

# **SUSTAINABILITY REPORT** **2023**





*Green heart, steely expertise*







# CONTENTS

<b>Letter to Stakeholders</b>	<b>4</b>
<b>Highlights</b>	<b>7</b>
<b>Methodological note</b>	<b>9</b>
<b>1. About us</b>	<b>11</b>
1.1 A success story	12
1.2 Corporate culture	16
1.3 Value proposition	20
1.3.1 End markets	22
<b>2. Sustainability at Trafilspec ITS</b>	<b>25</b>
2.1 Stakeholder engagement and materiality analysis	29
2.2 The Strategic Sustainability Plan	31
<b>3. Governance, ethics and business integrity</b>	<b>35</b>
3.1 Trafilspec ITS governance	36
3.1.1 The Board of Directors	37
3.1.2 Internal control and risk management system	38
3.1.3 Board of Statutory Auditors	40
3.1.4 Independent Auditors	40
3.1.5 Supervisory Board	40
3.1.6 Certifications	42
3.2 Business ethics and integrity	46
<b>4. Economic responsibility</b>	<b>51</b>
4.1 Economic performance	52
4.2 Economic value generated and distributed	53
4.3 Our value chain	55
4.3.1 Suppliers	55
4.3.2 Customers	56
4.4 Innovation and Development	57
<b>5. Social responsibility</b>	<b>61</b>
5.1 Our people	62
5.2 Employee welfare and initiatives	67
5.3 Training	68
5.4 Occupational health and safety	75
5.5 Sustainability in the supply chain: supplier selection and evaluation	78
5.6 Customer satisfaction and customer data protection	79
5.7 Commitment to the community and local area	80
<b>6. Environmental responsibility</b>	<b>83</b>
6.1 Raw materials	84
6.2 The energy transition	86
6.2.1 Energy consumption	88
6.2.2 Emissions	89
6.3 Waste management	92
6.4 Water withdrawal and consumption	96
<b>GRI Content Index</b>	<b>99</b>





## LETTER TO STAKEHOLDERS

Thanks to the company's clearer understanding of **its potential for improvement, to the benefit of all stakeholders**, 2023 was a significant year in the history of Trafilspec ITS in terms of the maturity of the organisation. Despite the slight drop in turnover recorded during the year, mainly due to the decrease in average raw material prices, the company continued to grow and invest in both its people and its strategic assets.

Our company purpose, **"Improve in order to grow together"**, sums up our way of doing business. Starting with continual improvement, both individually and collectively, Trafilspec ITS continued to progress in terms of innovation and sustainability with the aim of satisfying its customers, providing its staff with a safe and inclusive working environment, working transparently with its suppliers and contributing to local development. As it is

essential to know one's strengths and weaknesses in order to improve, the company spent valuable time assessing its ESG status in comparison with best practices. Thanks also to the contribution of a passionate working group, over the course of the year this led to the development of both an ESG Action Plan and this first Sustainability Report.

We are now at a fundamental juncture in the history of Trafilspec ITS, sharing with all stakeholders the commitment that has always shaped our actions: to maintain strong roots in the local area while at the same time pursuing international development, embracing the global challenge that many other companies face in terms of safeguarding the planet's natural resources and strengthening our social responsibility towards our staff, the supply chain and local communities.

For Trafilspec ITS, this means **corporate responsibility**: every day we seek to satisfy our customers' needs with quality products and services, to promote the health, safety and welfare of our workers, and to use raw materials regenerated using constantly updated technologies in order to improve our efficiency and productivity and reduce our environmental impact. This is the only way to ensure **long-lasting economic growth that generates wealth**.

As an operator in the steel processing chain, we are aware of the role we can play, together with our customers and suppliers, in **reducing our environmental impact**, particularly as regards CO<sub>2</sub> emissions and the use of natural resources. For this reason, Trafilspec ITS has pursued energy transition activities and strengthened the circularity of its production processes for several years now and its achievements and commitments for the future are presented in this, our first ESG report.

Trafilspec ITS is committed to creating **shared and widespread value**, promoting the company's development every year while improving the economic and social conditions of the communities in which it operates through careful and responsible management processes based on the **collaboration** of its personnel - the driving force behind the company's success - and the continuous strengthening of their **skills**.

As well as presenting and sharing our achievements, with this first **Sustainability Report** we also want to outline our improvement goals. In fact, starting with our ESG performance in 2022-23, we have identified improvement actions for each area. These have been integrated in the **2024 - 2026 Sustainability Plan** and are summarised in the following pages. Despite the testing macroeconomic framework and geopolitical instability, we are ready to face the challenges of 2024 with optimism and the **determination** and **robustness** for which we are known.

Trafilspec ITS invites its stakeholders to read this document and to share their comments and suggestions so we can further improve this tool for transparency and promoting the company's commitment to sustainability.

*"We would like to express our sincere gratitude to all the men and women that form part of Trafilspec ITS. We are aware of the values, the skills and the constant dedication you invest in your activities on a daily basis. Values, skills and dedication that are the driving force behind our success. Thanks to your diligence and everyday work, we have achieved important goals and results, for which we are extremely grateful."*

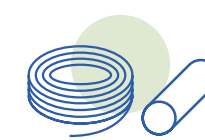
Fabrizio and Paolo Ricco

## HIGHLIGHTS TRAFILSPEC ITS IN NUMBERS



**38**

YEARS IN THE BUSINESS



**2**

TYPES OF PRODUCT  
AND 6 FINISHES



**35**

PLANNED ACTIONS



**4**

INTERNATIONAL  
CERTIFICATIONS



**75%**

LOCAL SUPPLIERS



**86%**

ECONOMIC VALUE  
DISTRIBUTED



**+4%**

OF TURNOVER  
ALLOCATED TO R&D



**+29%**

ECONOMIC VALUE  
DISTRIBUTED  
TO THE COMMUNITY  
COMPARED TO 2022



**99%**

EMPLOYEES HIRED  
ON PERMANENT  
CONTRACTS



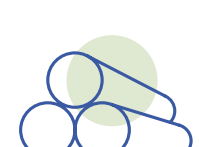
**-8%**

ENERGY CONSUMPTION  
IN 2023



**97%**

TOTAL RECOVERABLE  
WASTE



**70%**

EAF STEEL  
FROM SCRAP PURCHASED





## METHODOLOGICAL NOTE

When carrying out their activities, every company constantly interacts, both internally and externally, with various stakeholders such as suppliers, customers, communities, institutions, other businesses and individuals, generating an impact that goes far beyond the economic dimension, influencing the socio-economic and territorial context in which they operate.

**Directive 2014/95/EU**, transposed in Italy through Legislative Decree no. 254 of 30 December 2016, introduced for the first time the obligation for large public-interest companies to declare, as of 1 January 2017, non-financial information concerning environmental, social, personnel, human rights and anti-corruption aspects, also defining criteria on the structure and content of the document, known as a consolidated non-financial report (NFR). With the entry into force of the **Corporate Sustainability Reporting Directive (CSRD)** on 5 January 2023, the European Union has significantly increased the number of companies that will have to report their sustainability performance using uniform European standards over the next few years.

In the knowledge that a comprehensive overview of corporate strategies and results must include ESG indicators, although Trafilspec ITS won't be subject to these reporting obligations until **2026** it has **proactively** chosen to **begin collecting, monitoring and reporting ESG data** in order to meet the expectations of its stakeholders.

Conscious of the significant social and environmental footprint generated by its industry sector, Trafilspec ITS has chosen the **Sustainability Report** as the main vehicle for reporting on its activities, projects and results in 2023 (from 1 January to 31 December) and its commitments for the future to its stakeholders.

This document outlines both the economic and the social and environmental impacts of the company and provides an overview of the initiatives it has undertaken and the commitments it has made to its key stakeholders.

The information and quantitative data collected makes it possible to draw comparisons with 2022 so that all interested stakeholders can see the evolution of the company's performances.



**The reporting scope is Trafilspec ITS S.p.A. and this document was approved by the company Board of Directors on 14.6.2024.**

The Trafilspec ITS 2023 Sustainability Report is prepared with the support of MBS Consulting S.p.A. **with reference to the GRI Standards**. This document will be available for download at [www.trafilspec.it](http://www.trafilspec.it).

If you have any questions about the Sustainability Report, please contact [sustainability@trafilspec.it](mailto:sustainability@trafilspec.it).

Trafilspec ITS has chosen the Sustainability Report as the main vehicle for reporting on its activities, projects and results in 2023 and its commitments for the future to its stakeholders





*Green heart, steely expertise*

1

## ABOUT US



38  
YEARS IN THE  
BUSINESS



2  
GENERATIONS  
OF ENTREPRENEURS



50,000  
M<sup>2</sup> OF PREMISES



2  
TYPES OF PRODUCT  
AND 6 FINISHES





# 1. ABOUT US

In a world of limited resources, Trafilspec ITS knows it cannot act as if they were inexhaustible. We promote our work in the steel supply chain within our community and with respect for sustainable development. We want to be an industry operator which, in pursuing continuous improvements in efficiency and productivity, contributes to the growth of society while staying true to the values that set us apart.



Trafilspec ITS is both a business with strong local roots and an established international player in the field of cold drawing and steel processing. The origins of the company date to 1986 and its first activities in the area of cold-drawn bars. Since then, it has constantly invested in technology, people, research, innovation and growth, pursuing high quality standards and integrating sustainability into its business strategy in the belief that the company is a social asset to be developed with passion and values.

## 1.1 A success story

The Trafilspec ITS story began in a small warehouse in Caslino d'Erba, province of Como, in **1986**, when entrepreneur **Gabriele Ricco**, at the time in his early thirties, opened a business for the cold drawing of special steels with the support of a few employees. The following year, the development of the business saw production transferred to Castelmarte, to the current production site at 9 Via Cà Bianca, and the installation of the first ovens for the heat treatment of raw materials. In 1990, ITS S.r.l., a company specialising in the production of drawn steel coils, was founded a short distance away at 2 Via Cà Bianca, today the site of the company's administrative headquarters.

The 2000s began with one of the most important technological and plant engineering innovations in the industry. In fact, Trafilspec and ITS were **among the first companies in Europe to install the Short Time Cycle (STC) plant**, a horizontal controlled atmosphere (Endogas) box furnace for globular annealing, which improves the quality and heat treatment of steel.

In 2003, in recognition of the quality of their products and compliance with the highest international standards, the companies were among the first to obtain ISO-TS 16949 quality certification, with particular reference to the automotive sector, their main target market.

In 2008, ITS S.r.l. was merged with its sister company to form the current organisation, **Trafilspec ITS S.p.A.**

This marked the start of a success story characterised by **cutting-edge technology, product customisation, versatile plants, organisational flexibility, constant research into quality** and the **promotion of local talent**, characteristics that have enabled Trafilspec ITS to develop its **"steely expertise"** in the sector.

Aware of the environmental impacts of the sector in which it operates, the company has implemented major changes over the years, **optimising production processes and resources** with a view to constantly monitoring and reducing its consumption. In 2009, the company was awarded **ISO 14001 certification** for its environmental management system.

The further consolidation of its reputation as a trusted supplier within the automotive supply chain led to the opening of a new production site, dedicated to the production of drawn bars, alongside the existing one in 2015. The new production departments include **bar machining and finishing** plants and



Trafilspec ITS was among the first companies in Europe to install the STC (Short Time Cycle) plant, a horizontal controlled atmosphere box furnace for globular annealing, which improves the quality and heat treatment of steel.





## Innovation, high quality and environmental commitment

Trafilspec ITS pursues the ambitious goal of producing high-quality drawn steels, tailored to the needs of our customers, while at the same time striving to improve our sustainability and social profile

state-of-the-art **non-destructive testing** systems that use the best technologies available on the market. In this context, the company production perimeter also includes its own **laboratory**, a dedicated and independent area designed to guarantee the utmost efficiency of its controls and research thanks to the use of the most modern equipment.

The company's constant growth has enabled it to increase its thermal treatment capacity through the installation of large new plants which, designed and built between 2019 and 2022, will progressively reduce its environmental impact by improving its energy performance. In the same period Trafilspec ITS acquired **ISO 45001** occupational health and safety **certification** and subsequently defined its own Management and Control Organisational Model **pursuant to Italian Legislative Decree 231/2001**, also adopting a company **Code of Ethics**.

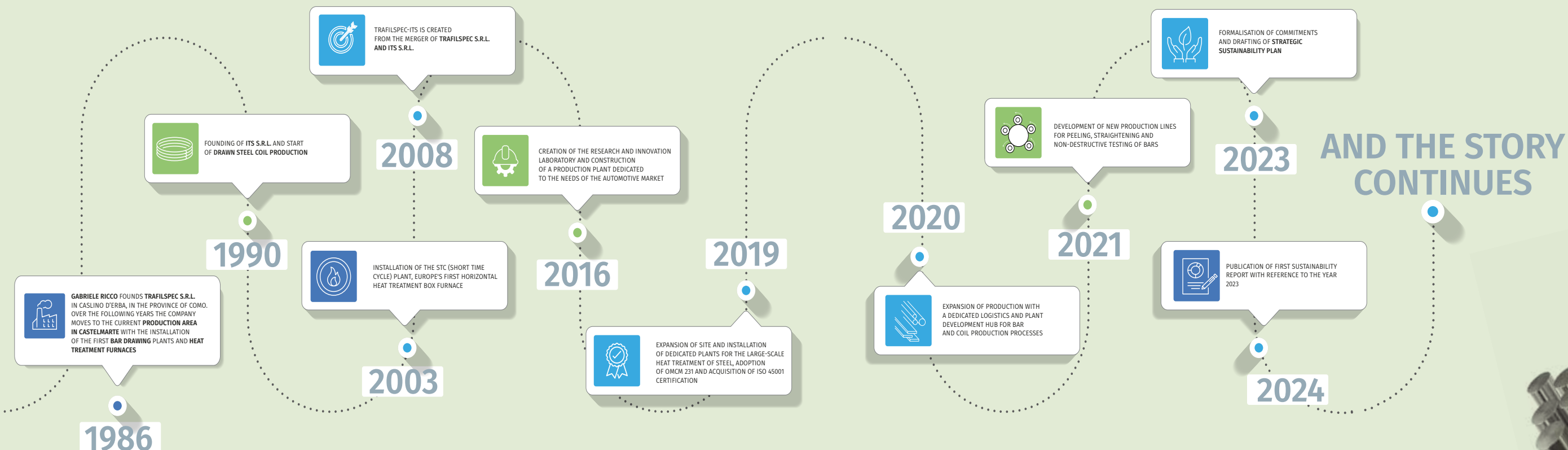
In 2020, the company's streamlining of production and logistics and constant drive for improvement and technological innovation led it to build a hub dedicated to bar peeling and coil drawing with multipass lines in 2020.

Today, under the leadership of **Fabrizio and Paolo Ricco**, Trafilspec ITS continues to pursue its ambitious goal of producing **high-quality drawn steels** tailored to the needs of its customers and is increasingly committed to improving both its **environmental sustainability**, through constant investment in innovative

technologies, and its **social sustainability**, through responsible business practices and support for the community, to improve quality of life while respecting the environment and contributing to a **sustainable future**.

*Without people, companies would be an empty box*

## The Trafilspec ITS journey





## 1.2 Corporate culture

The Trafilspec ITS business culture has an essential role to play, guiding the definition of actions and objectives in the area of sustainable development. In fact, the company works every day to promote a corporate culture based on **individual and collective growth, passion and expertise** in the manufacturing of products that meet its customers while respecting the environment and people. At the heart of the Trafilspec ITS corporate philosophy are **respect, mutual trust**, a sense of **belonging** to the **community**, continuous **improvement** and the **promotion** of every individual, all of which fundamental elements for sustainable growth.

### Efficiency and sustainability

At the heart of the Trafilspec ITS corporate philosophy are respect, mutual trust, a sense of belonging to the community, continuous improvement and the promotion of every individual, all of which fundamental elements for sustainable growth



#### Purpose

Improve in order to grow together



#### Mission

Design and develop, with passion and expertise, excellent solutions and products, using resources responsibly to create wellbeing and value



#### Vision

To be a global leader, increasingly connected with customers and suppliers, which contributes to the sustainable transformation of the supply chain



## Values

"Respect, improvement, responsibility, and belonging are the pillars on which we build our corporate culture and guide every action and decision we make."

### IMPROVEMENT

We follow paths of **continuous improvement and innovation**, maintaining high **quality standards** and pursuing **sustainable growth goals**.

**Individual growth** is at the heart of our organisation's development: every personal advancement generates **added value for the company as well**.

We are proactive in recognising and taking advantage of **emerging opportunities in the market**, ready to meet the needs of current and future customers

### BELONGING

We promote a **shared sense of belonging** to the **region** and communities within the company.

We cultivate and promote **empathy and inclusiveness** so every individual feels **part of the team**.

We recognise and value **individual contributions to the development of the company**, promoting the talent and commitment of every member of the team.

### RESPECT

We cultivate a working environment in which the **mutual trust** between our employees is one of our most **distinctive hallmarks**.

We build **strong relationships** with our stakeholders based on **clarity** and **transparency**.

We contribute to the **growth of the local area** through collaboration and support for the **community**.

### RESPONSIBILITY

We manufacture **high-quality products** through **processes that are consistently controlled and carefully managed** thanks to the "**steely expertise**" of our people.

We take **responsibility** for our work, our growth and our impacts on the **environment and society**.

We promote a working environment that fosters **quality relationships** and **values individual commitment**, helping to improve **people's quality of life**.







## Behaviour

"Respect, improvement, responsibility, and belonging are the pillars on which we build our corporate culture and guide every action and decision we make."

### RESPECT

Working with **integrity**, putting **trust** in people and stakeholders, with **mutual respect** within the organisation and towards external stakeholders.

Commitment to respecting **company procedures, regulations and organisational communications**.

Ensuring high standards of **occupational safety** through adequate **training and the commitment** of all stakeholders.



### IMPROVEMENT

Working hard every day to improve **individual skills and expertise**, and to pursue the **goals of the team and the company**.

Taking satisfaction from **improving individually in order to improve together**, sharing personal experiences with others.

Being **flexible, open to exchanging opinions** and ready for **change**.

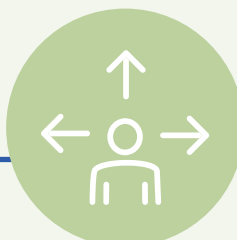


### RESPONSIBILITY

Performing your role with **passion and resolve** and with respect for **quality standards**, to help achieve **shared goals**.

Working with **dedication and professionalism**, being an **example and model for others**.

Working in a **responsible, agile, dynamic and pragmatic way** in order to achieve **ambitious yet attainable goals for our team**.

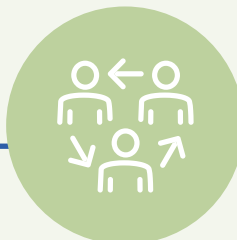


### BELONGING

Working **together, contributing individually** in order to support the **professional and personal development** of all

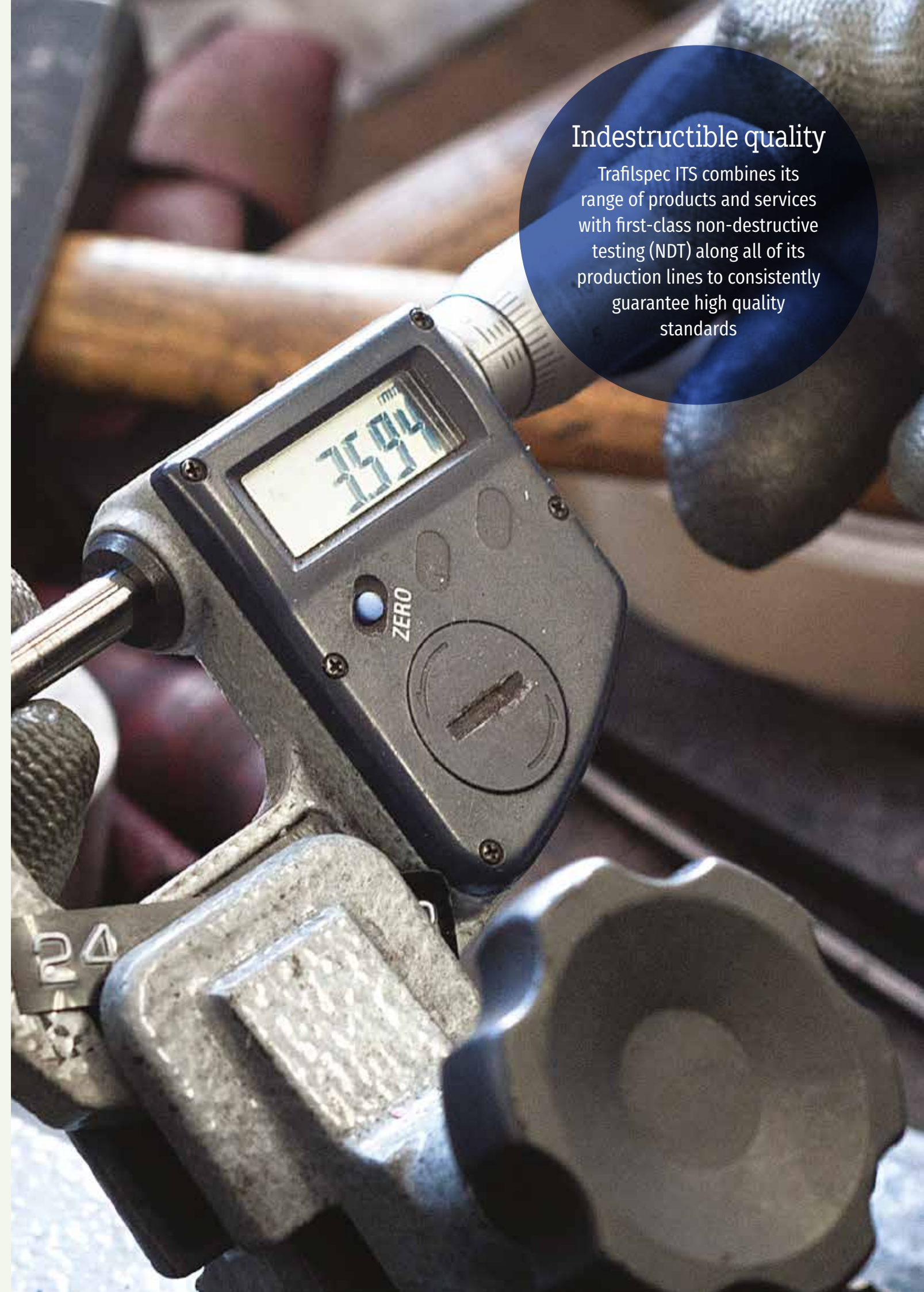
Fostering an **open and inclusive working environment** where relations between colleagues are based on **mutual understanding and support**.

Supporting **individual growth** and rewarding the **success of the team**.



## Indestructible quality

Trafilspec ITS combines its range of products and services with first-class non-destructive testing (NDT) along all of its production lines to consistently guarantee high quality standards





## A steely expertise

In addition to its technological excellence applied to product quality controls, Trafilspec ITS also stands out for its know-how and flexibility

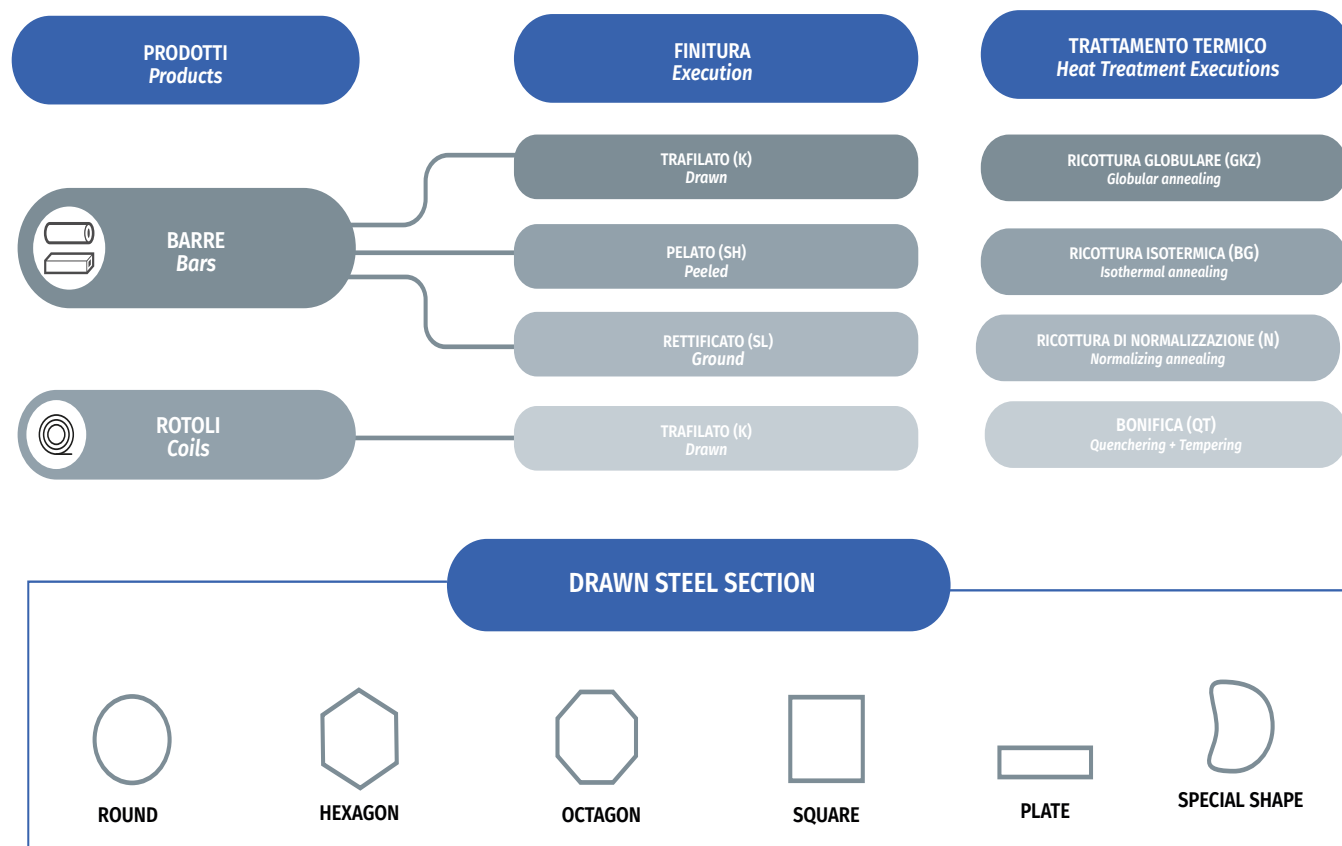
## 1.3 Value proposition

With forty years of experience in the industry, Trafilspec ITS is a major player in the steel industry supply chain, specialising in the cold working of special steels. Its range of products and services includes **drawn bars and steel coils**, which are combined with first-class **non-destructive testing** (NDT) along all production lines to ensure high quality standards.

The company premises cover an area of over 50,000 square metres. In addition to its **technological excellence applied to product quality controls**, Trafilspec ITS also stands out for its **know-how** and **flexibility**. Its total control of the production process and organisational flexibility allow it to quickly respond to specific requests, making these aspects distinctive hallmarks of the company.

Through the working, treatment and control of the raw material (wire rods or rolled bars) and its various processes, Trafilspec ITS is able to produce **drawn** (bars or coils), **peeled** and **ground** products for the main product sectors on its market.

## Product and service portfolio



**40 years**  
of experience in  
the steel industry supply  
chain

**+50.000 mq**  
company premises cover

## Surface quality control systems

Trafilspec ITS guarantees non-destructive testing, both on steel bars and wires, using the best equipment available on the market:

- Non-destructive testing with eddy currents using encircling coil technique on bars and coils, performed with eddy current instrumentation to detect surface defects typically with transverse orientation.
- Non-destructive testing with eddy currents on bars and coils, using rotating probes to detect surface defects typically with longitudinal orientation.
- Phased Array Ultrasonic Testing on bars, with multi-element probes capable of generating various ultrasonic beams that can be customised as required, to detect volumetric defects within products
- Anti-mixing testing using magnetic-inductive instruments to prevent the mixing of materials.

All these tests are performed in accordance with both industry benchmarks and customer specifications, therefore guaranteeing the maximum quality and conformity of the products.



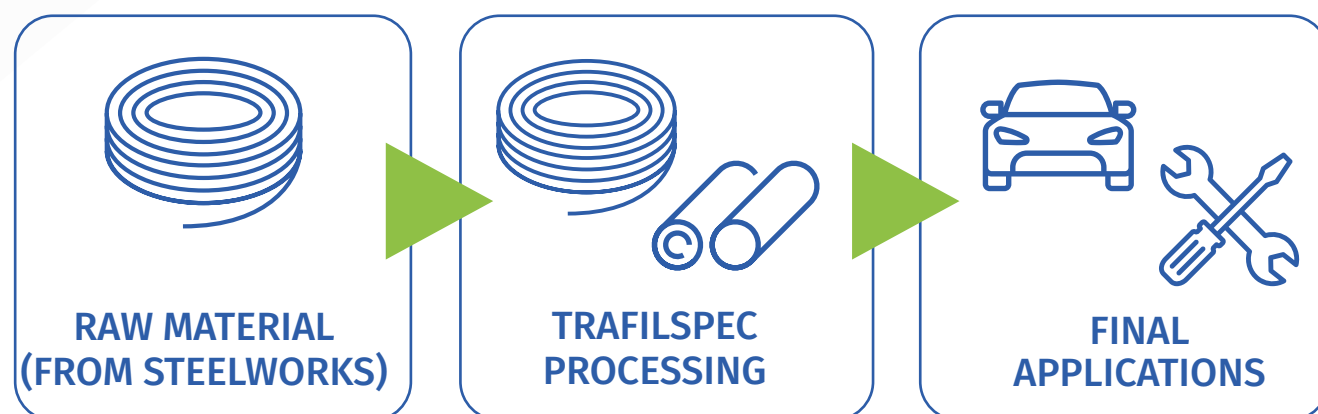


### 1.3.1 End markets

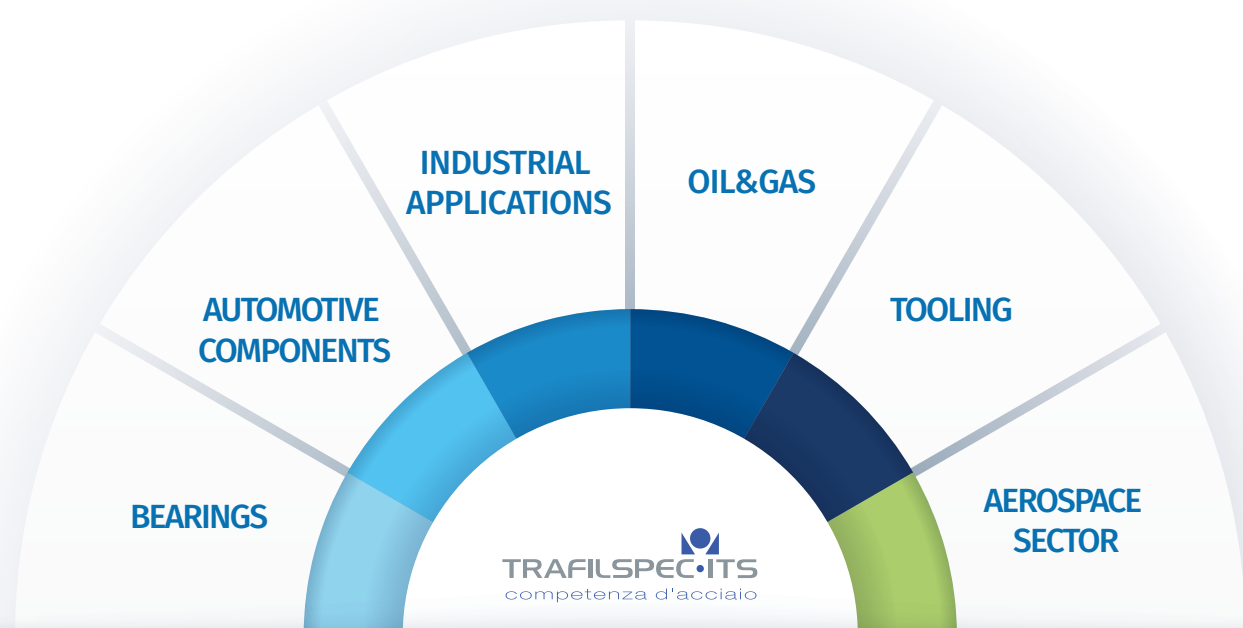
Trafilspec ITS products include a wide range of steel grades, including carbon steel, tool steel, high speed, super high speed, stainless, case-hardening, quenching and tempering, nitriding and cold-forging steels.

Trafilspec ITS products are mainly used in the Automotive, Oil & Gas, Aerospace, Tooling, Energy and Industrial sectors in general, both in national and international markets.

#### Our role in the value chain



#### Industrial sectors



#### Efficiency and sustainability

At the heart of the Trafilspec ITS corporate philosophy are respect, mutual trust, a sense of belonging to the community, continuous improvement and the promotion of every individual, all of which fundamental elements for sustainable growth





# 2

## SUSTAINABILITY AT TRAFILSPEC ITS



13

MATERIAL TOPICS



6

SUSTAINABILITY PILLARS



35

PLANNED ACTIONS





## 2. SUSTAINABILITY AT TRAFILSPEC ITS

### An ongoing commitment to sustainability

Trafilspec ITS has decided to further strengthen its oversight of ESG issues not only in its product development and employee initiatives, but also in its corporate governance

The transition from the linear economy to the circular model is becoming a transformational movement for many institutions, companies and citizens, and continues to spread across the countries of the European Union. This change is driven by an awareness of the importance of adopting an agenda of measures aimed at preserving available natural resources for the benefit of society as a whole. In recent years, national and international institutions have endeavoured to define a roadmap for integrating sustainability principles into social and political development agendas at various levels. A clear example of this commitment is the 2030 Agenda, drawn up by the United Nations General Assembly to guide both political and private actors towards promoting and building a sustainable society that can find common and shared solutions to the great humanitarian and planetary challenges.

In 2023 Trafilspec ITS, which has always shared this vision, decided to further strengthen its oversight of ESG issues through the appointment of a **sustainability manager who is also responsible** for coordinating the drafting of the **Sustainability Report** and monitoring the initiatives of the **Sustainability Plan**. For Trafilspec ITS this represents an important step towards strengthening the integration of sustainability not only in its product development and employee initiatives, but also in its corporate governance. In fact, the Plan formalises the company's commitments through a holistic management approach, taking account of all strategic aspects, including respect for the environment, people and society as a whole.

In this context, Trafilspec ITS has always prioritised the development of a business model that reconciles economic profitability with attention to the environment and the wellbeing of its employees and the communities in which it operates. Adopting a proactive approach to the pursuit of the 17 goals of the 2030 Agenda, the company has formalised a path towards sustainability which is now also embodied in its Sustainability Plan and the



### A sustainable business model

Trafilspec ITS has always prioritised the development of a business model that reconciles economic profitability with attention to the environment and the wellbeing of its employees and the communities



## A transparent communication strategy

Trafilspec ITS is committed to promoting and spreading a culture of sustainability among all of its stakeholders, transparently communicating the results it has already achieved and the challenges it is still to face

present document. These tools aim to promote and spread a culture of sustainability among all stakeholders through the transparent communication of achievements and challenges.

## 2.1 Stakeholder engagement and materiality analysis

Trafilspec ITS believes in the importance of developing and maintaining strong and lasting relationships with all of its stakeholders: establishing a relationship based on dialogue and continuous engagement is a pledge of responsibility towards the social context in which the company operates. In 2023, stakeholder engagement activities formed part of the materiality analysis, which involved the three main categories of stakeholders - employees, customers and suppliers - with the aim of identifying the most relevant ESG issues on which to focus the company's present and future activities.

At the end of the stakeholder mapping phase, the ESG issues of potential relevance to Trafilspec ITS were identified: the analysis was conducted beginning with a detailed understanding of the company's business context, analysing its activities, relationships, competitors, the sustainability context and the expectations of its stakeholders.

The topic identification phase was followed by the administration of the "materiality questionnaire" to the company's internal and external stakeholders in order to define the most significant **material topics**. More specifically, respondents were asked to express the level of significance of each identified topic, considering two key aspects: the likelihood of an impact connected with the topic occurring and the magnitude of the impact itself. The objective is to take account of the opinions of all stakeholders on ESG issues, enabling the company to gear its activities towards the

## A path of sustainability and transparency

Trafilspec ITS defined a Sustainability Plan which formalises the company's commitments through a holistic management approach, taking account of all strategic aspects, including respect for the environment, people and society as a whole.

## Materiality analysis

A topic is defined as "material" for a company when it reflects the significant economic, environmental and social impacts of the organisation or has a major influence (or potential influence) on the interests of its stakeholders. The **materiality analysis** conducted

by Trafilspec ITS in 2023 and shared with its stakeholders allowed the company to identify the most relevant sustainability issues on which to focus its strategic development in the coming years and disclose in this document.





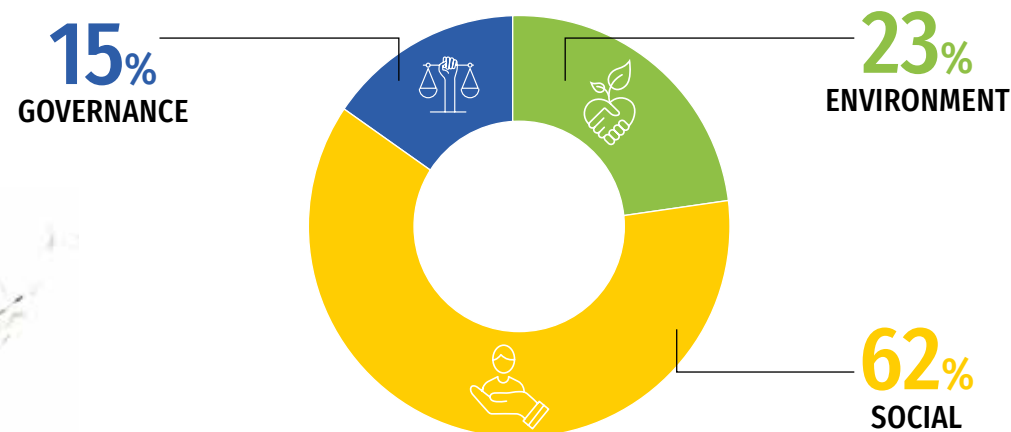
**65%**  
SURVEY RESPONSE RATE FOR  
INTERNAL STAKEHOLDERS

**47%**  
SURVEY RESPONSE RATE FOR  
EXTERNAL STAKEHOLDER

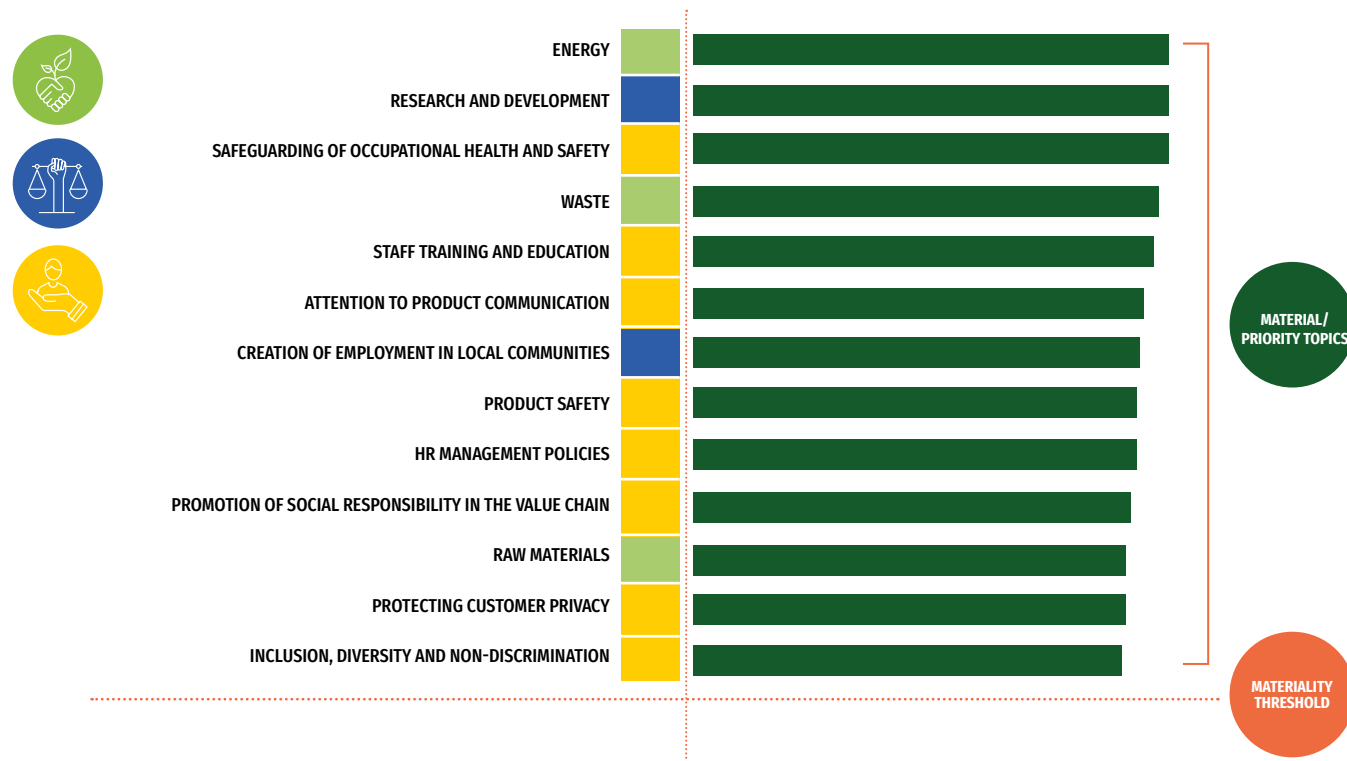
creation of shared and lasting value more effectively. Thanks to this process, it was possible to define the strategic priorities, the main opportunities, the critical issues and the topics that are covered in this document.

The **survey response rate** was 65% (73 responses out of a total of 112) for internal stakeholders (management and employees) and around 47% for external stakeholders (customers and suppliers). The collection and interpreting of the results led to the identification of **13 material topics**, 2 of which related to the economic and governance sphere, 3 to environmental responsibility and 8 to social responsibility.

Material topics by area



Materiality ranking



The **materiality ranking provides** a graphical overview of the results of the analysis, highlighting the issues that were regarded as most significant for Trafilspec ITS.

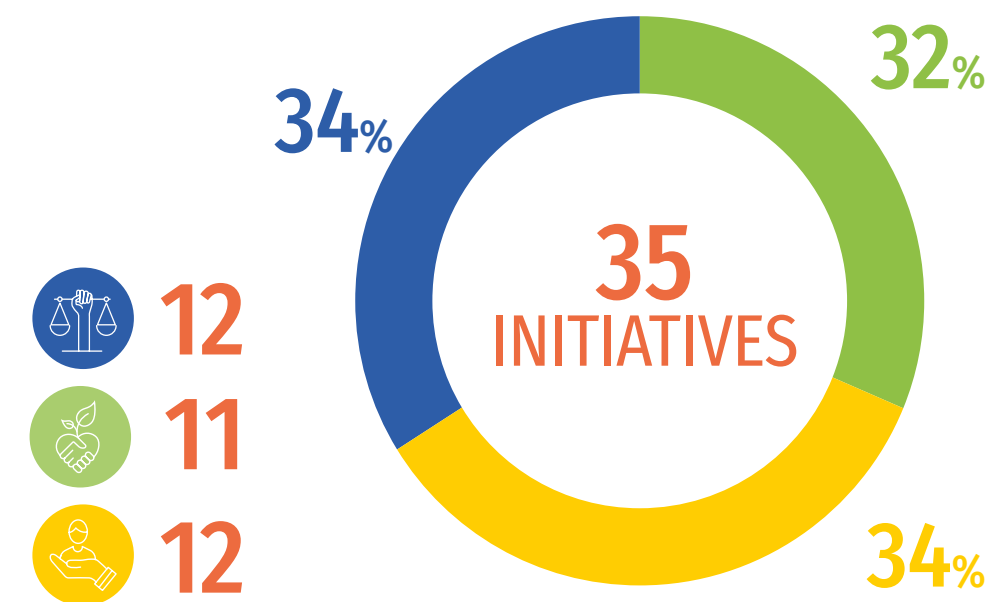
The analysis shows that the three most relevant issues for strengthening the sustainability of Trafilspec ITS relate to

- **Energy transition**, both through the reduction of **consumption** and procurement from renewable sources
- Investment in **Research & Development** in areas related to sustainability (e.g. reduction of the environmental impacts of products, circular economy, energy efficiency, etc.)
- Development, implementation and maintenance of good occupational **health and safety** practices.

## 2.2 The Strategic Sustainability Plan

In parallel with the drafting of the Sustainability Report, during the course of 2023 Trafilspec ITS formalised its **Sustainability Plan**, a strategic tool that includes all of the activities carried out by the company in order to make social and environmental responsibility an increasingly integral part of its everyday business operations. The Plan made it possible to gather together and organise the existing projects and to identify new activities on which to focus its efforts in the coming years. The company management was able to share its specific and measurable objectives (KPIs), organised according to priority, after conducting an assessment of the

Classification of improvement actions by area



### Developing solid relationships with stakeholders

Trafilspec ITS believes in the importance of establishing a solid relationship with its stakeholders, based on continuous dialogue and engagement as an expression of responsibility towards the social context in which it operates

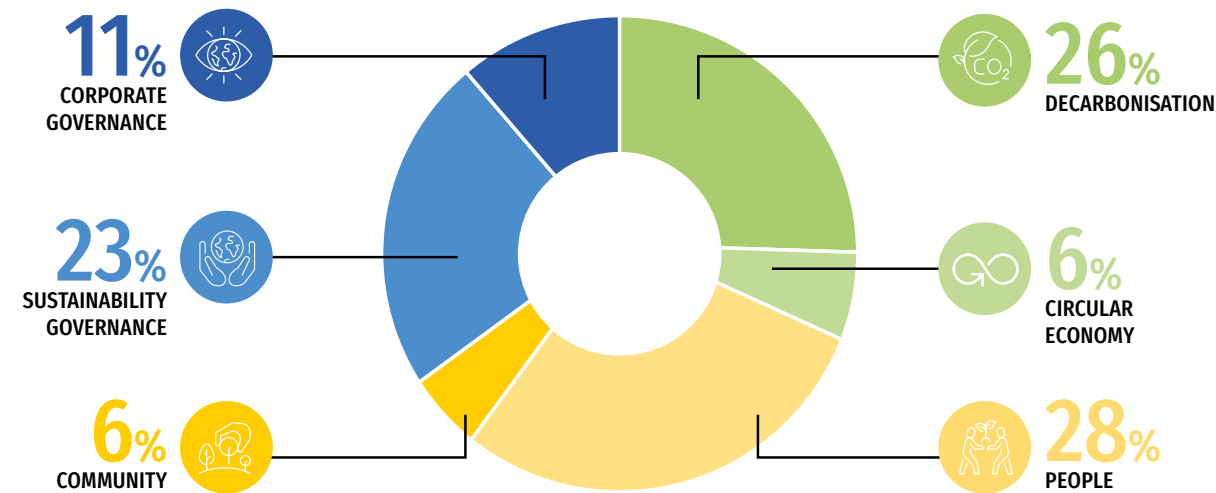


current positioning and maturity of Trafilspec ITS with respect to sustainability best practices and the reference sector.

The 2024-26 Sustainability Plan is the product of collaboration with the various function heads and was discussed and approved by the Board of Directors.

The improvement actions were identified within **6 strategic pillars**

#### Classification of activities by strategic pillar



#### Agenda for the implementation of identified activities

	PILLAR	ONGOING	2024	2025	2026
	DECARBONISATION				
	CIRCULAR ECONOMY				
	PEOPLE				
	COMMUNITY				
	SUSTAINABILITY GOVERNANCE				
	CORPORATE GOVERNANCE				

## The Trafilspec ITS Strategic Sustainability Plan

Area	PILLAR	Strategic goals	No. initiatives	Main activities	Target	SDG
E	Decarbonisation	Energy transition to renewable sources Reduction of carbon footprint	9	Transition to renewable energy sources and gradual reduction of carbon footprint Assessment and expansion of photovoltaic systems for self-consumption (physical and/or virtual) Calculation and monitoring of the carbon footprint of the organisation and its processes	Renewable energy versus total energy consumption in 2024: 35%, 2025: 40%	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
	Circular economy	Reduction of waste Increased levels of circularity	2	Increased circularity of materials, including recycling of packaging Waste reduction and conversion of waste into by-products	Percentage of recycled waste 2024/2025: 95%	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND
S	People	Improvement in staff welfare and health and safety	10	Analysis and improvement of staff welfare, health and safety Recruitment drive through dedicated days and partnerships with schools Diversity, equity and inclusion initiatives	-	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH
	Community	Promotion of cultural inclusion and integration in the local area	2	Charity initiatives and corporate volunteering projects Promotion of cultural inclusion and integration in the local area Support for local projects and scholarships	-	11 SUSTAINABLE CITIES AND COMMUNITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS
G	Sustainability governance	Strengthening of corporate sustainability culture and governance	8	Centralised monitoring of ESG performance and external communication Implementation of Strategic Sustainability Plan Introduction of environmental and social criteria to procurement processes	-	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS
	Corporate Governance	Transparency and strengthening external relations	4	Introduction of whistleblowing platform Introduction of anti-corruption/legality/gender equality tools	-	17 PARTNERSHIPS FOR THE GOALS 8 DECENT WORK AND ECONOMIC GROWTH





*Green heart, steely expertise*

3

## GOVERNANCE, ETHICS AND BUSINESS INTEGRITY



3  
MEMBERS  
OF THE BOARD



4  
INTERNATIONAL  
CERTIFICATIONS





# 3. GOVERNANCE, ETHICS AND BUSINESS INTEGRITY

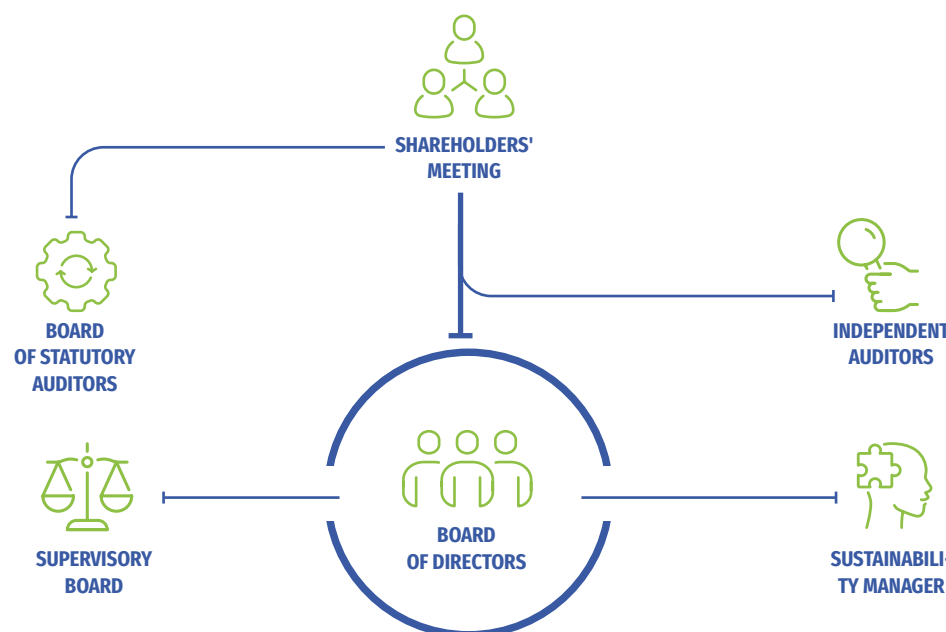
## Generating value while protecting the environment

Trafilspec ITS, through its commitment to transparency and integrity, aims to ensure the long-term success of its business and to contribute to the wellbeing of the community in which it operates

## 3.1 Trafilspec ITS governance

Trafilspec ITS strives to generate value through its business activities every day, paying close attention to protecting the environment and establishing an ongoing dialogue with all its stakeholders. Its business model is based on a strong Corporate Governance structure which is designed to guide the company's decisions and actions in its day-to-day operations and in its pursuit of its long-term objectives and results.

The governing bodies of Trafilspec ITS include the **Board of Directors** and the **Board of Statutory Auditors**, both of which appointed at the **Shareholders' Meeting**. These bodies perform administrative and supervisory functions respectively. The system is based on codified principles and procedures to ensure maximum transparency and propriety in all operations, in the interest of all stakeholders. The financial statements are audited.



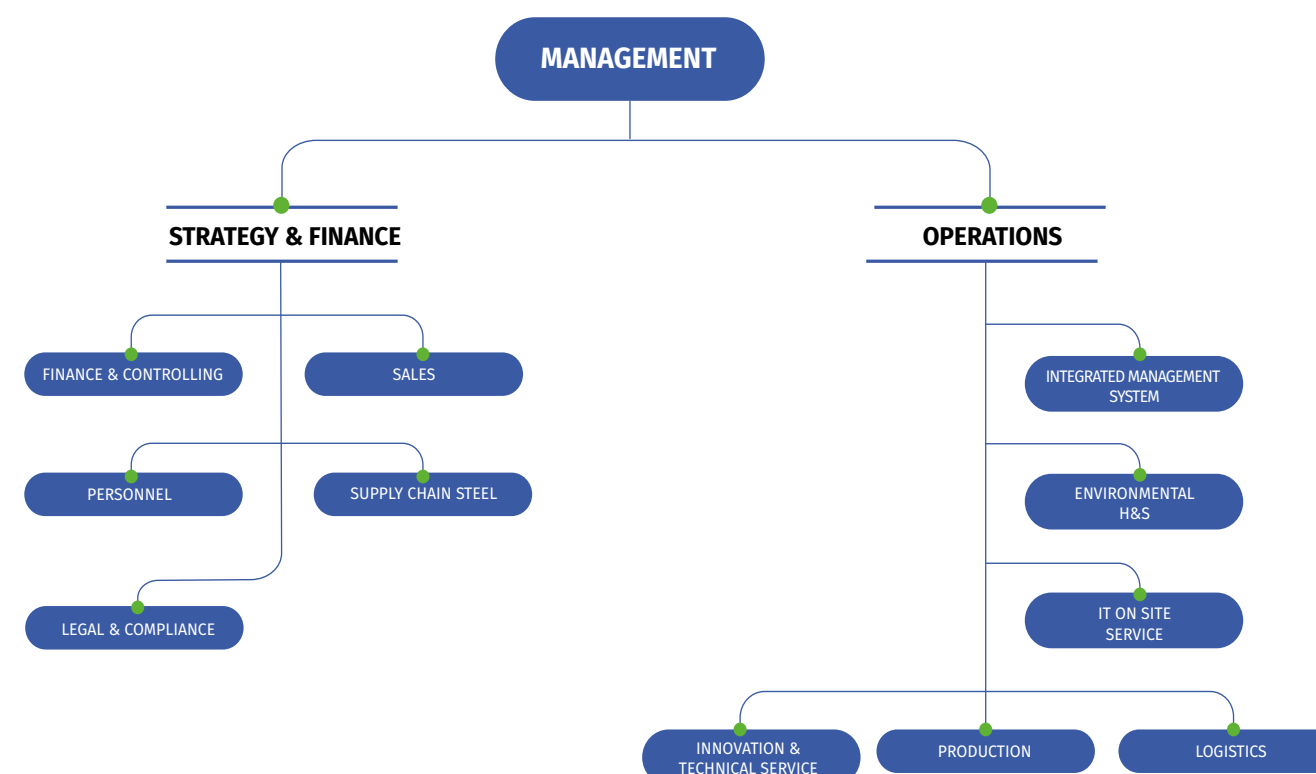
With regard to information on its management processes, Trafilspec ITS complies with the principles and procedures that guarantee transparent and correct business management operations, in accordance with the provisions of the Italian Consolidated Law on Finance, the EGM Issuers' Regulations promoted by Borsa Italiana, and all relevant best practices.

The **Articles of Association** is a key document that defines the essential characteristics of Trafilspec ITS which, through its commitment to transparency and integrity, aims to ensure the long-term success of its business and to contribute to the wellbeing of the community in which it operates.

## 3.1.1 The Board of Directors

The Board of Directors, which has been in office for two years, consists of **three members: Fabrizio Ricco**, who serves as **CEO and Chairman**, **Paolo Ricco**, **co-Chief Executive Officer**, and **Luciano Camagni**, a non-executive member. The presence of a non-executive figure not only guarantees independence, supervision and a balance of expertise on the Board, it also provides an external perspective, which is essential for fostering continuous improvement within the company, also through experiences that encourage innovation and adaptation to the changing needs of the market.

## The company organisation chart





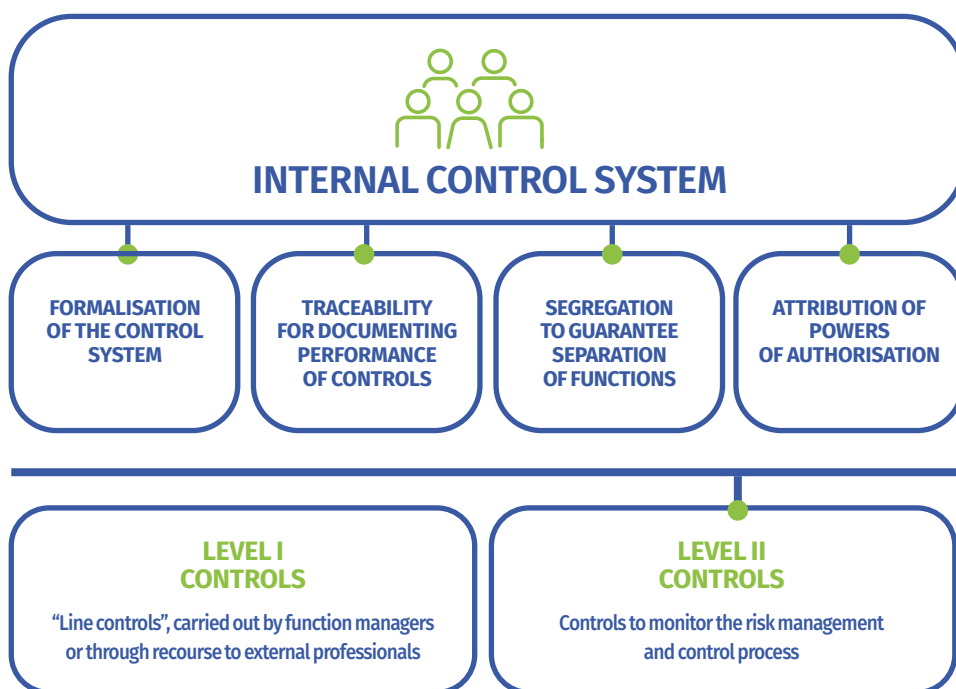


Name	Gender	Age	Role
Fabrizio Ricco	M	46	CEO and Chairman of the Board
Paolo Ricco	M	42	CEO
Luciano Camagni	M	68	Director

Vested with the broadest powers for the ordinary and extraordinary management of the company, the Board of Directors meets **four times a year** and is entrusted with executing all necessary actions to ensure the smooth running of the company, with the exception of those strictly assigned to the Shareholders' Meeting. It is directly appointed by the owners, while the CEOs are the company's legal representatives and authorised signatories in front of third parties and in court.

### 3.1.2 Internal control and risk management system

The internal control system is the set of tools designed to provide reasonable assurance that the objectives of operational efficiency and effectiveness, reliability of information, compliance with laws and regulations, and safeguarding of assets also against possible fraud or malfeasance are achieved.



As defined by the Confindustria Guidelines, the characterising elements of the control system are

- **Formalisation of the control system in specific company documents**, in order to define and regulate the methods and timings of activities relating to the controls as well as the performance of the controls, including supervisory controls
- **Traceability**, to enable the documentation and verification of controls confirming the characteristics of and the reasons for individual operations and also to clearly identify who authorised, performed, recorded and verified the operation itself
- **Segregation**, to ensure the separation of functions and therefore prevent the entire process from being carried out independently by a single person
- **Attribution of powers of authorisation** (delegation and power of attorney) consistent with the company organisation, to avoid the attribution of unlimited powers and to ensure that powers and responsibilities are clearly communicated inside and outside the organisation

Trafilspec ITS has adopted a control system structured into the following levels

- **Level I controls**, so-called "line controls", which are carried out by function managers or through recourse to external professionals. These include verification and control activities defined by the company's operating procedures and internal audits on compliance with operating processes
- **Level II controls**, normally aimed at monitoring the risk management and control process. These include audit activities conducted by certification bodies

The company has adopted the **Organisation, Management and Control Model** pursuant to Italian Legislative Decree 231/2001 which, together with the **Code of Ethics**, defines rules, responsibilities, control measures and actions for risk management and mitigation.

Within the **framework of OMCM 231**, the company constantly monitors its **risk of committing** the offences outlined in the decree itself, for each activity. Trafilspec ITS also adopts the following **prevention and control** measures to prevent the commission of offences:

- **System of powers of attorney and delegation**: This system defines the powers of authorisation and control and assigns them consistently with the operating procedures, clearly defining which persons have the power to interact with stakeholders in the name and on behalf of the company
- **Specific procedures**: These define roles and responsibilities in the management of relations with third parties





### 3.1.3 Board of Statutory Auditors

The **Board of Statutory Auditors** is the corporate body that monitors the correct administration, adequacy and functioning of the organisational, administrative and accounting structure adopted by the directors. The Board of Statutory Auditors consists of **five auditors**, two of which alternate auditors that fulfil the **legal requirements of integrity and professionalism**. The auditors, who operate with autonomy and independence, must guarantee the utmost confidentiality of the documents and the information they acquire in the performance of their duties and must comply with the procedure adopted for the external disclosure of documents and information concerning the company.

The **Board of Statutory Auditors** and the **Independent Auditors** exchange relevant data and information in order to fulfil their respective tasks. The Board of Auditors must meet at least once every 90 days and is obliged to file the report referred to in Article 2429 of the Italian Civil Code.

NAME	GENDER	AGE	DATE APPOINTED	ROLE
Giampaolo Pozzi	M	60	02/10/2008	Chairman of the Board of Statutory Auditors
Luca Locatelli	M	52	27/02/2009	Statutory Auditor
Mattia Frigerio	M	34	15/04/2019	Statutory Auditor
Cesare Caprotti	M	43	01/08/2016	Alternate Auditor
Eleonora Bianchi	F	47	02/10/2008	Alternate Auditor

### 3.1.4 Independent Auditors

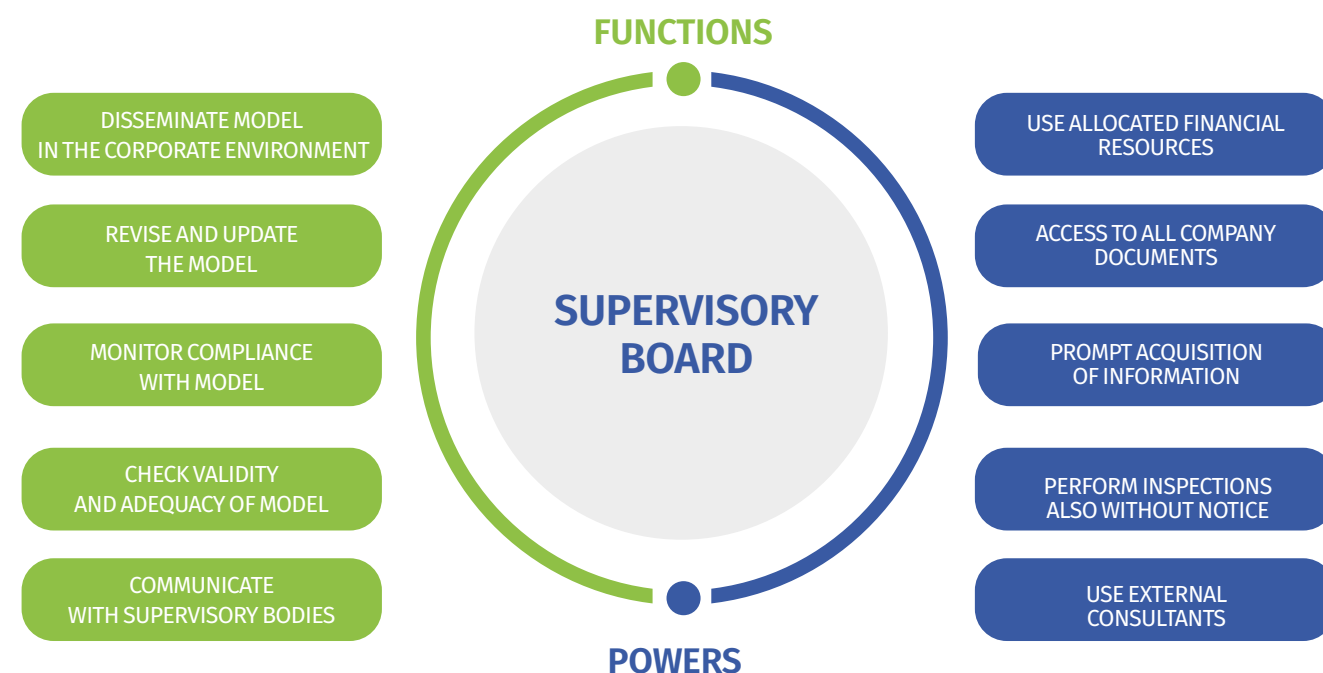
The statutory audit of Trafilspec ITS's accounts is carried out by an **auditing firm** listed on the special register established by Italian Legislative Decree 39/10. It is appointed during the Shareholders' Meeting in accordance with all applicable regulations and audits the financial statements and periodically checks the accounts. At the Shareholders' Meeting of 10.01.2022, auditing firm Ernst & Young S.p.A. was appointed to audit the annual financial statements.



**The same firm was reappointed on 31.05.2024 for the three-year period 2024-2026.**

### 3.1.5 Supervisory Board

The task of overseeing the functioning and observance of **OMCM231** and the **Code of Ethics** is entrusted to the **Supervisory Board**, a monocratic body with independent powers of initiative and control. The latter, directly appointed by the administrative body, operates with impartiality, authority, continuity, professionalism and independence and



suggests possible updates to the Organisational Model and the Code of Ethics, also on the basis of reports provided by their addressees.

In order to guarantee its **full autonomy and independence**, the Supervisory Board remains in office for **three years** and in any case until the appointment of the new Supervisory Board, regardless of the expiry of the term or the possible early dissolution of the Board of Directors that appointed it.

It is tasked with

- **Monitoring the efficacy of the Model** in relation to the corporate structure and its real capacity to prevent the offences envisaged
- **Observing the provisions of the Model** and **monitoring** the consistency between conduct and the Model
- **Updating the Model** if it needs adapting following changes in business conditions. The responsibility for the adoption of the Model remains with the Board of Directors
- **Providing training activities** for senior and subordinate figures

To perform the tasks it is assigned, the Board is granted **all necessary powers in order to carry out its supervisory activities promptly and efficiently**. In particular, it may

- **Carry out**, also without notice, all inspections it deems appropriate
- **Freely access** the areas of all company functions, company archives and documents
- **Request**, under its direct supervision and responsibility, the support of all company structures or external consultants
- **Directly dispose** of specifically allocated financial resources

**Dignity and mutual respect**  
The company promotes a climate of civil coexistence in which colleagues interact with one another honestly, with dignity and with mutual respect.





Audits of the internal control system are conducted by means of

- Interviews
- Examinations of documentation
- Direct observation of activities
- Checklists

The findings of the Supervisory Board's activities are shared with the Board of Directors in a **half-yearly report**.

In accordance with legislation on Whistleblowing and Italian Legislative Decree 231/2001, Trafilspec ITS recognises and protects the right of the senior management and, likewise, subordinates to file **reports of unlawful conduct of which they have become aware** during their duties.



The company provides **dedicated channels for the reporting of alleged violations** of rules of professional conduct or ethical principles referred to in current legislation, whether internal or external, or unlawful or fraudulent conduct on the part of employees, members of corporate bodies, group companies or third parties, which may directly or indirectly result in economic or reputational damage to the company. Reports are made **via the Supervisory Board**.

✓ **A specific whistleblowing platform is to be made available in 2024.**

Trafilspec ITS ensures the **confidentiality** and **anonymity** of the whistleblower in order to exclude the hypothetical risk of retaliation or discrimination against the whistleblower.

The Supervisory Board, which **reports directly to the Board of Directors**, examines and assesses all the reports that come to its attention and, if necessary, takes action by launching all necessary investigations, reporting on these to the senior management body so that appropriate action can be taken or the sanctions of the National Collective Labour Agreement applied.

✓ **The senior management of Trafilspec ITS is currently committed to integrating sustainability in all areas of the company.**

### 31.6 Certifications

Trafilspec ITS has **certified management systems** which demonstrate that the company has adopted sound and effective practices for managing resources and production processes to the required standards. This certification **guarantees control and compliance** with the **quality, safety, legal and environmental** constraints that govern the sector. The company carries out its production and marketing activities according to the regulatory requirements of the main universally recognised

certification schemes, through regular monitoring of the level of compliance of the company's processes. The acquisition and renewal of this certification makes Trafilspec ITS a recognised partner of choice.

As of 2023, the company possesses the following certification:



#### ISO 9001:2015 - QUALITY MANAGEMENT SYSTEM

Trafilspec ITS was awarded this quality certification in 1996 for the production of cold-drawn and cold-processed products. The certification was renewed in 2021



#### IATF 16949:2016 - QUALITY MANAGEMENT SYSTEM

The company was awarded this quality certification in 2021 for the production of cold-drawn and cold-processed products for the automotive sector



#### ISO 14001: 2015 - ENVIRONMENTAL MANAGEMENT SYSTEM

The company was awarded this certification in 2008 for its environmental management system in the production of cold-drawn and cold-processed products. The certification was renewed in 2023



#### ISO 45001: 2018 - OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Trafilspec ITS was awarded this certification in 2019 for its occupational health and safety management in the production of cold-drawn and cold-processed products for automotive applications. The certification was renewed in 2022

The number of certifications and the continuous investments in company management systems demonstrate the importance Trafilspec ITS attaches to risk prevention and mitigation. Furthermore, the environmental and occupational health and safety certification demonstrates the organisation's commitment to constantly monitoring risk elements and taking preventive measures as part of a process of continuous improvement.

✓ **For further information on the certifications visit the relevant section of the company website <https://www.trafilspec.it/it/certificazioni.html>**



**Certified management systems**  
Trafilspec ITS has certified management systems which demonstrate that the company has adopted sound and effective practices for managing resources and production processes to the required standards.







## Certified prevention

The environmental and occupational health and safety certification demonstrates Trafilspec's constant commitment to monitoring risk elements and taking preventive measures as part of a continuous improvement process



## 3.2 Business ethics and integrity

Trafilspec ITS undertakes to respect and enforce the highest standards of good conduct in all its activities. The instruments that regulate and provide the guidelines for **responsible business conduct** are the **OMCM 231** and the **Code of Ethics** which, voluntarily adopted by the company, play a fundamental role in its relations with employees and stakeholders. There is also a specific document that includes sustainability, ethics and social and business aspects.

The Organisation, Management and Control Model was adopted and implemented in 2019 and aims to ensure **legality, transparency** and **fairness** in the company's activities, defining procedures and responsibilities to prevent the commission of offences. It was subsequently also updated in relation to new predicate offences introduced and new and different risks that have emerged.

Drafted in 2019, the Code of Ethics provides guidelines for business and work-related activities in the belief that the achievement of the company's goals goes hand-in-hand with **ethics** and absolute respect for legality in the company's business activities. All third parties who have relations with Trafilspec ITS are required to know and apply these guidelines.

The document, approved by the Board of Directors, includes the forms of conduct established by the collective agreements and by common sense and outlines the **rights, duties, responsibilities** and **rules of conduct** to be maintained in relation to stakeholders. All those who enter into relationships with Trafilspec ITS must respect fundamental principles such as **honesty, moral integrity, fairness, transparency** and **objectivity** when pursuing the company's goals.

The company undertakes to provide adequate information, prevention and control tools, guaranteeing transparent conduct and intervening, where necessary, to repress any violations.

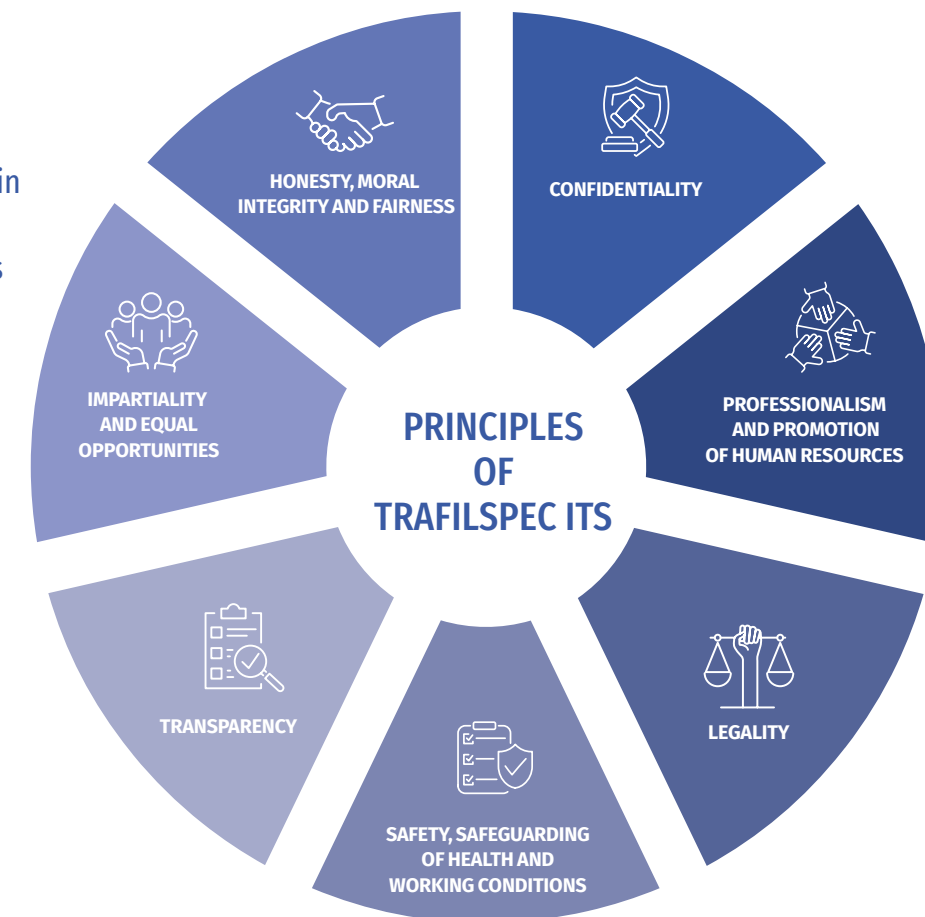
Trafilspec ITS is inspired by the following values when pursuing its goals

- Legality
- Honesty, moral integrity and fairness
- Transparency
- Confidentiality
- Impartiality and equal opportunities
- Safety, safeguarding of health and working conditions
- Professionalism and promotion of human resources

These principles are applied to all company activities, without exception.

### Our principles

Trafilspec ITS is constantly committed to ensuring that its work activities are carried out in a serene environment in which all applicable laws, regulations and values are respected



Trafilspec ITS promotes respect for its employees, undertaking to ensure that their work is carried out in a serene environment in which all applicable laws, regulations, national and company collective bargaining agreements and the aforementioned principles are respected.

Dignity and respect for employees and co-workers, both in the private and professional sphere, means, first and foremost, **developing** and **protecting the individual's physical and moral integrity** in order to achieve social goals.

The company also promotes a climate of civil coexistence in which colleagues interact with one another **honestly**, with **dignity** and with mutual **respect**. Trafilspec ITS **combats all forms of discrimination** based on any type of diversity. **Merit, competence** and **efficiency** are the main criteria for evaluating the work of the people involved - in their respective roles and functions - in achieving the company's objectives.



### Minimum risk, maximum quality

The company minimises the risk of introducing counterfeit or modified parts and materials into its products, establishing appropriate operations to ensure compliance with export controls and all applicable laws in force

All forms of physical and psychological violence, hostile and intimidatory behaviour associated with mobbing practices, discrimination or the harassment of workers, and any violation of OMCM 231, the Code of Ethics or the law are strictly forbidden, without exception.

Trafilspec ITS undertakes to respect and enforce the provisions of the above-mentioned documents through its **Supervisory Board**. This is vested with **monitoring** and control tasks and powers through

- the constant oversight of addressee compliance with all applicable rules
- the promotion and evaluation of all reports and suggestions aimed at improving the rules
- opinions on the review of the rules or on the most relevant company policies and procedures to ensure their consistency with the Code of Ethics
- the promotion of communication, training and updating programmes for all addressees

To facilitate the reporting of conduct also potentially contrary to its principles, the company has set up a specific Supervisory Board email account. All stakeholders can write to this email address to report violations. In the event of a confirmed breach of the rules, the Board shall report the event and request the application of any sanctions deemed necessary by the Board of Directors. The competent functions approve the measures, including sanctions, to be taken in accordance with the regulations in force, oversee their implementation and report the outcome to the Supervisory Board.

Violations are prosecuted by the company with determination, promptness and immediacy, on the basis of the **disciplinary measures established by the 231/2001 Model**, in an appropriate and proportional manner.

The “**Sustainability, ethics, social and business aspects**” document includes the standards and guidelines outlined by the OMCM 231, the Code of Ethics and the company certified management system policies with principles and behaviours ranging from correct and transparent bookkeeping to responsible procurement. Trafilspec ITS adopts a zero-tolerance policy towards all forms of corruption, extortion, unfair competition and violations of privacy. The company minimises the risk of using counterfeit or modified parts and materials in products, establishes appropriate operations to ensure compliance with export controls and laws and regulations on economic sanctions, prohibits the use of child labour, respects the right to wages, contractual benefits and the adherence to the working hours stipulated in collective agreements, and opposes forced labour. During the year Trafilspec ITS holds several training sessions on the OMCM 231 and the Code of Ethics for all of its employees, including written and on-site tests on the effectiveness of the content delivered.

✓ **There were no incidents of discrimination, corruption or anti-competitive practices in 2023.**

### Ethics and respect for people

Trafilspec ITS adopts a zero-tolerance policy towards all forms of corruption, extortion, unfair competition and violations of privacy



*Green heart, steely expertise*

4

## ECONOMIC RESPONSIBILITY



**86%**  
ECONOMIC VALUE  
DISTRIBUTED



**+4%**  
OF TURNOVER  
ALLOCATED TO R&D



**200**  
CUSTOMERS



**75%**  
LOCAL SUPPLIERS



**+29%**  
ECONOMIC VALUE DISTRIBUTED  
TO THE COMMUNITY  
COMPARED TO 2022





# 4. ECONOMIC RESPONSIBILITY

The economic and financial management of Trafilspec ITS is characterised by total **transparency**, with the aim of guaranteeing **clear** and **legally compliant information**. The company's economic responsibility is communicated through the reclassified economic results which show the value it generates and distributes to the different categories of stakeholders.

The data is taken from the economic information in the externally audited financial statements. Comparability between the 2023 and 2022 data is ensured through standardisation and the adjustment of the percentages, making it possible to effectively analyse the company's performance over time.

## 4.1 Economic performance

In 2023 Trafilspec ITS's economic results mirrored industrial production trends with positive results until September followed by a downturn connected with the stagnation of the markets in the last quarter, particularly in Germany. The production index of the Italian wire drawing mills was 100.6, compared to 120.8 in 2022 and 109.9 in 2021, registering an overall decrease of 17% compared to the previous year and 9% compared to 2021.

Despite the challenges faced by the drawing mills during the year, which included the increasingly uncertain macroeconomic scenario, the energy and ecological transition, reduced sales and falling prices, **the organisation continues on its path of growth and investment**, both enhancing its **human capital** and improving the management of its **strategic assets**, maintaining its position as an industry leader.

Its sales revenues in 2023 came to € 97,270,022, a slight decrease of 6% compared to the € 103,286,451 recorded in 2022. At the same time, the value of production decreased: in 2022 it amounted to € 110,619,837 while in 2023 it came to € 97,270,022, a decrease of € 13,349,815 or 12%. In addition, Trafilspec ITS's net profits confirm its downturn in economic performance, falling by 34% from € 10,729,529 in 2022 to € 7,120,633 in 2023.

EBITDA, which is the sum of the net production value and total depreciation and amortisation, is consistent with the trend in Trafilspec ITS's other economic indicators. The value decreased from € 19,448,918 in 2022 to € 14,565,364 in 2023, a reduction of 25%.

Trafilspec ITS's economic performance is determined net of changes in the proportions of purchases of goods and services in relation to annual turnover; in fact, the key performance indicator relating to the percentage of raw material expenditure versus turnover remained constant between 2022 and 2023, coming to around 63%. Likewise, the KPI for the purchase of services did not change significantly, going from 12% to 13%.

As far as personnel costs are concerned, these increased during the year from € 6,687,952 to € 7,186,009, accounting for about 7% of turnover.

Other aspects of the company management include **organisational flexibility** and the **versatility of the systems**. In fact, Trafilspec ITS is equipped with the most modern and innovative equipment on the market for the testing of bars and drawn coils. With the aim of increasing the quality offered to its customers and controlling the final characteristics of the product through a wide range of equipment, Trafilspec ITS has included a dedicated and independent area for laboratory controls on its premises.

The particular **focus** on product **quality** and **sustainability**, the ability to **anticipate customers' needs** and the high level of **customisation** of its solutions all contribute to making Trafilspec ITS a benchmark in the sector, capable of taking on increasingly complex challenges. The company expects the **demand** for its products to **increase** in 2024 and aims to **further improve its ESG performance** by generating **shared value**.

## 4.2 Economic value generated and distributed

The calculation of the economic value generated and **distributed** makes it possible to determine the **value produced by the company**. This makes it possible to reclassify the financial statements on the basis of the interests of stakeholders and deviates from the strictly accounts-based approach.

As at 31.12.2023, the **economic value generated** was € 99,082,191, a decrease of 11% compared to the previous year when it came to € 110,918,775. This was mainly due to the reduction in sales and service revenues. **Economic value distributed** came to € 85,567,096, consistent with the economic value generated in percentage terms but down in absolute terms by € 11,579,302, a 12% decrease with respect to 2022. This figure also decreased accordingly, mainly due to the reduction in raw material expenses.

### Special focus on sustainable quality

In order to further improve the quality it guarantees its customers, Trafilspec ITS is equipped with the most modern and innovative equipment and a dedicated area for the testing of bars and drawn coils





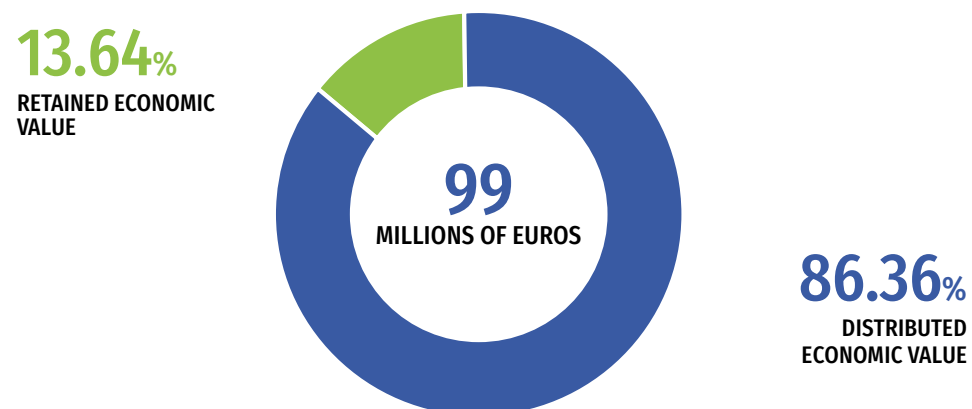
The **economic value retained**, represented by the difference between the economic value generated and economic value distributed, came to **€ 13,515,095**, in line with the results of the previous year, when a value of € 13,772,377 was recorded.

Depreciation and amortisation accounted for 44% of the retained economic value, a slightly higher percentage than in 2022 when this accounted for 41%.

ECONOMIC VALUE GENERATED AND DISTRIBUTED		
	31.12.2023	31.12.2022
<b>ECONOMIC VALUE GENERATED</b>	<b>99.082.191</b>	<b>110.918.775</b>
Revenues from sales and services	97.270.022	103.286.451
Changes in inventories of semi-finished and finished products	- 2.095.551	3.206.679
Other net revenues and income	3.049.816	4.126.707
Financial income	1.007.013	149.829
Value adjustments to financial assets	- 149.109	149.109
<b>ECONOMIC VALUE DISTRIBUTED</b>	<b>85.567.096</b>	<b>97.146.398</b>
Suppliers	75.814.589	86.825.976
Workers	7.186.009	6.687.952
Lenders	518.626	297.784
Public Authorities	1.713.159	3.152.670
Community	220.000	179.000
<b>ECONOMIC VALUE RETAINED</b>	<b>13.515.095</b>	<b>13.772.377</b>

**Distributed economic value** accounted for 86.36% of the economic value generated, while **retained economic value** made up the remaining 13.64%.

#### Incidence of distributed economic value on economic value generated (2023)

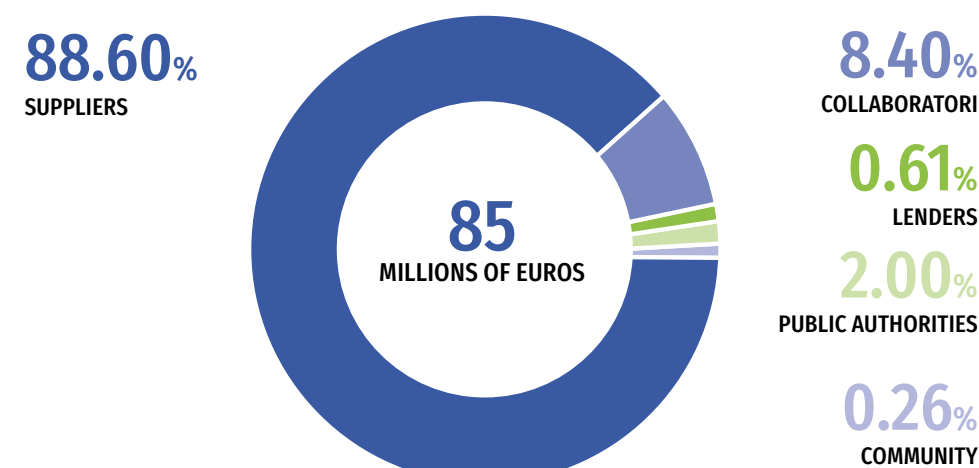


In 2023 the **economic value distributed to suppliers** constituted the largest share of Trafilspec ITS's expenditure, accounting for 89%. **Staff** remuneration accounted for about 8% of the economic value distributed while spending in favour of **public authorities** amounted to 2% and was mainly made up of taxes on company income. The

remuneration of **lenders** came to 0.61% of the economic value distributed and corresponded to 0.53% of company turnover.

In 2023, donations and charitable contributions made to the **community** represented 0.26% of the economic value distributed and 0.22% of turnover, an increase of 29% over the previous year.

#### Breakdown of distributed economic value by stakeholder (2023)



## 4.3 Our value chain

### 4.3.1 Suppliers



In 2023 Trafilspec ITS had **25 suppliers** of steel and semi-finished products, **75% of whom based in Europe** with the remainder located in the rest of the world. The supply chain includes the leading steel mills in the industry. The top 7 steel suppliers account for 90% of the company's purchases and these materials are mainly transported by train by carriers with several intermodal operators. The raw material consists of 70% steel produced by the EAF process from scrap with the remaining 30% coming from ore. Although suppliers are not currently selected based on ESG criteria, Trafilspec ITS has re-evaluated its procurement strategy, carrying out a preliminary environmental assessment of raw materials, **prioritising local suppliers**<sup>1</sup> and excluding purchases from countries at risk of violating human rights or environmental standards.



**In the reporting year, the monetary value of payments made to suppliers amounted to € 75,814,589.**

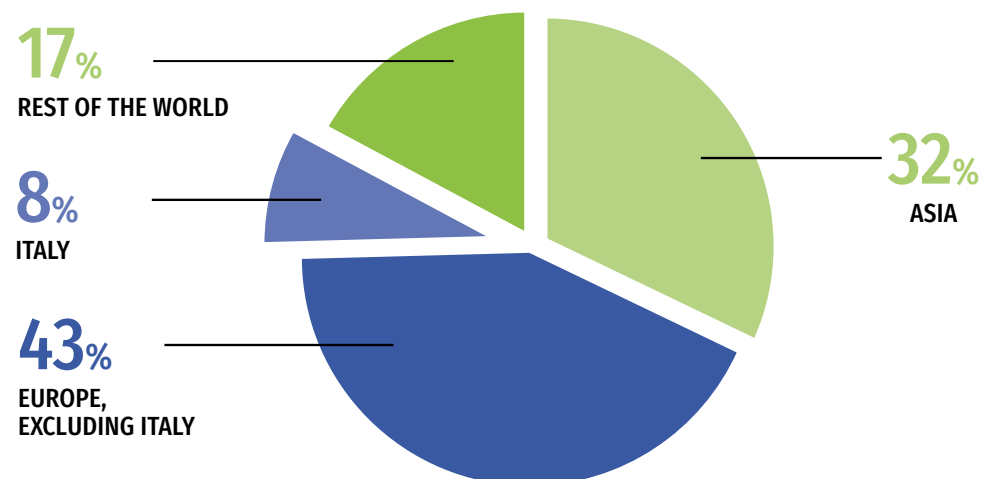
### Consolidated supply chain

Trafilspec ITS has 25 suppliers of steel and semi-finished products, 75% of whom based in Europe with the remainder located in the rest of the world. The supply chain includes the leading steel mills in the industry.

<sup>1</sup> Local suppliers are those that operate in the European territory



#### Raw material expenditure by geographical area



#### 4.3.2 Customers

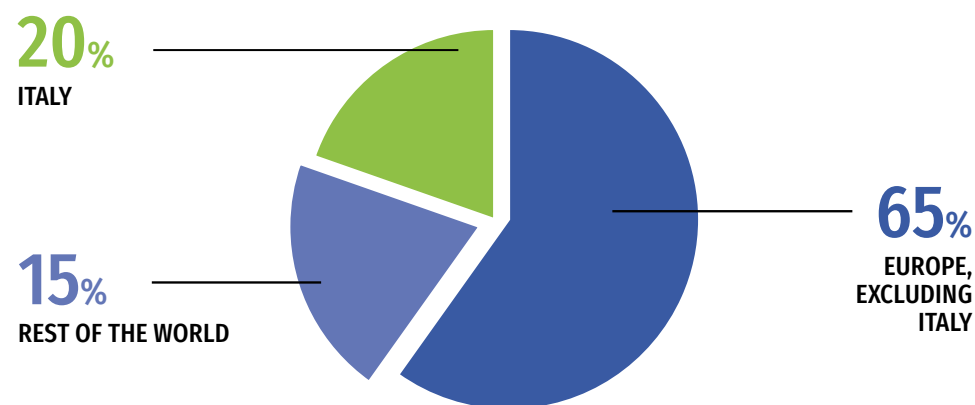


For Trafilspec ITS, maintaining a strong and lasting **relationship** with its customers is a cornerstone of its business model, and it is for this reason that the company is constantly engaged in collaboration and dialogue with its customers to improve and customise its products.

In 2023 Trafilspec ITS had 190 customers, mainly multinationals in the automotive sector, but also companies active in the production of tools and components for industry. The company sells mainly to companies in Italy and the rest of Europe, with a customer portfolio that also includes organisations in the US, South America and Asia. The **top 25 customers contribute 80% of the company's turnover**.

The following table breaks down turnover by geographical area

#### Turnover by geographical area (2023)



#### An established and loyal customer base

Trafilspec ITS has 200 customers, mainly multinationals in the automotive sector. The top 25 customers contribute 80% of the company's turnover.

The diversification of the customer portfolio contributes to the company's **stability** and **resilience** in the face of market fluctuations.

Trafilspec ITS operates with a business model based on **multi-year contractual orders**, guaranteeing order portfolio stability for up to a year and a half. One distinguishing feature of the company is its **customer loyalty**; most customers have been working with the company for more than 10 years.

The company's success and development in recent years have been influenced not only by the effectiveness of Trafilspec ITS in meeting the needs of the market, but also by the active involvement and continuous support of its customers.

#### 4.4 Innovation and Development



Innovation is a key factor that enables Trafilspec ITS to differentiate itself from its competitors and guarantee the **quality** and **security** of its supplies to customers. In addition, the growing expectations and demands of institutions and society as a whole have presented the sector with the crucial challenge of reducing the environmental impacts of its operations and safeguarding the health of workers. For these reasons, Trafilspec ITS constantly strives to develop innovative environmentally- and human-friendly solutions that meet the needs of its buyers.

To date the main focus of the investments in innovation has been on **plant renewal and digital transformation**, striving for continuous improvement and process efficiency in order to increase safety, reduce waste and increase quality and precision. In line with the corporate strategy (reviewed annually), investments are prioritised on the basis of criteria defined in the **Operational Balance Score Card Plan**, which takes into account expected results, economic performance, timeframe and level of sustainability (e.g. by assessing the reduction of environmental impacts).

In 2023 the **innovation** and **development activities** of Trafilspec ITS will focus on the following areas

- **Investment in production machinery:** purchase of new machinery for steel coil production, which makes it possible to better satisfy customer demand and increase productivity.
- **Technical innovation of laboratory equipment:** through advanced digital microscopy<sup>2</sup>, which increases the effectiveness of checks on materials and structures
- **Replacement of systems:** reducing the general level of obsolescence of systems, also contributing to the continuous increase in worker safety

**Quality and safety with respect for the environment**  
Trafilspec ITS constantly strives to develop innovative environmentally- and human-friendly solutions that meet the needs of its buyers

<sup>2</sup> A digital microscope is a microscope in which a camera replaces the eyepiece, connecting to a computer monitor to display results in real time.



- **Digitalisation of data** through
  - the **introduction of SAP's Manufacturing Execution System (MES)**, a comprehensive and dynamic software system to monitor, track, document and control the production process. As an intermediate functional level between Enterprise Resource Planning and process control systems, MES provides the data needed to make manufacturing departments more efficient and optimise production, increasing quality, shortening uptime, reducing stock, eliminating paper and improving tracking.
  - **increasing the level of integration** between IT and operational technology through the installation of QR code terminals for digital warehouse management and the reduction of paper consumption.
  - **connecting with data made available** by/to suppliers and customers to increase traceability along the value chain and improve the efficiency of information management.

Spending on innovation and development accounted for about **4% of total company turnover**.

**About 4%**  
for innovation  
and development on  
the total turnover  
of the company

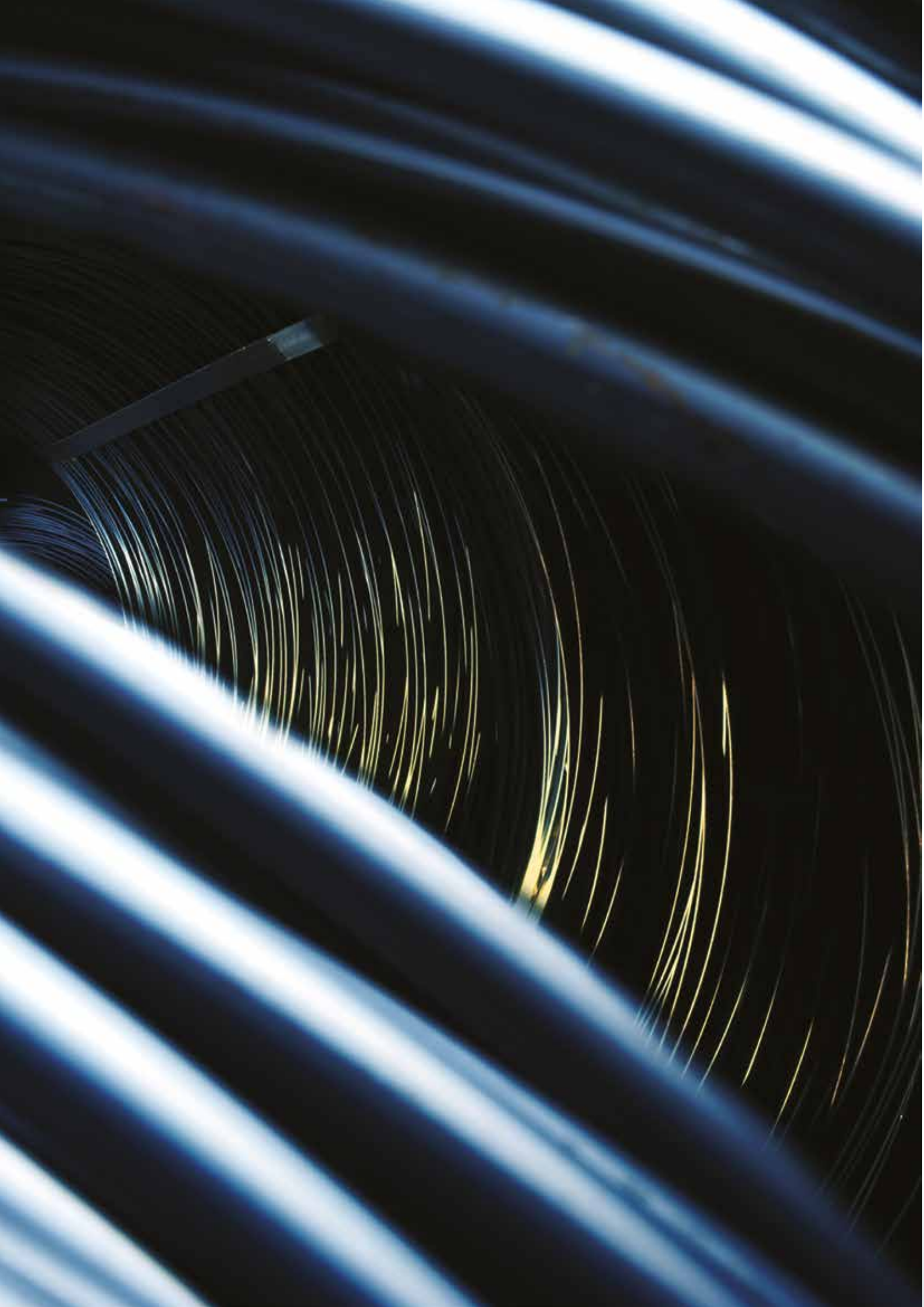


## Innovation and digital transformation

The main focus of the investments in innovation is on plant renewal and digital transformation, in order to increase safety, reduce waste and increase products' quality and precision.







*Green heart, steely expertise*

5

## SOCIAL RESPONSIBILITY



130  
NUMBER  
OF EMPLOYEES



99%  
EMPLOYEES HIRED  
ON PERMANENT CONTRACTS



1,822  
TRAINING HOURS  
PROVIDED





# 5. SOCIAL RESPONSIBILITY

## 5.1 Our people



Trafilspec ITS has always been committed to **promoting and supporting** its **employees**, who are key to its ability to innovate, grow and create shared value. 2023 confirmed the importance of achieving the **high levels of performance** demanded by the market through the tools of **quality and compliance**.

As at 31 December 2023, Trafilspec ITS had **130 employees**, a **16% increase compared with the previous year**. At the end of the reporting period, the Trafilspec ITS staff consisted of 3 executives, 1 middle manager, 18 office workers and 108 manual workers. As in 2022, **100% of employees were covered by collective bargaining agreements** in 2023<sup>3</sup>.



**In 2023, Trafilspec ITS employed 21 contract workers, a decrease of 9% compared to 2022.**

3 National Collective Labour Agreement for small and medium-sized engineering firms

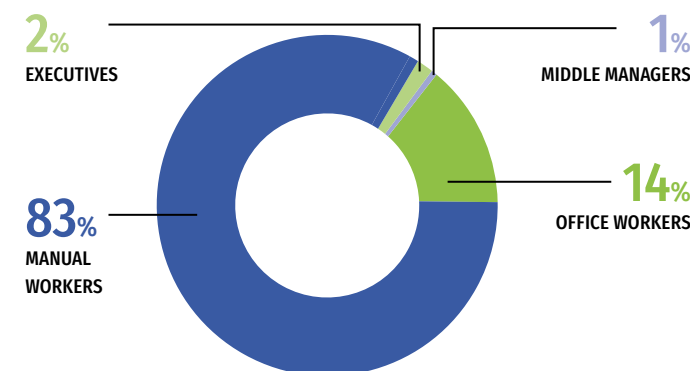
BREAKDOWN OF EMPLOYEES AND CONTRACT WORKERS BY ROLE AND GENDER   GRI STANDARD 405-1				
	EMPLOYEES		CONTRACT WORKERS	
	2022	2023	2022	2023
<b>TOTAL</b>	<b>112</b>	<b>130</b>	<b>23</b>	<b>21</b>
Women	10	10	0	0
Men	102	120	23	21
<b>EXECUTIVES</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>
Women	0	0	0	0
Men	3	3	0	0
<b>MIDDLE MANAGERS</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>
Women	0	0	0	0
Men	1	1	0	0
<b>OFFICE WORKERS</b>	<b>16</b>	<b>18</b>	<b>1</b>	<b>1</b>
Women	10	10	0	0
Men	6	8	1	1
<b>MANUAL WORKERS</b>	<b>92</b>	<b>108</b>	<b>22</b>	<b>20</b>
Women	0	0	0	0
Men	92	108	22	20

**100%**  
of employees were covered by collective bargaining agreements

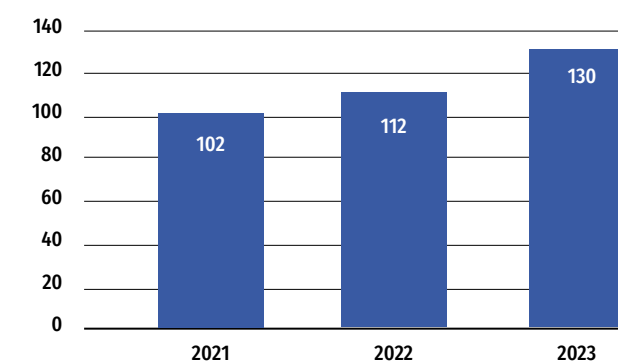
**99%**  
employees on permanent contracts

**98%**  
employees work full-time

### Breakdown of personnel by role 2023



### Number of employees



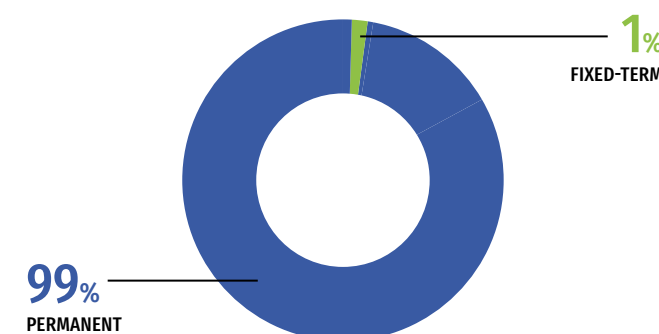
92% of the 130 employees are men, a consequence of the preponderance of manual jobs connected with the production processes. The disparity in the number of men and women is an area in which the company aims to improve in the future. Women are most represented at **white-collar level** (56%) men at **blue-collar level** (100%). All of the **temporary workers** at Trafilspec ITS are male, almost all of which manual workers. 9 people belong to protected categories.

EMPLOYEES BELONGING TO PROTECTED CATEGORIES   GRI STANDARD 405-1		
	EMPLOYEES	CONTRACT WORKERS
	2022	2023
Women	0	0
Men	7	9
<b>TOTAL</b>	<b>7</b>	<b>9</b>

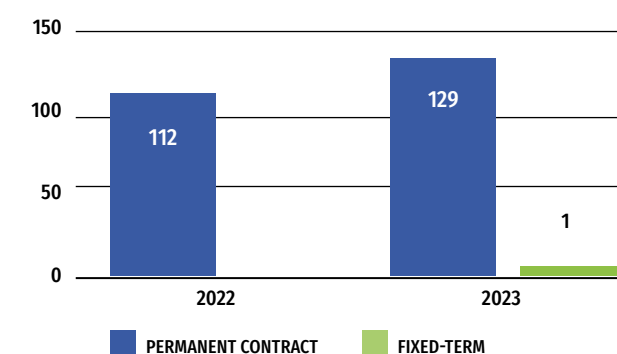
All Trafilspec ITS workers work at the Castelmarte and Canzo sites in **Lombardy**<sup>4</sup>. 99% of employees are employed on **permanent** contracts and 98% work **full-time**.

4 The data on the number of employees by qualification and contract type is presented using a head-count methodology

### Employees by type of contract 2023



### Employees by type of contract 2022-2023



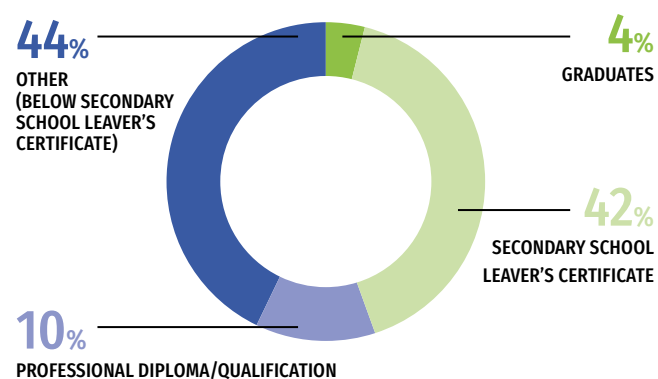


BREAKDOWN OF EMPLOYEES BY CONTRACT TYPE AND GENDER | GRI STANDARD 2-7

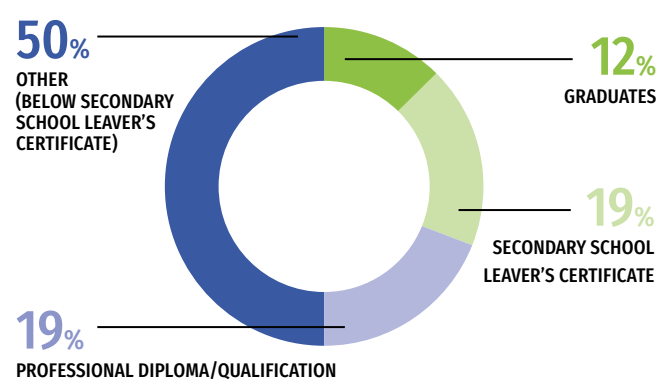
	2022			2023		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
TOTAL CONTRACTED EMPLOYEES	102	10	112	120	10	130
Permanent	102	10	112	119	10	129
Fixed-term	0	0	0	1	0	1
Zero hours (e.g. as and when, occasional)	0	0	0	0	0	0
TOTAL FULL-TIME + PART-TIME EMPLOYEES	102	10	112	120	10	130
Full-time	102	8	110	119	8	127
Part-time	0	2	2	1	2	3
TOTAL EMPLOYEES PREVIOUS YEAR (AS AT 31/12/2021)	94	8	102	112	10	112

Breakdown of staff and contract workers by qualification in 2023

Staff



Contract workers



**+6%**  
Employees under  
the age of 30

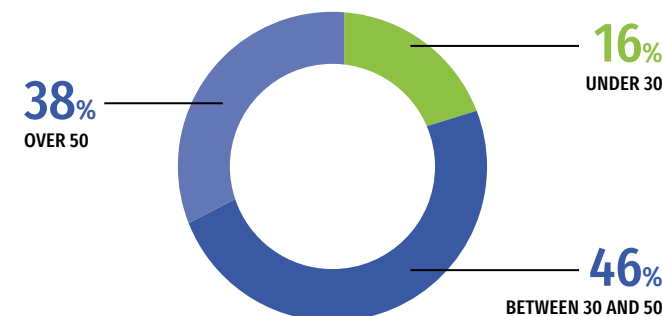
Of the 130 employees, 38% are over 50 years old (49 persons), 46% are in the 30-50 age group (60 persons), and 16% are under 30 years old (21 persons).

Compared to 2022, the **percentage of employees under the age of 30 increased** by 6%, highlighting Trafilspec ITS's growing commitment to attracting young talent and contributing to their professional development. Overall, the average age of the staff is therefore falling: from 48 in 2022 to 45 in 2023. Accordingly, the average seniority of staff has also fallen, from 9 to 8 years. As for temporary workers, the average age is 29.

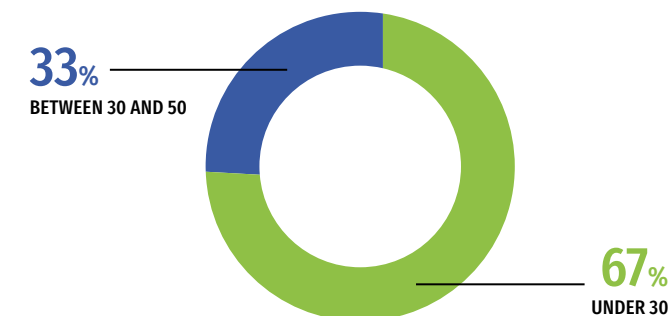


Of the 21 contract workers in 2023, a third were in the 30-50 age group (7 persons) while the remainder were under 30 (14 persons). There are no contract workers over 50 years old.

Employed staff by age group



Contract workers by age group



BREAKDOWN OF EMPLOYEES BY AGE GROUP AND GENDER | GRI STANDARD 401-1

EMPLOYEES	2022	2023	CONTRACT WORKERS	2022	2023
TOTAL	112	130	TOTAL	23	21
Women	10	10	Women	0	0
Men	102	120	Men	23	21
UNDER 30	11	21	UNDER 30	10	14
WOMEN	0	0	WOMEN	0	0
Men	11	21	Men	10	14
BETWEEN 30 AND 50	53	60	BETWEEN 30 AND 50	10	7
Women	6	6	Women	0	0
Men	47	54	Men	10	7
OVER 50	48	49	OVER 50	3	0
Women	4	4	Women	0	0
Men	44	45	Men	3	0

AVERAGE AGE AND SENIORITY OF EMPLOYEES AND CONTRACT WORKERS | GRI STANDARD 401-1

EMPLOYEES	2022	2023	CONTRACT WORKERS	2022	2023
AVERAGE AGE	48	45	AVERAGE AGE	33	29
Average seniority	9	8	Average seniority	1	1

In 2023 the company **hired 23 new employees**, a 35% increase over the previous year. Of these, 48% were under 30 years of age, demonstrating Trafilspec ITS's interest in creating a working environment where different generations can share their ideas and experiences.

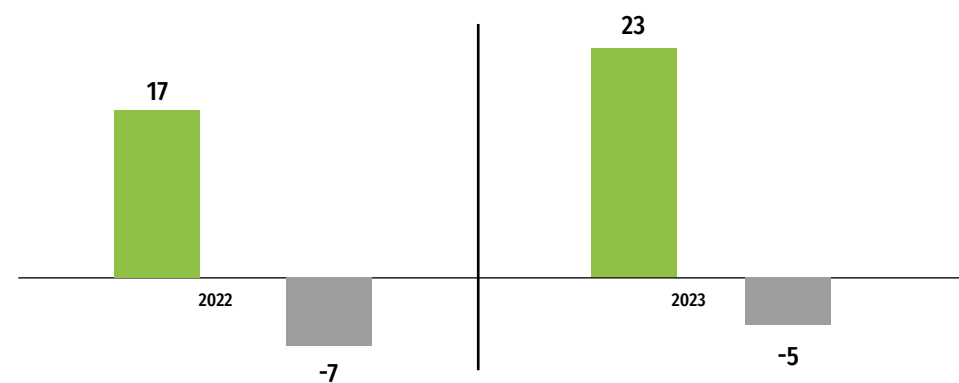


In 2023, 5 employees ended their contracts with Trafilspec ITS, a decrease of 29% compared to the previous year.

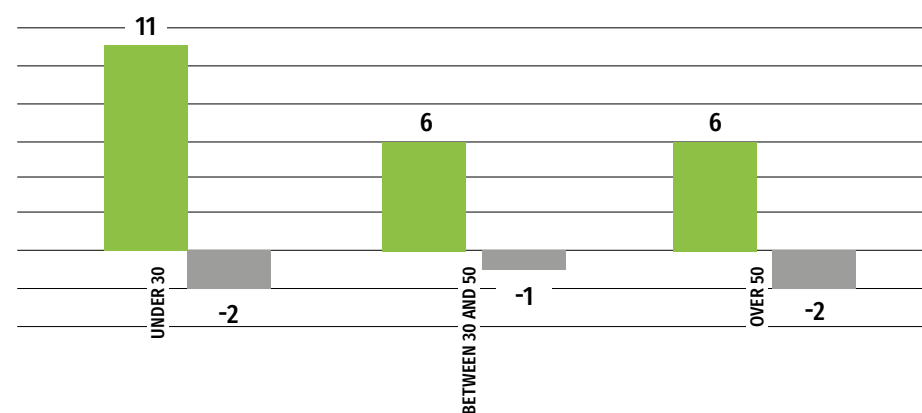


The incoming turnover rate was 18%, while the outgoing rate was 4%. Overall, the turnover rate was 22%, up 1% from the previous year. This positive result is due to the increase in recruitment between 2022 and 2023<sup>5</sup>.

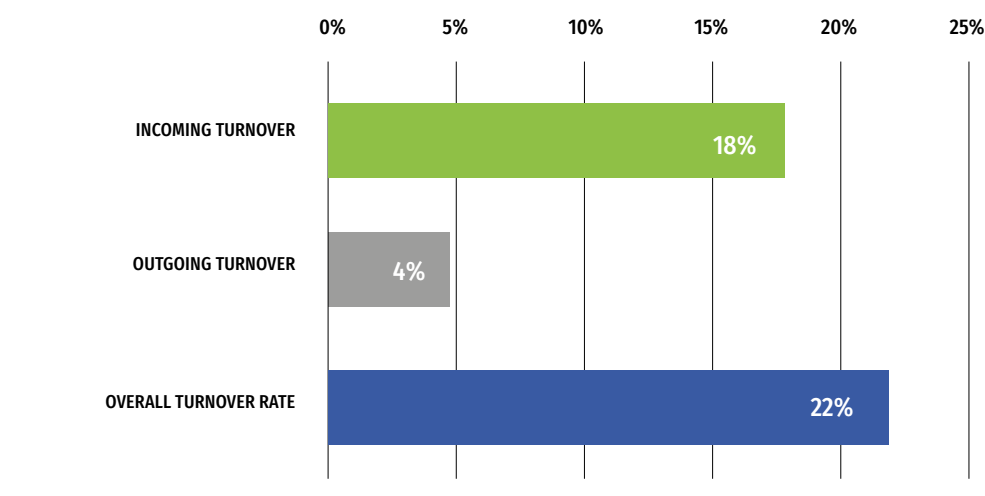
#### Variation in number of employees in 2022 and 2023



#### Incomings and outgoings at Trafilspec ITS in 2023 by age



#### Turnover rate in 2023



5 - The overall turnover rate is calculated as: (Number of new staff hired during year + Number departures during year/permanent and fixed-term staff at 31/12) x 100.

- The incoming turnover rate is calculated as: (Number of new staff hired during year/permanent and fixed-term staff at 31/12) x 100.

- The outgoing turnover rate is calculated as: (Number of departures during year/permanent and fixed-term staff at 31/12) x 100.

#### HIRES AND TERMINATIONS BY AGE AND GENDER | GRI STANDARD 401-1

EMPLOYEES	2022	2023	CONTRACT WORKERS	2022	2023
<b>TOTAL NEW HIRES</b>	<b>17</b>	<b>23</b>	<b>TOTAL OUTGOING EMPLOYEES</b>	<b>7</b>	<b>5</b>
Total women	2	0	Total women	0	0
Total men	15	23	Total men	7	5
<b>UNDER 30</b>	<b>5</b>	<b>11</b>	<b>UNDER 30</b>	<b>0</b>	<b>2</b>
Women	0	0	Women	0	0
Men	5	11	Men	0	2
<b>BETWEEN 30 AND 50</b>	<b>8</b>	<b>6</b>	<b>BETWEEN 30 AND 50</b>	<b>2</b>	<b>1</b>
Women	1	0	Women	0	0
Men	7	6	Men	2	1
<b>OVER 50</b>	<b>4</b>	<b>6</b>	<b>OVER 50</b>	<b>5</b>	<b>2</b>
Women	1	0	Women	0	0
Men	3	6	Men	5	2

Trafilspec ITS has completely closed the **gender pay gap**. Overall, the data shows the ability of Trafilspec ITS to maintain the **attractiveness of the company** and to **launch initiatives to improve its retention rate**.

## 5.2 Employee welfare and initiatives



Trafilspec ITS is committed to promoting the **work-life balance** as a key element for **creating value in a sound and sustainable way in economic, financial, social and environmental terms**. In accordance with the provisions of the **National Collective Labour Agreement for small and medium-sized engineering firms** and in line with company organisational needs and constraints, Trafilspec ITS offers various solutions to **facilitate the work-life balance** and improved management of staff time, such as

- **Part-time work:** offered according to role, at the request of the employee
- **Flexible hours:** at the request of the worker, subject to requirement and the possibility of rescheduling activities
- **Meal vouchers:** in relation to daily attendance
- **Performance bonus:** subject to the achievement of company goals in the area of safety, quality, order and cleanliness
- **Supplementary economic benefit:** to provide additional economic support to employees. In 2023 this was a shopping voucher

Trafilspec ITS regularly monitors the effectiveness of employee initiatives through regular meetings and interviews with department and function managers.

### Work-life balance, a constant commitment

Trafilspec ITS is committed to promoting the work-life balance as a key element for creating value in a sound and sustainable way in economic, financial, social and environmental term



## 5.3 Training



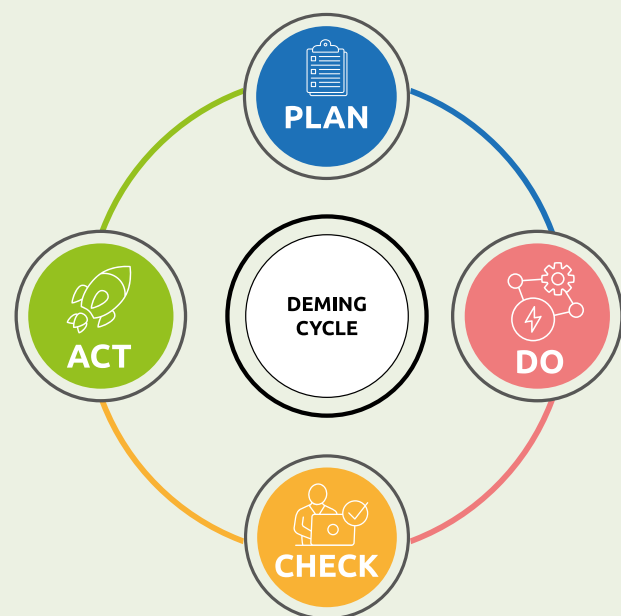
In line with the guiding principles of the Trafilspec ITS culture, the company is committed to **promoting the development and growth of its staff through investment in continuous employee training**, both in the form of dedicated sessions and on-the-job training, as a **primary lever** for the company's long-term growth and success.

Individual and collective development is a hallmark of the Trafilspec ITS organisation, not only for improving productivity and responding to market developments, but also for promoting employee welfare and satisfaction.

This approach helps create an environment conducive to innovation that **improves processes and enhances the quality** of products and services through the development of new skills and the ability of staff to conceive, design and implement new solutions to effectively and sustainably meet customer needs.

### Continuous training to improve awareness and belonging

Individual and collective development is a hallmark of Trafilspec ITS, not only for improving productivity and responding to market developments, but also for promoting employee welfare and satisfaction.



The **Deming cycle**, or **PDCA cycle** (Plan-Do-Check-Act), is a continuous quality management method devised by W. Edwards Deming. It consists of four stages: **PLAN**, in which objectives and strategies are identified; **DO**, in which planned actions are implemented; **CHECK**, in which results are compared against objectives; **ACT**, in which the necessary corrections are made and actions taken to continuously improve the process. This cycle promotes the continuous optimisation and effectiveness of business processes.

In order to define appropriate **training programmes** and ensure the **continuous improvement of products and processes**, the company, based on the **Deming cycle**, undertakes to:

- **Determine** (Plan) the knowledge that is required through the benchmarking of competitors, participation in trade fairs, seminars, conventions, meetings with customers and suppliers.
- **Acquire the knowledge** (Do) that is required, maintaining it over time and making it available through project meetings, failure analysis and subsequent lesson-learned activities, mentoring and coaching processes, on a hierarchical scale or through company meetings.
- **Analyse** (Check) the acquired knowledge, comparing it with the planned knowledge, updating and re-evaluating the skills matrix.
- **Update** (Act) the necessary knowledge, through audits, meetings and management reviews carried out by process owners, who report knowledge deemed useful to address changes and risks and update improvement plans as necessary.

Trafilspec ITS considers the **involvement and awareness of its staff** with regard to their **roles and impact in achieving its objectives** to be fundamental, focusing particular attention on the areas of **quality, safety** and the **environment**. The methods used for the evaluation are defined by the Head of HR and the Quality, Health, Safety and Environment structure.

The **key documents** for identifying training activities, any gaps in knowledge and skills in relation to the tasks to be performed by staff and new recruits are:

- **Company Organisation Chart**: which clearly indicates the relationships between all company functions and the relative hierarchies
- **Personnel data sheet and job description**: which defines the minimum skills required to ensure compliance with the requisites (task, activities, knowledge required)
- **Skills matrix**: which maps the skills developed and acquired by employees and relative gaps to be bridged through the development of training plans that make it possible to acquire the skills required for the job.

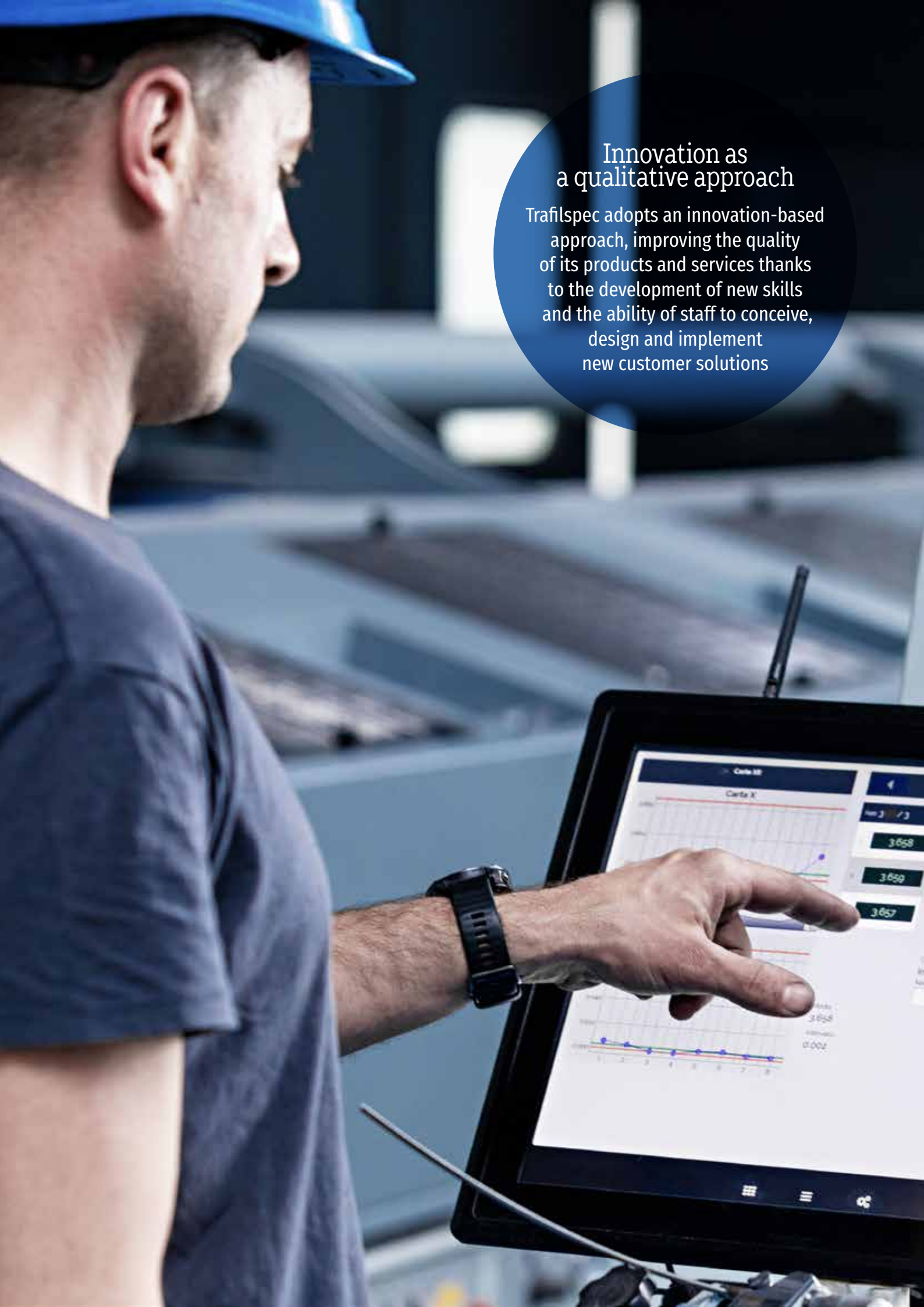
All documents are **reviewed at least once a year** by the management and in all cases where changes to functions/ competences or new hires are necessary.

It is the task of managers, management systems officers and function managers, in collaboration with the HR manager, to **identify and promote training requirements**, including **coaching in the event of new hires**, changes of role or when updates or changes are made to the way the various roles are performed.

In accordance with the relevant HR management document, an **assessment** is carried out on the **knowledge or skills** required to perform a given role and those actually possessed by the staff in question.







### Innovation as a qualitative approach

Trafilspec adopts an innovation-based approach, improving the quality of its products and services thanks to the development of new skills and the ability of staff to conceive, design and implement new customer solutions

Once the need for staff training or coaching has been ascertained, it is the task of management system officers and managers to plan training activities.

This can take the form of the **direct staff training** delivered with the help of **internal** or **external courses**.

Coaching, understood as a series of standardised training activities aimed at new hires or employees starting new roles, is carried out by staff identified on the basis of expertise and experience (as an alternative to qualified staff) and designed to transfer and improve knowledge and practical skills so employees are able to perform their roles independently.

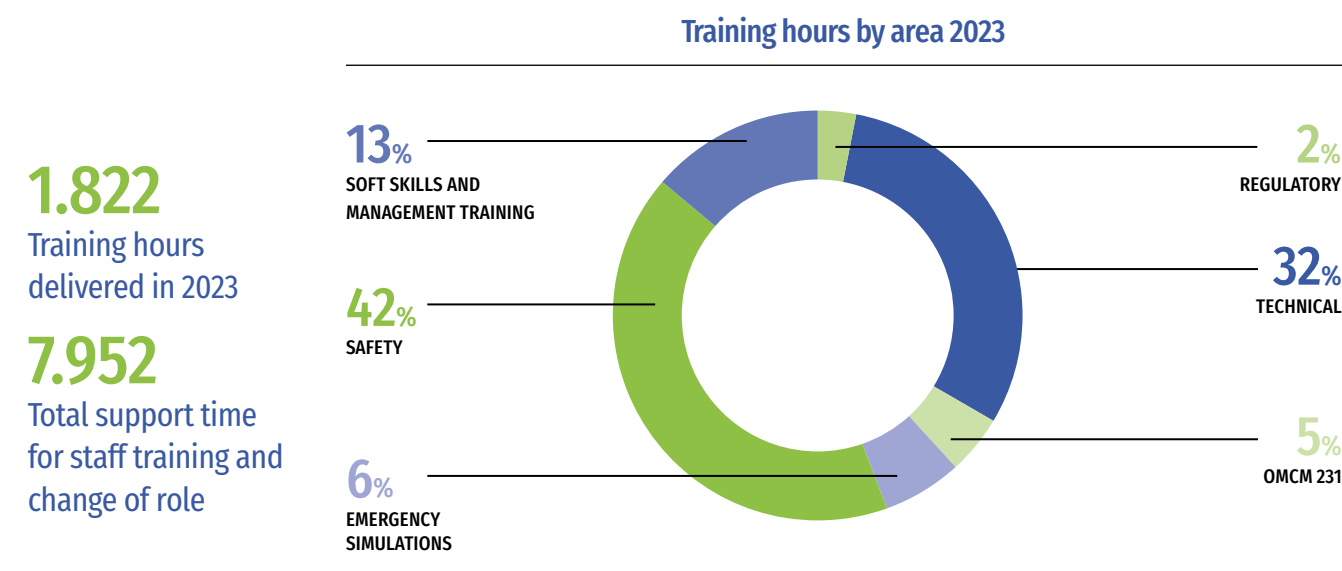
The training courses are of different types and range from the development of management and managerial skills to the improvement of functional and technical skills, also to take advantage of technological advancements. The training method takes account of the many typical aspects of the area (current and emerging needs and knowledge, teaching methodology, number and type of participants, experience, as well as the common logistical aspects of managing this type of activity).

In 2023, **Trafilspec ITS delivered 1.822 hours of training**, down 11% compared to the previous year (2040) following the completion of multi-year training courses. In addition to this, **7.952 hours of coaching** were provided, including the training of 19 production workers and two technical staff (6784 hours in total), the prep work required for the change of role of a manual worker (232 hours) and the training of 3 interns (936 hours).

The training hours not including coaching are broken down as shown in the following graphic

### Training as a driver for proactiveness and quality

The goal of the training programmes is to keep staff up-to-date and encourage proactiveness while at the same time creating fertile ground for the development of innovative ideas





The category of employees that benefited most from the training activities was manual workers with 74% of the hours provided and an **average of 12.53 hours each**. Office workers received the highest average number of training hours per employee.

TOTAL AND AVERAGE HOURS OF TRAINING PROVIDED TO EMPLOYEES BY CATEGORY AND GENDER   GRI STANDARD 404-1								
	2022 MEN		2022 WOMEN		2023 MEN		2023 WOMEN	
	HOURS	AVERAGE	HOURS	AVERAGE	HOURS	AVERAGE	HOURS	AVERAGE
Executives	0	0	0	0	6	2	0	0
Middle managers	0	0	0	0	0	0	0	0
Office workers	1320	220	15	1,5	295	36,87	167	16,7
Manual workers	705	7,66	0	0	1.354	12,54	0	0
TOTAL	2025	19,85	15	1,5	1655	13,79	167	16,7

**12.53**  
Average training hours  
per capita

**Guaranteeing solid and tangible professional growth**  
In 2023 Trafilspec ITS changed its training programme, proactively responding to emerging market needs and internal professional development requirements.

In 2023 Trafilspec ITS changed its training programme for employees, proactively responding to emerging market needs and internal professional development requirements. Among the courses provided, those on **technical training, safety, anti-corruption**, the **Code of Ethics** and **internal procedures** represent the fundamental pillars of the company's training catalogue.

However, 2023 saw a change to the programme with the expansion of existing courses and the introduction of classes on **soft skills, management training, IT and information technology**. More specifically, additional staff training hours were added for **first aid**, the use of the **external semi-automatic defibrillator, OMCM 231, emergency simulations and C-TPAT**, understood as good practices for monitoring and verifying safety and safeguarding privacy within the distribution supply chain. In 2023 Trafilspec ITS made four **semi-automatic defibrillators** available to specialist staff in its facilities for any internal or external needs.

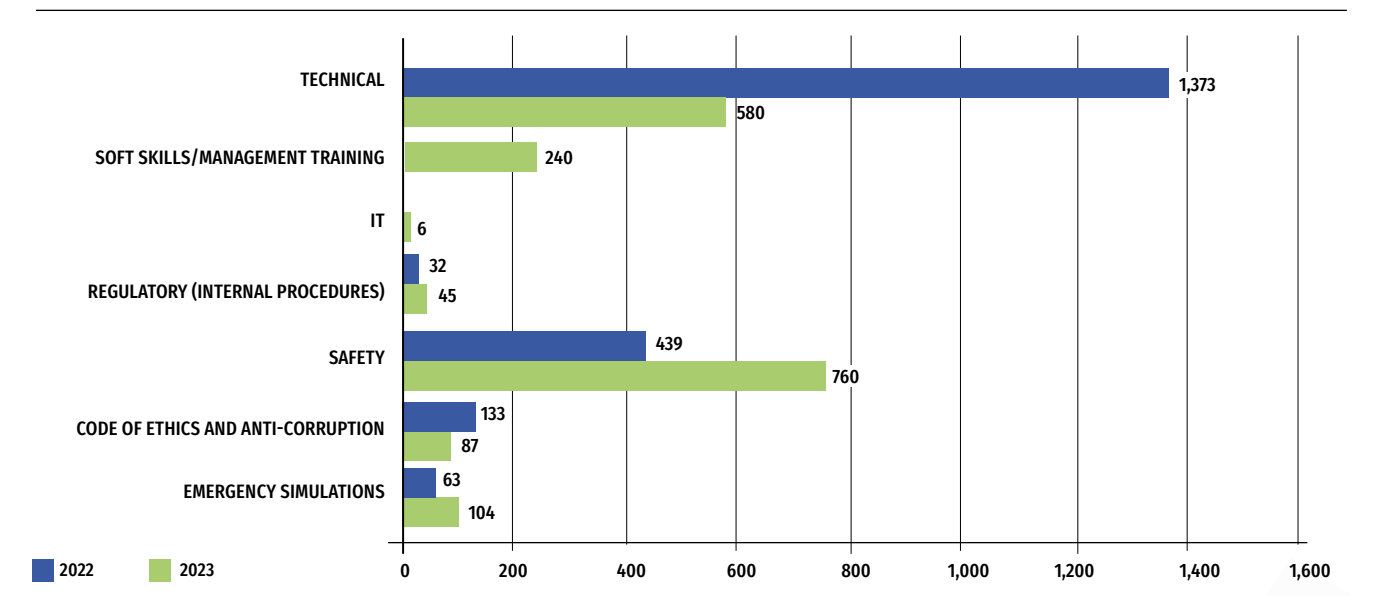
The **extensive catalogue of courses** provided confirms Trafilspec ITS's commitment to ensuring the sound and comprehensive professional development of its employees.

Safety is the area in which most training is provided, accounting for 42% of the total hours delivered. This is followed by technical training (32%) and management training (13%).

**42%**  
Total hours provided  
for safety training

BREAKDOWN OF TRAINING HOURS PROVIDED BY AREA AND YEAR   GRI STANDARD 404-2		
	2022	2023
Technical	1373	580
Soft skills/management training	0	240
IT	0	6
Regulatory (internal procedures)	32	45
Safety	439	760
Code of Ethics, Anti-Corruption, OMCM 231	133	87
Emergency simulations	63	104
<b>TOTAL</b>	<b>2040</b>	<b>1.822</b>

Breakdown of training hours provided by area and year



**Specific training courses** are provided for **new recruits**, covering topics such as occupational health and safety, environmental management, quality aspects and awareness of product actions and behaviours, with the aim of optimising the resource's integration in the fabric.

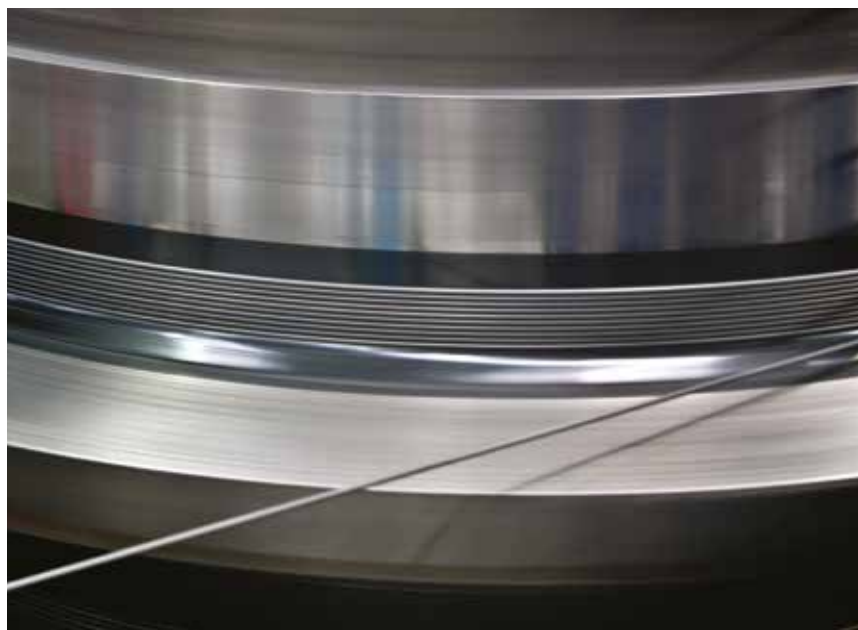
In order to **evaluate the effectiveness of the training provided**:

- Every function manager must **check and report to the QSA manager** on the training status of their staff whenever they deem it necessary.



- Following each course/coaching programme, it is the responsibility of the manager of the training to verify the effectiveness of the training provided.
- The manager verifies in person, at a time interval that varies according to the type of training and the type of task, the actual degree of effectiveness of the course.
- In the event of a negative outcome, training requirements must be reviewed.
- In the case of the **coaching** of newly recruited staff, it is the responsibility of the tutor/mentor to verify, after the end of the planned coaching period (no less than 15 days in any case), the level of learning achieved.
- In the event the **training** provided proves inadequate, coaching must be extended for a period of time to be agreed between the mentor and the QSA and HR managers.

The ultimate goal of the Trafilspec ITS training programmes is to keep staff up-to-date and encourage **proactiveness** while at the same time creating **fertile ground for the development** of innovative ideas that fulfil the expectations of its customers and maintain the company's distinctive hallmarks.



## 5.4 Occupational health and safety



For Trafilspec ITS, guaranteeing health and safety in the workplace is an essential and indispensable cornerstone of its daily business activities. For this reason, the company is committed to maintaining its **Integrated Management Systems** in accordance and in compliance with the requirements of the ISO 45001 and ISO 14001 reference standards.

Furthermore, in line with the provisions of Italian Legislative Decree No. 81 of 2008 and other relevant regulations, the company strives to provide employees with a **safe and comfortable working environment**.

To achieve these goals, Trafilspec ITS

- **Complies with** mandatory **requirements**, applicable regulations and voluntary requirements
- **Assesses, prevents and manages risks** in the workplace in order to reduce occupational injuries and illnesses through environmental protection, emergency management in company environments and the adoption of the best available and applicable techniques and technologies
- **Ensures that all staff working in the company receive adequate information and training** on their role or activity so they are aware of their responsibilities regarding the correct and safe performance of their assigned or planned tasks. This takes place through constant involvement, dialogue and consultation with stakeholders
- **Guarantees the welfare and safety** of stakeholders and the environment by working with stakeholders to minimise the inherent risks of activities, products and related services
- **Protects human health** during steel procurement and the handling of chemical substances through adherence to applicable regulations and compliance with ethical and working conditions
- **Ensures the supply and use of PPE** to protect the health and safety of workers
- Ensures the regular **assessment of the specific risks of systems/machinery**, guaranteeing adequate collective and personal protection to safeguard the health and safety of all parties concerned and the suitable ergonomics, cleanliness and tidiness of the workstations assigned to employees
- **Investigates injuries, accidents and near misses**, through reports and audits in the field, in order to prevent their recurrence
- **Manages fire-fighting equipment**, safety and emergency **procedures and relative tests**

To implement this **policy, which is reviewed, improved and updated at least annually**, Trafilspec ITS undertakes to clearly define all roles and responsibilities in the company, ensuring that all Quality, Health & Safety and Environmental Protection standards are maintained.





### Training to improve safety

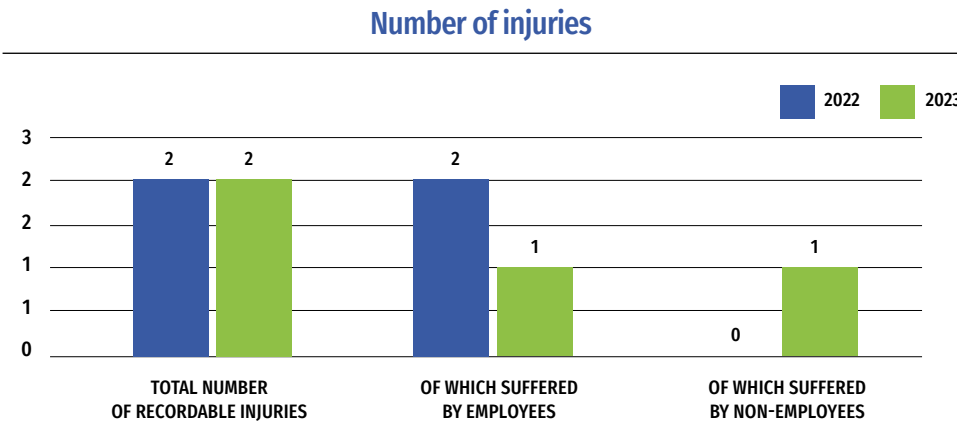
Training on hazards mainly takes the form of visual management tools, with content diversified according to type of risk and topics updated and modified at least once a year

The processes for reporting risks and dangerous situations in the workplace and the methods of protecting against retaliation and preventing situations involving a potential risk of injury or illness follow the provisions of Italian Legislative Decree No. 81 of 2008. Reports are made through departmental managers, the supervisory body of OCM 231, the Occupational Health and Safety Management System (OSHMS) and via the company's internal communications portal.

The organisation arranges **medical and physical fitness examinations according to the risks present** and is committed to communicating, identifying and mitigating these hazards. A company manager, internal information points (multimedia notice boards) and training activities provided inhouse or by qualified external bodies, also in accordance with OCM 231 and the relevant guidelines, are available to keep workers in the loop.

**Training on hazards mainly takes the form of visual management tools**, with content diversified according to type of risk and topics updated and modified at least once a year.

✓ **The figures for 2023 reflect the company's efforts in the area of health and safety, with two injuries in the workplace, one occurring to an employee and the other to a contract worker. No serious injuries were reported.**



INJURY RATE   GRI STANDARD 403 -9		
	2022	2023
Rate - injuries	8,1	7,6
Employees	9,7	3,8
Non-employees	0	27
Rate - serious injuries	0	0
Employees	0	0
Non-employees	0	0

HOURS WORKED BY CATEGORY   GRI STANDARD 403 -9		
	2022	2023
Total number of hours worked *	245.962	263.107
Employees	206.816	225.470,5
Non-employees	39.146	37.636,5

\* Injury rate calculated per million hours worked



## 5.5 Sustainability in the supply chain: supplier selection and evaluation



Trafilspec ITS works with its suppliers to guarantee the quality of the products for which the company has always been known. In line with the Code of Ethics and the company's core principles, Trafilspec ITS only selects partners who respect **human rights**, are committed to **combating forced and child labour**, and cooperate in the realisation of a **greener industry**. For this reason, the selection process plays a key role in value creation and must be defined by clear guidelines.

The steel supply chain includes recognised steel mills and semi-finished goods suppliers in the wire drawing industry, which are selected and continuously monitored by Trafilspec ITS in accordance with the main reference standards, with constant attention focused on technological and production changes that may affect the steel supply chain and its environmental impacts.

Suppliers for operating and service activities are selected on the basis of established criteria

- Possession of **specific qualifications and credentials** for the requested activity (e.g. for refrigeration technicians, electrical maintenance engineers and technical assistance for plants).
- Documentation **certifying qualifications and expertise** in waste chain management operations, including recycling capacity, authorisations, membership of professional organisations and relevant qualifications.
- **Demonstration** of the availability, **efficiency** and maintenance of the work or control equipment used, with particular regard to **environmental** impact.
- **Credentials** and awards in the field of activity, including previous work or similar projects at Trafilspec ITS.

In order to evaluate and monitor its service providers, Trafilspec ITS assigns them a score, corresponding to their reliability with regard to different aspects that vary according to the type of supplier. Possible actions can be taken for each one, ranging from a specific request for documents, in the event of non-compliance, to monitoring, involvement and the definition of corrective actions, if necessary.

Scores are awarded periodically through an operational and qualification audit in the fields of the environment and occupational health and safety using performance criteria and indicators updated on an annual basis.

In 2023 an initial screening was launched on the sustainability approach of steel suppliers. **100%** of them have **already started monitoring** their **sustainability** and published **sustainability reports**.

Trafilspec ITS regularly identifies which of its suppliers to audit according to its company schedule and, following requests for the appropriate documentation, analyses and assesses their sustainability reporting, the policies they have adopted, the regularity of their contributions and whether or not they have **ISO 14001, ISO 45001, ISO 9001 or IATF 16949 certification**.

Price, quality, ethics, **working conditions** and **respect for the environment** are taken into account during the selection of suppliers, which for some sectors such as automotive involves approval and standardisation processes sometimes carried out by the customers themselves.

Currently, there is no specific code of conduct for suppliers, but they are required to comply with the supply conditions, to operate **safely** and to **behave in an ethical and responsible way**.

The company is considering a **Sustainable Procurement** approach with an ESG improvement path that is shared with suppliers. Although no specific initiatives have been launched, dialogue is ongoing with all suppliers to understand the needs of the market and assess possible synergies for achieving sustainability goals.

## 5.6 Customer satisfaction and customer data protection



For Trafilspec ITS, maintaining a high level of **customer satisfaction** is a constant daily objective of its business activities. To assess and monitor customer satisfaction, the company uses surveys, qualitative feedback or annual reports.

In accordance with the specific requirements and demands defined by Trafilspec ITS customers, the company

- **Complies** with regulations and contractual requirements, striving to reduce risks
- Is committed to **guaranteeing** product quality
- **Pursues customer satisfaction** through the monitoring and identification of their needs, constant engagement and the fulfilment of their requests
- **Minimises the risk** of introducing counterfeit and/or modified parts and materials into its products
- **Defines appropriate operations** to ensure compliance with the export controls and economic sanction laws and regulations of all countries concerned



**In 2023, as in the previous year, there were no episodes of non-compliance concerning the health and safety impacts of products or services.**

### Sustainability screening

In 2023 an initial screening was launched on the sustainability approach of steel suppliers. **100%** have already started monitoring their sustainability and published sustainability reports

**Creation of sustainable value**  
Trafilspec ITS only selects partners who respect human rights, are committed to combating forced and child labour, and cooperate in the realisation of a more sustainable industry.



**Improving ESG performance**  
Trafilspec ITS is currently calculating its process carbon footprint per product family, in collaboration with the Italian National Research Council



All products are sold to customers with the established and required certifications. Where necessary, declarations of compliance with applicable regulations are issued. The company verifies compliance with standards and regulations through ongoing monitoring and auditing activities both internally and with the support of external bodies.

In order to guarantee the privacy of its customers, Trafilspec ITS operates according to the Privacy Organisational Model, drafted pursuant to and for the purposes of Italian Legislative Decree no. 196/2003 and subsequent amendments and additions and art. 24 of the GDPR no. 679/2016. The person assigned to process the personal data of customers is appointed in accordance with the principles of the Regulation. The effectiveness of customer privacy policies and procedures is verified through dedicated monitoring activities by an external third party.



**In 2023, as in 2022, there were no substantiated complaints about breaches of customer privacy. There were also no instances of regulatory non-compliance, data loss or customer-related legal proceedings.**

Trafilspec ITS has embarked on a journey to improve its ESG performance in order to meet the requests of its customers, ensure regulatory compliance and develop, in collaboration with its suppliers and customers, **integrated strategic ESG plans**. The company is currently calculating its process carbon footprint per product family, in collaboration with the Italian National Research Council.

## 5.7 Commitment to the community and local area



Trafilspec ITS believes that only by **promoting the welfare and development** of the community in which it operates can it achieve real and lasting business growth. For this reason, the company is committed to forming a **synergic and collaborative relationship** with the community. To date, the company has mainly launched initiatives in the **sporting arena**, for example by sponsoring the A.S.D. Alta Brianza Calcio football team. Trafilspec ITS has made nutritionists and mental coaches available to talented youngsters and awarded scholarships to the most deserving.

For the company, sport is an important **tool of personal growth that also promotes teamwork**. An approach that is also promoted by chief executive officers Paolo and Fabrizio, who are directly involved in the selected initiatives, and the constant support and attention focused on the management and functioning of the sports facilities made available for the activities.

In addition, the company also takes a broad interest in **youth distress and disability issues**, supporting non-profit associations and promoting inter-company events. Further initiatives on behalf of the community include **support for local associations in the areas of social welfare and healthcare** and **partnerships with secondary schools** to help students enter the working world.

Several employees of Trafilspec ITS are volunteers and members of local associations and the company, which has strong ties with the latter, has set itself the goal of expanding its commitment in this area in the coming years.

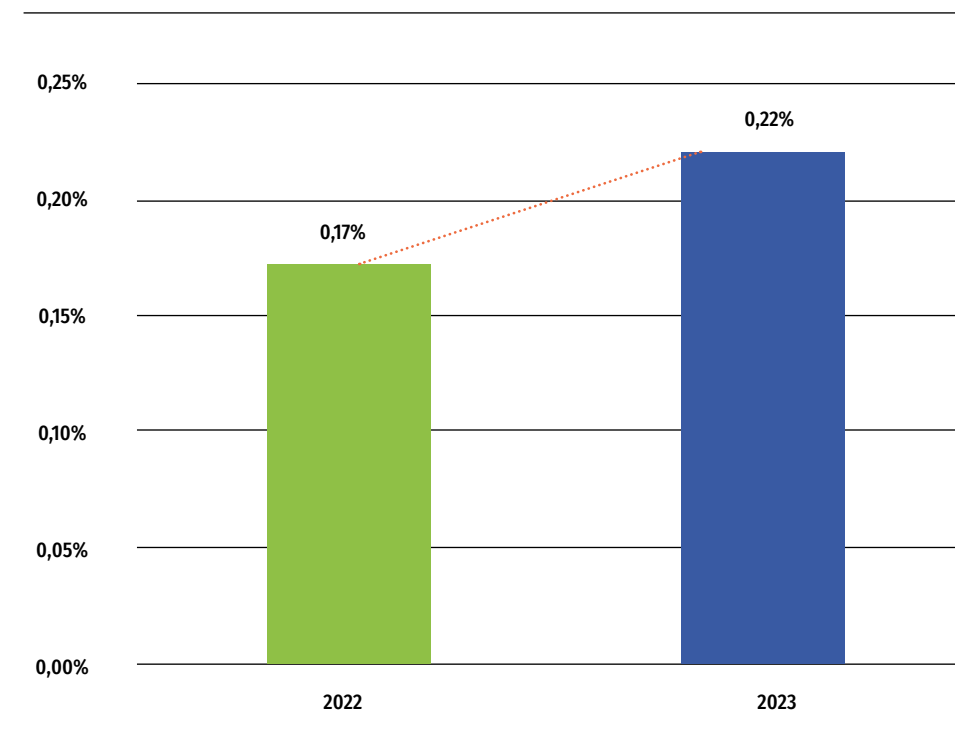
As part of its initiatives to support local communities, between **2022** and **2023** Trafilspec ITS

- **Donated** a sum to voluntary and charitable activities supported by various local associations
- **Participated** in the financing of a project for the development of a new shelter for socially disadvantaged or vulnerable people
- **Contributed**, through a donation to an association for scientific care and research, to the development of a project to create a play area for users of a rehabilitation centre
- **Organised** initiatives to support non-profit associations through corporate events aimed at selling their products
- **Sponsored** the ASD Alta Brianza sport club, synonymous with inclusion, fair play and sporting and personal growth
- **Supported** speaking activities and associations that assist people with disabilities



**During 2023, Trafilspec ITS's donations and sponsorships amounted to 0.22% of its turnover, an increase of 29% compared to the previous year.**

Donations by year



**Promoting Community welfare and development**  
Trafilspec ITS believes that only by promoting the welfare and development of the local area in which it operates can it achieve real and lasting business growth. For this reason, the company is committed to forming a synergic and collaborative relationship with the Community





*Green heart, steely expertise*

6

## ENVIRONMENTAL RESPONSIBILITY



**-8%**  
ENERGY  
CONSUMPTION IN  
2023 COMPARED TO  
2022



**97%**  
WASTE SENT  
FOR RECYCLING



**70%**  
EAF STEEL  
FROM SCRAP PURCHASED





# 6. ENVIRONMENTAL RESPONSIBILITY

Trafilspec ITS recognises that the challenges of climate change and the promotion of circularity require a **bottom-up approach** in order to raise awareness and make a difference within a high environmental impact and growing supply chain. For this reason, the company has identified **four focus areas**: the responsible management of **raw materials**, **energy transition**, efficient **waste** management and the protection of **water resources**. These key points reflect Trafilspec ITS's commitment to pursuing concrete strategies and objectives, creating value for its stakeholders while **respecting the planet**.

**Concrete objectives and value creation**  
Trafilspec ITS recognises that the challenges of climate change and the promotion of circularity require a bottom-up approach in order to raise awareness and make a difference within a high environmental impact supply chain

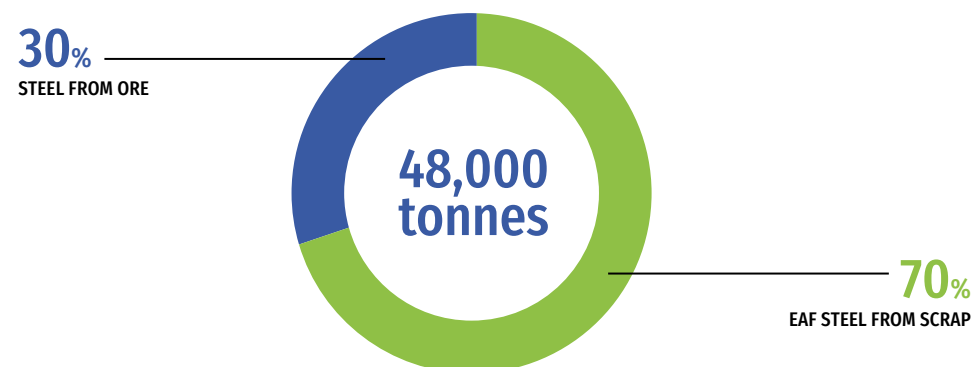
## 6.1 Raw materials



As **steel** makes up **99% of the weight of the raw materials used for production**, Trafilspec ITS's commitment to reducing its environmental impact begins with its decision to use sustainable steel. As first processor of the raw material that comes out of steel mills, the company also pays close attention to the way steel is produced in its supply chain. The **majority of its purchased steel (about 70%)** comes from **scrap** from recycled materials processed by EAF electric arc furnaces, the most sustainable and environmentally-friendly technology to date. The remaining purchased steel comes from smelting processes using carbon coke and raw materials from the mining and processing of iron ore.

One of Trafilspec ITS' main priorities is the sustainability of its production processes. To this end, it maintains a constant dialogue with its supply chain, constantly examining

Type of steel purchased and processed in 2023



## The transition to a sustainable steel industry

Although technological processes in the steel industry emit a significant amount of CO<sub>2</sub>, major production technology advancements are being made (both for steel from ore and from ferrous scrap) in order to reduce the current environmental impact. Lots of work is going into the **recycling of steel**. Nevertheless, the amount of steel scrap currently available is only sufficient to meet a part of global demand.

Another of the industry's solutions for producing more sustainable steel is **green steel**, which is made using innovative technologies that reduce carbon emissions. For example, using green hydrogen as an alternative to coal or natural gas in iron ore reduction processes can lower CO<sub>2</sub> emissions. Just as the use of renewable energy (wind, solar, hydroelectric) in steel mills can give steel a high "green" rating.

new green steel production opportunities while always taking into account the costs and the needs of its customers.

The production and processing of steel within the company has always involved recovery and recycling processes, a sequence of phases which comprises the **entire product life cycle**.

The following table summarises the type and quantity of materials used for packaging

RAW MATERIALS USED   GRI STANDARD 301 - 1			
	2022 quantity in kg	2023 quantity in kg	Source of quantitative data
Purchased and processed steel	49,000,000	48,000,000	Direct data
Raw materials for steel drawing and processing	36,200	42,000	Direct data
Grit blasting for sand-blasting process	160,000	160,000	Direct data
<b>TOTAL</b>	<b>49,196,200</b>	<b>48,202,000</b>	

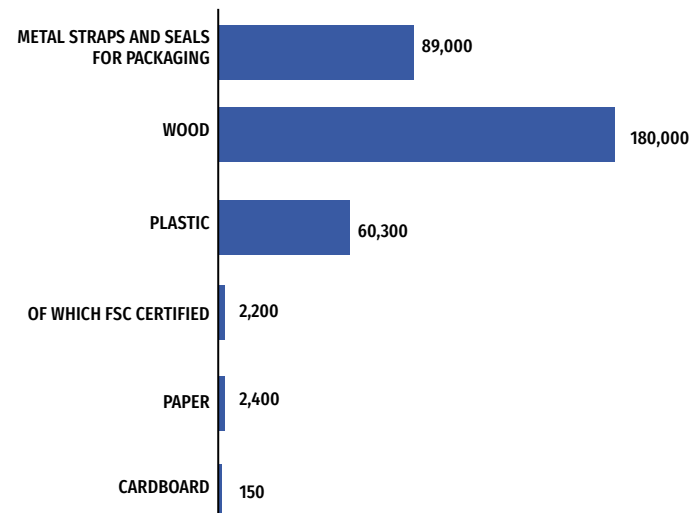
PACKAGING MATERIALS USED   GRI STANDARD 301 - 1			
	2022 quantity in kg	2023 quantity in kg	Source of quantitative data
Cardboard	180	150	Direct data
Paper	2,700	2,400	Estimated
of which FSC certified	2,400	2,200	Estimated
Plastic	50,000	60,300	Estimated
Wood	200,000	180,000	Direct data
Other (Metal straps and seals for packaging)	110,000	89,000	Direct data
<b>TOTAL</b>	<b>362,880</b>	<b>331,850</b>	

## Sustainable steel to reduce environmental impact

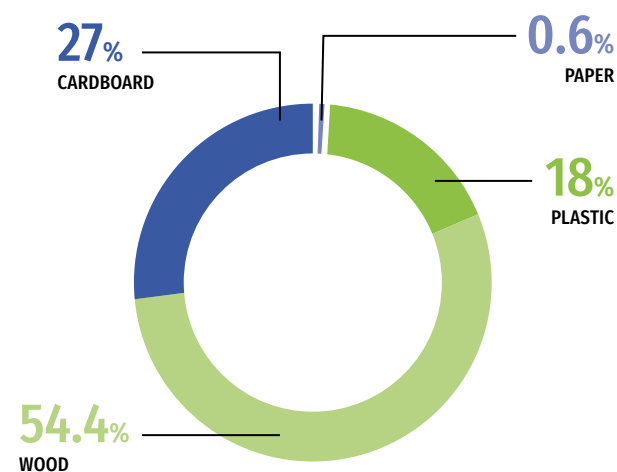
The majority of its purchased steel comes from scrap from recycled materials processed by EAF electric arc furnaces, the most sustainable and environmentally-friendly technology to date



Packaging materials  
used in 2023 (Kg)



Weight of packaging  
materials (2023)



## 6.2 The energy transition



**Optimising energy consumption** is one of the main drivers for **reducing the environmental** impact of Trafilspec ITS. As part of the planned activities for energy-intensive businesses, in 2023 the company outlined a priority schedule of technological, operational and management measures to achieve cost savings and improve its energy efficiency. These have been incorporated into business development and facility management plans with the goal of continuously improving its operations, which are subject to **annual review and reporting** through constant data analysis.

The company's energy policy aims to **mitigate negative impacts** through efficient energy management practices. This commitment translates into concrete actions to **optimise consumption, reduce waste** and adopt the **most efficient technologies**, thus helping to reduce the greenhouse gases generated by the production and consumption of energy, both electrical and thermal.

Energy consumption management is based on **audits performed according to production site and source of supply**. Action plans are not limited to periodic or annual investments, but are part of a **medium- to long-term business strategy** aimed at reducing overall environmental impact.

More specifically, **electricity consumption, gas consumption** and **CO<sub>2</sub> emissions** are **measured**. Monitoring is followed by the **analysis** of changes over time to identify potential areas for improvement. At some sites the company also has dedicated **meters** for **monitoring energy absorption**. These provide crucial data for assessing

the effectiveness of the strategies adopted and identifying specific, targeted optimisation opportunities.

Between 2022 and 2023 the company implemented a series of **initiatives** to facilitate the energy transition and reduce consumption, including:

- Design and construction of **photovoltaic systems** on the roofs of plants which will be operational by the end of 2024
- Completion of the **fleet of ELV forklift trucks** (electrically powered with battery packs) to replace traditional diesel trucks
- Replacement of lamps with **LEDs**
- **Improvement in the energy efficiency of furnace combustion systems** (burners)
- **Reduction of heat loss and recovery** within the heat treatment process
- Technical evaluations on the readiness of existing furnaces to transition to **alternative fuel**
- Installation of new systems to ensure greater **energy efficiency**
- Use of **artificial intelligence** to manage production processes

In addition to energy consumption, Trafilspec ITS also closely monitors its **greenhouse gas emissions** (Scope 1 and Scope 2). The emissions it generates are mainly related to methane gas consumption (direct), with action plans focused on furnace plant efficiency and electricity consumption (indirect).



**Trafilspec ITS is embarking on a virtuous path towards decarbonisation, complying with Italian and European regulations while increasing the competitiveness of its products.**





## 6.2.1 Energy consumption



Currently, the main energy sources used include **electricity**, for processes and electrically-driven heat treatment furnaces, **natural gas** for the other heat treatment furnaces and heating, and fuel used for the company's vehicles.

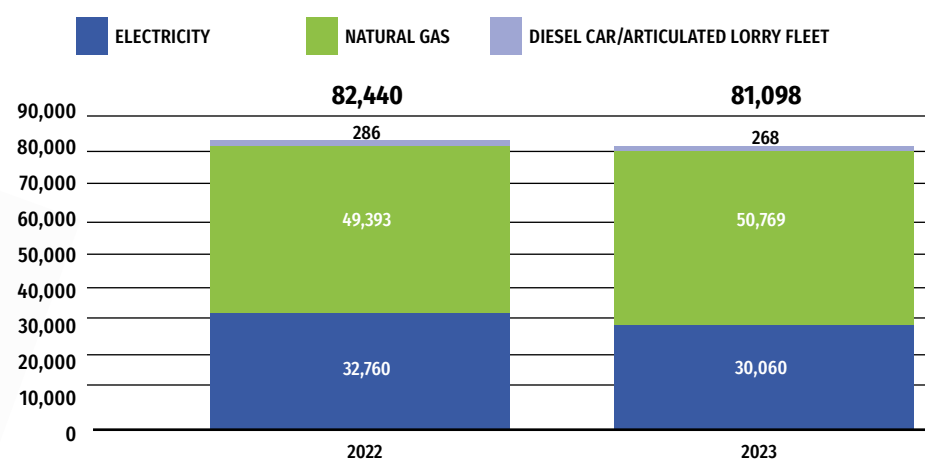
Trafilspec ITS closely **monitors its energy management**, carefully assessing **risks** related to macroeconomic dynamics and national and international policies which may directly or indirectly influence its orders and energy prices.

ENERGY CONSUMPTION (GJ)   GRI STANDARD 302-1		
	2022	2023
Electricity	32 760	30 060
Natural gas	49 393	50 769
Diesel for truck/articulated lorry fleet	286	268
Diesel/Petrol for company car fleet	N/A	N/A
<b>TOTAL ENERGY CONSUMPTION</b>	<b>82 440</b>	<b>81 098</b>

**-8%**  
Consumption of electricity  
in 2023

**-6%**  
Consumption of diesel  
in 2023

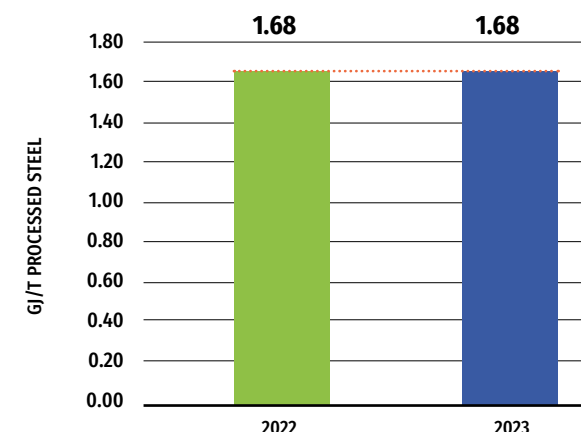
### Annual energy consumption (Gj)



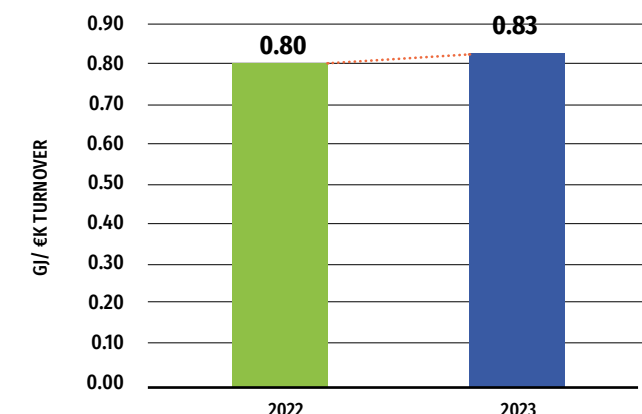
Compared to 2022, the company reduced its electricity and diesel **consumption** in 2023 (by 8% and 6% respectively) while its consumption of natural gas slightly increased (+3%) following the installation of a new massive heat treatment furnace.

In 2023 its **energy intensity** increased slightly compared to 2022, both in relation to tonnes of steel processed (+0.4%) and in relation to turnover (+4.5%), against a decrease in processed steel (-2%) and turnover (-5.8%).

### Energy intensity per tonne of processed steel (GJ/tonne)



### Energy intensity against turnover (MJ/€)



## 6.2.2 Emissions



To measure and monitor the impacts of its use of materials, Trafilspec ITS adopts the **GHG protocol standards** for emissions and analyses its consumption in order to assess its progress and establish investment plans in accordance with the main national and international regulations and frameworks. Results are evaluated at least annually. For its commitment and the conformity of the company's procedures with the highest environmental management standards, Trafilspec ITS has been awarded **ISO 14001** certification.

**Emissions are measured** according to the GRI guidelines by calculating Scope 1 and Scope 2:

### SCOPE 1

**Scope 1 includes "direct" emissions** related to the activities of the company or activities controlled by the company, including all greenhouse gas emissions generated directly by the organisation from fossil fuel combustion plants used to power its systems and from the company's fleet of cars

### SCOPE 2

**Scope 2 includes indirect emissions** deriving from the production of **electricity by third parties** and in locations different to the place of use but nonetheless ascribable to the company as end user.





The **Location-Based** approach was adopted to calculate the **carbon footprint** of Trafilspec ITS with emissions estimated using emission factors related to the **national energy mix**<sup>6</sup>. The **Market-Based** approach of estimating emissions on the basis of emission factors associated with electricity from the organisation's chosen suppliers is not applicable in the absence of certificates of origin, despite the fact that the energy supplier declared a forecast production mix value for the year 2022 (with 27.97% of electricity produced from renewable sources).

EMISSIONS (TONNES CO <sub>2</sub> EQ)   GRI STANDARD 305			
	2022	2023	VAR%
Methane gas	2 796	2 874	3%
Business trips	28	30	7%
Petrol	0	0	0%
Diesel	21	20	-6%
<b>TOTAL SCOPE 1</b>	<b>2 845</b>	<b>2 924</b>	<b>3%</b>
Electricity (Location-based)	3 015	2 767	-8%
<b>TOTAL SCOPE 2</b>	<b>3 015</b>	<b>2 767</b>	<b>-8%</b>
<b>TOTAL SCOPE 1+2 (LOCATION-BASED)</b>	<b>5 860</b>	<b>5 690</b>	<b>-3%</b>

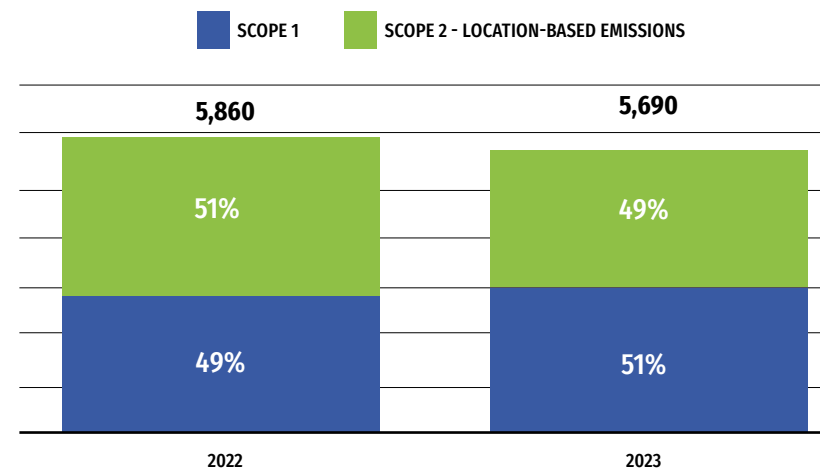


Compared to 2022, **Scope 1 emissions** rose in 2023 due to an increase in the company's consumption of methane for production purposes. However, **Scope 2 emissions** related to energy production fell by 8%. Overall, Trafilspec ITS **reduced its global emissions by 3%**, excluding Scope 3.



The company's Scope 1 tonnes of CO<sub>2</sub> account for about 50% of the total (Scope 1 + Scope 2)

#### Scope 1 - Scope 2 Location-Based emissions (tonnes CO<sub>2</sub> eq)



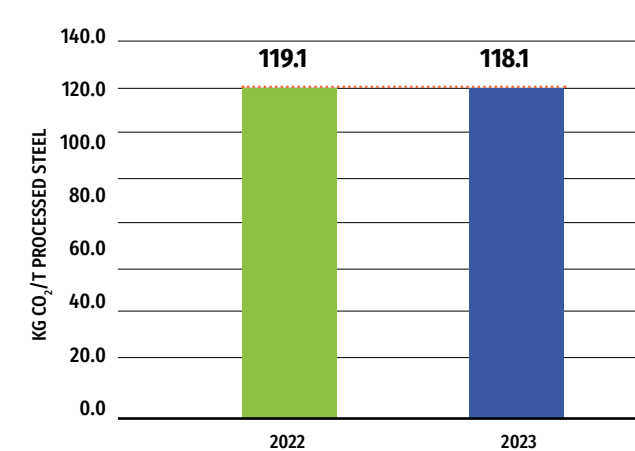
6 European Residual Mixes - Association of Issuing Bodies (AIB)



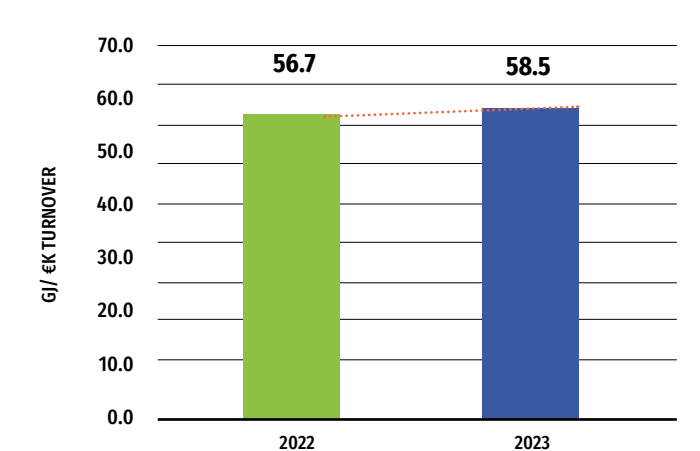
As with **energy intensity**, turnover-related emission intensity increased slightly (+3.1%) against the decrease in turnover in 2023 (-5.8%).

**Emission intensity** related to tonnes of processed steel **decreased** slightly by 0.9% against a linear decrease in carbon footprint and volumes processed.

#### Emission intensity per tonne of steel (kg CO<sub>2</sub>/tonne steel)



#### Emission intensity against turnover (kg CO<sub>2</sub>/k€)







6.3 Waste management



Over the years Trafilspec ITS has gradually improved and optimised its production processes in order to reduce its impact on the environment. The company has implemented solutions to reduce the amount of waste it generates, guarantee adequate sorting, and maximise its recovery.

The waste produced by the company in the course of its production and service activities is mainly associated with the disposal of:

- Iron, in various processing by-products
- Ferrous material dust and particulate matter

Hazardous special waste is associated with:

- Metal sludge (grinding, sharpening and lapping sludge) containing oil
- Waste containing oil (sludge)
- Depleted waxes and fats
- Absorbents, filters and contaminated elements
- Mineral oils for machinery

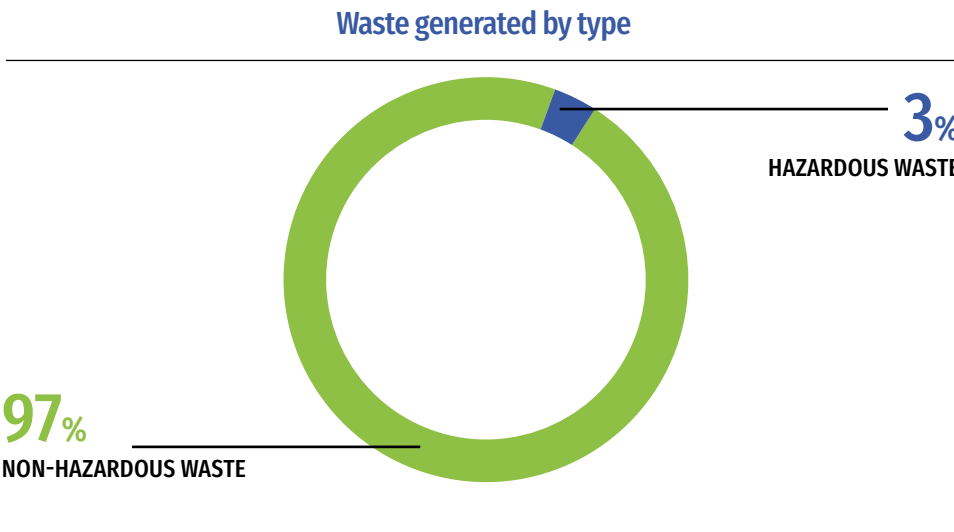
The following tables show the type and weight of waste produced according to whether or not it is directed to disposal

WASTE DIRECTED TO DISPOSAL (TONS)   GRI STANDARD 306 - 5							
2022				2023			
	In loco	At external site	Total	In loco	At external site	Total	
HAZARDOUS WASTE							
Preparation for disposal - (D13, D14, D15)	7,48	0,00	7,48	59,38	0,00	59,38	
Incineration with energy recovery - (R1)	0,00	0,00	0,00	0,00	0,00	0,00	
Incineration without energy recovery - (D10, D11)	0,00	0,00	0,00	0,00	0,00	0,00	
Landfilling - (D1, D5)	0,00	0,00	0,00	0,00	0,00	0,00	
Other disposal operations - (D2, D3, D4, D6, D7, D8, D9, D12)	0,00	0,00	0,00	0,00	0,00	0,00	
TOTAL HAZARDOUS WASTE	7,48	0,00	7,48	59,38	0,00	59,38	
NON-HAZARDOUS WASTE							
Preparation for disposal - (D13, D14, D15)	1,39	0,00	1,39	0,00	0,00	0,00	
Incineration with energy recovery - (R1)	0,00	0,00	0,00	0,00	0,00	0,00	
Incineration without energy recovery - (D10, D11)	0,00	0,00	0,00	0,00	0,00	0,00	
Landfilling - (D1, D5)	0,00	0,00	0,00	0,00	0,00	0,00	
Other disposal operations - (D2, D3, D4, D6, D7, D8, D9, D12)	0,00	0,00	0,00	0,00	0,00	0,00	
TOTAL NON-HAZARDOUS WASTE	1,39	0,00	1,39	0,00	0,00	0,00	

WASTE DIVERTED FROM DISPOSAL (TONS)   GRI STANDARD 306-4						
2022				2023		
	In loco	At external site	Total	In loco	At external site	Total
HAZARDOUS WASTE						
Preparation for reuse - (R13)	16,17	0,00	16,17	27,28	0,00	27,28
Recycling - (R3, R4, R5, R11)	0,00	0,00	0,00	0,00	0,00	0,00
Other recovery operations - (R2, R6, R7, R8, R9, R10, R12)	0,00	0,00	0,00	0,00	0,00	0,00
TOTAL HAZARDOUS WASTE	16,17	0,00	16,17	27,28	0,00	27,28
NON-HAZARDOUS WASTE						
Preparation for reuse - (R13)	2.229,22	0,00	2.229,22	2.425,21	0,00	2.425,21
Recycling - (R3, R4, R5, R11)	0,00	0,00	0,00	2,66	33,00	35,66
Other recovery operations - (R2, R6, R7, R8, R9, R10, R12)	0,00	0,00	0,00	0,00	0,00	0,00
TOTAL NON-HAZARDOUS WASTE	2.229,22	0,00	2.229,22	2.427,87	33,00	2.460,87

In 2023, **97%** of Trafilspec ITS waste **was considered non-hazardous**. The increase in the share of hazardous waste is linked to the increase in process raw materials (oils and stearates for drawing and services).

WASTE GENERATED BY TYPE (TONS)   GRI STANDARD 306-3						
2022			2023			
	In loco	At external site	Total	In loco	At external site	Total
Hazardous waste	23,65	0,00	23,65	86,66	0,00	86,66
Non-hazardous waste	2.230,62	0,00	2.230,62	2.427,87	33,00	2.460,87
TOTAL	2.254,27	0,00	2.254,27	2.514,53	33,00	2.547,53





## Maximising waste recovery

Trafilspec ITS has gradually improved and optimised its production processes in order to reduce its impact on the environment, implementing solutions to reduce the quantity of waste it generates and guarantee adequate sorting

## CHAPTER 6 • ENVIRONMENTAL RESPONSIBILITY

**97%**  
of waste are classified  
as recoverable

Hazardous special waste is **disposed of through specialist companies**, whose transport and disposal authorisations are periodically monitored by checking their listing on specific registers.

**Recyclable waste**, such as paper, cardboard and plastic, is collected in specific **bins on company premises** and periodically **collected by specialist companies**, in accordance with the regulations in force in the municipalities of Canzo and Castelmarte (door-to-door collection based on annual schedule). The latter regulation also applies to the collection of mixed waste.

Thanks to the support of an expert consultant, which acts as an intermediary for the final transfer of the waste to specialist companies, and in full compliance with environmental and safety requirements, Trafilspec ITS has a **surveillance and monitoring programme** for the management and **disposal of electronic office equipment** used by the company and **toner cartridges**.

The waste is accompanied by the Waste Identification Form, approved by the Chamber of Commerce and completed in full by the Environmental Registrar.

**Every year**, the company files its **Environmental Declaration** at the deadlines established by the regulations.

In 2023, **97% of waste was classified as recoverable** (in addition to the normal share of waste disposed of and managed as municipal solid waste, through separate door-to-door collection) due to the high level of recyclability of steel. In fact, **88% of waste was associated with materials deriving from steel scrap and production processes**, i.e. ferrous materials that can be reused in steelmaking.

For several years now, Trafilspec ITS has also been working with its customers to **reuse plastic, paper and wood packaging** and for the coming years has set itself the goal of further **increasing its recovery and recycling of plastic packaging**.

In order to improve its level of **circularity**, an initiative was launched to convert iron powder, currently categorised as non-hazardous waste, into a by-product to be used as an input in industrial processes. In 2024 the company will evaluate the possible technical solutions for implementing this transformation with the aim of making the process operational from 2025.





## 6.4 Water withdrawal and consumption



Trafilspec ITS has always promoted the **correct and efficient management of water** within its business processes. The processing of steel necessarily involves the use of water both as a **cooling element for the systems** and as a **cooling lubricant** for the functionality of processes and machining. In addition to improving the efficiency of the machines, water is used to **reduce room temperatures**, particularly in the summer.

Because of its importance to the **planet** and to the company's business, water is subject to conscientious management and treatment processes, **from its withdrawal from the network to its use in the plants and elsewhere**. The company's commitment to this end takes the form of the planned management of this resource in order to **optimise its use** and **reduce waste**.

The supply of water is guaranteed through **withdrawals from the public network** and made available for **domestic use**, such as in the bathrooms and changing rooms, and industrial use, mainly the cooling of the plants. The production cycle does not generate industrial waste. The company acquires its water from specific withdrawal points for each plant and the monitoring of its consumption is delegated to the local company in charge of managing the water service.

The **discharges** from each plant are classified and **conveyed to the sewage system** and, in the case of “stormwater or rainwater after the first flush”<sup>7</sup>, to surface watercourses, in accordance with environmental regulations and with appropriate treatments using lamination tanks and tanks to regulate the flow of rainwater discharged to the final receptor.

Significant investments will be made in the coming years to continuously improve the management of the service network, optimising wastewater flows and improving the protection of the surrounding environment.

In order to limit and optimise water consumption, **Trafilspec ITS has equipped itself with cooling tanks with semi-closed circuit** for industrial use, which minimise losses and promote water recirculation. In addition, when building new plants or renovating its facilities, the company **examines and seeks to improve the efficiency of both its plant and domestic water networks**. Where possible, it installs **evaporating towers** for production processes and **rainwater harvesting tanks** for irrigating green areas.

**“First flush” rainwater**<sup>8</sup> and water assimilated to domestic water are discharged separately into the **consortium sewerage system** from the rainwater from the forecourts, where there are no separation systems currently in place.

**Periodically**, and in accordance with the regulations in force, Trafilspec ITS **analyses authorised discharges into the sewerage system and water body** (first flush rainwater and subsequent runoff), in compliance with the limits set for pollutants, guaranteeing the constant availability of information and support for the reference bodies. Water discharge data is **reviewed annually and updated in the Environmental Analysis Document**. Trafilspec ITS publishes the results on its water use and compliance at information points in the company.



**The business is located in an area that is not subject to hydrogeological constraints.**

WATER WITHDRAWAL AND CONSUMPTION (m³)   GRI 303-3 AND 303-5		
	2022	2023
Water withdrawal and consumption from network	6.000	7.000
<b>TOTAL WATER WITHDRAWALS AND CONSUMPTION</b>	<b>6.000</b>	<b>7.000</b>

Water withdrawal increased in 2023 due to the need to fill newly installed cooling towers.

WATER DISCHARGE (m³)   GRI 303-4		
	2022	2023
Water discharges to surface waters (first flush rainwater and subsequent runoff)	150	150
Water discharges from network	6.000	7.000
<b>TOTAL WATER DISCHARGES</b>	<b>6.150</b>	<b>7.150</b>



<sup>7</sup> Water deriving mainly from the collection of rainwater, treated in specific tanks and released in accordance with current environmental authorisations

<sup>8</sup> First flush rainwater from roof and forecourt runoff, following appropriate treatment, which cannot be channelled into surface watercourses.





## GRI CONTENT INDEX





Declaration of use

Trafilspec S.p.A. has reported the information cited in the GRI Content Index for the period 01.01.23-31.12.23, with reference to the GRI Standards

GRI CONTENT INDEX				
GRI ID	Description of indicator	Paragraph	Page	Comments and omissions
GRI 1: FOUNDATION (2021)				
GRI 2: GENERAL DISCLOSURES (2021)				
THE ORGANIZATION AND ITS REPORTING PRACTICES				
Disclosure 2-1	Organizational details	1.1 A success story	12	
Disclosure 2-2	Entities included in the organization's sustainability reporting	Methodological note	9	
Disclosure 2-3	Reporting period, frequency and contact point	Methodological note	9	
Disclosure 2-4	Restatements of information	-	-	First Sustainability Report
Disclosure 2-5	External assurance	-	-	Company not subject to external assurance
ACTIVITIES AND WORKERS				
Disclosure 2-6	Activities, value chain and other business relationships	1.3 Value proposition	20	
Disclosure 2-7	Employees	5.1 Our people	62	
Disclosure 2-8	Workers who are not employees	5.1 Our people	62	
GOVERNANCE				
Disclosure 2-9	Governance structure and composition	3.1 Trafilspec ITS governance	36	
Disclosure 2-10	Nomination and selection of the highest governance body	3.1.1 The Board of Directors	37	
Disclosure 2-11	Chair of the highest governance body	3.1.1 The Board of Directors	37	
Disclosure 2-12	Role of the highest governance body in overseeing the management of impacts	3.1.1 The Board of Directors	37	Role and responsibilities being defined
Disclosure 2-13	Delegation of responsibility for managing impacts	2 Sustainability at Trafilspec ITS	26	
Disclosure 2-14	Role of the highest governance body in sustainability reporting	Methodological note	9	The Board of Directors approves the Sustainability Report
STRATEGY, POLICIES AND PRACTICES				
Disclosure 2-22	Statement on sustainable development strategy	Letter to Stakeholders	4	
Disclosure 2-26	Mechanisms for seeking advice and raising concerns	3.2 Business ethics and integrity	46	
Disclosure 2-27	Compliance with laws and regulations	3.2 Business ethics and integrity	46	There are no cases of non-compliance with laws and regulations
Disclosure 2-28	Membership associations	-	-	No association outside the trade association

STAKEHOLDER ENGAGEMENT				
Disclosure 2-29	Approach to stakeholder engagement	2.1 Stakeholder engagement and materiality analysis	29	
Disclosure 2-30	Collective bargaining agreements	5.1 Our people	62	100% of employees covered by collective bargaining agreements
GRI 3: MATERIAL TOPICS (2021)				
Disclosure 3-1	Process to determine material topics	2.1 Stakeholder engagement and materiality analysis	29	
Disclosure 3-2	List of material topics	2.1 Stakeholder engagement and materiality analysis	29	First Sustainability Report
Disclosure 3-3	Management of material topics	2.1 Stakeholder engagement and materiality analysis	29	The analysis of the impacts of material issues will be available in the next Report
Disclosure 3-3	Material topic: Energy	6.2 The energy transition	86	
Disclosure 3-3	Material topic: Research and development	4.4 Innovation and Development	57	
Disclosure 3-3	Material topic: Safeguarding of occupational health and safety	5.4 Occupational health and safety	75	
Disclosure 3-3	Material topic: Waste	6.3 Waste management	92	
Disclosure 3-3	Material topic: Staff training and education	5.3 Training	68	
Disclosure 3-3	Material topic: Attention to product communication	5.6 Customer satisfaction and customer data protection	79	
Disclosure 3-3	Material topic: Creation of employment in local communities	5.7 Commitment to the community and local area	80	
Disclosure 3-3	Material topic: Product safety	5.6 Customer satisfaction and customer data protection	79	
Disclosure 3-3	Material topic: HR management policies	5.1 Our people	62	
Disclosure 3-3	Material topic: Creation of social responsibility in the value chain	5.5 Sustainability in the supply chain: supplier selection and evaluation	78	
Disclosure 3-3	Material topic: Raw materials	6.1 Raw materials	84	
Disclosure 3-3	Material topic: Protecting customer privacy	5.6 Customer satisfaction and customer data protection	79	
Disclosure 3-3	Material topic: Inclusion, diversity and non-discrimination	3.2 Business ethics and integrity	46	
GRI 201: ECONOMIC PERFORMANCE (2016)				
Disclosure 201-1	Direct economic value generated and distributed	4.2 Economic value generated and distributed	53	
Disclosure 201-3	Defined benefit plan obligations and other retirement plans	-	-	Not applicable
Disclosure 201-4	Financial assistance received from government	-	-	Not applicable
GRI 202: MARKET PRESENCE (2016)				
Disclosure 202-2	Proportion of senior management hired from the local community	3.1.1 The Board of Directors	37	100%
GRI 203: INDIRECT ECONOMIC IMPACTS (2016)				
Disclosure 203-1	Infrastructure investments and services supported	5.7 Commitment to the community and local area	80	
GRI 204: PROCUREMENT PRACTICES (2016)				
Disclosure 204-1	Proportion of spending on local suppliers	4.3.1 Suppliers	55	75%



GRI 205: ANTI-CORRUPTION (2016)				
Disclosure 205-2	Communication and training about anti-corruption policies and procedures	5.3 Training	68	87 hours dedicated to anti-corruption, OMCM 231 and the Code of Ethics
Disclosure 205-3	Confirmed incidents of corruption and actions taken	3.2 Business ethics and integrity	46	No incidents of corruption reported
GRI 206: ANTI-COMPETITIVE BEHAVIOR (2016)				
Disclosure 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3.2 Business ethics and integrity	46	No incidents of anti-competitive behaviour, anti-trust activities or monopoly practices reported
GRI 301: MATERIALS (2016)				
Disclosure 301-1	Materials used by weight or volume	6.1 Raw materials	84	
Disclosure 301-2	Recycled input materials used	6.1 Raw materials	84	
Disclosure 301-3	Reclaimed products and their packaging materials	6.1 Raw materials	84	
GRI 302: ENERGY (2016)				
Disclosure 302-1	Energy consumption within the organization	6.2.1 Energy consumption	88	
Disclosure 302-3	Energy intensity	6.2.1 Energy consumption	88	
Disclosure 302-4	Reduction of energy consumption	6.2.1 Energy consumption	88	
GRI 303: WATER AND EFFLUENTS (2018)				
Disclosure 303-1	Interactions with water as a shared resource	6.4 Water withdrawal and consumption	96	
Disclosure 303-3	Water withdrawal	6.4 Water withdrawal and consumption	96	
Disclosure 303-4	Water discharge	6.4 Water withdrawal and consumption	96	
Disclosure 303-5	Water consumption	6.4 Water withdrawal and consumption	96	
GRI 305: EMISSIONS (2016)				
Disclosure 305-1	Direct (Scope 1) GHG emissions	6.2.2 Emissions	89	
Disclosure 305-2	Energy indirect (Scope 2) GHG emissions	6.2.2 Emissions	89	
Disclosure 305-4	GHG emissions intensity	6.2.2 Emissions	89	
Disclosure 305-5	Reduction of GHG emissions	6.2.2 Emissions	89	
GRI 306: WASTE (2020)				
Disclosure 306-1	Waste generation and significant waste-related impacts	6.3 Waste management	92	
Disclosure 306-3	Waste generated	6.3 Waste management	92	
Disclosure 306-4	Waste diverted from disposal	6.3 Waste management	92	
Disclosure 306-5	Waste directed to disposal	6.3 Waste management	92	
GRI 401: EMPLOYMENT (2016)				
Disclosure 401-1	New employee hires and employee turnover	5.1 Our people	62	
Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-	-	Benefits are provided to all categories, in line with business needs

GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2018)				
Disclosure 403-1	Occupational health and safety management system	5.4 Occupational health and safety	75	
Disclosure 403-2	Hazard identification, risk assessment, and incident investigation	5.4 Occupational health and safety	75	
Disclosure 403-3	Occupational health services	5.4 Occupational health and safety	75	
Disclosure 403-4	Worker participation, consultation, and communication on occupational health and safety	5.4 Occupational health and safety	75	
Disclosure 403-5	Worker training on occupational health and safety	5.4 Occupational health and safety	75	
Disclosure 403-6	Promotion of worker health	5.4 Occupational health and safety	75	
Disclosure 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4 Occupational health and safety	75	
Disclosure 403-8	Workers covered by an occupational health and safety management system	5.4 Occupational health and safety	75	
Disclosure 403-9	Work-related injuries	5.4 Occupational health and safety	75	
GRI 404: TRAINING AND EDUCATION (2016)				
Disclosure 404-1	Average hours of training per year per employee	5.3 Training	68	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY (2016)				
Disclosure 405-1 a	Diversity of governance bodies and employees	3.1.1 The Board of Directors	37	
Disclosure 405-1 b	Diversity of governance bodies and employees	5.1 Our people	62	
Disclosure 405-2	Ratio of basic salary and remuneration of women to men	5.1 Our people	62	Trafilspec ITS has completely closed the gender pay gap
GRI 406: NON-DISCRIMINATION (2016)				
Disclosure 406-1	Incidents of discrimination and corrective actions taken	3.2 Business ethics and integrity	46	No incidents of discrimination reported
GRI 413: LOCAL COMMUNITIES (2016)				
Disclosure 413-1	Operations with local community engagement, impact assessments, and development programs	5.7 Commitment to the community and local area	80	
GRI 416: CUSTOMER HEALTH AND SAFETY (2016)				
Disclosure 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	5.6 Customer satisfaction and customer data protection	79	There were no incidents of non-compliance concerning the health and safety impacts of products or services
GRI 417: MARKETING AND LABELING (2016)				
Disclosure 417-2	Incidents of non-compliance concerning labelling and information on products and services	5.6 Customer satisfaction and customer data protection	79	There were no cases of non-compliance with regulations or regarding labelling
GRI 418: CUSTOMER PRIVACY (2016)				
Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	5.6 Customer satisfaction and customer data protection	79	In 2023 there were no substantiated complaints concerning breaches of customer privacy





A Cerved Company

This document was prepared with the support of MBS Consulting

Photo by LUCA CHIAUDANO Visual Design ANNA CERVETTO





Trafilspec ITS S.p.A - Via Cà Bianca, 2 - 22030 Castelmarte (CO) - Italia  
[www.trafilspec.it](http://www.trafilspec.it)