy diagnosis • Carrying out energy efficiency interventions • Self-production of energy from renewable sources (PV) (P) • ISO 50001 Certification (P)*
Investments in projects with positive impacts on the local community			
Relationships with schools and universities			
Energy efficiency interventions			

*(P) the mitigation strategy is being planned or underway

2.1

2.2

2.3

2.4

POTENTIAL IMPACTS		MITIGATION STRATEGIES
Accidents at work		• Presence of an ISO 14001-certified health and safety management system • Provision of specific courses on safety, beyond legal obligations (e.g. first aid course, use of the defibrillator etc.) • Near miss and injury analysis • Internal recall system • Presence of an improvement plan • OMCM 231
Difficulty in recruiting		• Strengthening the company's employer branding • Strengthening direct recruitment channels • Partnership with local HR providers • Highlight job postings online through targeted marketing actions • Agreements with local universities and educational institutions
Spillage of substances		• Evaporation towers aggregated in a single facility • Purifier in one place • Oil storage • Spill management procedures • Spill containment systems, emergency kits, collection tanks • Periodic monitoring of control and emergency systems
Difficulties in sustainable supply		• Supplier selection procedure • Engagement and collaboration with the entire supply chain to promote circular economy projects
Loss, alteration or appropriation of data		• Specific IT security systems (antivirus, firewall, etc.) • Access control system • Cybersecurity training • Email address management from a GDPR perspective • OMCM 231

Promotion of occupational health and safety		
Problems related to the treatment of hazardous waste		• Annual monitoring of hazardous waste • Internal sorting and storage • Document control for waste disposer authorization • Differentiation of waste disposers
Failure to achieve targets and greenwashing		• Publication of the Sustainability Report • Emissions offsetting through carbon credits
Lack of necessary skills		• 2024 training project aimed at improving skills • Inclusion of sustainability-related topics in training (P)

*(P) the mitigation strategy is being planned or underway

● POSITIVE IMPACTS

● NEGATIVE IMPACTS

Outside-in impacts

In addition to the materiality of impacts (inside-out perspective), the above-mentioned European Non-Financial Reporting Directive provides for an analysis aimed at identifying the financial risks and opportunities arising from impacts related to sustainability issues (outside-in perspective).

Outside-in impacts are all those impacts to which Metallurgica San Marco is exposed and over which it has no direct control, i.e. the risks and opportunities related to a sustainability issue that could have a significant impact on the development of the company, its financial position, cash flows, access to financing or cost of capital in the short, medium or long term. In the first case, MSM's objective is to exploit opportunities, and in the second, to develop and implement strategies to prevent and mitigate financial risks.

In order to respond promptly and in advance to the need for monitoring and analysis of these impacts, aware of their relevance to the company's decision-making and strategic process, Metallurgica San Marco has identified the main opportunities and risks related to sustainability issues considered material, with the aim of progressively extending the analysis to other topics that may become relevant in the future.

RISKS AND OPPORTUNITIES (FINANCIAL)		MITIGATION STRATEGIES
Market attention to the circular economy		
High turnover		• Implementation of concrete actions to improve the company's internal climate • Communicating corporate sensitivity to continuous improvement objectives in terms of management and organization • Development of an internal climate analysis (with Umana Analytics) to understand and intercept any dissatisfaction among dynamics • Constant monitoring of specific internal dynamics in order to solve any critical issues
Customer dissatisfaction		• Periodic customer satisfaction assessment through complaint analysis • Analysis of ratings received from customers
Innovation Market (LCA,...)		
Difficulty in sourcing materials		• Supplier differentiation
"Sustainable" market shift and difficulty in accessing credit		• Adoption of sustainability strategy (publication of the sustainability report, adoption of a sustainability plan,...)
Corruption and Fraud		• OMCM 231 and Supervisory Body • Internal anti-corruption verification system
Employee absenteeism		• Work-related stress analysis • Implementation of engagement and communication activities
Customer solvency		• Credit insurance • Implementation of a control threshold on each customer's portfolio • Initial customer evaluation with associated rating • Critical situation notification system (P)

*(P) the mitigation strategy is being planned or underway



03.

Environment Sphere

Environment Sphere

Metallurgica San Marco is at the forefront in **research into innovative brass alloys, aiming to reduce the environmental impact of its manufacturing processes.** The company is investigating solutions to improve waste recycling and expand the production of low-lead alloys. In addition, MSM is planning to obtain ISO 50001 certification for energy management, is implementing energy efficiency measures and has installed a photovoltaic system, confirming its position as a leader in the sector for sustainability and innovation.

99%

of incoming raw material
from recovery

-19%

of water
consumption in
2023 compared to
the previous year

96%

of waste
directed to
recovery

over 35%

of electricity needs
from GOs

certification
UNI/PdR 88:2020

for alloys with low lead content



environmental
protection

Climate
change

4.1
4.2
4.3

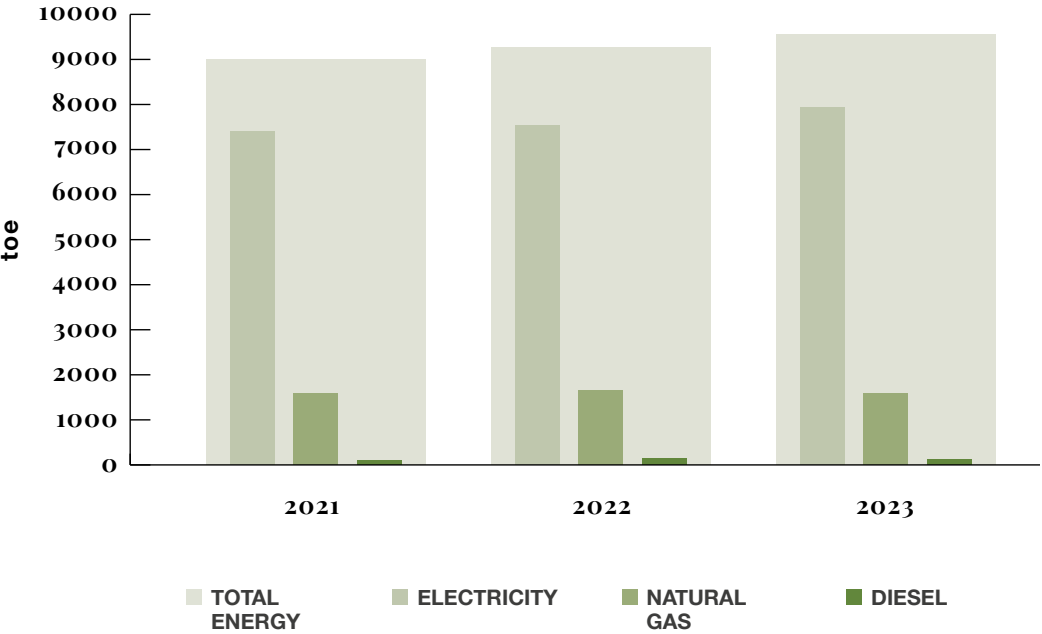
ENERGY CONSUMPTION
AND EFFICIENCY



The activity of Metallurgica San Marco is carried out thanks to the use of three energy vectors: electricity, natural gas and diesel. In 2023, total energy consumption was 9,560 toe (tonnes of oil equivalent). Of this, 83.1% is electricity, 16.5% natural gas and only 0.4% diesel, which is used both for processes and to fuel the company's fleet.

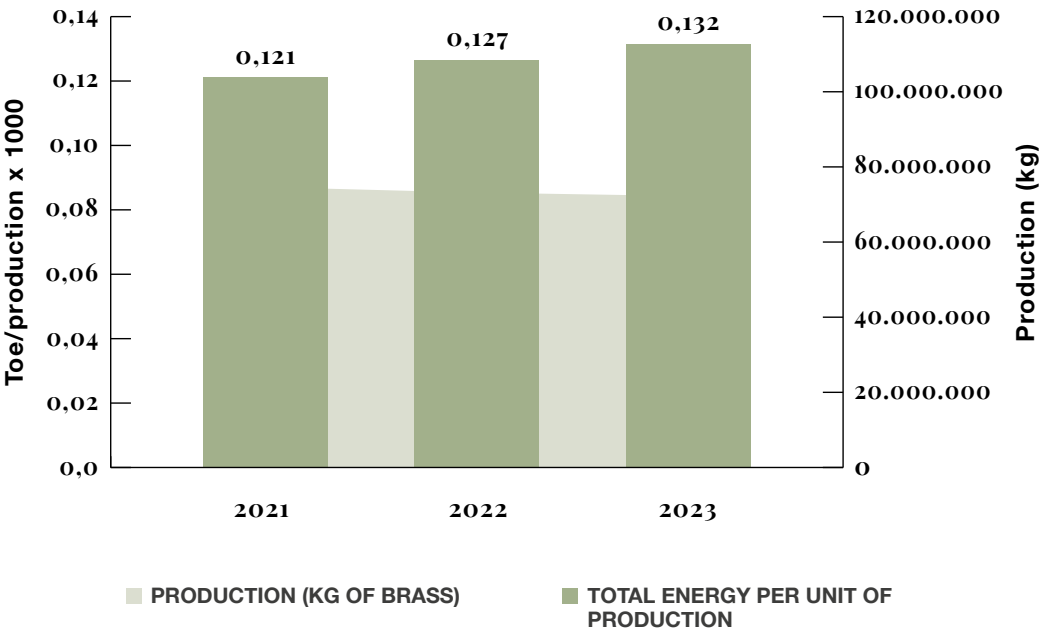
The following graph shows the development of consumption over the years. In 2023, total consumption increased by 3% and the growth is solely attributable to the increased use of electricity.

Energy consumption



By comparing energy consumption with production, which remained almost constant compared to the previous year, we can see the trend in specific consumption (toe/tonne of brass). Specific consumption increased slightly by +4.3% in 2023.

Specific consumption versus production



Given the importance of energy efficiency at Metallurgica San Marco, in 2023 the company installed a 2-MW photovoltaic plant, which will cover part of its electricity needs with energy from renewable sources. The plant will enter into operation in 2024¹.

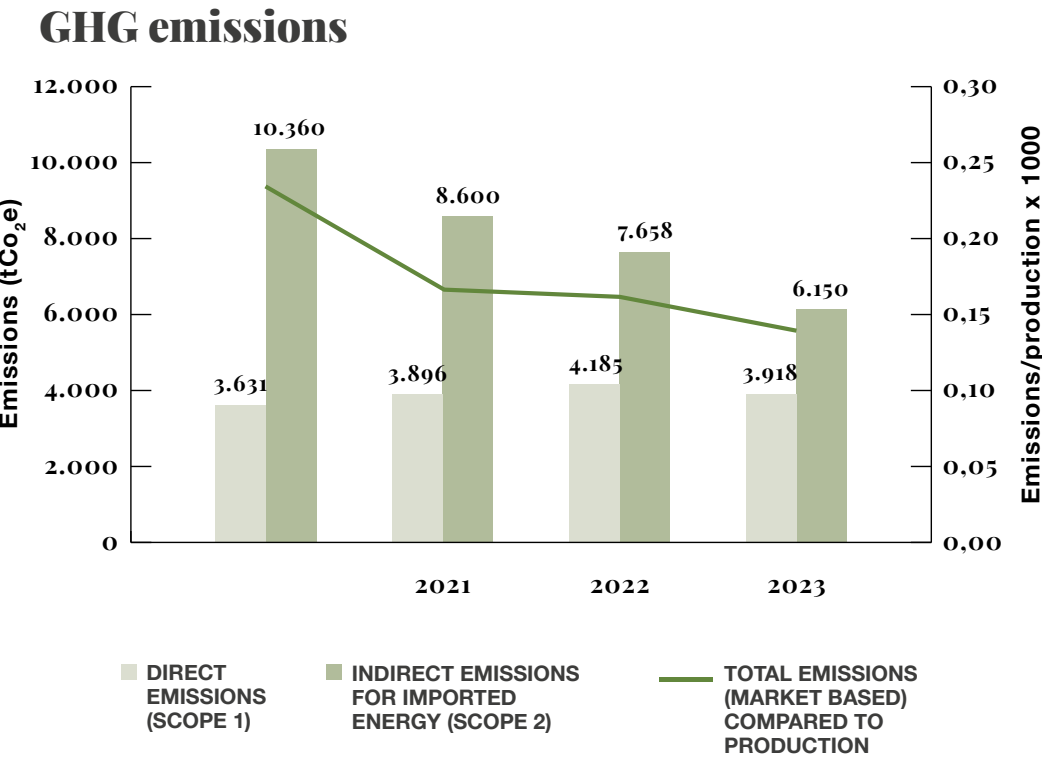
¹ § Actual positive impact: Energy efficiency interventions §

ENERGY CONSUMPTION AND EFFICIENCY	
AS IS	TO BE
Carrying out an energy diagnosis	Energy management system according to ISO 50001
Energy efficiency interventions	Monitoring in terms of consumption variations following the installation of an oil separator
Installation of a photovoltaic system	Connection of the photovoltaic system

OUR CARBON FOOTPRINT



From the consumption mapping, Metallurgica San Marco calculates its impact in terms of Scope 1 and Scope 2² emissions. The following graph shows the trend in emissions for these two categories, for the years 2020 (base year) to 2023 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.

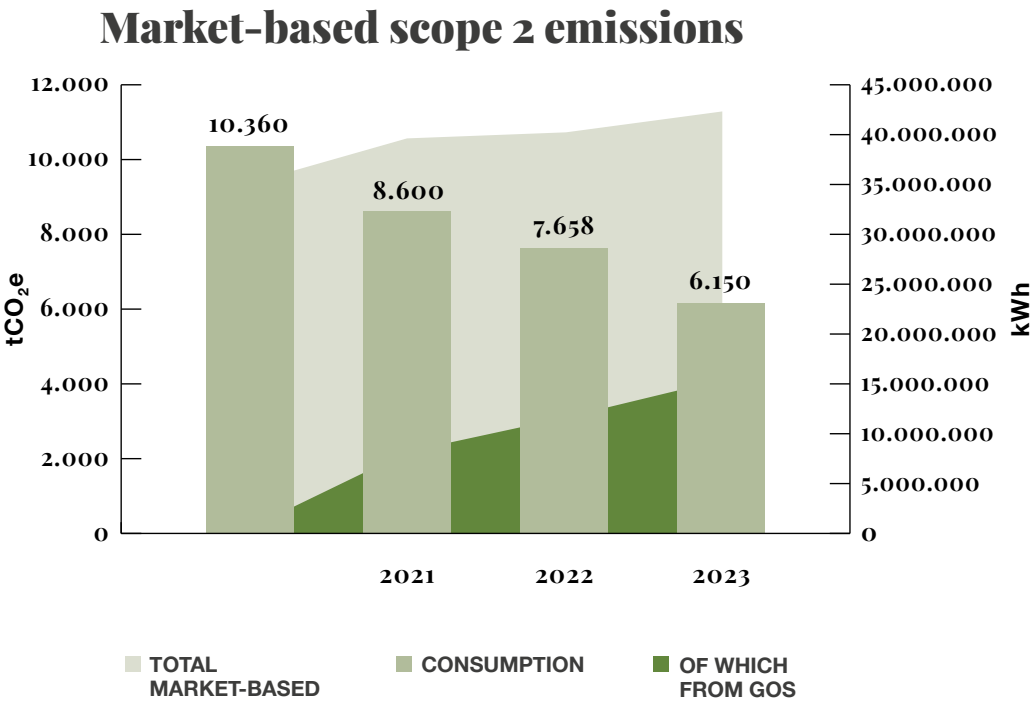


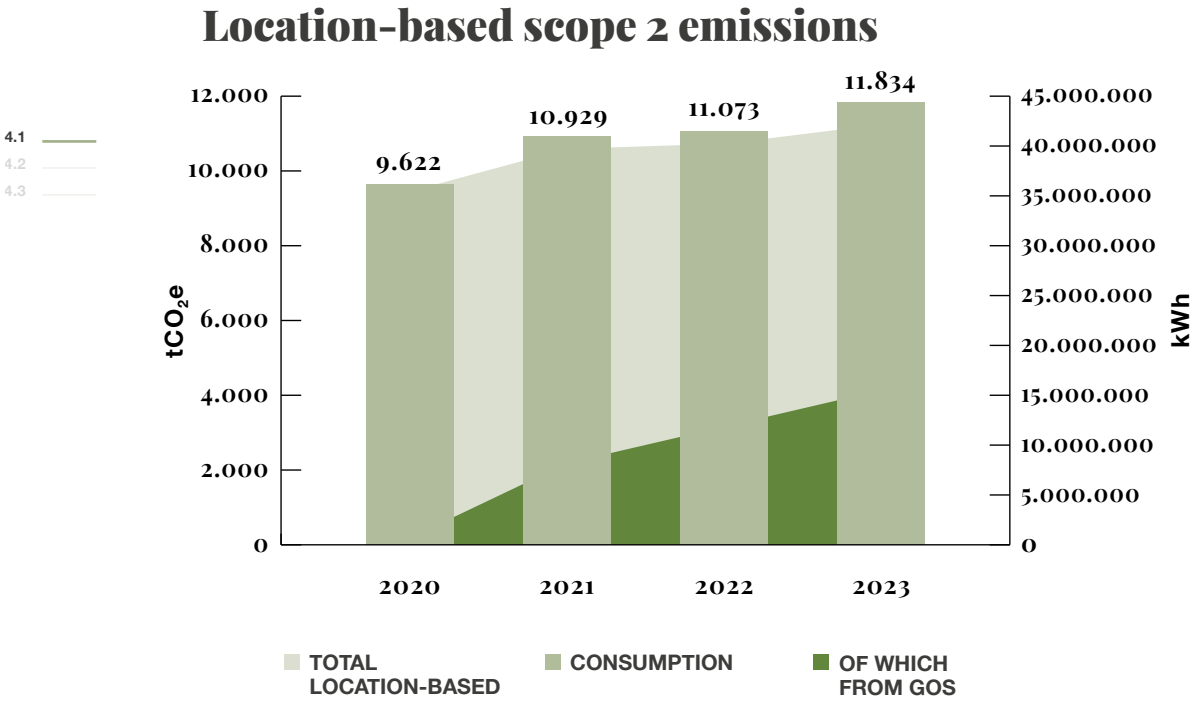
² § Actual negative impact: Contribution to global emissions §

The total scope 1 and 2 emissions (market-based scenario) are 10,068 tCO₂eq., down 15% from the previous year. As for the value of specific emissions in relation to production, this fell by 14%.

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).

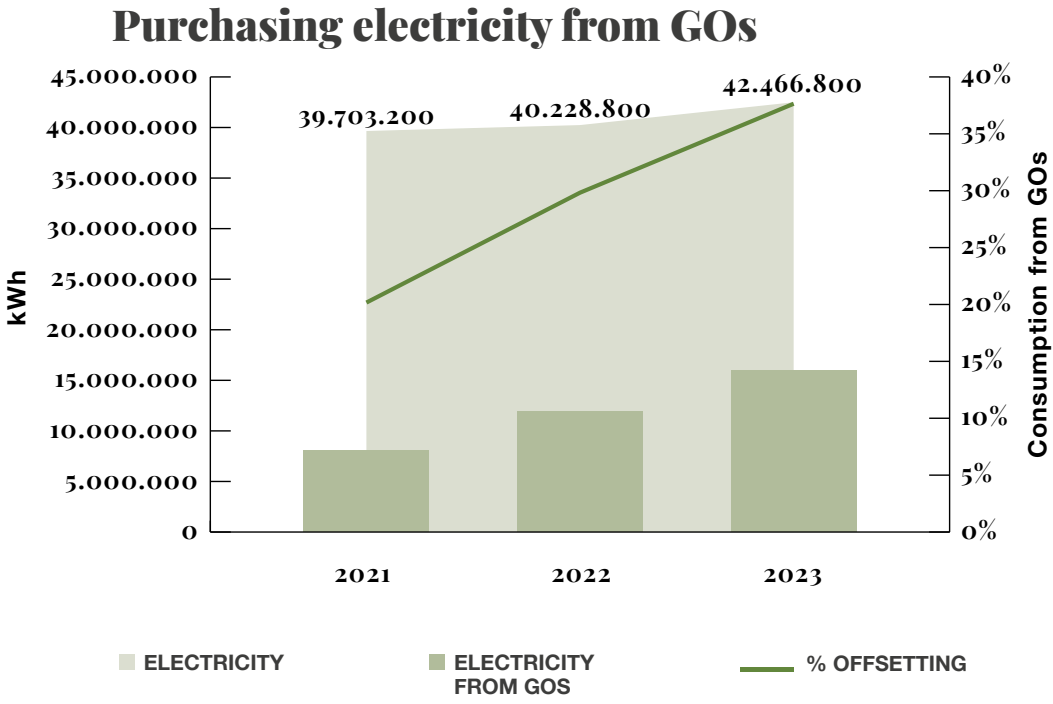
For the sake of completeness, the following graphs show the comparison of scope 2 emissions, calculated using both approaches.





The location-based³ 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. In fact, the company purchases a fraction of the electricity it needs through Guarantees of Origin (GOs) in order to mitigate and reduce part of its GHG emissions. In 2023, Metallurgica San Marco purchased 16,000 MWh from GOs (4,000 more than in the previous year), covering almost 40% of its entire electricity needs.

³ Starting from this report, the emission factor for the location-based calculation is taken from the Ecoinvent database. Emission factors from previous years have been updated to make the data comparable.



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 30% compared to 2020 (base year).

4.1 —
4.2 —
4.3 —



Scan the QR Code to see the project video MSM Get to Zero

MSM Get to Zero

Reducing CO₂ emissions is at the heart of the project “MSM Get To Zero - Shaping a Sustainable Future”. Through a series of significant initiatives, the company is working tirelessly to reduce and optimise the use of energy resources, to reduce waste and dispersion, with the aim of offsetting its impact on the climate in the long term.

For Scope 2 emissions, net of investments related to the installation of photovoltaic plants, it is possible to purchase Guarantees of Origin (GO) to reduce them (according to the market-based scenario), while Scope 1 emissions can be reduced through ad hoc interventions. However, achieving zero direct emissions with current technologies remains an ambitious challenge. Thus, since 2021, Metallurgica San Marco has resorted to the market of **voluntary offsetting**. In 2023, the company mitigated the emission impact of its direct emissions (scope 1) through the cancellation of 3,918 carbon credits.

In 2023, the company mitigated the emission impact of its direct emissions (scope 1) through the cancellation of 3,918 carbon credits⁴.

⁴ § Potential negative impact: Failure to achieve targets and greenwashing §



OUR CARBON FOOTPRINT	
AS IS	TO BE
37.7% of electricity comes from renewable sources (through the purchase of GOs)	> 40% of electricity comes from renewable sources (through the purchase of Gos and the installation of a PV plant)
Analysis of the Carbon Footprint of Organisation (scopes 1 and 2)	Extension of carbon footprint calculation to scope 3
Offsetting of category 1 direct emissions	-

METALLURGICA SAN MARCO'S PILOT PROJECT IN KYRGYZSTAN

Metallurgica San Marco continued its afforestation project in Kyrgyzstan in 2023. The project is sponsored by TakeUp LLC, a company established in Kyrgyzstan in 2021, which describes itself as an entity dedicated to promoting environmental and social sustainability. To create added value for the local community and natural ecosystems, the two founders decided to work with the Forestry Department to implement an ambitious, high-impact afforestation project involving public institutions, farmers and ranchers, students and researchers.

Specifically, the project will plant 6 million trees over 5 years on 5,000 hectares of unused and unforested land, helping to absorb an estimated 2 million tonnes of CO₂ over the 30-year life of the project⁵.

After an initial pilot phase to test the bioclimatic conditions and define the appropriate tree species and distribution, a feasibility study was conducted on the potential contribution of the afforestation intervention to climate change mitigation and sustainable development. The positive outcome of the study and the project's compliance with the principles of traceability, additionality, permanence, exclusivity and absence of carbon stock loss have allowed it to be certified under the international ClimatePal standard, which will soon register the project for the issue of the first associated carbon credits.

⁵ According to the feasibility study calculations, net carbon removal during the 30-year life of the project is estimated to be 4,023,150 tCO₂eq. Applying a 30% discount for the risk of tree mortality and setting aside 20% of the annual carbon sequestration in a reserve to guarantee any reversals, the project can generate a total of 2,252,953 carbon credits. Source: <https://www.climatepal.org/projects/afforestation-kyrgyzstan/>.



The other objectives of this initiative relate to the valorisation of social and environmental co-benefits:

INCREASE the productivity of forest land

PRESERVE local biodiversity

HELP the social development generated by the new forests

INCREASE the bee population

ENGAGE local communities and partner companies that made the project possible

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

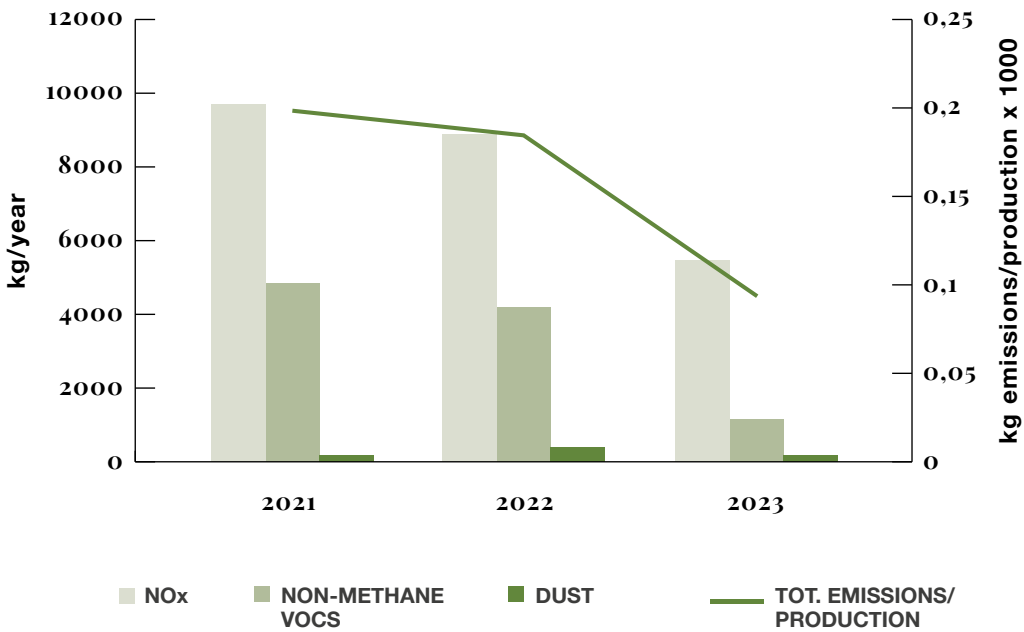
COOPERATION and development of training meetings between local authorities and institutions and the company

POLLUTION



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 2023, the total quantities, given by the sum of nitrogen oxides (NOx), volatile organic compounds (VOCs) and dust, decreased overall by 49.5% and 49% in relation to production, and, as in previous years, the company is below the regulatory thresholds.

Other significant emissions



Resource use and circular economy

4.1
4.2
4.3

CIRCULAR USE
OF MATERIALS



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 content⁶.

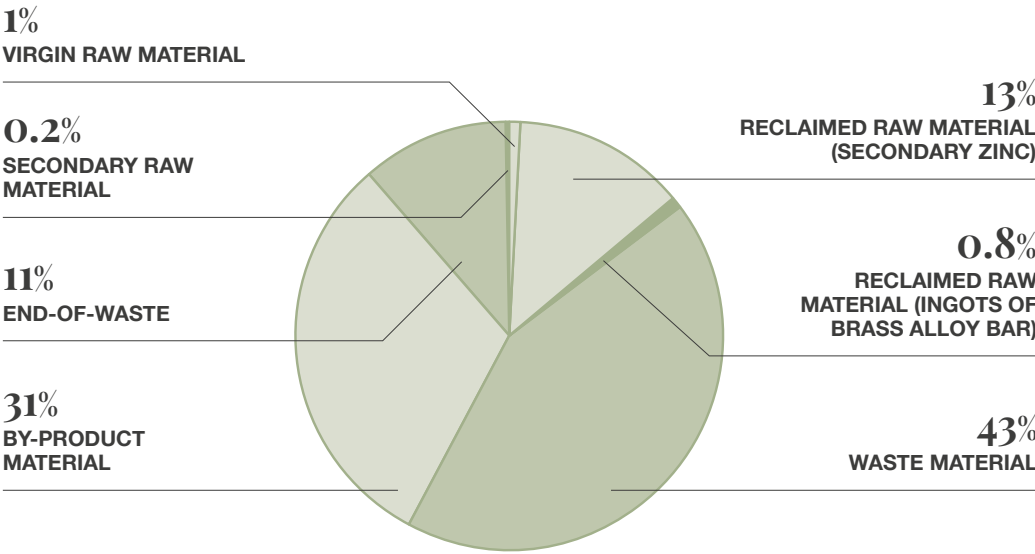
PdR 88:2020 provides advanced tools to certify the quantitative data of secondary raw materials and waste used in the production process, thanks to an effective tracking, mass balance and production control system. Metallurgica San Marco's decision to adopt such a highly circular supply chain represents a financial opportunity for the company, as sustainability is an increasingly important driver for the market today⁷.

⁶ § Actual positive impact: Material recovery §
⁷ § Opportunity: Market attention to the circular economy §

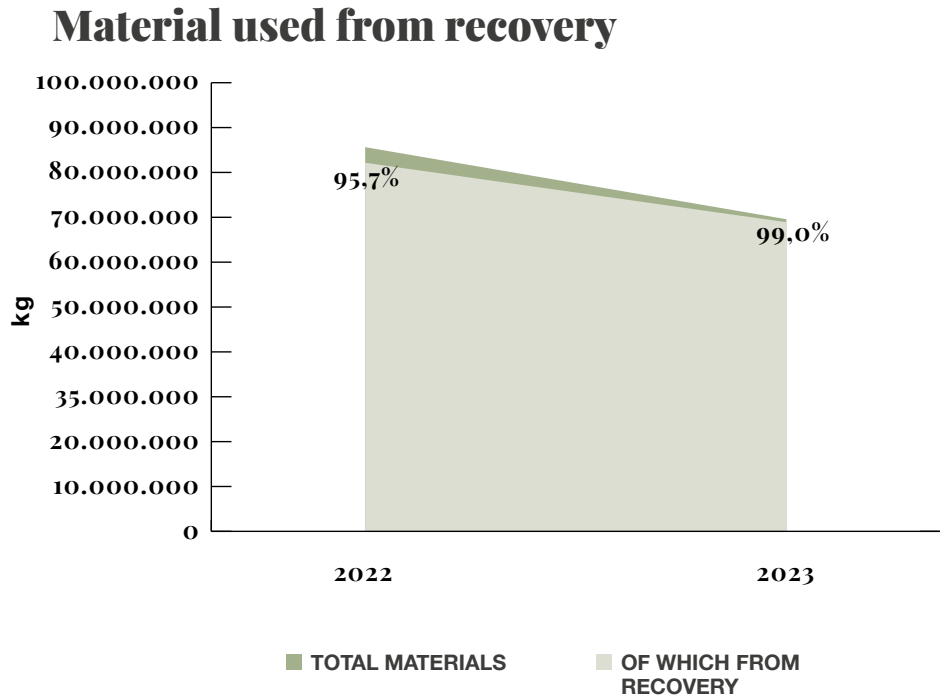
MSM has been awarded UNI/PdR certification by TÜV Italia for **four low-lead brass alloys**: CW510L, CW509L, CW511L and CW510L 80 ppm. For all these alloys, the recycling rate is well above the 50% threshold: the percentage of recovered material for the alloys CW509L, CW510L, and the CW510L 80 ppm is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

Metallurgica San Marco monitors its flows of purchased materials. In 2023, total raw material amounted to over 69,000 tonnes, down from the previous year (-20%). Of the total input material, only 1% is virgin raw material, 43% is waste, 31% is by-products, 13% is secondary zinc, 11% is end of waste and 0.2% is brass ingots.

Material flows



4.1
4.2
4.3

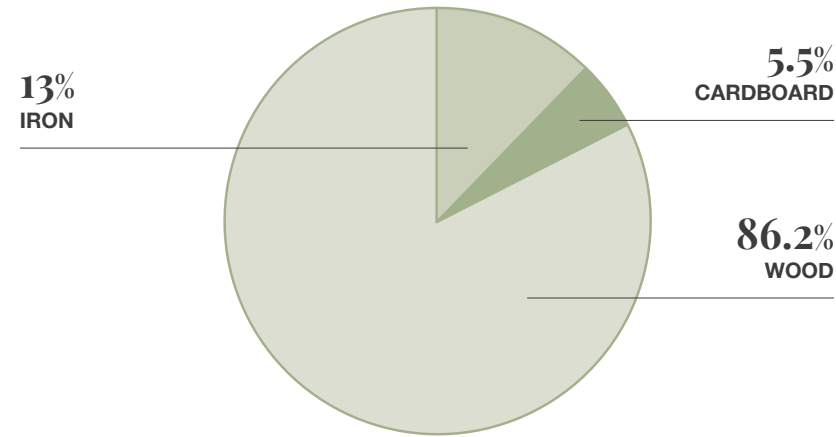


With regard to packaging, Metallurgica San Marco uses predominantly wooden packaging (86.2% by weight), made entirely of virgin raw material. The remaining part consists of cardboard and iron (strapping), both of which are reclaimed materials.

In 2023, 37,573 kg of packaging was used, 26% less than the previous year.

However, the percentage of these materials coming from recovery has increased significantly, from 6% to 14%.

Packaging materials used



CIRCULAR USE OF MATERIALS	
AS IS	TO BE
99% of recovered materials	-
PdR 88:2020 certification	LCA study on the LIBRA alloy, low carbon brass bar

WASTE MANAGEMENT
AND TREATMENT



Responsible waste management is a priority for Metallurgica San Marco, who already operates in an industry that is circular by nature. MSM transforms scrap, machining waste and stamping burrs from various suppliers into high quality finished products. This sustainable approach demonstrates the company's commitment to valorising all waste and reducing its environmental impact.

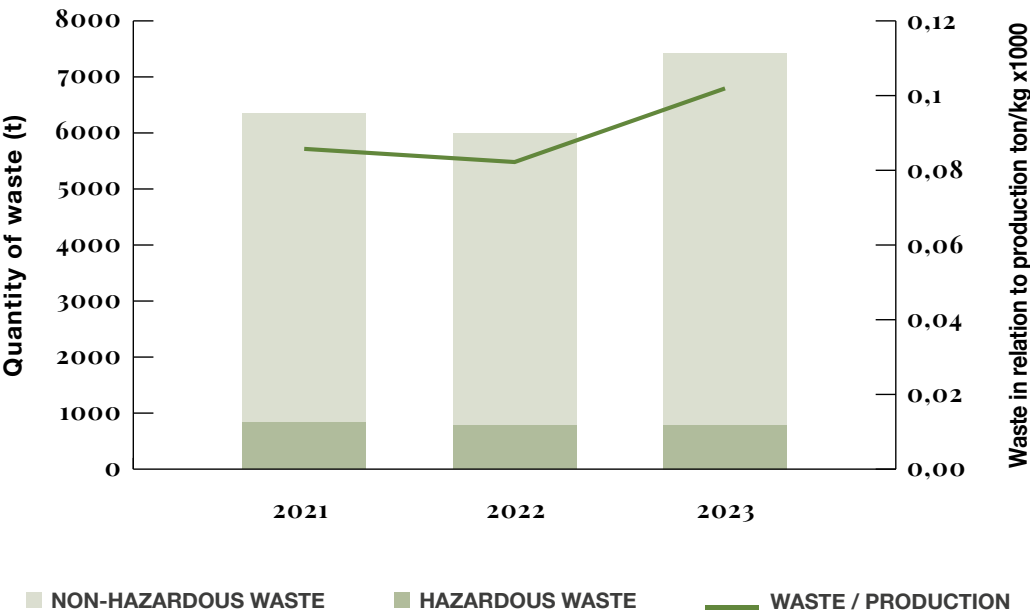
The production of waste, divided into hazardous and non-hazardous, has been mapped annually and is depicted in the graph below. In 2023, the amount of waste generated dropped by 24% from almost 6,000 tonnes to 7,400 tonnes. Of this, 10.6% is hazardous waste. Although the total amount of waste has increased, the amount of hazardous waste has remained unchanged.

In order to limit the risks of possible contamination by hazardous waste, Metallurgica San Marco⁸ has established a procedure that allows such waste to be sorted in specific internal storage facilities. In addition, the companies that dispose of these wastes are subject to regular documentary checks on their permits.

⁸ § Potential negative impact: Hazardous waste treatment issues§

4.1
4.2
4.3

Trends in waste generation



Specific waste generation



4.1
4.2
4.3

As with the total quantity, specific waste production, expressed in tonne of waste per tonne of production, has also increased. In 2023, 0.1 tonnes of waste were produced for every tonne of production (+25% compared to the previous year).

In terms of waste destination, almost all waste (96%) is directed to recovery, with a view to maximising the principles of the circular economy.

WASTE MANAGEMENT AND TREATMENT	
AS IS	TO BE
Approximately 0.1 tonne of waste per tonne of production	Funding of an industrial doctorate to study waste reduction strategies (especially slag and fumes)
-	Introduction of indicators for regularly monitoring waste production



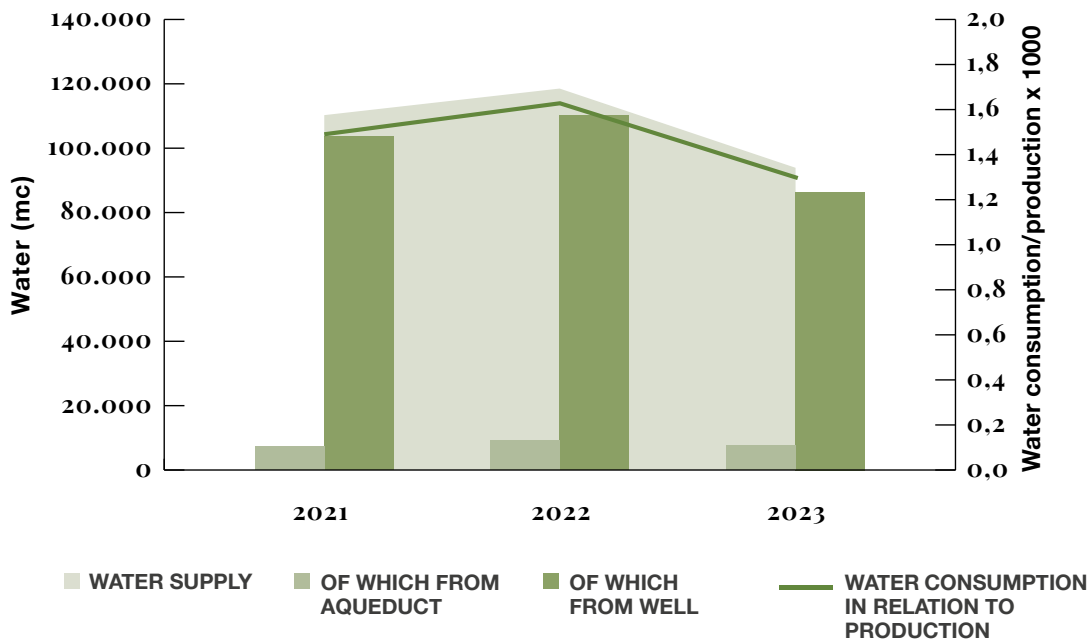
Water and marine resources



The management of water resources is an increasingly important issue, also for the stakeholders of Metallurgica San Marco. The company maps its water withdrawals and discharges to determine its consumption.

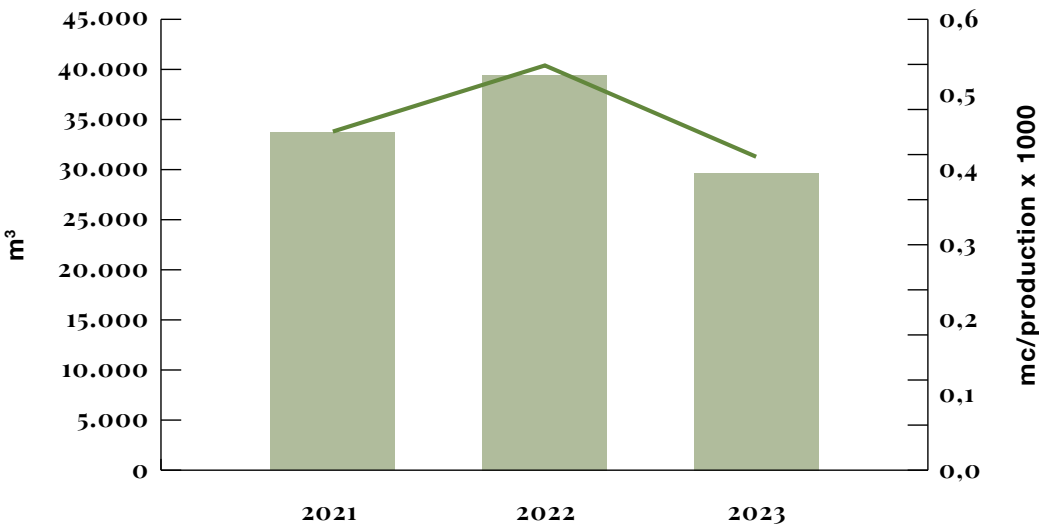
As far as water supply is concerned, the company draws 92% from groundwater (through wells), with the remainder coming from aqueducts. Overall, total water consumption in 2023 was 94,132 m³, down 21% from the previous year. When compared to production, expressed in tonnes of brass, it can be seen from the graph below that specific consumption decreased by 20% compared to 2022.

Total and specific water withdrawals



Water discharges followed the same trend and the amount discharged in 2023 is 25% lower than in 2022. In terms of water consumption, expressed as the difference between withdrawals and discharges, Metallurgica San Marco consumed 64,500 m³ in 2023, more than 15,000 less than the previous year.

Water discharges



4.1 _____

4.2 _____

4.3 _____

The risk of spillage of substances⁹ is a potential negative impact for Metallurgica San Marco, which has adopted a series of procedures for the management of any spillage, containment systems for the same and periodic monitoring of control and emergency systems. The company is also equipped with collection tanks and emergency kits, an oil storage area and has concentrated the evaporation towers and the purifier in a single location.

⁹ § Potential negative impact: spillage of substances §

WATER WITHDRAWAL AND CONSUMPTION	
AS IS	TO BE
-	Study of interventions for the recovery, reuse and efficiency of systems that consume water



A man wearing a white hard hat, safety glasses, and a yellow high-visibility jacket is working in an industrial setting. He is holding a thick cable or rope. In the foreground, there is a large, circular, serrated metal component, possibly a saw blade or a part of a large machine. The background is filled with various pipes, valves, and industrial equipment. The overall lighting is dim, with some highlights on the worker's jacket and the machinery.

04.

Social
Sphere



Social Sphere

Human capital comes first.

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, contributes to raising company standards at all levels.

137
well-being

> 90%
of employees hired on permanent contracts

welfare
platform
for employees



Own workforce

4.1

4.2

4.3

4.4

WORKFORCE MANAGEMENT



At Metallurgica San Marco, developing human resources means creating a working environment in which each individual can fully express his or her skills and potential. A positive atmosphere and a well-defined organisational structure are the essential pillars for building a close-knit team capable of meeting the challenges of the market and acting as a fundamental driver for the company's growth.

As of December 31, 2023, Metallurgica San Marco had 137 employees, almost the same number (4 fewer) than the previous year.

COMPOSITION OF THE COMPANY POPULATION

The following analysis of the company population was carried out for 2023, taking into account the number of employees on 31 December.

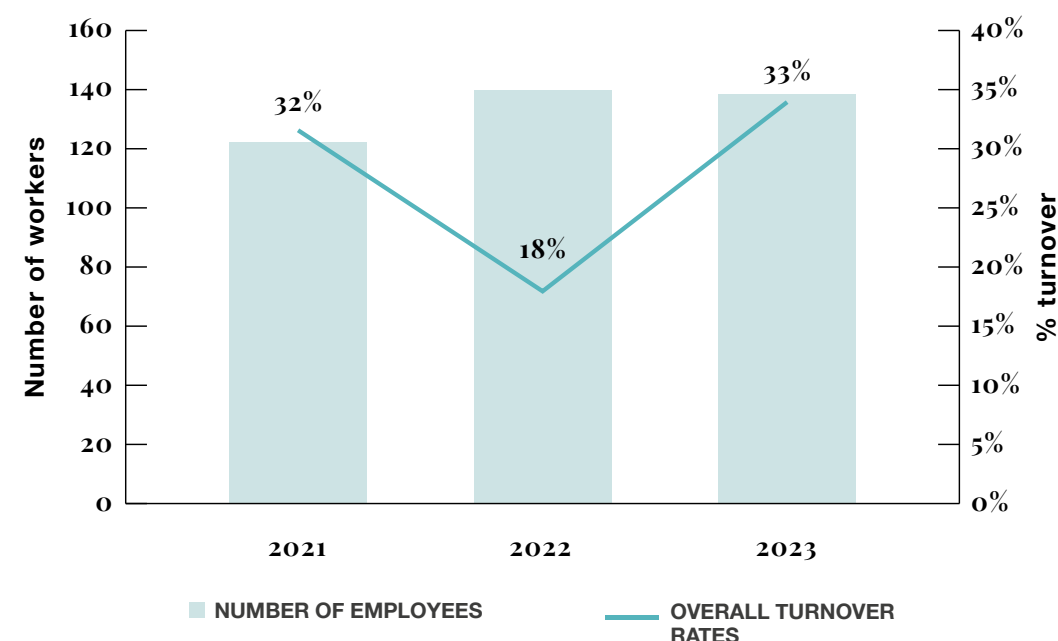
The population of Metallurgica San Marco has been growing for several years, especially among the younger age group. In 2023, there were 18 employees **under 30 years of age** on 31 December, 1 more than in 2022 and 8 more than in 2021.

As for contracts, 93.4% of Metallurgica San Marco's employees are employed on permanent contracts.

The nature of the work means that **women** make up a very small proportion of the company's workforce: although their numbers are increasing, they represent only 6.6% of Metallurgica San Marco's workforce.

Finally, while about half of the company's employees are of Italian nationality, 39% come from other European countries and the rest from the rest of the world (RoW).

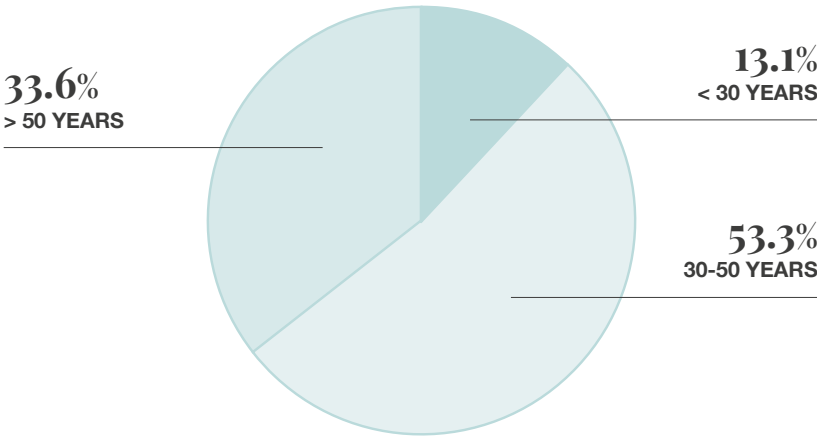
Overall turnover



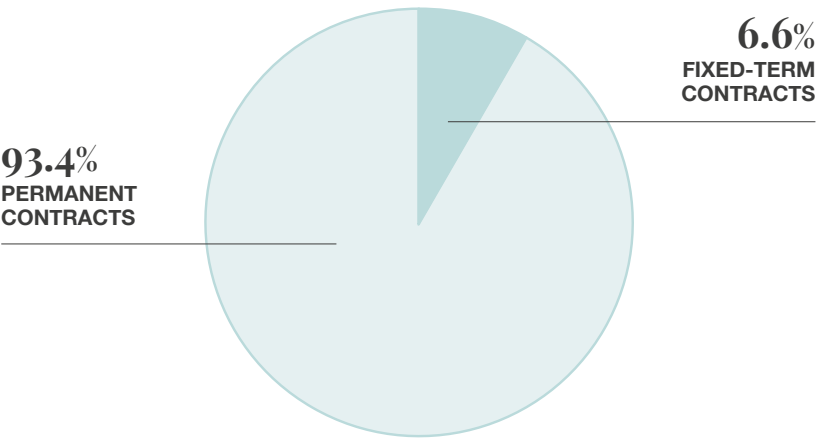
CLASSIFICATION OF EMPLOYEES

4.1
4.2
4.3
4.4

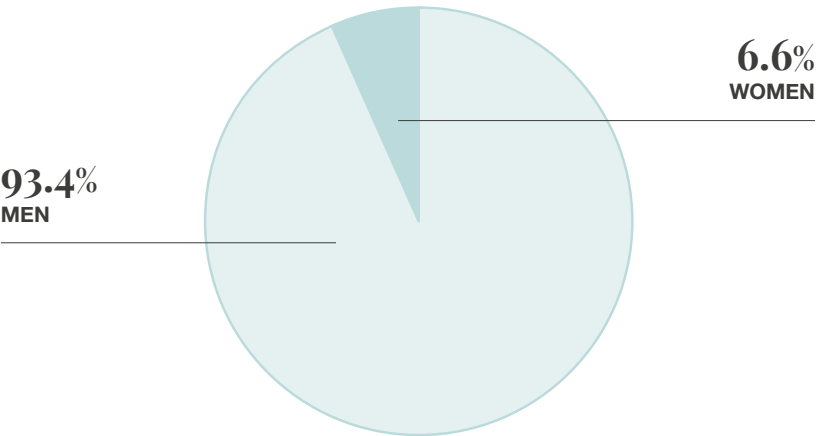
Employees by age group



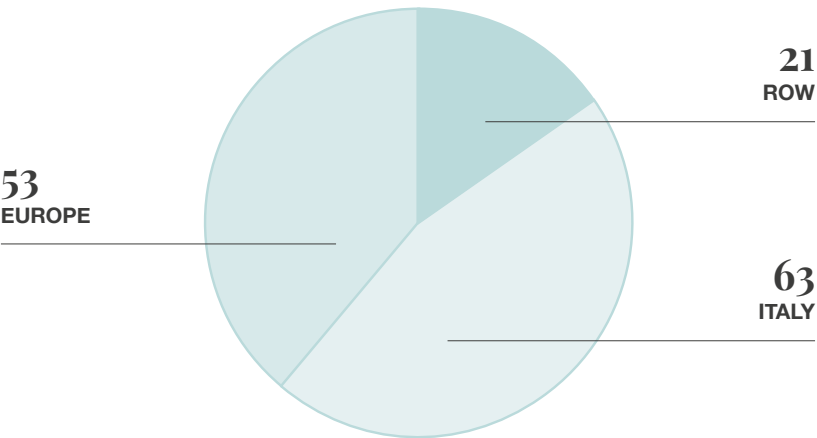
Type of contract



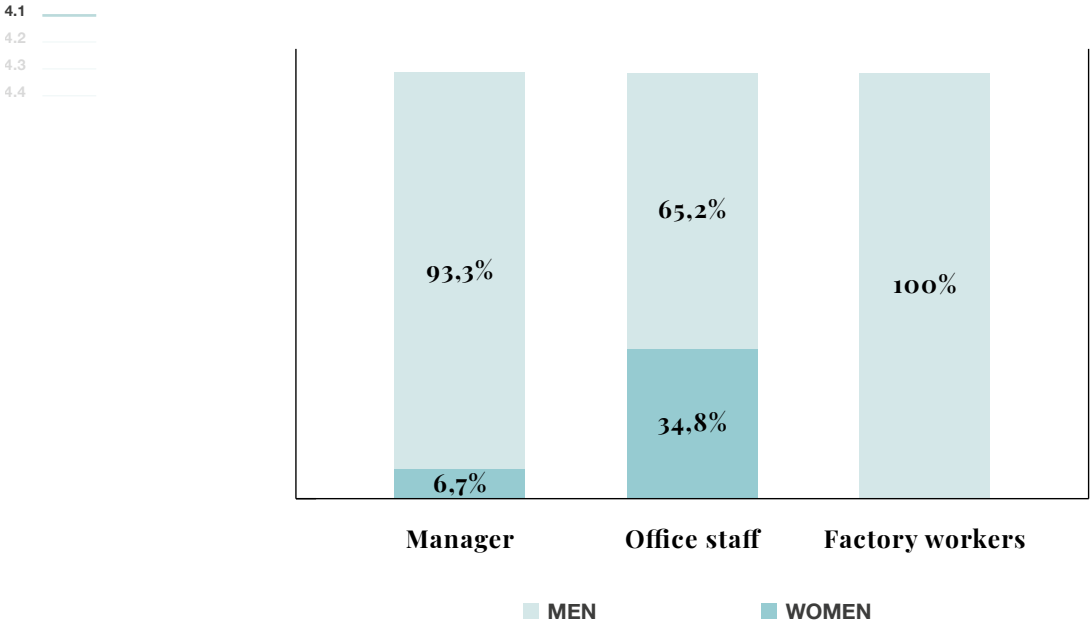
Employees by gender



Employees by geographic area



Female presence



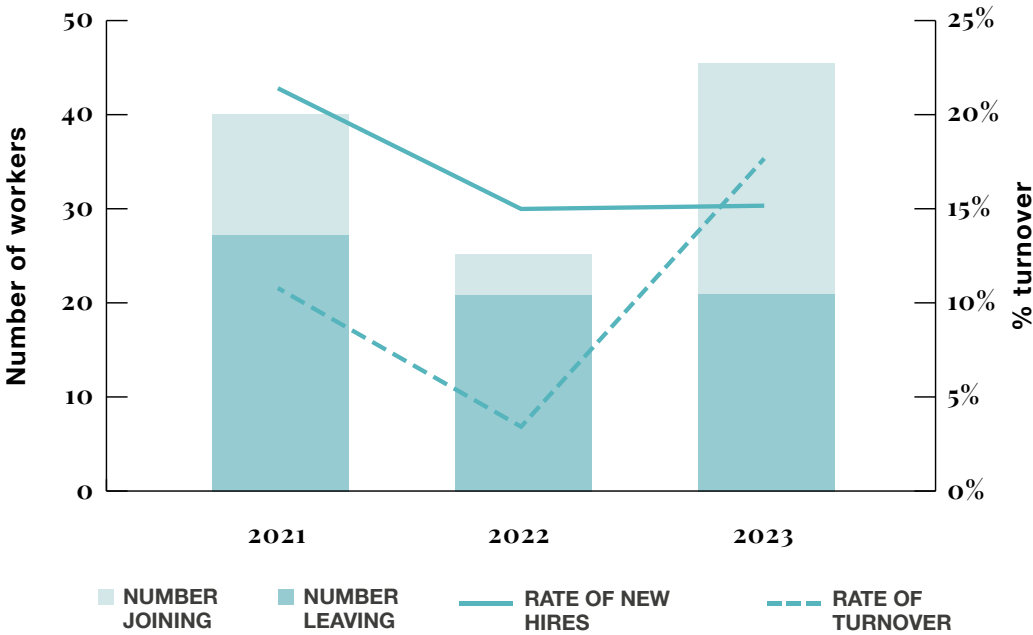
TURNOVER

One of the potential negative impacts that Metallurgica San Marco may suffer is the difficulty in retaining its employees. For the company, monitoring turnover has always been a tool for understanding and controlling the phenomenon. In order to limit turnover¹, Metallurgica San Marco has adopted a series of measures, including a welfare programme extended to the entire company population and the development of an internal climate analysis **Survey Trust**. In order to overcome the difficulties in recruiting², Metallurgica San Marco is working on strengthening the company's employer branding, improving direct recruitment channels, creating partnerships with local resource providers, sponsoring its job advertisements on the Internet and entering into agreements with local universities and schools.

¹ § Financial risk: High turnover §
² § Potential negative impact: Difficulties in recruiting §

In 2023, the overall turnover rate was 32.8%, an increase compared to the previous year. The departure rate, which stood at 17.5%, and the turnover rate of under 30 year olds have increased, with ¾ of the younger business population turning over in 2023.

Rate of new hires



SURVEY TRUST

The focus on the well-being of employees was highlighted by the "Social Sustainability and Trust Network Analysis" study carried out by Umana-Analytics, a spin-off of the Department of Neurosciences and Clinical Sciences of the University of Chieti-Pescara, which aims to measure and improve the well-being, trust and integration of the company's employees.

It is composed of four modules:

Trust & Integrity

It measures trust within the organisation, maps the network of interpersonal trust relationships and measures the level of corporate integrity as perceived by employees.

Leader & High Impact People Discovery

Identifies the people with the greatest leadership potential within the organisation.

Wellbeing & Inclusion

Measures employee wellbeing and inclusion levels.

Job Satisfaction, Identification, Leadership and Climate

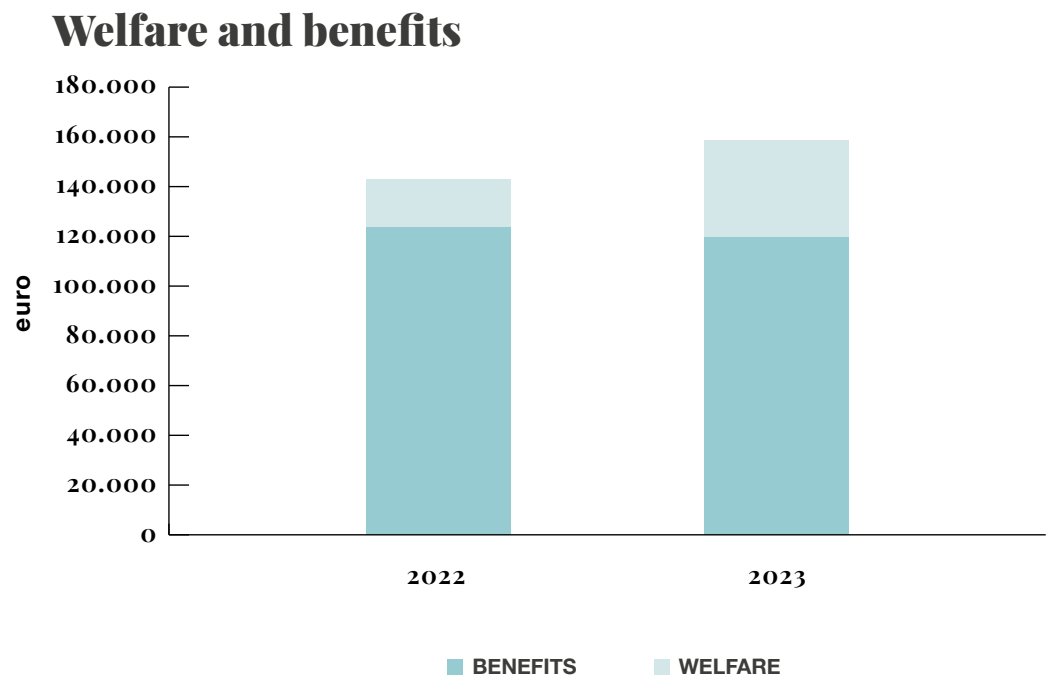
Measures the importance employees attach to different work needs, the level of satisfaction with each, the level of individual and team commitment, management style and the ideal and actual ethical climate.

4.1
4.2
4.3
4.4

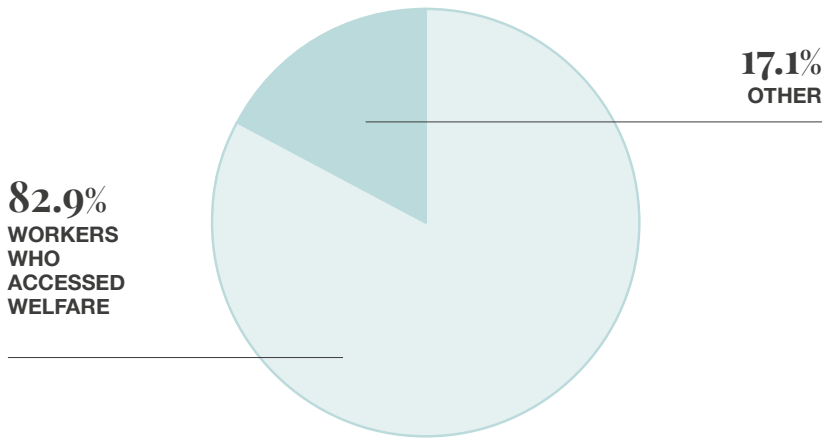
EMPLOYEE BENEFITS

In 2023, Metallurgica San Marco paid out over €155,000 in benefits and welfare (6.2% compared to the previous year), for an average of almost €1,000 per employee. Of all employees, 82.9% had access to welfare, but only a small percentage used the platform.

For the purposes of reporting in this Sustainability Report, the 2022 benefits data has been revised to include payroll benefits and company car charges.



Access to welfare (2023)



MSM GOLF TROPHY

The Metallurgica San Marco Trophy is an annual event, launched in 2014, that opens the summer season in the most prestigious golfing contexts of Northern Italy. In 2023, the ninth edition of this trophy was held on the course of the Castelconturbia Golf Club on the shores of Lake Maggiore. The event kicked off with 85 players taking part in the Piacenza Cashmere Putting Contest. The competition then began and ended with Gianni Airaga winning for the second year in a row. At the end of the day, an aperitif was held, followed by the award ceremony for the winners and the traditional gala dinner.



CHRISTMAS DINNER

The customary Christmas dinner was held at the Garda Golf Country Club, an opportunity to bring the team together, celebrate the successes achieved and express gratitude for the dedication of the company's employees. At the end of the event, each employee received a special gift: the book "Un Cuore d'Ottone" (A Heart of Brass), which tells the story and the process of the creation of the work commissioned by MSM and donated to the community of Calcinato.



WORKFORCE MANAGEMENT	
AS IS	TO BE
Survey Trust	-
Option to convert the performance bonus into welfare services	Activation of more agreements on the welfare platform
'Pagelle di ottone' for employees' children	-

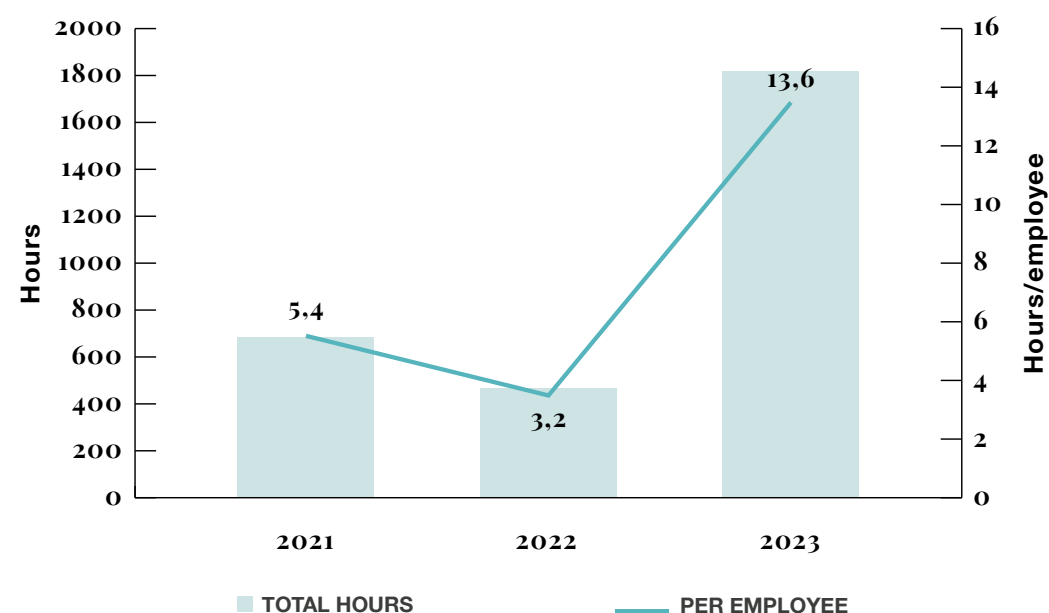
Personal Health and Safety

4.1
4.2
4.3
4.4



The **protection of the health and safety**³ of its employees is a priority objective for Metallurgica San Marco, making it one of the cornerstones of its Code of Ethics, and is certified according to the UNI EN ISO 45001 standard - "Management systems for health and safety at work". In 2023, there were over 1850 hours of health and safety training, four times more than the previous year, an average of over 13 hours per employee. This increase is due to the appointment of an **RSPP** (Head of the Prevention and Protection Service), who implemented important updates in relation to health and safety at work⁴.

Health and safety training



³ § Potential negative impact: work-related injuries §

⁴ § Potential negative impact: Promotion of occupational health and safety §

Points licence

At the end of 2023, Metallurgica San Marco launched the "Points Licence" project, a system of internal warnings with no legal value, but which guarantee progression in health and safety warnings.

The project aims to raise awareness and responsibility among employees regarding the use of PPE (Personal Protective Equipment), maintaining safe behaviour and the correct use of equipment.

Stop work policy

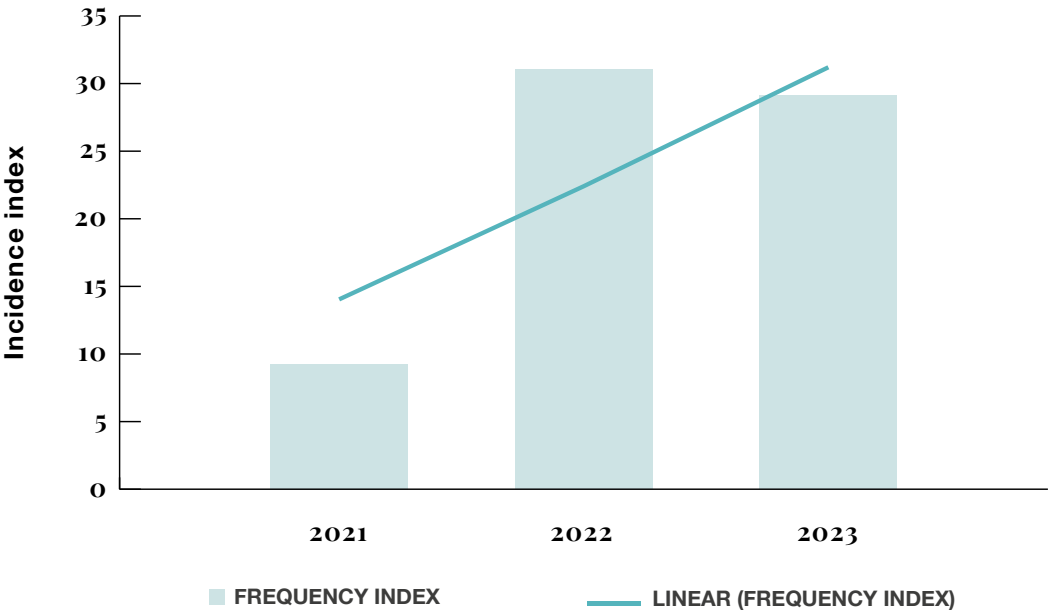
At the end of 2023, Metallurgica San Marco introduced a new procedure that requires everyone working in the company to:

Immediately stop any activity that could endanger your own or others' health or safety, or cause damage to the environment.

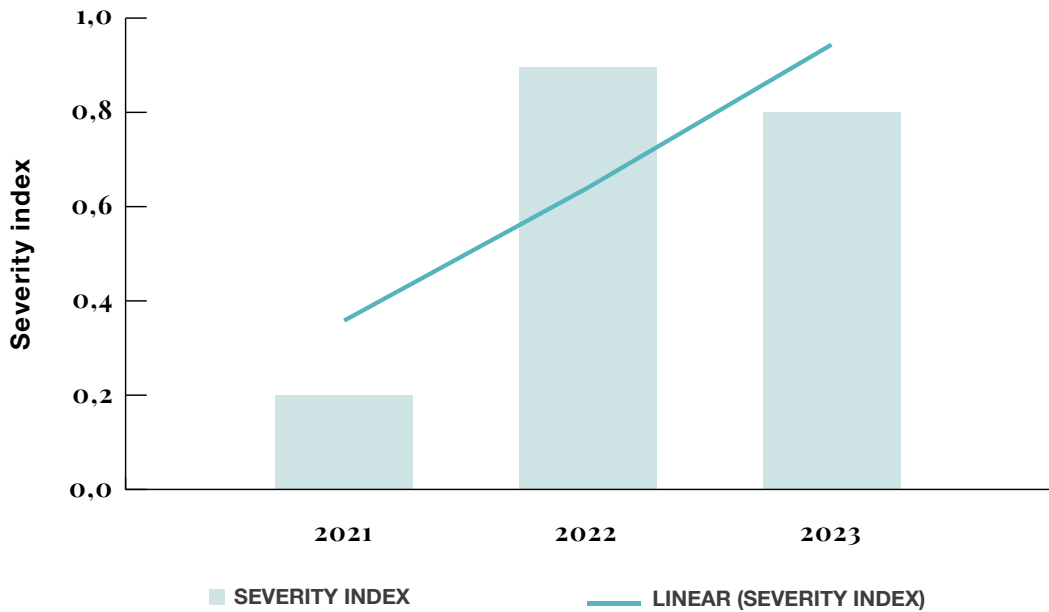
Warn your superiors or supervisors of the danger

Not resume the activity until superiors or supervisors permit it.

Incidence index



Severity index



In 2023, 7 accidents occurred in Metallurgica San Marco, as in the previous year. Both severity and frequency indices⁵ decreased compared to the previous year.

For 2024, Metallurgica San Marco has planned a training project that will involve a reorganisation of training hours: the number of hours devoted to this activity will be increased, but the duration will be reduced in order to maximise the attention of the staff and ensure the effectiveness of the courses themselves. Technical and emotional content will also alternate and multiple communication channels will be used: infographics, invitations to reflect linked to events, projections on LED screens, company noticeboard.

⁵ The severity and frequency indices have been revised compared to previous Sustainability Reports. While the internal reporting indices were retained for the 2021 and 2022 reports, from this year onwards the methodology has been updated to be in line with the INAIL methodology.

OCCUPATIONAL HEALTH AND SAFETY	
AS IS	TO BE
ISO 45001 Certification	WHP membership
Stop work policy	Training project 2024 Think Safe, Work Safe
Points licence	-

4.1
4.2
4.3
4.4

Training and education



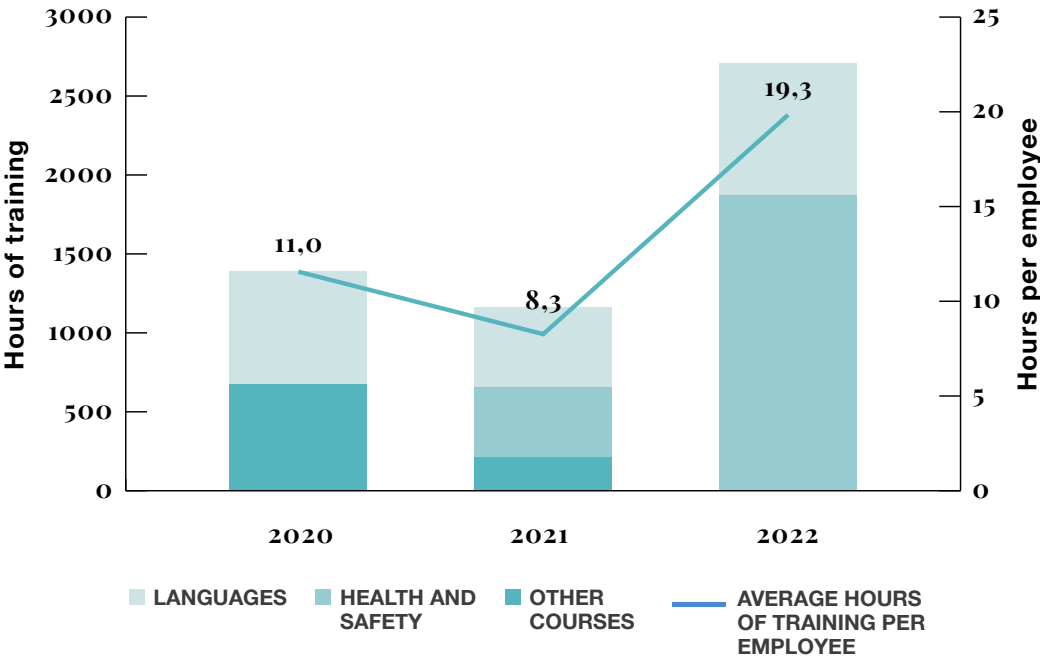
The specific skills of human resources is a material topic for Metallurgica San Marco, which believes in improving the skills of its employees⁶.

In 2023, more than 2,600 hours of training were provided, of which 1,863 were in the field of health and safety, as explained in the previous chapter.

The per capita average was 19 hours per employee, a 132% increase over the previous year.

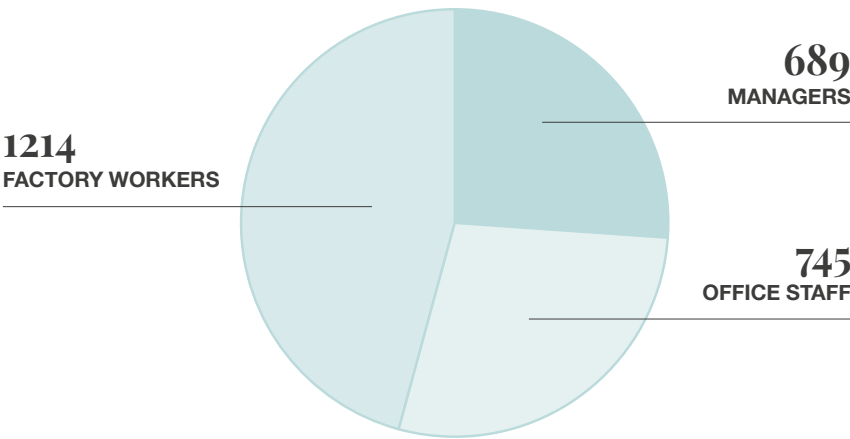
³ § Potential negative impact: Lack of necessary skills §

Hours of training



Manual workers received nearly half (46%) of the training hours, with the remainder evenly split between office workers and managers. In terms of average hours, managers received 40.5 hours of training, office workers 29.8, and manual workers 10.5.

Annual hours of training by role



PAGELLE D'OTTONE

The Pagelle d'Ottone initiative saw its second edition in 2023. This is an event aimed at recognising and rewarding the most deserving students among employees' children in middle school, high school and the first year of university⁷.



⁷ § Actual positive impact: relationships with schools and universities §

Apprenticeships



TRAINING AND EDUCATION	
AS IS	TO BE
19 average training hours per employee during the year	> 10 hours of average training per employee during the year
-	Implementation of AimSafe, a management software tool for managing corporate training and managing data, deadlines and certificates.
-	Sustainability training for all company staff

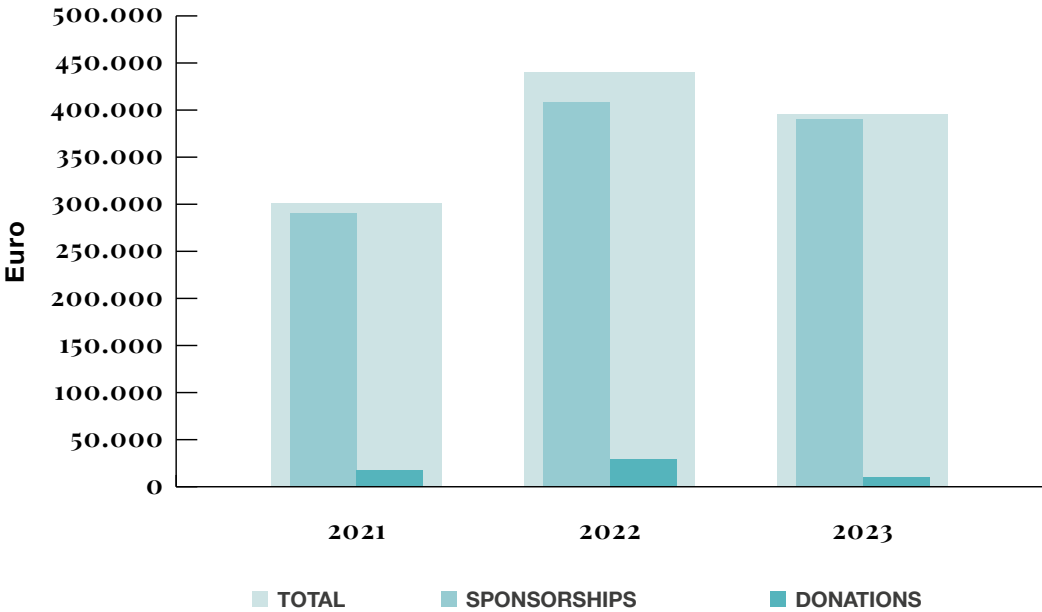
Affected communities

VALUE CREATION IN THE LOCAL AREA AND AMONG STAKEHOLDERS



Metallurgica San Marco is convinced of the importance of creating a strong bond with the local area. For this reason, it is committed to actively supporting the territory and the local community, promoting sports culture, developing the resources of the territory and supporting charitable projects through sponsorship and donations. In 2023, the company donated almost €400,000 in donations and sponsorships⁸.

Sponsorships and donations



⁸ § Actual positive impact: Investments in projects with positive effects on local community §

SPONSORSHIP

PALLACANESTRO BRESCIA S.R.L.	F.C. LUMEZZANE S.R.L.
F.C. PRO VERCELLI 1892 S.R.L.	GOLF CLUB PONTE DI LEGNO
MUNICIPALITY OF CALCINATO	VIGHENZI CALCIO
ASD SCUDERIA EMMEBI 70	MILLENIUM SPORT & FITNESS
G.S. RONCO	PRO-AM golf Cervia
ZANCHI MOTORSPORT ASD	VIRTUS BASKET LUMEZZANE
UNIONE CALCIO MONTECCHIO MAGGIORE	SCUOLA FLY FIT BRESCIA
ASD TENNIS FORZA E COSTANZA	ASSOSERVIZI – FABBRICA DEL FUTURO

VALUE CREATION IN THE TERRITORY AND AMONG STAKEHOLDERS

AS IS

Sports, social and cultural sponsorships

TO BE

Voluntary donations

A dark, blue-tinted photograph of three men in business attire sitting around a table. The man in the center is looking at a laptop. The man on the left is writing on a notepad. The man on the right is looking towards the center. The background is slightly out of focus, showing office equipment and windows.

05.

Sphere Governance



Governance Sphere

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

Sustainability governance

- 5.1
- 5.2
- 5.3
- 5.4
- 5.5
- 5.6
- 5.7
- 5.8

Metallurgica San Marco has made sustainability the cornerstone of its corporate strategy. The company has integrated the principles of environmental, social and economic sustainability into every aspect of its management and is constantly investing in the improvement of its production processes in order to obtain high quality products that meet new market demands and are at the same time environmentally friendly.

In addition to technological innovation, the company is developing its human capital, creating a working environment that encourages the expression of ideas and is made up of motivated and skilled people who can respond effectively to customer and market needs.

MSM's Board of Directors guides and oversees the implementation of a sustainability strategy that permeates every aspect of the company's management, allowing Metallurgica San Marco to develop a solid ESG identity capable of generating multiple long-term benefits. The Board also monitors a number of key environmental, social and economic performance indicators, promotes green investments and delegates the identification and monitoring of the company's impacts, risks and opportunities to qualified internal personnel such as the HSE and RSPP managers.

HOW THE COMPANY IS GOVERNED

Metallurgica San Marco has a well-defined governance structure that allows it to operate effectively and responsibly, with a distribution of decision-making powers and responsibilities aimed at ensuring compliance with the principles of legality, transparency and sustainability in all decision-making and operational areas. It is composed of the following bodies:

General Assembly

which appoints the Board of Directors, delegates authority and approves the financial statements; it is the sovereign body responsible for setting the strategic direction of the company.

Board of Directors

Composed of five members, including an employee, 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.

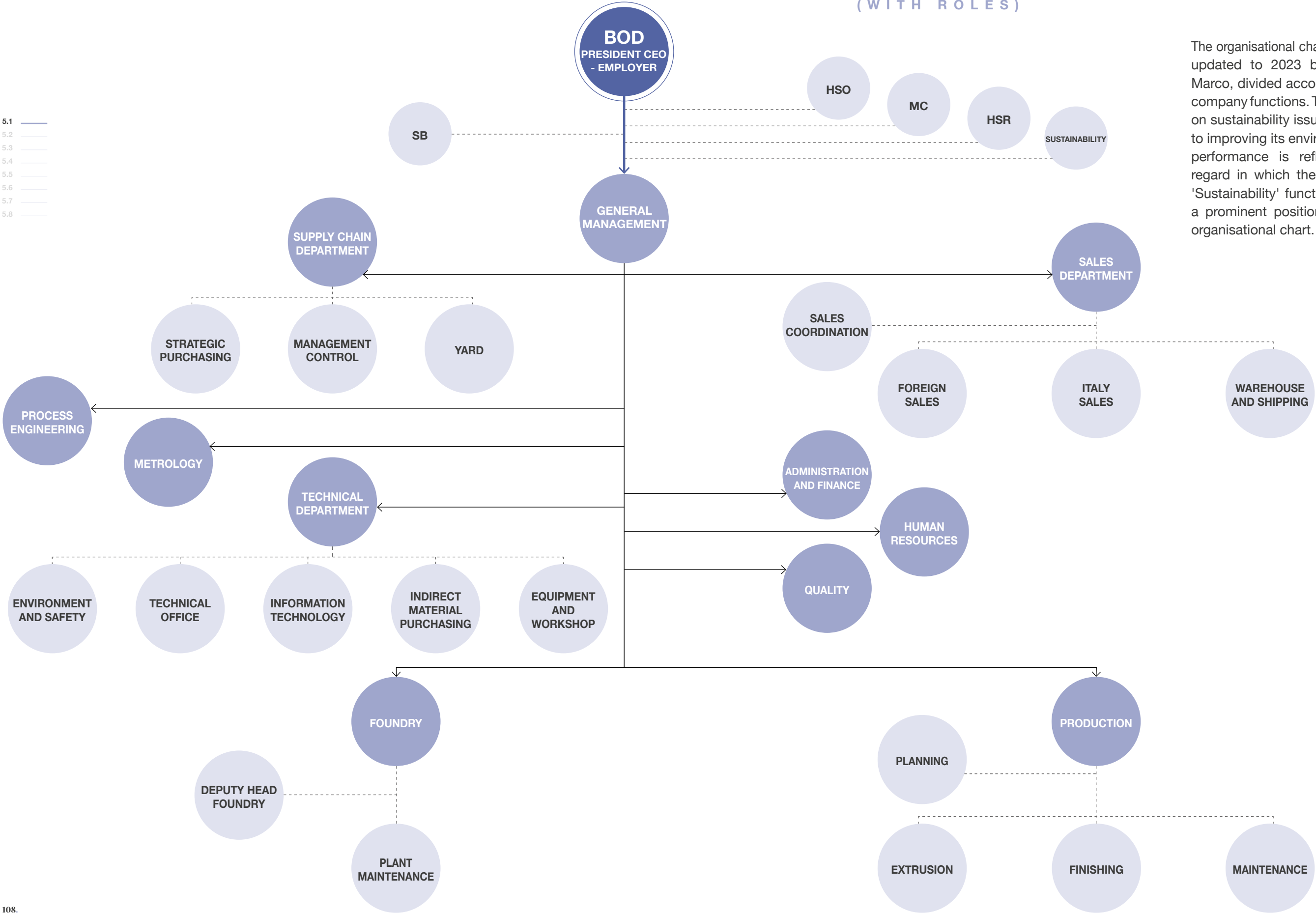
Board of auditors

which ensures that the company's activities comply with the current regulatory framework and the articles of association, supervising the activities of the directors.

Metallurgica San Marco

ORGANIZATION CHART
(WITH ROLES)

5.1
5.2
5.3
5.4
5.5
5.6
5.7
5.8



The organisational chart is presented below updated to 2023 by Metallurgica San Marco, divided according to the different company functions. The company's focus on sustainability issues and commitment to improving its environmental and social performance is reflected in the high regard in which the company holds its 'Sustainability' function, which occupies a prominent position in the company's organisational chart.

Guidelines of corporate governance

5.1
5.2
5.3
5.4
5.5
5.6
5.7
5.8



Over time, Metallurgica San Marco has adopted a solid governance system, based on a set of tools aimed at ensuring effective, efficient and transparent management. Among these, the main ones are:

Code of Ethics

Organisation Management and Control Model

pursuant to Leg. Decree 231/2001

Quality and Safety Management System

CODE OF ETHICS

Drafted in 2016, the Code of Ethics is the fundamental document that defines the principles and values that guide the actions of all those who work in the name and/or on behalf of the company. This document, which is disseminated by the company through dissemination and training activities aimed at promoting knowledge of the principles and rules it contains, has been updated in 2020 to bring its content into line with the latest sustainability policies adopted.

The Code explicitly states the importance of respecting human rights throughout the supply chain and categorically rejects any form of exploitation, corruption or discrimination.

In addition to the principles of legality, honesty and transparency in the conduct of business, it promotes inalienable values such as respect for human dignity, operational effectiveness and efficiency, protection of competition, the environment, and health and safety at work. These policies are grouped into nine key areas that guide the behaviour of all Metallurgica San Marco employees, collaborators and partners.

The main policies 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**

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.



Code of Ethics

ORGANISATION, MANAGEMENT AND CONTROL MODEL

In order to ensure compliance with the Code of Ethics, the Company has simultaneously adopted an Organisation, Management and Control Model (OMCM) in accordance with the Legislative Decree 231/2001, with the aim of establishing an internal control system consistent with the purposes of the legislation and promoting an ethical culture of honesty, transparency and legality within the company.

To this end, the Model provides for the appointment of a Supervisory Body (SB) within the company, with independent powers of verification and control over the implementation of the Code of Ethics and, more generally, of the OMCM, of which the Code is an integral part.

In addition, the SB has a dedicated email address for reports coming from the company's whistleblowing system, the channel through which any behaviour that is not in line with the Model can be reported¹.

The model is integrated with a disciplinary system (https://www.metallurgicasanmarco.it/wp-content/uploads/2020/09/sistema_disciplinare.pdf) that sets out the sanctions to be applied in the event of non-compliance, including non-compliance with company procedures and protocols, non-compliance with ethical principles, non-compliance with occupational safety obligations and non-compliance with whistleblower protection measures.

¹ § Risk: Corruption and Fraud §

CERTIFICATIONS AND MANAGEMENT SYSTEMS

Metallurgica San Marco believes that transparent reporting of its economic, social and environmental results and impacts is a fundamental element in building relationships of trust and cooperation with its stakeholders. This is also achieved by maintaining and developing management systems to monitor and continuously improve specific issues such as health and safety at work and the quality of 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.

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- 5.7
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IATF 16949

Automotive quality management system certification

ISO 9001

Quality Management System

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

CORPORATE GOVERNANCE GUIDELINES	
AS IS	TO BE
PdR 88:2020 certification	ISO 14001 and ISO 50001 certification



Futura Expo

Metallurgica San Marco successfully participated in Futura Expo 2023 - Economy for the Environment, held from 8 to 10 October in the Brixia Expo pavilions, consolidating its commitment to environmental and social sustainability. In this edition, the company has demonstrated its deep commitment to environmental and social issues through three main areas of intervention:

Forging the Earth

This space focused on Metallurgica San Marco's commitment to environmental protection. A highlight was the valorisation of the reforestation project in Kyrgyzstan, which the company carried out in collaboration with the State Forestry Corps and a team of agronomists. The immersive initiative at the stand allowed visitors to experience virtual reforestation by wearing the Oculus, taking part in an engaging challenge and helping to raise awareness of the issue.



Forging the Heart

The company has demonstrated its commitment to improving employee well-being through innovation. In collaboration with Umana Analytics, a spin-off of the Department of Neurosciences and Clinical Sciences of the University of Chieti-Pescara, visitors to the stand were given an interactive experience based on biofeedback, which allows them to regulate psychophysiological functions such as skin temperature, muscle tension, brainwave activity and heart rate, promoting self-control and knowledge, calm and concentration.

Forging our Path

In this context, Metallurgica San Marco highlighted its commitment to excellence in governance practices. The company is at the forefront of innovation, taking a forward-thinking approach to redefining its internal processes and management systems. This underlines the company's commitment to continuous improvement and paves the way for sustainable and ethical business.

During the exhibition, the company also presented its environmental and social sustainability targets. Among the relevant data submitted for the 2022 financial year, the use of recycled raw materials, at 95%, and the use of waste for recycling, at 98%, are of great importance².

² § Opportunity: Attention to the circular economy market §

Fabbrica del Futuro

Metallurgica San Marco supports the ambitious "Fabbrica del Futuro" (Factory of the Future) initiative, a pavilion designed to highlight the activities of Brescian companies selected to promote their know-how and best practices. Organised by Confindustria Brescia on the occasion of "Bergamo Brescia Italian Capital of Culture 2023", the project has been open to the public since May at the Parco dell'Acqua in Brescia, with the participation of over 80 selected companies, supporters and sponsors.

The event explores various themes: business culture, research and innovation, sustainability, well-being and synergy between business and the territory, promoted in a green space in the heart of the city, managed by AmbienteParco. Inside the pavilion was a space to experience the augmented reality of the metaverse. Confindustria Brescia, together with Ance, a reference point for the construction sector, has created "BresciaVerse", a 360° immersive experience available on the "The Nemesis" platform, where each user can create their own avatar for free and explore virtual environments.

The initiative also paid special attention to the choice of the installation, which is completely eco-sustainable, created by the Brescia-based company Wood Beton and designed by ARW Studio with the contribution of InnexHub, a digital innovation hub for 4.0 companies. Metallurgica San Marco, together with its partner companies, is proud to contribute to the virtuous project, a unique opportunity to give a voice to and enhance the territory³.

³ § Actual positive impact: Innovative events §

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Economic performance



Aware that economic and financial stability is the driving force for improving and consolidating its sustainability profile, Metallurgica San Marco has performed relatively well over the four-year period 2020-2023. The increase in the company's workforce (24% compared to 2020) was accompanied by economic growth, recording a turnover of over 240 million euros in 2023 (50% compared to 2020).

In the Sustainability Report, MSM has chosen to present its economic-financial performance, expressed in terms of economic value generated and distributed, in accordance with the guidelines of the GRI standards, which define the two concepts as follows

DIRECTLY GENERATED ECONOMIC VALUE

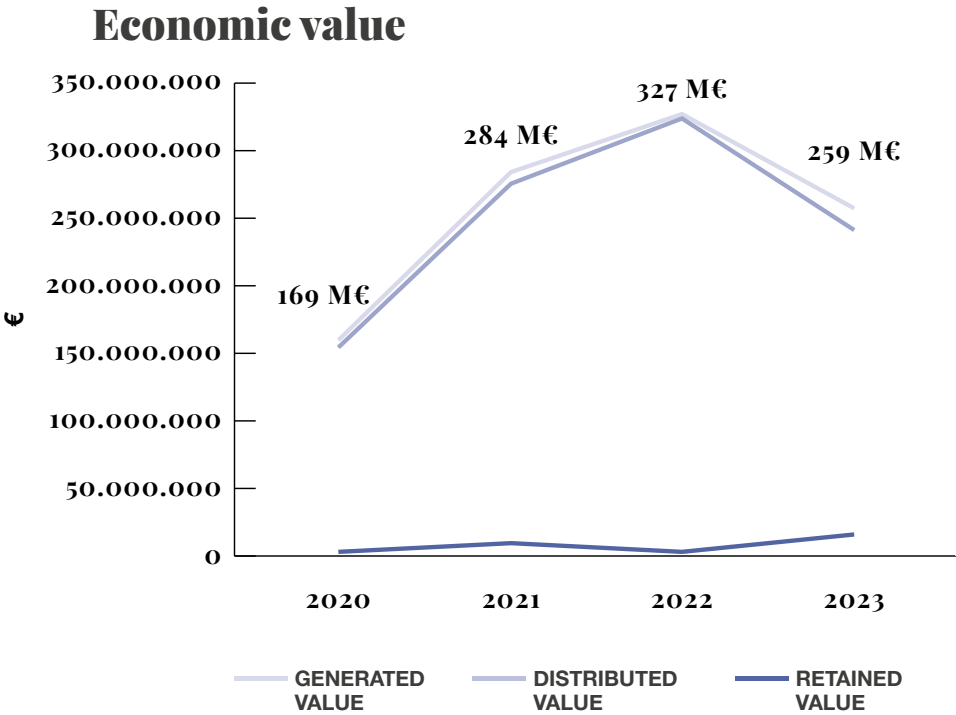
which includes: revenues, such as net sales plus revenues from financial investments and sales of goods.

ECONOMIC VALUE DISTRIBUTED

which includes: operating costs, employee wages and benefits, payments to capital providers, payments to public administration and investments in the local community.

As shown in the graph below, despite the reduction in the value generated by MSM over the last three years, the company has managed to maintain a good ability to distribute value to its stakeholders, equivalent to 94% of the economic value generated, by containing operating costs and maintaining stable salaries and benefits for employees and returns on capital for shareholders.

Finally, the economic value retained, obtained from the difference between the value generated and distributed, was equal to € 15,170,230 in 2023.



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Customer satisfaction



Metallurgica San Marco places customer satisfaction at the heart of its corporate strategy, aiming to provide high quality products that meet the required technical specifications and customer expectations. This objective is explained in the "Quality Policy" document, approved by the Management, and is reflected in the ISO 9001:2018 certification, obtained in 2021, which attests the conformity of the Quality Management System implemented by MSM with the requirements of the international standard.

The company constantly monitors the effectiveness and efficiency of its processes through two key indicators: the analysis of complaints and the evaluation of customer satisfaction, which is also obtained through the analysis of customer ratings⁴.

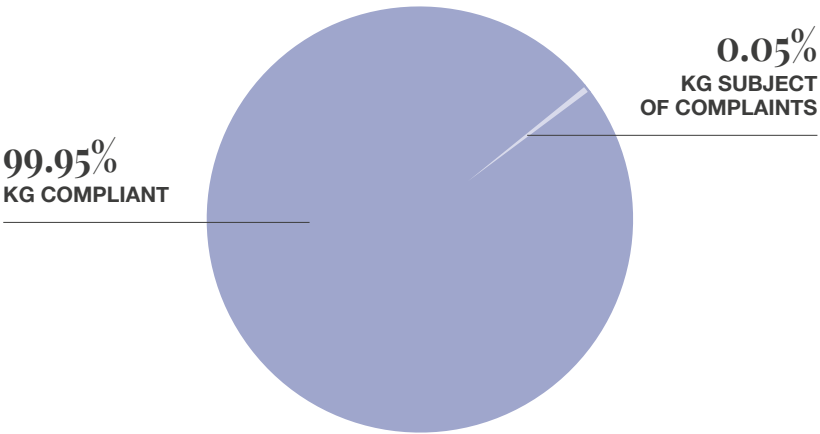
As far as complaints are concerned, Metallurgica San Marco maps the number of kilos of brass subject to complaints, compared to the total number of kilos of brass shipped. In 2023, the percentage of product kilograms found to comply with standards and requirements remained at the same high level as in 2022, at 99.95%. In addition, the company has demonstrated its ability to manage complaints effectively, resolving 100% of the reports it receives, as it did in 2022.

The second indicator, relating to customer satisfaction, is calculated using an indirect system of evaluation sheets based on the analysis of complaints⁵.

⁴ § Risk: Customer dissatisfaction §
⁵ § Risk: "Sustainable" market shift and reputational risk §

The company considers satisfied customers to be those with a complaint rate of less than 0.2% of their purchases. Based on this metric, in 2023 MSM achieved a customer satisfaction level of 96%, improving on the already high performance of 2022 (95%). This result demonstrates the company's commitment to providing high quality products and services that fully meet the needs of its customers.

Complaints



CUSTOMER SATISFACTION	
AS IS	TO BE
Customer satisfaction analysed indirectly using scorecards	Distribution of questionnaires to assess customer satisfaction



Innovation
innovation



Innovation and research are the pillars on which Metallurgica San Marco is building its future. With this in mind, the company has production facilities that meet the highest technological standards, while process management is fully digital and automated, ensuring traceability, verifiability and real-time data availability.

In order to create a solid bridge between education and the world of work, MSM firmly believes in a fruitful collaboration with some universities in Northern Italy, both through the activation of internships and through partnerships aimed at developing innovative methods and processes aimed at improving the efficiency of brass processing in a circular economy perspective⁶.

One area of research to which MSM is devoting time and resources is lead-free brass, which is seen as the alloy of the future. This requires a great deal of in-depth research and application studies to ensure that this alloy retains full workability and important mechanical properties⁷.

⁶ § Actual positive impact: Relationships with schools and universities §

⁷ § Opportunity: Innovation Market §

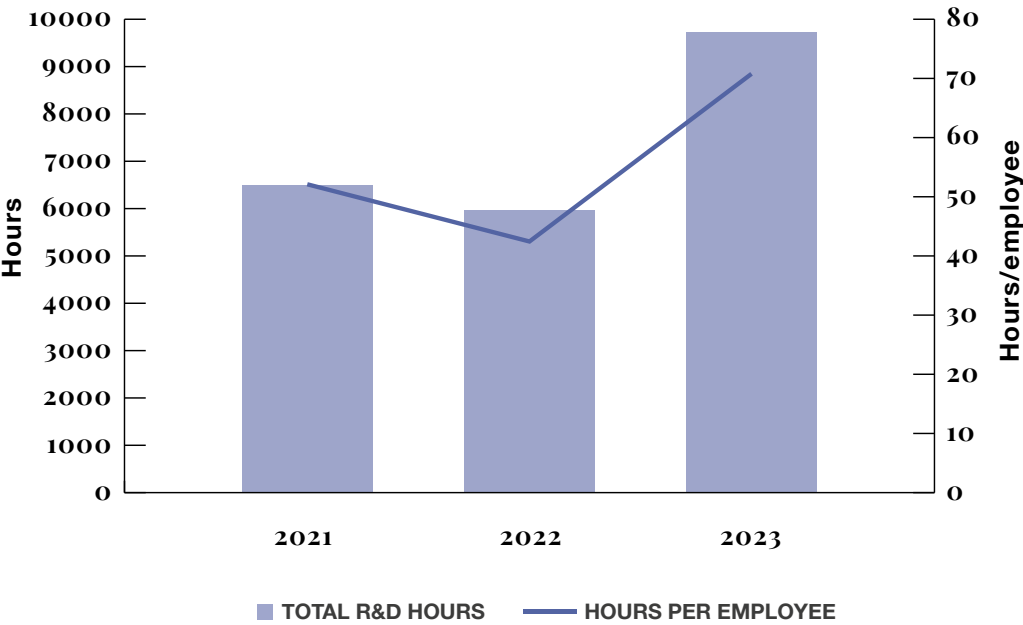
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A collaboration has also been established with the Sustainability Management School (SUMAS), an international university centre specialising in sustainability management in various business sectors. Led by MSM's Sustainability and Innovation Manager, the SUMAS students examined the company's environmental, social and communication commitments and proposed strategies and actions to improve sustainability.

MSM's interest in innovation and research is reflected in a significant increase in the amount of time devoted to R&D activities, amounting to 9,753 hours in 2023 (64% compared to 2022), for an average of 71.2 hours per year per employee (68% compared to 2022).

Hours spent on research and development



SCIENCE AND NEUROSCIENCE
ENTER THE COMPANY

As part of the MSM Academy project, which aims to better manage human resources and their skills, the company has explored unusual sectors for the manufacturing industry, such as science and neuroscience.

Thanks to the collaboration with *Umana Analytics*, a spin off of the University of Chieti-Pescara which aims to bring experimental research on human behaviour into companies, Metallurgica San Marco has introduced tools and techniques from neuroscience (electronic nose, neurobiofeedback) to analyse relational dynamics and bonds of trust between the various departments and company functions, in order to promote projects to improve interactions and the productivity of human capital.

Thanks to the use of the Eye Tracker, an innovative tool for mapping the eye movements and attention of operators while performing tasks, MSM was able to objectively measure the expertise and skills of operators, optimising training and safety in production processes.



Scan the QR Code to view the MSM website relating to these topics

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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 implementing **responsible sourcing policies** and promoting compliance with increasingly ambitious sustainability requirements⁸.

Metallurgica San Marco is dependent on its raw material suppliers and a hypothetical difficulty in obtaining materials, for example due to increased costs and delivery times, represents a potential financial risk. To mitigate this, the company implements the strategy of differentiating its raw material suppliers⁹.

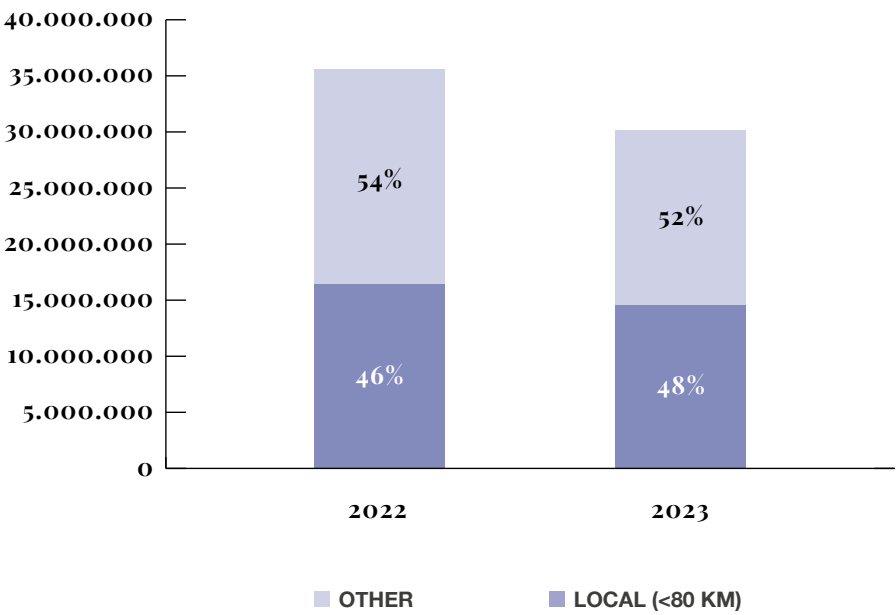
In particular, the company has a supplier selection process based on an assessment of their environmental and social sustainability profile (e.g. possession of voluntary certifications such as ISO 14001 and ISO 45001). Since 2023, Metallurgica San Marco has chosen to require its suppliers to sign a commitment to comply with its Code of Ethics, demonstrating the importance it attaches to the sharing of ethical values and principles throughout the supply chain.

⁸ § Risk: Difficulty in sourcing materials §

⁹ § Potential negative impact: Difficulties in sustainable supply

The company currently maps its suppliers based on the amount of money spent on each one, dividing them into two main categories: local suppliers, located within an 80km radius of the Ponte San Marco headquarters, and non-local suppliers. Although there was an increase in the percentage of spend with local suppliers in 2023 compared to 2022, from 46% to 48%, in absolute terms this share decreased, although less (-10%) than the decrease in total spend with suppliers (-15%).

Expenditure on suppliers





06.

GRI Content Index



Guidelines for the reader

Metallurgica San Marco S.p.A. drew up the Sustainability Report 2023 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 third 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.

The materiality analysis used to prepare this report has been updated and carried out in 2024, and the impact analysis has also been revised compared to that carried out in the previous report, including the parameters relating to the size, scope and irreversible nature of the impact, as required by the new ESRS reporting standards. The impacts presented in Chapter 2 are each explored in greater depth in the relevant chapter. In order to facilitate the reading and identification of impact disclosures, a note has been inserted next to each impact disclosure, identified by the symbol "§".

The information given refers to the reporting period from 1 January 2023 to 31 December 2023. Information on the previous three-year period (2021-2023) can be found within the document.

For each material topic 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 "with reference to" reporting on GRI Standards for the period 01/01/2023 – 31/12/2023.
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	Own Workforce - Workforce management
	2-8 Workers who are not employees	Own Workforce - Workforce management

Governance		
	2-9 Governance structure and composition	Sustainability governance
	2-10 Nomination and selection of the highest governance body	Sustainability governance
	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
	2-17 Collective knowledge of the highest governance body	Sustainability governance
Strategies, policies and practices		
	2-25 Processes to remediate negative impacts	Our impacts and material topics – Impact analysis
Stakeholder engagement		
	2-29 Approach to stakeholder engagement	Our impacts and material topics – Materiality analysis and stakeholder engagement
GRI 3 - Material topics - version 2021	3-1 Process to determine material topics	Our impacts and material topics – Materiality analysis and stakeholder engagement
	3-2 List of material topics	Our impacts and material topics – Materiality analysis and stakeholder engagement
	3-3 Management of material topics	Our impacts and material topics – Materiality analysis and stakeholder engagement

INFORMATION	REFERENCE SECTION
Standard topics – economic	
204-1 Proportion of spending on local suppliers	Sustainability governance - supply chain
Standard topics – environment	
301-1 Materials used by weight or volume	Resource use and circular economy – Circular use of materials
301-3 Reclaimed products and their packaging materials	Resource use and circular economy – Circular use of materials
302-1 Energy consumption within the organisation	Climate Change – Energy consumption and efficiency
302-3 Energy intensity	Climate Change – Energy consumption and efficiency
303-3 Water withdrawal	Water and marine resources
303-4 Water discharge	Water and marine resources
303-5 Water consumption	Water and marine resources
305-1 Direct (Scope 1) GHG emissions	Climate Change – our carbon footprint
305-2 Energy indirect (Scope 2) GHG emissions	Climate Change – our carbon footprint
305-4 GHG emissions intensity	Climate Change – our carbon footprint
305-5 Reduction of GHG emissions	Climate Change – our carbon footprint
305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other emissions	Climate Change - Pollution
306-1 Waste generation and significant waste-related impacts	Resource use and circular economy – waste management and treatment
306-2 Management of significant waste-related impacts	Resource use and circular economy – waste management and treatment

306-3 Waste generated	Resource use and circular economy – waste management and treatment
306-4 Waste diverted from disposal	Resource use and circular economy – waste management and treatment
306-5 Waste directed to disposal	Resource use and circular economy – waste management and treatment
Standard topics – social	
401-1 New employee hires and employee turnover	Own Workforce - Workforce management
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time workers	Own Workforce - Workforce management
403-1 Occupational health and safety management system	Own workforce - Health and people
403-2 Hazard identification, risk assessment and incident investigation	Own workforce - Health and people
403-5 Worker training on occupational health and safety	Own workforce - Health and people
403-6 Promotion of worker health	Own workforce - Health and people
403-9 Work-related injuries	Own workforce - Health and people
404-1 Average hours of training per year per employee	Own workforce - Training and education
405-1 Diversity of governance bodies and employees	Own Workforce - Workforce management
406-1 Incidents of discrimination and corrective actions taken	Sustainability governance
413-1 Operations with local community engagement, impact assessments and development programmes	Affected communities - Creating value in the local community
413-2 Operations with significant actual and potential negative impacts on local communities	Affected communities - Creating value in the local community

Appendix - IRO Tables

Actual Positive Impacts			
Topic	Method of Contribution	Magnitude	
		Size	Scope
Material recovery	connected to our business	3	3
Innovative events	directly caused	3	2
Project in Kyrgyzstan	directly caused	3	1
Investments in projects with positive impacts on the local community	directly caused	3	1
Relationships with schools and universities	contributed to causing	2	2
Energy efficiency interventions	directly caused	1	1

Actual Negative Impacts				
Topic	Method Contribution	Magnitude		
		Size	Scope	Irreversible
Contribution to global emissions	contributed to causing	2	2	2

Potential Positive Impacts				
Topic	Method Contribution	Magnitude		Probability
		Size	Scope	
Promotion of occupational health and safety	directly caused	2	2	2

Potential Negative Impacts					
Topic	Method Contribution	Magnitude			Probability
		Size	Scope	Irreversible	
Accidents at work	contributed to causing	3	3	3	2
Difficulty in recruiting	contributed to causing	3	3	2	2
Spillage of substances	directly caused	2	2	3	2
Difficulties in sustainable supply	contributed to causing	2	3	2	2
Loss, alteration or appropriation of data	occurred	3	1	3	2
Problems related to the treatment of hazardous waste	directly caused	3	2	3	1
Failure to achieve targets and greenwashing	contributed to causing	2	3	2	1
Lack of necessary skills	contributed to causing	2	2	1	1

RISKS AND OPPORTUNITIES			
TOPIC	RISK/OPPORTUNITY	MAGNITUDE	PROBABILITY
Market attention to the circular economy	O	3	3
High turnover	R	3	2
Customer dissatisfaction	R	3	2
Innovation Market (LCA, ...)	O	3	2
Difficulty in sourcing materials	R	2	2
"Sustainable" market shift and difficulty in accessing credit	R	2	2
Corruption and Fraud	R	3	1
Staff absenteeism	R	3	1
Customer solvency	R	3	1



ENERGY					
	UoM	2020	2021	2022	2023
Electricity	kWh	34,956,000	39,703,200	40,228,800	42,466,800
Of which withdrawn from the grid	kWh	34,956,000	31,703,200	28,228,800	26,466,800
Of which from GOs	kWh	0	8,000,000	12,000,000	16,000,000
Natural Gas	Sm³	1,756,712	1,890,209	2,029,335	1,890,665
Diesel	l	44,492	47,754	47,500	46,009
Total energy	toe	8,044	9,046	9,260	9,561

EMISSIONS					
	UoM	2020	2021	2022	2023
Direct (Scope 1) emissions	tCO ₂ eq	3,631	3,896	4,185	3,918
Of which from Natural Gas	tCO ₂ eq	3,492	3,765	4,058	3,793
Of which from Diesel	tCO ₂ eq	129	128	127	123
Of which from F-gas leakage	tCO ₂ eq	10	3	0	2
Indirect (Scope 2) emissions - location-based	tCO ₂ eq	9,622	10,929	11,073	11,834
Indirect (Scope 2) emissions - market-based	tCO ₂ eq	10,360	8,600	7,658	6,150
Total (Scope 1 + Scope 2) emissions - location-based	tCO₂eq	13,990.8	14,824.4	15,258.7	15,752.1
Of which offset	tCO ₂ eq	0.00	3,884.00	4,185.27	3,918.00

WATER CONSUMPTION					
	UoM	2020	2021	2022	2023
Total water supply	m³	87,813	111,248	119,276	94,132
Of which from well	m³	79,456	104,089	110,482	86,468
Of which from aqueduct	m³	8,357	7,159	8,794	7,664
Water discharge	m³	32,543	33,620	39,426	29,620

MATERIALS					
	UoM	2020	2021	2022	2023
Virgin raw material	kg	-	-	3,675,357	669,362
Waste material	kg	-	-	31,547,478	29,516,060
By-product material	kg	-	-	28,145,219	21,467,743
End-of-Waste	kg	-	-	11,057,797	7,483,845
Secondary raw material	kg	-	-	195,624	104,990
Total packaging material	kg	2,237	1,377	51,032	37,573
Of which cardboard	kg	265	386	470	287
Of which wood	kg	-	-	48,190	32,400
Of which iron	kg	1,972	991	2,372	4,886
Of which reclaimed and/or re-used	kg	2,237	1,377	2,842	5,173
Of which iron	kg	1,972	1,972	991	2,372
Of which reclaimed and/or re-used	kg	2,237	2,237	1,377	2,842

WASTE					
	UoM	2020	2021	2022	2023
Waste generated	tons	4,322	6,344	5,993	7,434
Of which hazardous	tons	684	842	765	786
Waste directed to recovery	tons	4,070	5,992	5,900	7,101
Of which directed to disposal	tons	0	0	93	333

PERSONNEL AND TURNOVER					
	UoM	2020	2021	2022	2023
Number of employees	num	110	124	141	137
Number joining	num	12	27	21	21
Number leaving	num	4	13	4	24
Overall turnover rate	%	14.5%	32.3%	17.7%	32.8%
People joining under 30	num	3	10	7	11
People leaving under 30	num	0	3	1	8
youth turnover rate	%	N/A	130.0%	47.1%	105.6%

CLASSIFICATION OF EMPLOYEES				
	UoM	2021	2022	2023
BY CONTRACT TYPE				
Permanent	num	117	129	128
Fixed-term	num	7	12	9
BY GENDER				
Women	num	7	9	9
Men	num	117	132	128
BY AGE GROUP				
< 30 YEARS	num	10	17	18
BETWEEN 30 AND 50	num	63	74	73
> 50 YEARS	num	51	50	46

TRAINING					
	UoM	2020	2021	2022	2023
Total number of hours	hours	620	1358	1176	2648
Of which on health and safety	hours	28	672	456	1863
Of which on languages	hours	0	0	512	785
Of which on IT	hours	592	686	208	0
Number of hours per employee	hrs/emp	5.64	10.95	8.34	19.33

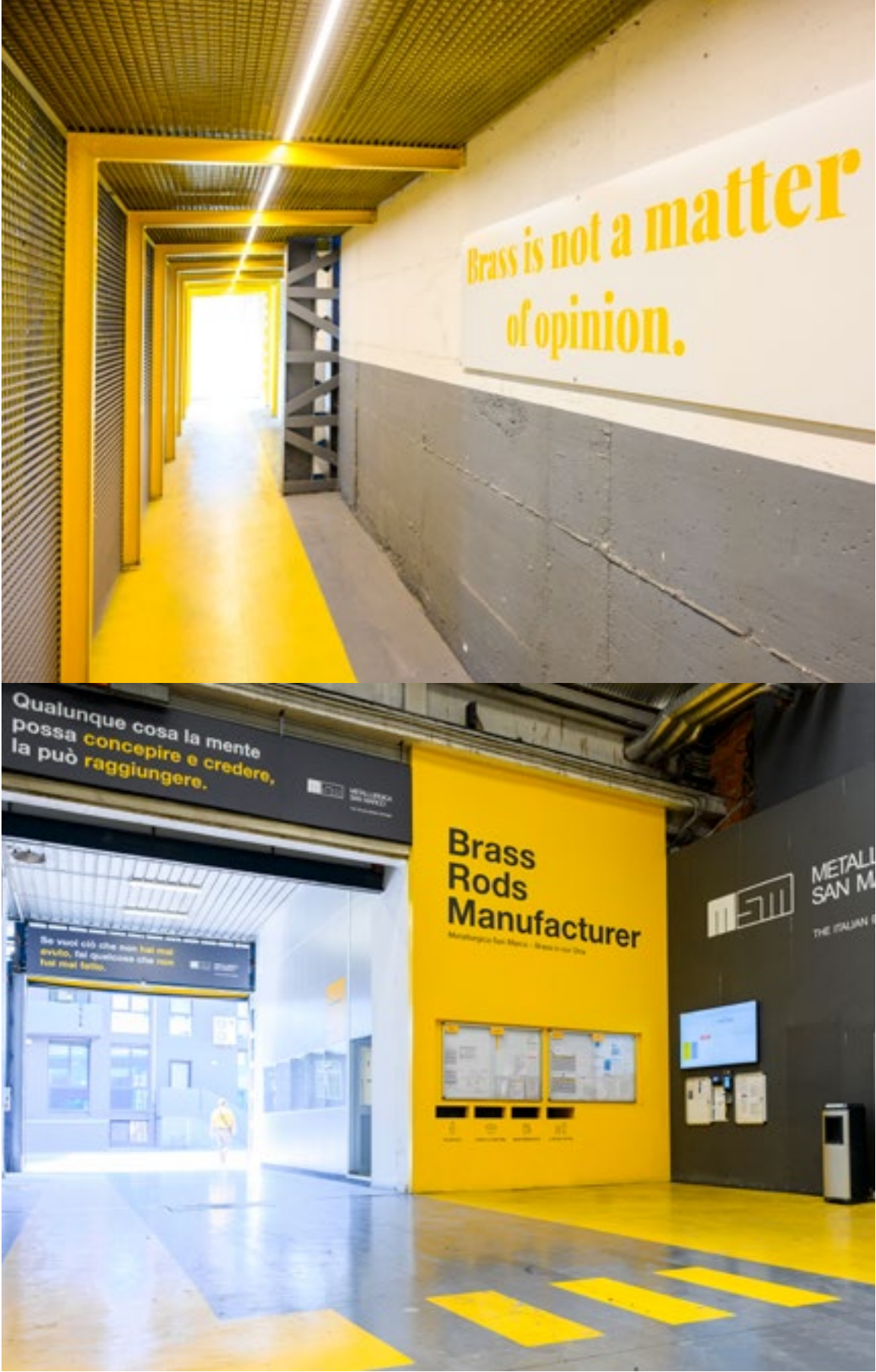
INJURIES					
	UoM	2020	2021	2022	2023
Number of injuries	num	N/A	5	7	7
Days of Absence	days	N/A	45	215	198
Hours worked	hours	N/A	230,898	226,914	229,696
Incidence index	-	N/A	9	31	29
Severity index	-	N/A	0.20	0.90	0.80

2020 data not reported as the indices have been recalculated starting from 2021

ECONOMIC PERFORMANCE					
	UoM	2020	2021	2022	2023
Turnover	€	159,746,701	283,714,419	312,609,491	240,758,086
Profit	€	3,692,382	8,062,316	6,932,942	1,518,119
Economic value distributed	€	156,054,319	275,652,103	324,785,568	243,305,988

BOD					
	UoM	2020	2021	2022	2023
Total number of members	num	5	5	5	5
Of whom under 30	num	-	-	0	0
Of whom between 30 and 50	€	-	-	2	2
Of whom over 50		-	-	3	3

SPENDING ON SUPPLIERS				
	UoM	2021	2022	2023
Total spending on suppliers	€	N/A	35,682,162	30,253,215
Of which on local suppliers (<80 km)	€	N/A	16,368,622	14,639,227



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 saved 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 are credits with which companies can reduce the environmental impact of their activities, by supporting national and international projects aimed at promoting sustainable development. This means a company can 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 offsetting 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 direct GHG emissions from sources owned or controlled by the company.

Scope 2

The GHG Protocol defines Scope 2 emissions as the indirect emissions from the generation of energy (electricity and heat) purchased 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. This 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





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