

FORNOVO GAS S.P.A.

VIA PONTICELLI 5-7

TRAVERSETOLO 43029 (PR)

VAT No. 00309340354 - Tax Code 00309340354

Share capital € 1,000,000.00 fully paid up

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REA 109003

**Impact Report and Sustainability Report
for year end 31/12/2023**

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Sustainability Report

Introduction

General information

General criteria for sustainability statement reporting

A Sustainability Report is the main tool for reporting the social and environmental performance of a company and/or an organisation. Therefore, in order to provide a complete representation of the company's commitment, the results achieved, the actions taken and the path defined for the years to come, Fornovo Gas S.p.A. has decided to draw up and publish its Sustainability Report.

The Report, prepared on a voluntary basis, is drawn up, with the specifications set out below, in accordance with the European Sustainability Reporting Standards (ESRS), approved in their final version by the European Commission on 31 July 2023; this Report is not subject to assurance activities. ESRS standards must be used by all companies subject to the Corporate Sustainability Reporting Directive (CRSD) and their application will be progressive according to a calendar that runs from the financial year 2024 to 2028.

Although not required, Fornovo Gas' intention was to immediately use ESRS standards, making use, where necessary in the event of unavailability of data, of phase-in provisions that allow a gradual approach to meeting the requirements of the standard, in order to carry out a progressive approach to full compliance at the time when the company will be obliged to draft the Report according to ESRS standards which, based on 2023 financial statements data, will commence from 2025.

The data and information reported refer to the fiscal year 1 January - 31 December 2023; the reporting scope of the Report coincides with that of the financial statements and concerns only the company Fornovo Gas S.p.A., which does not hold controlling and/or connecting interests.

As required by the ESRS, Fornovo Gas S.p.A. has identified the sustainability issues considered relevant following the SASB principles, which use the Double Materiality approach (financial and impact) in line with the provisions of the "*Double Materiality*" principle introduced by the ESRS 1 – General Requirements standard. Refer to what is described in the following parts of the Report for more details.

Fornovo Gas S.p.A. has been a benefit company since October 2022. This report, relating to the financial year from 1 January 2023 to 31 January 2023, is also drawn up in accordance with the provisions of art. 1, paragraph 382, L.208/2015. In the impact report published last year, the following objectives were set:

- a) Undertake an impact assessment in terms of climate-altering gas emissions (so-called carbon footprint) to estimate the greenhouse gas emissions caused by products and the industrial complex (in harmony with SDG 13: action to combat climate change)
- b) Installation of a photovoltaic system to reduce the greenhouse gas emission of the industrial complex (in accordance with SDG 13 action to combat climate change, SDG 7 affordable and clean energy, SDG 9 industry innovation and infrastructure, SDG 12 responsible consumption and production);

c) Offer staff specific training and coaching to create a more stimulating, relaxed and productive work environment through a management and leadership skills development programme for managers provided by the company Proleven S.r.l. (SDG 4 quality education; SDG 8 decent work and economic growth)

In relation to point a), the company has undertaken with the engineering consultancy company IngFor S.r.l. a carbon footprint assessment by carrying out the following steps:

First phase: preparation of a reference Carbon Footprint statement for the year 2022 - calculation of CO2 emissions from the use of fuels and combustibles for its processes (Scope 1) and emissions indirectly associated with these processes (Scope 2 – e.g. emissions associated with the production of electricity used in business processes).

Second phase: preparation of a reference Carbon Footprint statement for the year 2023 - calculation of CO2 emissions from the use of fuels and combustibles for its processes (Scope 1) and emissions indirectly associated with these processes (Scope 2 – e.g. emissions associated with the production of electricity used in business processes).

In relation to point b), the Company during 2023 commissioned the company Project Group to install a photovoltaic system with a capacity of 252 kW on the solar slab of the main building of the headquarters in via Ponticelli 5/7 in Traversetolo. Construction work on the plant was completed in March 2024, and following the acceptance of the plant that will take place by June 2024, the company will begin to supply itself with energy from renewable sources.

In relation to point c), the Company has provided Team Building courses for company management, as stated in the Sustainability Report for the year 2022.

For the current year, new and renewed common benefit objectives have been set, shown below, in accordance with art. 2.1, letter b, of the statute of Fornovo Gas S.p.A.; the impact report attached to the 2023 budget file is published on our website in the ([Sustainability](#) section.

» [Fornovo Gas Compressori](#)) in accordance with the provisions of art. 1, paragraph 383, of the law of 28 December 2015.

Objectives for the year 2024

The Company FornovoGas S.p.A. has set the following objectives for 2024:

- 1) preparation of a reference Carbon Footprint statement for the year 2024 - calculation of CO2 emissions from the use of fuels and combustibles for its processes (Scope 1) and emissions indirectly associated with these processes (Scope 2 – e.g. emissions associated with the production of electricity used in business processes) and comparison with previous years;
- 2) Carry out a preliminary analysis for the identification of the company data necessary to integrate the Carbon Footprint declaration from 2025, also considering Scope 3;
- 3) Examine current energy data collection, measurement capacity, relevant variables that most influence energy consumption and identify appropriate improvement projects to evaluate opportunities under ISO 50001 certification standard;
- 4) Increase the fraction of electricity from renewable sources, with a simultaneous reduction of emissions (in harmony with SDG 13 action to combat climate change, SDG 7 affordable and clean energy, SDG 12 responsible consumption and production) with the aim of neutralising emissions from electricity by 2025;

- 5) Installation of a photovoltaic system (in accordance with SDG 13 action to combat climate change, SDG 7 affordable and clean energy, SDG 9 industry innovation and infrastructure, SDG 12 responsible consumption and production);
- 6) Continue training our staff with specific instruction and coaching to create a more stimulating, relaxing and productive working environment, especially with regard to the development of managerial and leadership skills for managers;
- 7) Hold courses for staff on ESG issues;
- 8) Pursue activities to support the region and the local community as already carried out during 2023.

Disclosure in relation to specific circumstances Definitions of time horizons

The data and information contained in the Sustainability Report refer to the financial year between 1 January 2023 and 31 December 2023.

The reporting period is the same as that of the statutory financial statements and includes only Fornovo Gas S.p.A. since the company does not hold controlling and/or associated interests and, therefore, has no obligation to draw up consolidated financial statements.

Value chain estimation

The value chain is the entire range of activities, resources and relationships related to the company's business model and the external environment in which it operates.

The value chain includes the activities, resources and relationships that the company uses and relies on to create its products or services from conception to delivery, consumption and end of life.

For the first 3 years after the company's ESRS sustainability reporting requirement under the CSRD comes into effect, should all the necessary information relating to the upstream and downstream value chain not be available, the company:

- a. in disclosing information about policies, actions and objectives in accordance with ESRS 2 and other ESRS, may limit upstream and downstream value chain information to internally available information, such as data already available to the company and publicly available information; and
- b. in communicating the metrics, it is not required to include information on the upstream and downstream value chain, except for information deriving from other EU regulations, listed in ESRS 2, Appendix B.

The company in each case must justify the efforts made and/or the reasons for the unavailability of information, as well as the activities and planning put in place to overcome critical issues.

As will be better illustrated in the report, Fornovo Gas S.p.A. has also decided to resort to this transitional provision.

Sources of estimation and uncertainty re the outcome

The Sustainability Report also unavoidably contains information and data that are subject to estimates and approximations.

It should be noted that the main information underlying the estimates made was obtained from:

- documents of a public nature;
- public registers;
- databases;
- websites and from the Internet, with reference to the main comparables/competitors in the sector.

Changes in the drafting or presentation of sustainability information

The Sustainability Report as at 31 December 2023 is the first to be drawn up by Fornovo Gas S.p.A. according to ESRS standards. There were therefore no changes in the drafting and/or presentation of sustainability information compared to previous years.

Reporting errors in previous periods

The sustainability report is the first drawn up in its current form and refers to year end 31 December 2023. There are therefore no reporting errors to be found with reference to previous years.

Disclosures arising from generally accepted local legislation or sustainability reporting statement

The European Commission has issued the new reporting principles (ESRS - European Sustainability Reporting Standards) with the aim of creating a reporting standard suitable for regulating a process that integrates, in a transparent, consistent and complete manner, the collection, analysis and communication of both economic-financial and non-financial data and information, such as ESG and sustainability information.

Beginning with financial years commencing on 1 January 2024, companies subject to the CSRD must mandatorily use ESRS as a reporting standard. The topics covered by these principles are cross-cutting and concern governance, strategy, impacts, risks and opportunities, metrics and objectives. In particular, the ESRS 2 principle establishes what information companies must provide in order for their sustainability report to effectively represent the impacts of their activity on social, environmental and governance issues.

Fornovo Gas S.p.A. has decided to adopt the ESRS reporting standard beginning from 2023, in order to meet the obligation to draw up an impact report imposed on benefit companies, and to facilitate the implementation of the ESRS standard at the time when the obligation begins (2025).

Fornovo Gas S.p.A. has been a benefit company since October 2022 and, as such, is required to publish a report concerning the pursuit of the common benefit, to be attached to the company financial statements in accordance with the provisions of art. 1, paragraph 382, L.208/2015. This sustainability report, extended in accordance with ESRS standards, contains the information in art. 1, paragraph 382, L.208/2015: a) the description of the specific objectives, methods and actions implemented by the directors for the pursuit of common benefit purposes and any circumstances that have prevented or slowed it down; b) the evaluation of the impact generated using the external evaluation standard; c) a section dedicated to the description

of new objectives that the company intends to pursue in the following year. For more details, refer to the 2022 impact report published on the company's website.

Use of transitional provisions in accordance with Appendix C of ESRS 1

Appendix C of ESRS 1 provides a list of disclosure requirements that will be phased in. Refer to the information contained therein in full.

The main transitional provisions in the application of ESRS principles to which the company has resorted are the following:

- Transitional provision on the value chain: for the first 3 years of the company's sustainability reporting under ESRS, in the event that not all the necessary information on the upstream and downstream value chain is available, the company will explain its efforts to obtain the necessary information on its upstream and downstream value chain, the reasons why it was not possible to obtain all the necessary information, and its plans to obtain it in the future. The company, for the period of time indicated above, may limit the information on the upstream and downstream value chain to internally available information, such as data already available to the company and publicly available information, as well as the possibility of using estimates.
- Presentation of comparative information: the company is not required to communicate or present comparative information in the first year of drawing up the sustainability statement.
- Disclosure of expected financial outcomes arising from impacts, risks and opportunities related to environmental issues (i.e., the disclosure requirements of ESRS E1-9, ESRS E2-6, ESRS E3-5, ESRS E4-6, ESRS E5-6). In the first three years in which a sustainability statement is drawn up, the company can comply with the disclosure requirements required by the ESRS by communicating only qualitative information.

With regard to further information that is omitted since it is incomplete and/or not available, refer to the individual information sections in this Report.

Governance

The role of the administration, management and control bodies

Introduction

The administrative body of Fornovo Gas S.p.A. is monocratic and includes the office of Sole Director. The SD is Ferdinando Bauzone. The body monitors social and environmental performance and receives general information regarding this. The Sole Director is also responsible for impact pursuant to art. 1, paragraph 380, l. 208/105.

The supervisory control and accounting control function is entrusted to the Board of Statutory Auditors, which consists of the following three statutory auditors:

- chairman: Paolo Esposito
- standing member Giorgia Butturi
- standing member Elena Iotti

The company has a written corporate mission that includes formal commitments for a specific positive social impact and for a specific environmental impact: the company is committed to environmental protection through energy self-sufficiency through renewable sources and to improving the socio-economic conditions of its employees.

At present, the company does not have a formal stakeholder engagement system.

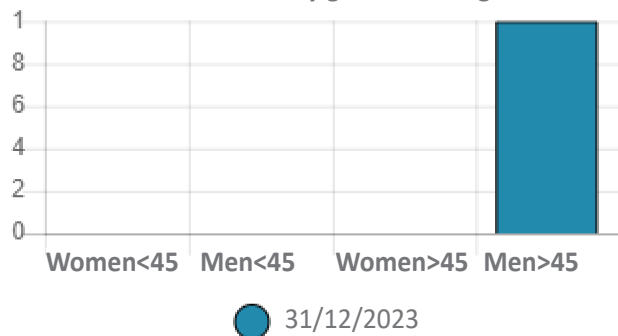
Governance breakdown

The administrative body is represented by a sole director. The current director is Ferdinando Bauzone.

Governance breakdown by gender and age

	01/01/2023 31/12/2023 (VAL.%)	VAR.%
Women under 45		
Men under 45		
Women over 45		
Men over 45	1 (100.00%)	100.00%
Total	1 (100.00%)	100.00%
of which women		
of which men	1 (100.00%)	100.00%

Governance breakdown by gender and age



Governance breakdown- qualification

	01/01/2023 31/12/2023 (VAL.%)	VAR.%
Graduates	1	100%
Diplomas		
Other		
Total	1 (100.00%)	100.00%

Remarks

Fornovo Gas S.p.A. is a benefit company pursuant to Law No. 208 of 28 December 2015 (paragraphs 376-383 and annexes 4 - 5) and with its statute, a public document, has identified the pursuit of the following activities of common benefit: promotion and circulation of innovative models of circular and sustainable economy, in particular the B Corp model and the legal form of Benefit Company. The company intends to contribute with its activities and initiatives, even in collaboration with its customers and partners, to the knowledge, circulation and promotion of business practices aimed at achieving the Sustainable Development Goals (SDGs) identified by the United Nations, in order to minimise negative impacts and extend positive impacts on persons, the biosphere and the region.

This commitment requires the involvement of the administrative body and management in the definition of ESG objectives and values. This commitment has been formalised through the assignment of the role of sustainability manager to the sole director, Ferdinando Bauzone.

Information provided and sustainability issues addressed by the company's administrative, management and control bodies

The assessment of sustainability matters of significance to the organisation is carried out in accordance with the principle of Double Materiality, which takes into account both impact materiality (inside-out approach) and financial materiality (outside-in approach); see the relevant section on materiality for more details.

The definition of Double Materiality is subject to evaluation and approval by the Sole Director, although this process has not yet been formalised.

It should be noted that the materiality in this Report has also been determined using the Standards of the Sustainability Accounting Standards Board (SASB), pending the final version of the EFRAG guidelines on double materiality. These standards focus, in particular, on environmental, social and governance issues that can have a significant impact on the financial performance of companies.

Beginning with the next Reports, materiality analysis will be conducted according to the requirements of ESRS 1, which, like the SASB principles, use the Double Materiality (financial and impact) approach.

As far as future strategies are concerned, the company's objective and resolve will increasingly be to prepare strategic and industrial plans that will also take into account these profiles, i.e. the impact of its activities on persons and the environment and the way in which sustainability factors affect the company and its results.

More generally, it should be noted that the company as a whole and the Director in particular are aware of how it is increasingly necessary, whenever a decision of a certain gravity is made, to carry out an activity of discretionary weighing up of the various interests involved in the decision. The company's commitment is therefore to formalise the decision-making process, especially with a view to ascertaining that it has adequately mapped all possible risk profiles and the related impacts of the decision under consideration.

Integration of sustainability-related performance into incentive systems

It should be noted that, at present, company incentive systems do not provide for the payment of bonuses or incentives for the achievement of ESG objectives/targets.

Statement on sustainability due diligence

The environmental and social due diligence process establishes the criteria that companies must observe in order to guarantee respect for human rights and minimum environmental standards.

The company, regardless of regulatory obligations, has always been committed to identifying, preventing and mitigating any violations and abuses of human rights that may occur along the value chain (e.g. forced labour, exploitation of workers and child labour, safety at work) and any violations of environmental protection standards along the entire value chain (environmental impacts, such as greenhouse gas emissions, pollution, loss of biodiversity).

It is to be noted that, to date, no violations of the above aspects have been detected either within the organisation or along the value chain.

Risk management and internal controls in sustainability reporting

Based on the rules governing the operation of the benefit company, the role responsible for monitoring and reporting on sustainability issues has been identified as the Sole Director, who makes use of the company's internal resources.

The company also works in conjunction with external professionals who collaborate with the internal structure and report directly to the Sole Director, including with regard to any changes in the sustainability strategy. This strategy is reviewed at least every six months.

Strategy

Strategy, business model and value chain

As a benefit company, Fornovo Gas S.p.A. has incorporated into its articles of association objectives of common benefit for the environment and society.

Over the last few years, the company has consolidated a path in developing a corporate model of Diversity, Equity, Inclusion with the aim of enhancing all elements of diversity as a source of enrichment and growth for the organisation, beginning with individuals, with their experiences, attributes, backgrounds and skills, who represent our strength and value as individuals and as part of the company.

Our sustainable business model is aimed at creating long-term value for all those involved in our activities and who, therefore, are located along the value chain. By means of a sustainability governance that will become increasingly structured, a clear definition of material issues and commitments, not least by virtue of the fact that ours is a benefit company, and a risk management system that, in the medium

term, will also incorporate Environmental, Social and Governance (ESG) aspects, we will be increasingly able to manage our business while safeguarding all those who work for, and with, our company.

Stakeholder interests and opinions

At present, the company has not adopted a direct stakeholder engagement model. Stakeholder expectations are evaluated internally by means of estimates and averages.

Related impacts, risks and opportunities and their interaction with the strategy and business model





As already highlighted in previous sections, this first materiality analysis was conducted using the Standards of the Sustainability Accounting Standards Board (SASB). These standards focus, in particular, on environmental, social and governance issues that can have a significant impact on the financial performance of companies.

As from the coming years, materiality will be defined in accordance with the provisions of ESRS 1, according to which material topics are to be identified from a dual viewpoint (outside-in and outside-out), which has been mentioned in previous sections.



The outcome of the materiality analysis has resulted in the identification of the following material topics:

- o Energy management (ESRS E.1);
- o Product design and life cycle management (ESRS E.5);
- o Supply and efficiency of materials (ESRS E.4 - E.5);
- o Employee health and safety (ESRS S.1- ESRS S.2).

Environment

Description	Related ESRS principles	Related SDGs
Energy management	E1	
Product Design and Lifecycle Management	E5	
Material procurement and efficiency	E4-E5	 

Social

Description	Related ESRS principles	Related SDGs
Employee health and safety	S1-S2	 

As a result of the continuous monitoring of stakeholder expectations, i.e., "dynamic materiality", the conventional perspective of prioritising ESG issues ("Materiality of priorities") will be enriched by integrating a view of the significance of the impacts generated and sustained (impact materiality and financial materiality) by the company in the reference context ("Double materiality"):

impacts sustained, potential and current, by the Company (*financial materiality*). The material topics are those that generate risks or opportunities for the Company, influencing its future cash flows and therefore its *enterprise value* in the short-, medium- or long-term;

impacts generated, potential and current, by the Company (*impact materiality*). Material topics are those for which the Company generates significant impacts, actual or potential, on society and the surrounding environment in the short-, medium- or long-term.

Impact, risk and opportunity management

Description of processes for identifying and assessing material impacts, risks and opportunities

The process that resulted in the identification of Material topics was carried out following the recommendations of the SASB (Sustainability Accounting Standards Board) standards. As of the next financial years, materiality analyses will be carried out by strictly adhering to the steps and recommendations contained in the "Materiality Assessment Implementation Guidance", which was drafted by EFRAG in December 2023 and is expected to be available in its final form by 2024.

Disclosure requirements in ESRSs covered by sustainability statements

The Sustainability Report ensures that, as far as possible, all disclosure requirements concerning and pertaining to specific information to be provided on the Sustainability Statement are fulfilled with due clarity and depth of information.

ESRS

E1
E4
E5
S1
S2

It is to be noted that all ESRS impacting and covering the material topics (ESRS E.1, ESRS E.4, ESRS E.5, ESRS S.1 and ESRS S.2) are fulfilled in this Report in as much detail as possible. As mentioned above, the other ESRS have also, as far as possible, found acceptance and coverage.

The company's objective is to provide increasingly adequate and complete disclosures in response to the main ESRS disclosure requirements, not least in view of the fact that as of the forthcoming financial years, the company will determine materiality in accordance with ESRS 1.

The company will use the reporting year and the subsequent one to create a system of metrics and databases that will enable it to meet the ESRS reporting standards even more accurately, in order to achieve full ESRS compliance in Report 2025, excluding those requirements for which there is a phase-in period.

Environmental information

ESRS E1 - Combating climate change

Reference SDGs:



E1-1: Climate change mitigation transition plan

Introduction

Over the next few years, Fornovo Gas is planning to draw up a climate transition plan that adequately evaluates the various risks and benefits deriving from climate change, with the twofold objective of exploiting the opportunities and implementing all the necessary initiatives to limit any negative effects.

Impacts, risks and material opportunities and their interaction with strategy and business models

As highlighted in the previous section, the risks and opportunities related to the phenomenon of climate change must still be mapped and assessed.

Description of processes for identifying and assessing material climate-related impacts, risks and opportunities

As yet, no structured or formalised processes are in place.

E1-2: Policies related to climate change mitigation and adaptation

Fornovo Gas has not yet formalised a policy.

E1-3: Actions and resources in relation to climate change policies

The actions to be taken and the resources to be allocated to combat the phenomenon of climate change have yet to be defined.

E1-4: Objectives related to climate change mitigation and adaptation

Introduction

No specific objectives have been defined as yet.

Objectives related to climate change mitigation and adaptation

	Baseline	2025 Target	2030 Target	2050 Target
GHG emissions (ktCO2eq)				
Scope 1 - Total	178	185	n/a	n/a
of which:				
Heating	56	60	n/a	n/a
Business trips	61	60	n/a	n/a
Service transfers	41	44	n/a	n/a
Direct transport	19	20	n/a	n/a
Internal transport	1	1	n/a	n/a
Scope 2 - Total	135	0	n/a	n/a
of which:				
Electricity	135	0	n/a	n/a

Remarks

As will be discussed in more detail later in the Report, to which reference is made, a photovoltaic plant is currently being constructed and is reasonably expected to become operational as early as the second half of 2024 (this plant is currently undergoing testing). The technical report indicates that such a plant would allow Scope 2 emissions to be reduced to zero as early as 2025.

E1-5: Energy consumption and mix

Introduction

Refer to the following and we further note that the energy used by the company in its production processes and business activities in general is supplied by leading industry players.

Energy consumption

ENERGY CONSUMPTION	01/01/2023 31/12/2023
Coal and its derivatives (MWh)	29814
Crude oil and petroleum products (MWh)	4589
Natural gas (MWh)	104757
Other non-renewable sources (MWh)	10873
Nuclear (MWh)	4677
Electricity, heat, steam and cooling purchased from non-renewable sources (MWh)	
Total non-renewable energy consumption (MWh)	154710
% non-renewable energy consumption of total energy	52.93
Fuels from renewable sources (biomass, biogas, hydrogen from renewables, etc.) (MWh)	0.00
Electricity, heat, steam and cooling purchased from renewable sources (MWh)	137581
Self-produced non-fuel renewable energy (MWh)	0.00
Total renewable energy consumption (MWh)	137581
% renewable energy consumption of total energy	47.07
Total energy consumption (MWh)	292291

Remarks on energy consumption

The company consumed 292,291 Kw/h in 2023. The supplier is a major player in the sector.

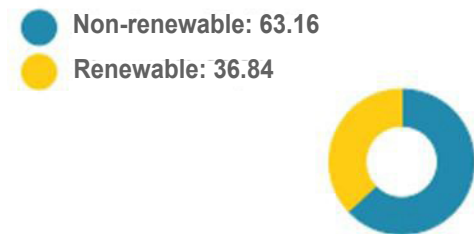
It should be noted that the composition of the energy mix shown in the table above was determined on the basis of the degree and intensity of use of the various primary energy sources logged in 2022 (the latest data made available by GSE – Energy Services Operator).

Energy sources

	01/01/2023 31/12/2023 (ABSOLUTE VAL.)
Electric current (kWh)	292921
Self-produced and consumed electricity from renewable sources	0
Natural gas (m3)	32453
LPG (t)	0
Diesel (t)	400
Naphtha (t)	0
Coal (t)	0
Biomass (t)	0
Biogas (m3)	0
Hydrogen (l)	0
District heating (kWh)	0

Energy mix of electricity supplier (market based)

Electricity provider energy mix (market based 31/12/2023)



	01/01/2022 31/12/2022 (VAL.%)
Non-renewable sources	
Coal and its derivatives (%)	10.20
Petroleum products (%)	1.57
Natural gas (%)	35.84
Other non-renewable sources (%)	3.72
Nuclear (%)	1.60
Total non-renewable energy mix	52.93
Renewable sources	
Renewable sources	47.07
Total renewable energy mix (%)	47.07
Total energy mix (%)	100.00

Energy mix of electricity supplier (location based)

01/01/2023
31/12/2023
(VAL.%)

Non-renewable sources	
Coal and its derivatives (%)	9.43
Petroleum products (%)	2.01
Natural gas (%)	46.92
Other non-renewable sources (%)	4.80
Nuclear (%)	0.00
Total non-renewable energy mix	63.16

Energy intensity per net turnover

The energy intensity ratio is given by the ratio between the amount of KW/h of energy consumed in the year and turnover. Specifically, the ratio is as follows: (292,291 kWh / 52,211,222 euros) = 0.06.

In practice, during 2023, Fornovo Gas consumed 0.06 kW/h of energy per euro of turnover produced.

Energy intensity on turnover

ENERGY INTENSITY ON TURNOVER	
Total energy consumption of high impact activities / net turnover from high impact activities (MWh/€)	0.06

Breakdown of turnover by environmental impact

Net turnover from activities with high environmental impact	52211222
Net turnover from medium/low environmental impact activities	0
Revenue from Sales and Services (A1 Income Statement)	52211222

E1-6: Scope 1, Scope 2, Scope 3 and total emissions

GHG emissions reporting for Scope 1, 2, 3 and total emissions

Below are the 2023 direct and indirect emissions of Fornovo Gas, divided into the three Scopes:

- Scope 1, which concerns direct emissions generated by the company: 178 tCO₂ eq.
- Scope 2, which concerns indirect emissions generated by the energy purchased and consumed by the company: 135 tCO₂ eq.
- Scope 3, which includes all other indirect emissions that are generated by the company's value chain: these have not been measured. The measurement will be carried out in the coming years.

Greenhouse gas emissions

	Baseline	01/01/2023 31/12/2023	VAR. %	Target objectives and years					
				2025	target % on baseline	2030	target % on baseline	2050	target % on baseline
GREENHOUSE GAS EMISSIONS SCOPE 1									
Gross GHG emissions Scope 1 (tCO ₂ eq)		178.00	n/a	185.00					
Proportion of Scope 1 greenhouse gas emissions in regulated emissions trading schemes (%)		0.00	n/a	0.00					
GREENHOUSE GAS EMISSIONS SCOPE 2									
Scope 2 location-based GHG emissions (tCO ₂ eq)		0.00	n/a	0.00					
Scope 2 gross market-based GHG emissions		135.00	n/a	0.00					
TOTAL GREENHOUSE GAS EMISSIONS									
Total emissions by the company (tCO₂eq)		312.00	n/a	185.00					
Total market-based emissions (tCO₂eq)		0.00	n/a	0.00					

Emissions from the production process

Type of emissions from the production process scope 1	01/01/2023 31/12/2023
Central heating/heating plant	60.00
Business trips	60.00
Service transfers	44.00
Direct transport	20.00
Other	1.00
Total GHG (tCO₂eq)	185.00

Diesel fuel consumption

DIESEL FUEL CONSUMPTION (in t)	01/01/2023 31/12/2023
For production process (including heating)	0
Energy production	
Internal transport (e.g. forklifts, company forklifts)	400.00
Other uses	0
Total litres of diesel consumed	400.00

Natural gas consumption

NATURAL GAS CONSUMPTION (in cubic metres)	01/01/2023 31/12/2023
Natural gas from the grid used in the production process (including heating)	32453
Total natural gas consumption (m³)	32453

Emission Trading System

Type of ETS	01/01/2023
	31/12/2023
EU-installed ETS	0
Italy-installed ETS	0
Non EU-installed ETS	0
Purchase total (tCO2eq)	0

Emissions from district heating

Emissions from district heating (scope 2)	Emission factor of TLR plant connected to the company as of 31/12/2023 (gCO2/kWh)
District heating	0.00

GHG intensity based on net revenue

The ratio in question is calculated as the ratio between GHG emissions and income statement item A.1.

Based on the final figures for 2023, this index is calculated as follows: 313 tCO2 eq / 52,211,222 Euro = 0.000060.

For each euro of turnover, Fornovo Gas produced 0.000060 tCO2 eq.

Greenhouse gas emissions on turnover

GREENHOUSE GAS EMISSIONS ON TURNOVER	01/01/2023
	31/12/2023
Ratio of company's total GHG emissions to net turnover	0.00006

E1-7: Greenhouse gas absorption and GHG mitigation projects financed through carbon credits

GHG removal and storage in own operations and value chain

Fornovo Gas has no plans for the removal and storage of GHGs, but undertakes to provide a comprehensive description over the next few years.

Greenhouse gas mitigation projects financed through carbon credits

Fornovo Gas is planning to purchase carbon credits for emissions mitigation, and is committed to providing a full description of this in the coming financial years.

E1-8: Internal carbon price

Information not available.

E1-9: Potential financial effects from physical and material transition risks and potential climate-related opportunities

Introduction

Fornovo Gas is not currently in a position to make detailed, prompt assessments of the significant physical risks and transition risks associated with climate change, nor is it able to quantify their possible impact on the company's asset structure and income statement.

A preliminary assessment of the above-mentioned risks, however, was carried out as an introductory exercise for the first financial year, also bearing in mind that there is a three-year phase-in period for such reporting after the obligation to prepare the Sustainability Report came into force. It should be noted, in particular, how the company sought to preliminarily identify the main risk factors to which it is potentially exposed and the mitigation actions already put in place.

Significant chronic physical risks

Risk description	Relevant	Likelihood	Severity	Potential risk	Description of mitigation actions implemented	Percentage risk reduction	Residual risk	Impact on net result (of Income Statement)	Impact on activities	Impact on liabilities	Scheduled mitigation actions (within the next financial year)
Temperature - Temperature variation (air, fresh and seawater)	No										
Temperature - Heat Stress	No										
Temperature - Temperature variability	No										
Temperature - Permafrost thaw	No										
Wind - Change of wind pattern	No										
Water - Variation in patterns and types of precipitation (rain, hail, snow/ice)	No										
Water - Precipitation or hydrological variability	No										
Water - Ocean acidification	No										
Water - Saline intrusion	No										
Water - Sea level rise	No										
Water - Water stress	No										
Soil - Coastal erosion	No										
Soil - Soil degradation	No										
Soil - Soil erosion	No										
Soil - Solifluction	No										

Risk description	Relevant	Likelihood	Severity	Potential risk	Description of mitigation actions implemented	Percentage risk reduction	Residual risk	Impact on net result (of Income Statement)	Impact on activities	Impact on liabilities	Scheduled mitigation actions (within the next financial year)
Temperature - Temperature variation (air, fresh and seawater)	No										
Temperature - Heat Stress	No										
Temperature - Temperature variability	No										
Temperature - Permafrost thaw	No										
Wind - Change of wind pattern	No										
Water - Variation in patterns and types of precipitation (rain, hail, snow/ice)	No										
Water - Precipitation or hydrological variability	No										
Water - Ocean acidification	No										
Water - Saline intrusion	No										
Water - Sea level rise	No										
Water - Water stress	No										
Soil - Coastal erosion	No										
Soil - Soil degradation	No										
Soil - Soil erosion	No										
Soil - Solifluction	No										

Acute significant physical hazards

Risk description	Relevant	Likelihood	Severity	Potential risk	Description of mitigation actions implemented	Percentage risk reduction	Residual risk	Impact on net result (of Income Statement)	Impact on activities	Impact on liabilities	Scheduled mitigation actions (within the next financial year)
Temperature - Heatwave	No										
Temperature - Cold/frost wave	Yes	1	1	1		0.00%	1				
Temperature - Fire	No										
Wind - Cyclone, hurricane, typhoon	No										
Wind - Storm (including blizzard, dust and sandstorm)	No										
Wind - Tornado	No										
Water - Drought	No										
Water - Heavy Precipitation (rain, hail, snow/ice)	Yes	1	1	1		0.00%	1				
Water - Flood (coastal, fluvial, pluvial, underground)	No										
Water - Glacial lake outburst	No										
Soil - Avalanche	No										
Soil - Landslide	No										
Soil - Subsidence	No										

Significant transition risks

Risk description	Relevant	Likelihood	Severity	Potential risk	Description of mitigation actions implemented	Percentage risk reduction	Residual risk	Impact on net result (of Income Statement)	Impact on activities	Impact on liabilities	Scheduled mitigation actions (within the next financial year)
Political and legal - Rising costs of greenhouse gas emissions	Yes	1	1	1	Installation of photovoltaic system	50.00%	1				

Policy and Legal - Enhanced emissions reporting obligations	Yes	1	1	1	CO2 emissions mapping and carbon footprint analysis Scope 1 and 2	80.00%	1	
Policy and legal - Mandates and regulation of existing products and services	Yes	1	1	1	Product compliance with European and non-EU product certifications	80.00%	1	
Policy and legal - Delegation and regulation of existing production processes	Yes	1	1	1	Compliance with ISO standards	100.00%	1	
Policy and legal - Exposure to litigation	No							
Technology - Replacing existing products and services with lower emission options	No							
Technology - Failed investments in new technologies	No							
Technology - Transition costs to low-emission technology	No							
Market - Changing customer behaviour	No							
Market - Uncertainty in market signals	No							
Market - Raw materials cost increase	No							
Reputation - Changes in consumer preferences	No							
Reputation - Stigmatisation of sector	Yes	1	2	2	Transition to a sustainable Benefit Society model	40.00%	1	Continuing the transition to sustainable (low-emission) models
Reputation - Major stakeholder	No							
Reputation - Negative feedback from stakeholders	No							

Potential financial effects deriving from material risks

Fornovo Gas has not yet carried out any assessment in terms of financial impact. These assessments will be carried out starting from the next financial years.

Potential financial effects of transition risk

Fornovo Gas has not yet carried out any assessment in terms of financial impact. These assessments will be carried out starting from the next financial years.

Balance sheet impacts of physical and transition risks

Fornovo Gas has not yet carried out any assessment in terms of financial impact. These assessments will be carried out starting from the next financial years.

Climate-related opportunities

Fornovo Gas has not yet made an in-depth assessment in this regard. Assessment of the opportunities to be seized with regard to climate change will be carried out in future years.

ESRS E2 – Environmental pollution

E2-1: Pollution policies

Fornovo Gas is the only Italian manufacturer to provide fully oil-free high-pressure compressors. Oil-free technology eliminates the risk of gas contamination during compression and does not require the disposal of waste oils that impact the environment.

In the daily operations of the company, a positive impact is generated by the use of non-toxic cleaning products, by the rationalisation of lighting through the use of natural light, compact fluorescent lamps, presence sensors, and intensity regulators; it is also generated by energy optimisation from the use of summer air conditioning through the use of programmable thermostats, presence sensors, insulation of the external walls from sunlight and double glazed windows.

The company has a shipping policy under which the transport of incoming goods is carried out exclusively by means of low-impact systems, with the explicit prohibition of receiving goods by air.

Workers are provided with economic incentives to prefer travelling by bicycle and public transport. Workers are encouraged to use virtual meeting technologies to reduce emissions.

E2-2: Pollution-related actions and resources

The company's objective is to implement projects in the coming years to improve energy efficiency and to conserve natural resources and reduce environmental impacts to prevent soil, air and water pollution.

E2-3: Pollution-related targets

These objectives have not yet been defined.

E2-4: Air, water and soil pollution

Refer to the description in previous sections.

The company aims to keep soil, air and water pollution as low as possible.

E2-5: Hazardous substances and substances of high concern

With reference to the financial year 2022, Fornovo Gas has not produced and/or used in its production process any substances qualified and identified as 'high concern' by the European Chemicals Agency (ECHA). The data relating to 2023 for the environmental statement are not yet available (refer, in this regard, to the explanations contained in section E5.5 - Waste); the company states that even in the 2023 financial year, it did not use substances of very high concern.

E2-6: Potential financial effects from pollution-related impacts, risks and opportunities

These assessments have not been formalised.

ESRS E3 – Water and marine resources**E3-1: Policies related to water and marine resources**

The use of water and marine resources is a topic assessed as non-material by the administrative body. Indeed, the activity carried out by Fornovo Gas does not impact (nor is the company impacted) significantly on water or marine resources. The Company therefore has no formalised policies on this specific topic.

E3-2: Actions and resources related to policies linked to water and marine resources

Refer to E3-1. As a result of the remarks therein, this disclosure requirement is omitted.

E3-3: Objectives relating to water and marine resources

Refer to E3-1. As a result of the remarks therein, this disclosure requirement is omitted.

E3-4: Water consumption

Refer to E3-1. As a result of the remarks therein, this disclosure requirement is omitted.

E3-5: Potential financial effects from impacts, risks and opportunities related to water and marine resources

The activity carried out by the company does not impact and is not significantly impacted on water or marine resources. The response to this disclosure is therefore omitted.

ESRS E4 - Biodiversity and ecosystems**Reference SDGs:****E4-1: Biodiversity and ecosystems transition plan**

Introduction

The activity carried out by the company does not have a significant impact on biodiversity or ecosystems. The response to this disclosure is therefore omitted.

Impact, risk and opportunity management

The activity carried out by the company does not have a significant impact on biodiversity or ecosystems. The response to this disclosure is therefore omitted.

E4-2: Biodiversity and ecosystem policies

The activity carried out by the company does not have a significant impact on biodiversity or ecosystems. The response to this disclosure is therefore omitted.

E4-3: Actions and resources related to biodiversity and ecosystems

The activity carried out by the company does not have a significant impact on biodiversity or ecosystems. The response to this disclosure is therefore omitted.

E4-4: Objectives related to biodiversity and ecosystems

The activity carried out by the company does not have a significant impact on biodiversity or ecosystems. The response to this disclosure is therefore omitted.

E4-5: Impact metrics related to biodiversity and ecosystem change

The activity carried out by the company does not have a significant impact on biodiversity or ecosystems. The response to this disclosure is therefore omitted.

E4-6: Potential financial effects from biodiversity-related impacts, risks and opportunities

The activity carried out by the company does not impact and is not significantly impacted on biodiversity and ecosystems.

The response to this disclosure is therefore omitted.

ESRS E5 - Resource utilisation and circular economy

Reference SDGs:



E5-1: Policies related to the use of resources and the circular economy

Fornovo Gas has always carried out its activity with the aim of minimising the environmental (and social) impact of its products and activities. Continual scouting for innovative solutions, monitoring and implementing the evolution of green technologies on the market presents an opportunity to develop products with innovative technologies with reduced environmental impact, anticipating customer and regulatory requirements.

Moreover, the company is making efforts to include instructions for proper end-of-life management and disposal of the products manufactured in their manuals.

E5-2: Actions and resources related to the use of resources and the circular economy

Refer to the description in the previous section.

E5-3: Objectives related to the use of resources and the circular economy

Fornovo Gas aims to pursue the good practices of the circular economy with a consequent reduction in the pollution produced.

E5-4: Resource inflows Remarks

Data on inflows are only partially available for Report 2023. Over the next few years, the company will make all the necessary changes to the management software to allow a complete mapping of inbound resources.

E5-5: Resource outflows Introduction

Data on resource outflows are not available in their entirety for Report 2023. However, pending full compliance in the coming years, the company is already able to adequately map the volume and type of waste produced.

Waste

In accordance with the provisions of Law No. 70/1994, the company prepares and submits the Modello Unico di Dichiarazione Ambientale (MUD) – Single Environmental Declaration Form– annually.

It should be noted that the deadline for submission of this Model, with reference to waste generated in 2023, is 1 July 2024; MUD 2024 (relating to waste generated in 2023) is therefore not yet available at the date of submission of this report.

The following is an account of the quantities of waste produced in 2022, as resulting from MUD Declaration 2023:

- Paper and cardboard packaging (7,320 kg);
- Wooden packaging (26,540 kg);
- Mixed material packaging (11,044 kg);
- Metal packaging containing hazardous substances (65 kg);
- Packaging containing residues of hazardous substances (118 kg);
- Iron and steel (18,920 kg);
- Equipment (931 kg);
- Equipment containing hazardous substances (120 kg);
- Cables (1,685 kg);
- Synthetic oils (600 kg);
- Oil filters (2 kg);
- Mineral oils for non-chlorinated motors (30 kg);
- Contaminated rags (390 kg);

Aqueous liquid waste (2,545 kg). The total waste produced and/or managed by Fornovo Gas during 2022 totalled 70,310 kg.

E5-6: Potential financial effects of resource use and impacts, risks and opportunities related to the circular economy

The financial effects, risks and opportunities associated with the good practices of the circular economy have not yet been formalised.

ESRS 2 - Environmental strategy: Objectives and actions

In compliance with the disclosures to be provided with reference to ESRS 2 (General Disclosure), it should be noted that Fornovo Gas has commissioned a player of primary standing to build a photovoltaic system with a power of 250 MW/h, which will take place in an area adjacent to the company's registered office.

The plant is currently in the testing phase; the plant is expected to be in service early in the second half of 2024.

The implementation of this technology will make it possible to:

- meet the entire energy needs of the company;
- produce electricity without the emission of pollutants;
- not to resort to the use of fossil fuels;
- realise significant savings that will make it possible to allocate the saved liquidity to initiatives in the ESG field.

Social information

ESRS S1- Human resources

Reference SDGs:



S1-1: Policies related to the workforce

As at 31 December 2023, our workforce consisted of 118 persons, which is in line with the previous year's employment levels where the number of employees as at 31 December 2022 was 117. The increase in staff is linked to the development of new orders, which has consequently led to an increase in turnover.

Developed over the years, the Company's People Strategy was bolstered and updated in 2023 in order to build a solid foundation for the Company's growth and successful performance in an increasingly complex and dynamic business scenario, and to design a sustainable future by seizing opportunities in the transition to digital and ecological change. The development of a future-oriented pipeline of talent and workers, continual listening and dialogue with individuals, and the promotion of an inclusive work environment that recognises and values diversity, are key elements of our strategy, aimed at continually improving the employee experience.

We have implemented employer branding strategies and concrete actions for the management, training and growth of our personnel, with the aim of promoting Fornovo Gas in the labour market and maintaining a high level of belonging and motivation, leveraging an organisation capable of listening to and satisfying individual needs and expectations, enhancing skills and experience, and providing concrete opportunities for growth.

S1-2: Processes for involving employees and employee representatives on impacts

In order to identify current and potential positive and negative impacts, an in-depth scenario analysis was conducted on the company's activities, its business relations, the context of sustainability in which it operates and the expectations of its stakeholders. Among the stakeholders, the company's workers are of paramount importance.

The main ways of involving workers are:

- internal communication tools (company intranet, newsletter, mailing list, etc.)
- internal and external events dedicated to employees
- regular meetings

In addition, involving and promoting employee awareness in the process of safeguarding the environment, occupational health and safety and in the process of continually improving energy performance including by means of training and/or information activities.

S1-3: Channels to remedy negative impacts and channels for workers to raise concerns of their own

In 2023, the company updated its Ethics Guidelines to also include a whistleblowing policy. There are several reporting channels whereby whistleblowers, whether employees or third parties, can make anonymous disclosures.

Moreover, the Company constantly monitors complaints defined as reports or grievances of third parties, received from stakeholders by registered mail or verbally directly to the external professional appointed to the role of 'manager of reports', in order to rapidly ascertain and assess the criticalities manifested and, if necessary, implement any appropriate corrective actions to prevent potential risk factors. The complaints lodged are an opportunity for the Company, which is always striving to improve its organisation and make its internal policies and procedures more efficient through specific action plans, in order to better meet the requests and needs voiced by stakeholders through the lodging of complaints.

In 2023, no complaints were received regarding impacts on work practices (which may concern harassment,

demotion, failure to comply with workplace safety regulations, non-payment of wages or contributions). Also noted in the reporting period is the absence of complaints regarding human rights violations related to age, gender diversity, race, and nationality.

No complaints were received with regard to environmental impacts (which may concern waste disposal, pollution, noise emissions, etc.) either.

S1-4: Actions on relevant impacts on the workforce and approaches to managing relevant risks and pursuing relevant opportunities in relation to the workforce and the effectiveness of these actions

Fornovo Gas is committed to developing and maintaining an inclusive work environment, free from all forms of violence or harassment. To enhance and promote diversity, equity and inclusion, elements considered strategic for corporate competitiveness, for the development of our personnel and for the affirmation of a corporate culture and identity, in line with the current regulatory framework on equal opportunities, we are committed to:

- creating an inclusive work environment that ensures respect, integrity, personal development and equal opportunities;
- increasing employee awareness of diversity and equal opportunities;
- encouraging the commitment of all employees of the company to act with respect and integrity in all relationships.

In this regard, the company refers to the main national and international legal regulations on the protection of human rights.

Occupational safety, the health of workers, the care and improvement of working environments, have always been the inspiring principles of Fornovo Gas and the basis of its policies, which consider safety as a strategic and development factor in the company. The company places stringent protection on the health and safety of all workers, whether employees or collaborators, at the basis of every action. The well-being of the individual is at the heart of all company dynamics, in the knowledge that safety is everyone's right and everyone's duty, and that it can only be acquired through confrontation and collaboration. To ensure the health and safety of workers, Fornovo Gas has set among its objectives that of drafting, over the next few years, a health and safety policy that is also integrated with the environment.

Remuneration of employees (blue-collar and white-collar workers) is defined on the basis of the respective labour market and the provisions of the collective labour agreement. For a number of workers, a bonus/variable component is also envisaged. It is essential for Fornovo Gas that each employee receives remuneration that is congruent with the type of task performed and the effort required, and that is able to ensure that the employee and their family can enjoy a decent standard of living.

S1-5: Objectives related to the management of negative material impacts, the promotion of positive ones and the management of relevant risks and opportunities

Fornovo Gas has, for many years now, been pursuing a course aimed at enhancing the value of its resources and improving their working and, more generally, living conditions.

Among the initiatives undertaken, it is worth noting:

- An increase in the hours of specific training dedicated to personnel and development of a shared culture in the field of sustainability;
- Development of personnel skills through training courses scheduled annually;
- Specific programmes for the development of young talent.

It should also be noted that the company plans to implement further talent acquisition initiatives and to increase retention programs.

With reference to the main risk factors, it is worth noting that the main ones are:

- Loss of key skills/ inadequacy of professional profiles;
- Loss of young talent;
- Slowdown/interruption of operations and/or impairment of the level of service quality for reasons attributable to the absence of personnel;
- Poor attention to the well-being of employees;
- Poor work-life balance.

The company is actively working to minimise these risk factors, including through the initiatives mentioned above.

S1-6: Characteristics of the company's employees

Introduction

The number of employees as at 31 December 2023 was 118.

Of these, 98 people are male (83% of the total) and 20 are female (17% of the total).

It is also worth highlighting that almost half of the resources currently in the workforce (51 units) have been hired for over five years, demonstrating that the level of employee loyalty is high.

Finally, it should be noted that almost all of the employees (115) are employed on a permanent contract.

For any further analysis, refer to the specific tables contained in the following sections in this Report.

Gender characteristics by contract type of company employees

	No. of employees	No. of employees with permanent contracts	No. of employees with fixed-term contracts	No. of employees with no guaranteed minimum/fixed hours	No. of full-time employees	No. of part-time employees
WOMEN	20	20	0	0	19	1
MEN	98	95	3	0	98	0
OTHER						

NOT DECLARED						
Totals	118	115	3	0	117	1

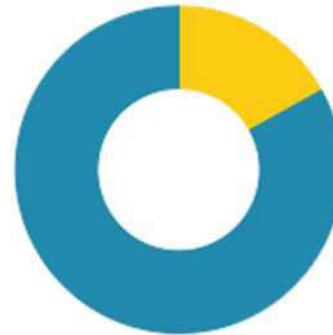
Regional distribution by company employee contract type

Country	No. of employees	No. of employees with permanent contracts	No. of employees with fixed-term contracts	No. of employees with no guaranteed minimum/fixed hours	No. of full-time employees	No. of part-time employees
ITALY	118	118	3	0	117	1
Totals	118	115	3	0	117	1

Gender characteristics of company employees

Gender characteristics of employees (31/12/2023)

● Women: 16.95
● Men: 83.05



Gender	No. of employees	% of total
WOMEN	20	16.95%
MEN	98	83.05%
OTHER		
NOT DECLARED		
Totals	118	100.00%

Total number and percentage of employees by professional category and gender

Professional category	Men	Women	Total	% of total employees
Executives	0	0	0	/
Executives %	0%	0%	0%	0%
Middle management	9	4	13	/
Middle management %	69.23%	30.77%	100.00%	11.02%
Employees	45	14	59	/
Employees %	76.27%	23.73%	100.00%	50.00%

Workers	41	1	42	/
Workers %	97.62%	2.38%	100.00%	35.59%
Trainees	3	1	4	/
Trainees %	75.00%	25.00%	100.00%	3.39%
Totals	98	20	118	100.00%
% of total	83.05%	16.95%	100.00%	/

Regional distribution of company employees

	Countries represented in the Company	No. of employees	% of total
ITALY		118	100.00%
	Totals	118	100.00%

Remarks

These figures demonstrate the company's determination to create long-lasting working relationships based on mutual trust and loyalty.

S1-7: Characteristics of non-employees in the company workforce

In addition to employees, in the financial year 2023 the company made use of work placement trainees, persons with an ongoing collaborative contract and the services of an occasional self-employed worker.

In addition, there is a professional relationship with two professionals of high standing who are self-employed. One of these provides services in administrative, tax and management consulting while the other performs operational functions.

Both report directly to the Sole Director.

S1-8: Collective bargaining coverage and dialogue

The workforce at Fornovo Gas is covered by a collective bargaining agreement. The company applies the following National Collective Labour Agreement: National Collective Labour Agreement for workers in small and medium-sized metalworking and plant installation industries.

Fornovo Gas upholds the importance of the participatory method of workers' representatives through appropriate levels of involvement, awareness and co-responsibility regarding production objectives and issues of interests in common. In light of this, a new system of industrial relations has been implemented that is consistent with the relevant business, economic and production context.

Moreover, dialogue with the workforce is ongoing and regular meetings are held.

S1-9: Diversity indicators

The gender pay gap between women and men by type of professional qualification is shown below:

- Middle manager: the average male salary is approx. 14.5% higher than that of women;
- Employee: the average male salary is approx. 31% higher than that of women;
- Worker: the average female salary is approx. 12% higher than that of men.

The highest paid individual in the organisation receives 368% of the median employee salary.

S1-10: Adequate salaries

The salary received by workers reflects and takes into account the mandatory minimum standards that are applicable throughout the country, as set out in the overall salaries set by the relevant collective agreement (National Collective Bargaining Agreement for workers in small and medium-sized engineering and plant installation industries)

The average remuneration paid to its workforce is, in general, higher than the minimum rates set by the applicable CCNL.

S1-11: Social protection

The main social protection measures adopted by the company are summarised below:

- provision of continuous professional training;
- reduction in working hours if there are particular personal needs that require it and that allow it in terms of the law;
- use of ad hoc regulatory tools to facilitate the early departure of personnel close to reaching retirement requirements who express this wish.

S1-12: Persons with disabilities

In the Fornovo Gas workforce as at 31 December 2023, 2 resources with physical disabilities are present, both of whom are male (one of whom is a clerk and the other a worker).

S1-13: Training and skills development indicators

It should be noted that, during the 2023 financial year, the hours of training provided by the company to its employees and workers with reference to health and safety in the workplace amounted to 612 hours.

Therefore, based on the total number of employees and workers at the end of the 2023 financial year (116), the average number of hours of training provided individually with reference to the matter of health and safety in the workplace amounts to approximately 5.8.

It should also be noted that:

- trainees received specific training for a total of 400 hours;
- some employees have taken an English course for a total of 80 hours;
- some employees have taken ad hoc courses such as courses in design and portfolio management of company projects for 48 hours.

S1-14: Health and safety indicators

During 2023, three occupational accidents occurred, which did not have any severe health consequences for the workers involved.

The workers affected by these accidents recorded a total of 21 days of absence from work.

The following are the main indicators taken into account in 2023 in terms of accidents:

- Frequency Index: 15.13, calculated as follows: $(\text{No. accidents}/\text{No. hours worked}) * 1,000,000$;
- Severity Index: 0.12, calculated as follows: $((\text{No. days of injury} + \text{days of disability}) / \text{No. hours worked}) * 1,000$;
- Incidence Index: 25.42, calculated as follows: $(\text{no. accidents}/\text{no. employees}) * 1,000$.

In order to make the above ratios auditable, the total hours worked during 2023 are provided: 198,297.19.

S1-15: Work-life balance metrics

The company has implemented various actions and measures to promote work-life balance, including:

- option of working remotely;
- holding of meetings within hours compatible with private life;
- functional use of new technologies.

No specific metrics were identified for measuring work life balance.

S1-16: Remuneration metrics (pay gap and total remuneration)

Refer to the wage gap indicators provided in section S1.9.

S1-17: Incidents, complaints and severe human rights impacts

During 2023, no reports were received by the company re the occurrence of incidents of violation of human rights and/or workers' rights. No incidents to report in 2022 either.

ESRS S2 - Workers in the value chain**Reference SDGs:****S2-1: Policies related to workers in the value chain**

The company's ESG objectives, which are to be formalised in the coming financial years, will be updated in accordance with a process of continual alignment with strategic guidelines and achievements, in order to increasingly integrate sustainability along the entire value chain, taking into account potential impacts on the economy, environment and persons.

The company actually wishes to avoid the risk of causing, directly or indirectly, 'adverse' impacts on persons along its value chain, with regard to its operations (e.g. employees) and those of its business partners.

S2-2: Processes to engage workers in the value chain on impacts

Fornovo Gas, in its role as a 'leading' company, understood as a employer of substantial value with reference to the employees employed in the supplying companies and/or with which Fornovo has stable business dealings, wishes to move ever more in the direction of fostering the representation of these workers and guaranteeing them increasingly broader rights, both by increasing union representation and by committing to guaranteeing more equitable salaries.

S2-3: Channels to raise value chain worker concerns in order to remedy negative impacts

The channels that workers along the value chain can take advantage of to raise concerns are the same as those made available to employees in the whistleblowing procedure.

S2-4: Actions on relevant impacts for workers in the value chain and approaches for the management of relevant risks and the achievement of relevant opportunities for workers in the value chain, as well as the effectiveness of such actions

It is worth pointing out that, as of the date of drafting this report, no actions have been defined to eliminate, or at least reduce, relevant impacts and/or to manage relevant risks to which workers along the value chain are exposed.

Prior to being able to define this, Fornovo Gas needs to structure a value chain information collection system.

S2-5: Objectives related to the management of significant negative impacts, the enhancement of positive impacts and the management of significant risks and opportunities

Fornovo Gas aims to avoid creating significant negative impacts along the value chain; if anything, it is committed to ensuring that its activities create benefits for all players in the value chain.

ESRS S3 - Affected regional communities

S3-1: Policies on affected communities

Fornovo Gas has not formalised any policies regarding regional or local communities.

S3-2: Processes for engaging affected communities on impacts

Given that local communities can also assert their reasons and, possibly, express their concerns through channels such as email, Fornovo Gas does not have a formalised process to regulate the involvement of local communities.

S3-3: Processes to remedy negative impacts and channels for affected communities to voice concerns

Fornovo Gas does not generate negative impacts on local communities.

Conversely, as will be explained in the 'Governance' section, the company is always willing to support initiatives to assist in the development of the local fabric, be it economic, social, sporting or any other kind.

S3-4: Actions on relevant impacts on affected communities and approaches to manage relevant risks and achieve relevant opportunities for affected communities, and effectiveness of these actions

As noted in the previous section, Fornovo Gas does not generate negative impacts on the local community.

S3-5: Objectives related to the management of material negative impacts, the promotion of positive impacts and the management of risks and opportunities

Fornovo Gas is always willing to support initiatives set up by local communities, especially those that can guarantee widespread satisfaction and well-being. Fornovo Gas has always been very attentive to the needs of the local social fabric.

Even in 2023, the company did not fail to support social projects, as will be adequately highlighted below.

Details of donations and membership fees

	01/01/2023 31/12/2023
Gifts to political parties	0
Gifts to other associations	97051
Membership fees of trade organisations	14770
Total	111821

Remarks

In 2023, the company paid membership contributions in the amount of EUR 14,770.00 and provided gifts and donations totalling EUR 97,051.00.

Fornovo Gas supports, among others, the following initiatives:

- sponsoring the youth football team in the town of Traversetolo (PR);
- supporting a number of main summer events in Traversetolo (PR);
- donated a special machine with a commercial value of EUR 46,000 to the Italian Red Cross;
- contributed EUR 20,000 in 2023 to associations providing support to those affected by the floods in Emilia-Romagna last May;
- supports mountain community projects, with particular reference to those that promote the mobility of persons with physical disabilities.

ESRS S4 - Consumers and end users

S4-1: Consumer and end-user policies

Fornovo Gas looks to the future with the aim of creating products that increasingly satisfy end users.

The company's relentless efforts are to be geared towards ensuring, as they have done thus far, that safe, high-quality products and applications are produced.

All products are manufactured according to the highest safety standards; the company holds, among others, ISO 45001 certification.

S4-2: Consumer and end-user engagement processes on impacts

Consumers and end users have the option of reporting critical issues and, more generally, to send feedback and observations through the means provided by the whistleblowing procedure.

S4-3: Processes to remedy negative impacts and channels for consumers to express concerns

No negative impacts on company products were reported during the financial year 2023.

S4-4: Actions on relevant impacts to end consumers and approaches to managing relevant risks and achieving relevant opportunities for consumers, as well as the effectiveness of such actions

No significant impacts or risks were reported in connection with the products manufactured by the company, which, as a reminder, holds the following product certifications in compliance with European regulations:

- PED Directive 2014/68/EU
 - Certifications with G Forms for each individual machine
- ATEX Directive 2014/34/EU (zones 1 and 2)
- Machinery Directive 2014/34/EU
- Electromagnetic Compatibility Directive 2014/30/EU

and non-EU regulations of the countries with which the company does business.

S4-5: Objectives related to the management of material negative impacts, the promotion of positive impacts and the management of risks and opportunities

Products and applications produced by Fornovo Gas do not produce any negative material impacts.

With regard to positive impacts, it is again evident how the company strives to continually remain abreast of technological innovation, producing compressors that meet the changing needs of the market.

Information on governance

ESRS G1: Conducting business

G1-1: Culture of business conduct and policies

All persons working in Fornovo Gas S.p.A., without distinction or exception, are committed to observing and ensuring observance of the company's Code of Ethics.

Indeed, it is considered essential for the proper functioning, reliability and reputation of Fornovo Gas that all activities are carried out in compliance with the law, national and international conventions, and in strict compliance with the human rights enshrined in the UN Universal Declaration.

Operating in a framework of fair competition with honesty, integrity, fairness and good faith, respecting the legitimate interests of its stakeholders, shareholders, employees, customers, commercial and financial partners and the collectives and local communities in which the company is present with its activities, is a fundamental prerequisite for the proper functioning, reliability and reputation of Fornovo Gas and, equally, constitutes a decisive asset for Fornovo's success.

In no way may the conviction of acting in the interest or to the advantage of the company justify the adoption of conduct in conflict with these principles, and any conduct contrary to the letter and/or spirit of the values handed down over the years will be sanctioned, in accordance with the provisions of the Code of Ethics.

Fornovo is committed to facilitating and promoting the dissemination of the principles of probity and correctness both among its employees and to all persons who have business relations with the company, ensuring transparency in the operations and conduct put in place and providing adequate information, prevention and control tools.

G1-2: Supplier relationship management

For many years, Fornovo Gas has been committed to promoting a responsible and sustainable supply chain with respect, first and foremost, for human rights and the environment. All parties involved in the supply chain must pursue the kind of development that integrates competitiveness, environmental sustainability and social responsibility.

Over the next few years, the company will implement a supplier evaluation and monitoring process based on the assessment of economic, technical, reputational, social and environmental aspects in order to ensure compliance with its ethical standards.

G1-3: Prevention and detection of bribery or corruption

The company's commitment to anti-bribery and anti-corruption is enshrined and integrated in the company's management policies and systems, which are specifically outlined and formalised in the procedures adopted and which concern the management of relations with all counterparties with which the company operates and interfaces. In order to prevent and resolve any critical issues in a prompt manner and raise employee awareness of the issues in question, Fornovo Gas has implemented a whistleblowing system for the anonymous reporting of potential problems and a training programme involving company employees at various levels.

G1-4: Confirmed incidents of bribery and corruption

No final convictions have been reported in Fornovo Gas relating to bribery/corruption issues. Neither have there been any allegations of bribery/corruption.

G1-5: Political influence and lobbying

No information regarding activities or undertakings relating to the company's political influence is to be reported,
nor does the company engage in lobbying activities.

G1-6: Payment practices

The company supports the entire production chain and optimises supplier payment flows.

Average payment times, recalculated on the basis of 2023 budgetary data, amount to approximately 120 days

No further details are provided on average payment days by sub-category of supplier in view of the fact that payment terms are uniform across *supplier* categories and by virtue of the fact that this disclosure requirement (ESRS G1.6) provides for a *phase-in* period of one year from the time the obligation to draw up a Sustainability Report in accordance with ESRS standards comes into force.

Lastly, it should be noted that there are no outstanding disputes with suppliers for non-payment / delayed payment.

The Sole Director

Declaration of conformity

This Sustainability Report is not subject to a compliance assessment performed by an auditing company.

It should be noted, however, that it was drawn up on the basis of available information in accordance with the European Sustainability Reporting Standards (ESRS).