PALMIERI GROUP

SUSTAINABILITY REPORT

2024

HIGHLIGHTS 2024

E

Responsible and transparent management of environmental impacts through continuous monitoring, resource efficiency, best practices and training activities

14% reduction in electricity consumption in 2024, with **24%** of energy purchased coming from **renewable sources**

Water withdrawal in **2024** has been **reduced** by approximately **33%**

In 2024, the Palmieri Group **reduced waste** production **by 20%**, with **95.3%** sent for **recovery or recycling**.

S

For the Palmieri Group, people are the focus of its activities and the driving force behind sustainable development, based on ethics, inclusion, professional growth and talent development

263 employees

17% women

83% men

Increase in contractual stability

98% permanent contracts

An average **of 26 hours of training** was provided **to each employee**, an increase compared to the previous year

Commitment to the community

- Support for social, cultural and sporting initiatives, collaborating with local parishes, Pro Loco, Telethon and Race for the Cure
- Participation in cultural and technical events, such as the Festival della Cultura Tecnica (Technical Culture Festival) in Porretta Terme
- Membership of international networks (SIG, AMITOS)

G

Organisational structure

Renomeccanica s.r.l.

Palmieri s.p.a.

Palmieri Tools Forging s.r.l.

Management Committee

4 members

1 woman

Corporate Ethics

Collaborative approach based on continuous improvement

Transparent governance

Whistleblowing

Products and services

Service with high quality and safety standards guaranteed by **ISO 9001** and **PED** certifications confirmed by **DNV**.
New ABS certification obtained in 2024.

PASS™ :patented machine for the sustainable treatment of organic waste.

Customer satisfaction: adoption of the "**Zero Defects**"

New customer evaluation system based on **objective data**

Digitisation of **the supply chain**

Zero non-conformities detected among qualified suppliers

Ethical, safe and sustainable management of **external contracts**

Economic performance

Production value
€49,806,737

Profit
€5,063,103

Net equity
€147,678,410

TABLE OF CONTENTS

Letter to stakeholders 5
Methodological note 6

1. Identity and strategies

a. A family-run business: the Mission, Vision and Values of the Palmieri Group 8
b. An Italian success story and innovation 13
c. Stakeholders and double materiality 17

2. Sustainability of governance

a. Governance system and corporate bodies 25
b. Internal organisation 28
c. Ethics and corporate conduct 30

3. Product liability

a. Product quality and safety 32
b. R&D innovation: PASS ™ 33
c. Customer satisfaction and focus 34
d. Supply chain 35

4. Human resources and organisational wellbeing

a. Personnel 38
b. Health and safety 39
c. Organisational well-being and protection of human rights 40
d. Human resource development and enhancement 45
e. The community 46

5. Environmental sustainability

a. Planning tools and environmental policies 48
b. Energy and water consumption management 49
c. Conscious waste management and circular economy 51

6. Economic sustainability

a. Economic performance 53

GRI and ESRS content index 47

LETTER TO STAKEHOLDERS

Dear Stakeholders,

We are proud to present the second edition of the Palmieri Group Sustainability Report. This document marks an important milestone in the journey we began last year and reflects the growing maturity of our commitment to a more sustainable future.

The past few years have challenged us in many ways: energy crises, increasingly visible climate change, and social tensions have made it clear that standing still was not an option. We chose to act, to look beyond short-term priorities, and to invest time and resources in shaping a business model aligned with the values we believe in: respect, transparency, and innovation.

This second Report is the result of a journey that continues to evolve. It reflects the dialogue, listening, and collaboration that guide the way we work every day. It also demonstrates how our commitments have translated into concrete actions: improving environmental performance, fostering a safe and inclusive workplace, and supporting the communities in which we operate. It is a story of results and responsibility, as well as learning, awareness, and the progress we know we can still achieve.

Once again, we have chosen to let actions speak louder than words. Each initiative is designed to create real impact, confirming that sustainability is not a trend or an optional extra, but a necessity.

We are also aware that no meaningful progress can be made alone. The true strength of the Palmieri Group lies in its people: our employees, who contribute their skills and commitment every day; our customers, who inspire us to improve; and you, our stakeholders, whose ideas and support allow us to move forward with confidence.

This Sustainability Report is a promise. We will continue to act with determination, improve over time, and look to the future with confidence and responsibility. We believe that only by working together can we create lasting value and build a future where growth and respect go hand in hand. This is not only a commitment to future generations but a responsibility we embrace today.

Thank you for being part of this journey. We are pleased to share with you our challenges, achievements, and, above all, our vision for a better tomorrow.

Enjoy reading.

METHODOLOGY NOTE

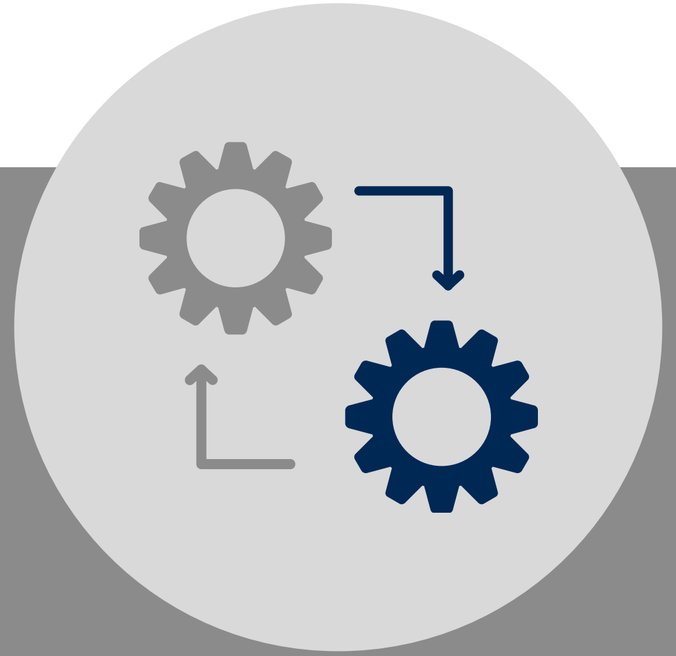
The drafting of the Palmieri Group's second Sustainability Report represents a further step in its commitment to corporate responsibility. Its aim is to stimulate internal reflection with a view to improving awareness of the current situation within the company and defining the actions necessary to achieve the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda.

The document follows the guidelines of the **GRI Standards** (Global Reporting Initiative, 2021) and related updates, adopting the **'in accordance** core' option. In order to progressively move towards reporting in accordance with the **ESRS** (European Sustainability Reporting Standards) principles developed by the EFRAG (European Financial Reporting Advisory Group), the GRI-ESRS **Inter**operability Index was used.

The selection of the content reported was carried out through a materiality analysis, which identified the aspects of greatest relevance to both the Palmieri Group and its stakeholders. The table entitled "GRI-ESRS Content Index" lists the indicators covered for each material topic identified, together with references to the specific paragraphs in which this data is reported.

The reporting of data and information is based on an **annual time frame and coincides with the financial statements as at 31 December 2024**. Where possible, the indicators presented are **compared with the performance of previous years** in order to stimulate improvement and encourage a continuous process of self-assessment.

The report was designed and drafted by an internal team, with the support of external consultants.



1

a. A family-run business: the Mission, Vision and Values of the Palmieri Group 8
b. An Italian story of success and innovation 13
c. Stakeholders and double materiality 17

Created and managed by the Palmieri family since 1972, the Palmieri Group is now a partner to all the major international players, providing **technologically advanced solutions in multiple civil engineering sectors**. Its past, with over fifty years of experience in the sector, and its present, with the ability to face the challenges and changes of a constantly evolving market, allow the Palmieri Group to be recognised as **an international leader in the field of drilling tools and mechanical manufacturing**.
Since its inception, the company has built its success on people, their ideals and the principles that guide them.

THE MISSION

The Palmieri Group's mission is to ***"continue to be a leader in innovation by investing in young people and the local area***".

This statement is not just a commitment, but a true **manifesto of intent**. Investing in young people means investing in the future: the group recognises the importance of the **younger generation as a driver of change** and a source of innovative ideas.

But it doesn't stop there: as proof of **Palmieri's deep connection to its origins and the local area**, its headquarters are located in Gaggio Montano, in the province of Bologna. Despite its significant growth over the years and its presence in 55 countries, the owners have always chosen to remain anchored to the land where it all began, demonstrating a strong attachment to their roots. This choice not only pays homage to the company's history, but also underlines the Palmieri Group's commitment to **contributing to local development**, creating a bridge between tradition and innovation.

THE VISION

The Palmieri Group's vision is to ***'create an ecosystem in which tradition and innovation coexist harmoniously, generating value not only for the company, but also for the community and the planet***'.

The Palmieri Group envisions **a future in which innovation and sustainability are intertwined**; it aspires to become a global benchmark in the sector for its ability **to anticipate challenges and transform them into opportunities** through cutting-edge solutions.

The aspiration is to encourage other companies to follow this example, demonstrating that progress can and must go hand in hand with sustainability.

VALUES

Values are the principles that guide the Palmieri Group's actions:

Efficiency, determination and entrepreneurial spirit are the basis for strategic decisions at all levels of the company and are essential for solid and continuous growth, with a focus on people and the community.

Productive synergy, technological excellence and continuous innovation enable us to offer comprehensive solutions through a wide range of both standard and tailor-made products.

Professionalism, timeliness and experience have always enabled the Palmieri Group to satisfy any request through a qualified and punctual after-sales service.

SUSTAINABLE DEVELOPMENT GOALS

With the aim of spreading and promoting a culture of sustainability in the sector in which it operates, the Palmieri Group is committed to creating opportunities for discussion and communication that foster greater awareness and responsibility.

To achieve these objectives, an in-depth analysis of the impact of its activities has been launched, identifying **six priority pillars of sustainability among the 17 Sustainable Development Goals of the United Nations 2030 Agenda**. These elements represent the foundations on which the Palmieri Group intends to commit itself in the coming years through concrete daily actions that reconcile strategic and economic decisions with the assessment of their social and environmental impacts.

- SDG 4 – Quality education
- SDG 8 – Decent work and economic growth
- SDG 9 – Industry, innovation and infrastructure
- SDG 11 – Sustainable cities and communities
- SDG 12 – Responsible consumption and production
- SDG 13 – Climate action

PROFILE

The Palmieri Group has its registered office and headquarters in Gaggio Montano (BO) and also has:

- **2 production sites** in Gaggio Montano (BO)
- **1 production site** in Campiglia Marittima (LI)
- **1 production site** in Montese (MO)
- **2 workshops** in Alto Reno Terme (BO)
- **1 sales and representative office** in Bologna
- **1 sales office** in Dresden (DE)

The Group has **two manufacturing companies**:

Palmieri s.p.a. is dedicated to **the design, engineering and production of tools for tunnelling and drilling**.
It is the Group's first company, founded as a manufacturer of cutting tools, which has grown and evolved, expanding its presence in various sectors. An international leader in the cutters segment, it offers **a complete range of products for all soil conditions and drilling applications**, expanding its offering to include **the construction of complete machines and tailor-made projects.**

Palmieri Tools Forging s.r.l. specialises in **the design, production and supply of a wide range of hot-forged items, raw or semi-finished, for various industrial applications**.
Founded in 1908 as a manufacturer of equipment for the agricultural sector, over time it has diversified its production to include a wide range of hot-stamped steel parts. Today, it is able to supply **both semi-finished and finished products** and caters to a large market **for a wide variety of sectors, including transmission, lifting, mining, oil & gas, petrochemical and railway components**. Its production capacity, the efficiency of its dedicated technical department and the extremely high quality of its raw materials are the strengths that make Palmieri Tools Forging s.r.l. the most reliable partner for numerous major international industrial groups.

BUSINESS UNITS FROM A STRATEGIC PLANNING PERSPECTIVE

FORGING

Palmieri Tools Forging s.r.l. researches and purchases the best steels on the market, developing the entire process: **from product design and technical management to stamping, ring rolling, heat treatment and mechanical processing.**
Its large production capacity is dedicated to both the Group's needs and contract manufacturing; continuous investments provide the company with the best technologies, such as furnaces and hammers capable of producing mouldings from 10 to 800 kg and rolled rings with diameters from 400 to 1500 mm.

TUNNELLING

The main excavation method used in a wide variety of civil engineering applications, with different techniques that are not classified in series, is carried out using **Tunnel Boring Machines** (TBMs), which, just like the tunnels they create, are long and feature cutting heads on which specific cutting tools are mounted for the various types of geology to be excavated and the different environmental conditions.
The history of the Palmieri Group began with the production of cutters and grew, thanks to the experience gained on a wide variety of construction sites around the world, to the **design and manufacture of the entire cutting head**, together with segment erection systems and auxiliary wagons complete with wheels and axles.

MICROTUNNELLING

Microtunnelling is a **no-dig thrust technology** for the construction of high-precision conduits and systems, which, like TBMs, uses a cutting head.
Starting from an initial shaft, the pipes already laid as the machine advances are used as a thrust transmission column. The operator, from a guide **container**, directs the machine using a laser targeting system, proceeding to the arrival shaft.
The Palmieri Group can also supply **extension kits**, **spoil removal systems** and **intermediate thrust stations** for particularly long lengths.

RAISE BORING

This technology allows different underground levels to be connected with precision, ease of debris removal and less environmental and safety impact than the previous traditional method using explosives.
Once a pilot hole has been drilled, a cutting head, placed at the deepest level, is lifted by a special machine (**Raise Boring Machine**) positioned at the upper level, enlarging the shaft until the desired diameter is reached.
The Palmieri Group supplies both individual parts (**cutters**, **head**, **rods** and **stabilisers**) and the complete machine.

DRILLING

This is a horizontal and vertical **drilling technique** for diameters ranging from 70 mm to 7.5 m, which is used in projects mainly involving excavations, water wells, piling and foundations.
The Palmieri Group is able to meet a wide range of requirements with a high degree of customisation of **tools** such as **picks**, **teeth** and **bottom hole bits,** right up to **complete heads**.

RECYCLING

Sensitivity to all environmental issues has made this a strategic business sector for development and innovation. The expertise gained allows the Palmieri Group to dominate the segment with the **design and implementation of cutting-edge solutions for the crushing and processing of waste** of all types and characteristics.
The Group's technological know-how allows it to engineer high-productivity technical components and special systems, including the creation of custom-designed machines.

FORESTRY

For several years now, the Palmieri Group has been operating successfully in an increasingly important market segment with great potential, thus contributing to sustainable growth while preserving the environment.
The forestry and agricultural sectors are the areas in which the Palmieri Group **designs and manufactures products for a wide range of uses**.
The extreme speed of research and the effectiveness of an always punctual after-sales service allow us to offer a vast range of both standard and customised solutions.

SPECIAL EQUIPMENT

All **innovative projects** represent new challenges: particularly unfavourable working conditions, high expectations, decisive choices.
The Palmieri Group's experience counts countless successes worldwide thanks to its ability to **analyse, study and design cutting-edge solutions**.
High engineering expertise and rapid problem-solving capability come together to deliver outstanding results with a high degree of technological uniqueness.

AN ITALIAN STORY OF SUCCESS AND INNOVATION

1972

Silvano Palmieri began his career by becoming **a partner** in a small mechanical engineering company in **Castel di Casio** (BO).

1977

The company's growth necessitates a move to a **new production site in Silla di Gaggio Montano** (BO).

1986

I.C.C. International Cutters Company, a **general partnership owned by Palmieri Silvano**, is founded, later becoming Palmieri s.r.l.

I.C.C. PALMIERI
INTERNATIONAL CUTTERS
&
TUNNELING EQUIPMENT
40040 SILLA (BO) - ITALY
TEL. 0534/30405 - FAX 0534/30725

1988

The Palmieri family acquires one of the oldest and most renowned printing companies of the early 1900s. It will later become **Palmieri Tools Forging s.r.l**.

1994

Due to a landslide, the Civil Protection Agency orders the evacuation of the Silla plant and all production is transferred to **the Canevaccia** (BO) **site**.

AN ITALIAN STORY OF SUCCESS AND INNOVATION

1996

Palmieri s.r.l. becomes **a public limited company**.

2004

The growth of the Group's companies allows the Palmieri brand to establish itself as **an international leader in the drilling tools sector**.

2005

Following the acquisition of land in Campiglia Marittima (LI), the third company in the Palmieri Group is established: **Palmieri Tunnelling – Drilling s.r.l.**

2008

Palmieri Tools Forging s.r.l. acquires a **new industrial area in Ponte della Venturina** (BO), where the entire mechanical processing department is transferred.

2011

The Group's German subsidiary is established in Dresden, mainly dedicated to the Central European market.

AN ITALIAN STORY OF SUCCESS AND INNOVATION

2015

The Group's territorial expansion is enriched by **a new production site with warehouses dedicated to the storage of ready-to-deliver products in Iola** (MO), where the cutter assembly and overhaul department is concentrated.

2017

The Palmieri Group consolidates its leadership position and growth requires a further search for production space: **new production facilities are acquired in Via Torretta** in Gaggio Montano (BO).

2019

In the recycling sector, the **PASS** Palmieri Advanced Splitting System **trademark** is registered, patents are filed, and the waste pre-treatment machine is presented.

PASS™
Palmieri Advanced Splitting System

2022

Palmieri Tunnelling – Drilling s.r.l. **merges** with Palmieri s.p.a.

2024

The **offices** of the **Recycling** division are moved to a new location in Bologna.

TODAY

The Palmieri Group is now an international leader in the sector and has:

- **2 Legal entities**
- **8 Factories**
- **240,000 square metres in total,** of which **78,500 square metres are covered**
- **55 countries**
- approximately **300 employees**
- Over **100,000 items in the portfolio**

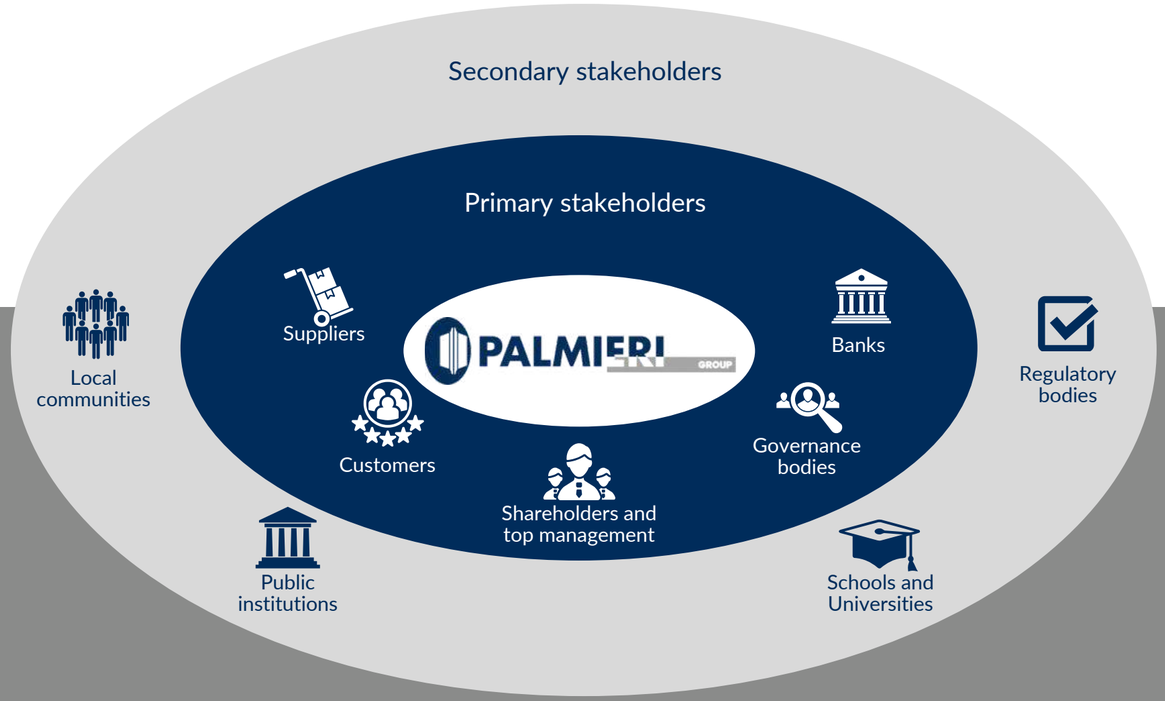
STAKEHOLDERS AND DOUBLE MATERIALITY

Palmieri Group interacts on a daily basis with different categories of stakeholders, subjects with whom it establishes relationships of collaboration and dialogue. These stakeholders play a crucial role, since they have the ability to influence the company's activities and, at the same time, to be influenced by them.

According to the developments of ***the 'Stakeholder Theory'*** proposed by R. Edward Freeman, stakeholders can be divided into two categories:

- **Primary stakeholders,** who contribute directly to the survival and growth of the company. They have a significant and immediate impact on its activities, directly influencing both the performance and sustainability of the business.
- **Secondary stakeholders**, who, although not involved in day-to-day operations, maintain an indirect interest and may still be influenced by or influence company decisions.

The Palmieri Group's main stakeholders, who are fundamental to the creation of value, include:

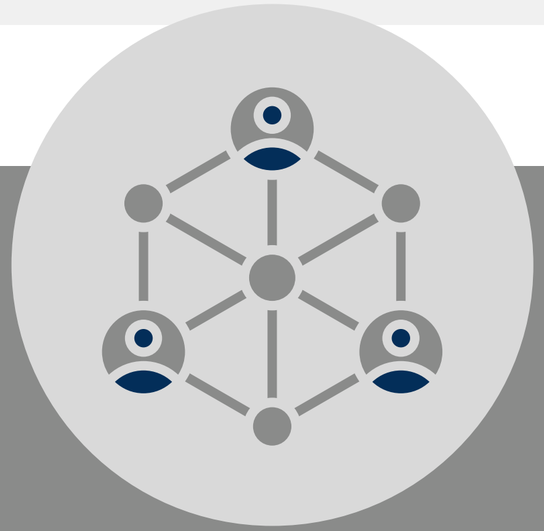


STAKEHOLDER ENGAGEMENT ACTIVITIES

Stakeholder engagement is a key element for Palmieri Group to maximise long-term value and mitigate business risks. The involvement process is based on the **AA1000SES standard**, which is useful for identifying material issues, and on **ISO 26000**, which offers guidelines for social responsibility, highlighting the importance of **listening and responding to the needs of different interest groups**, integrating them into decision-making processes for sustainable development.

The Palmieri Group maintains constant dialogue with its stakeholders through **regular or ad hoc meetings, questionnaires or targeted communications**.

In order to identify the material issues to be included in the sustainability report and develop the materiality matrix, the Group involved various categories of representative stakeholders, inviting them to participate in a **specific survey**.



THE MATERIALITY MATRIX

The materiality matrix is a strategic tool to identify and assess the most significant sustainability issues for the company and its stakeholders.

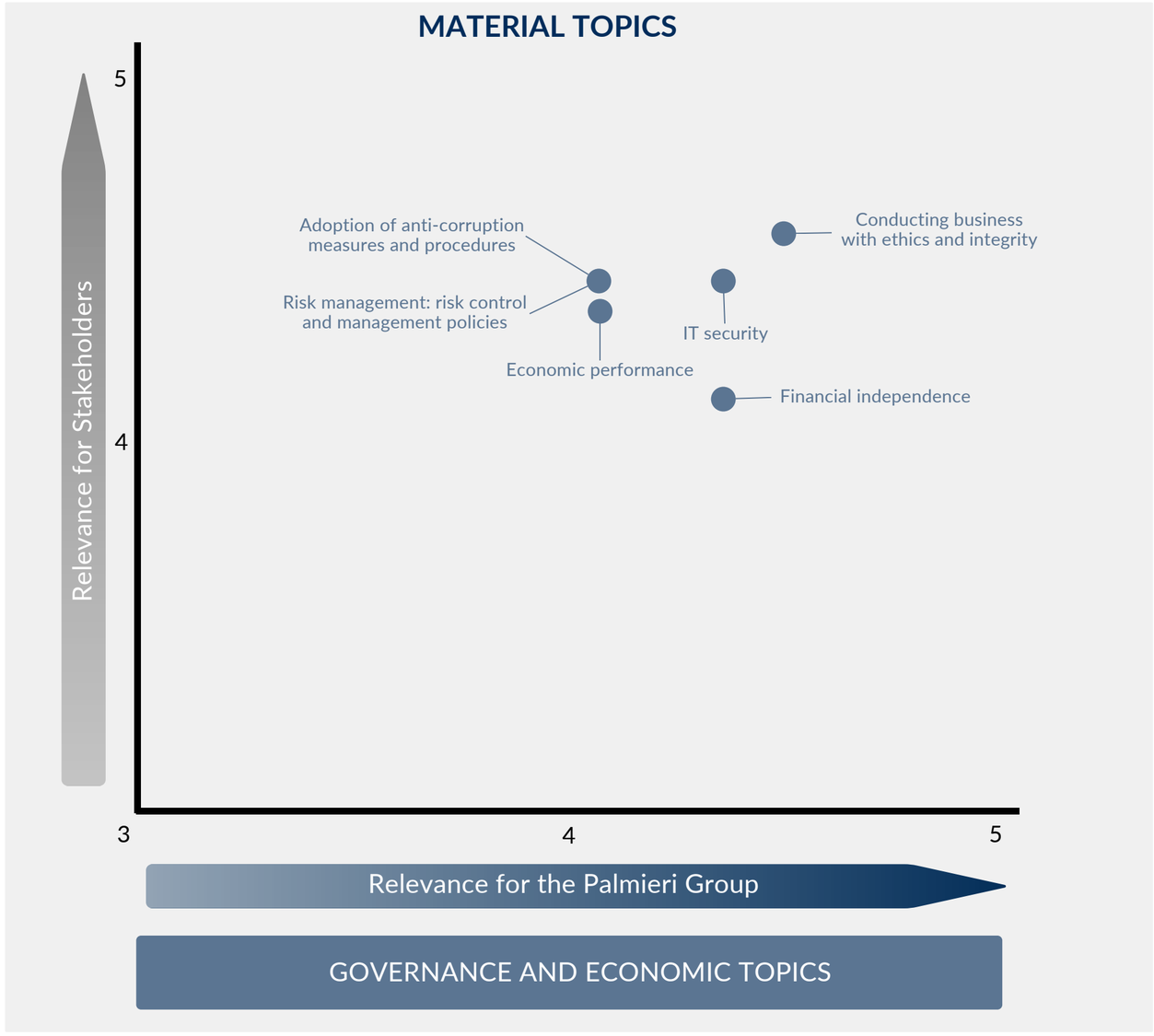
The analysis of the results makes it possible to measure **the level of 'alignment' between the importance attributed internally and external expectations on ESG issues**, highlighting the priority areas on which to focus sustainability activities in the medium to long term. This approach aims to integrate key issues into corporate strategies, facilitating dialogue with stakeholders and ensuring focused and transparent reporting.

To develop the matrix, the Palmieri Group questionnaire was organised around the **three ESG dimensions: Environmental, Social and Governance**.

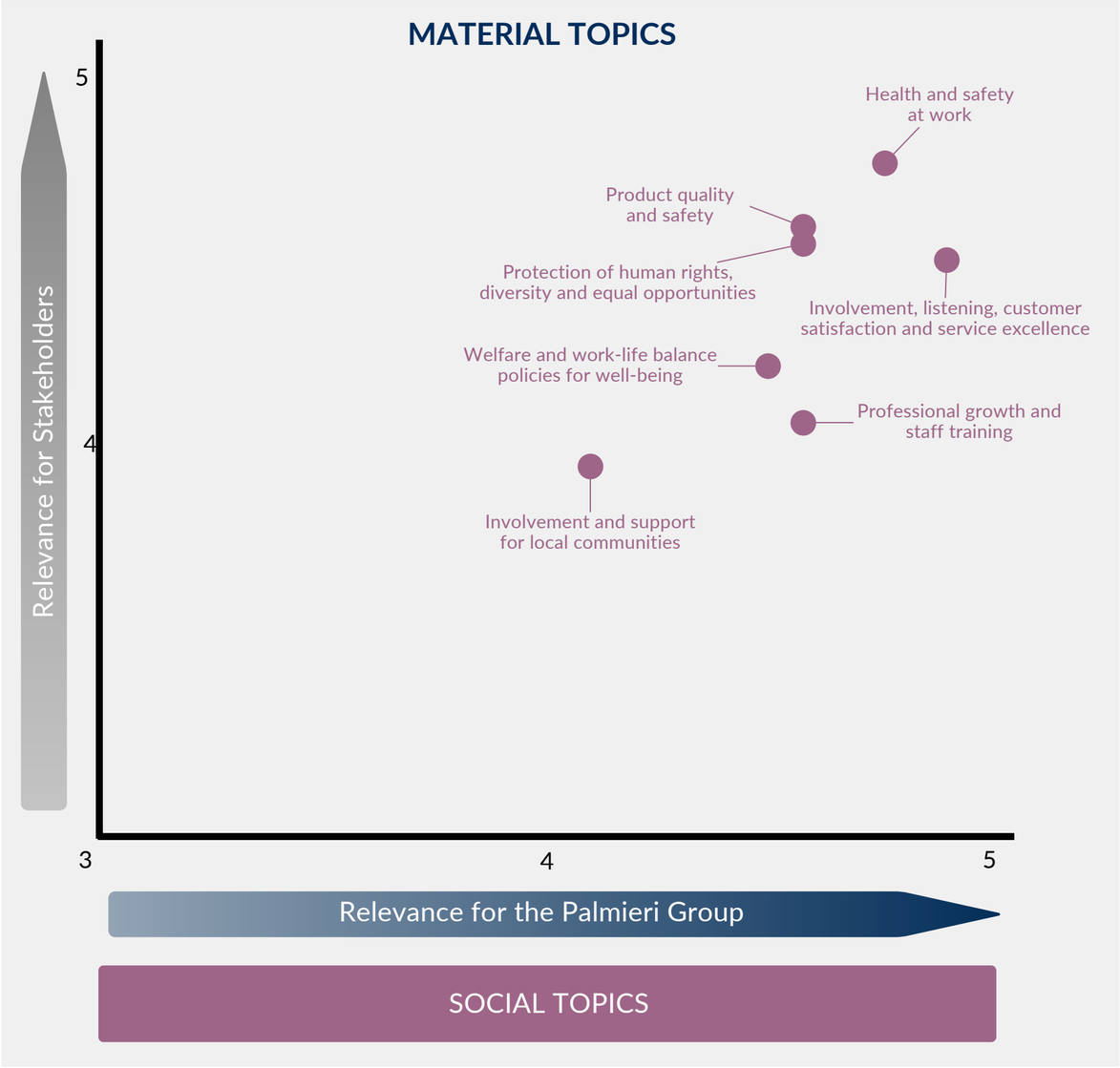
Stakeholders were asked to assign a score to each issue on a **Likert scale** from 1 (irrelevant) to 5 (strategic).

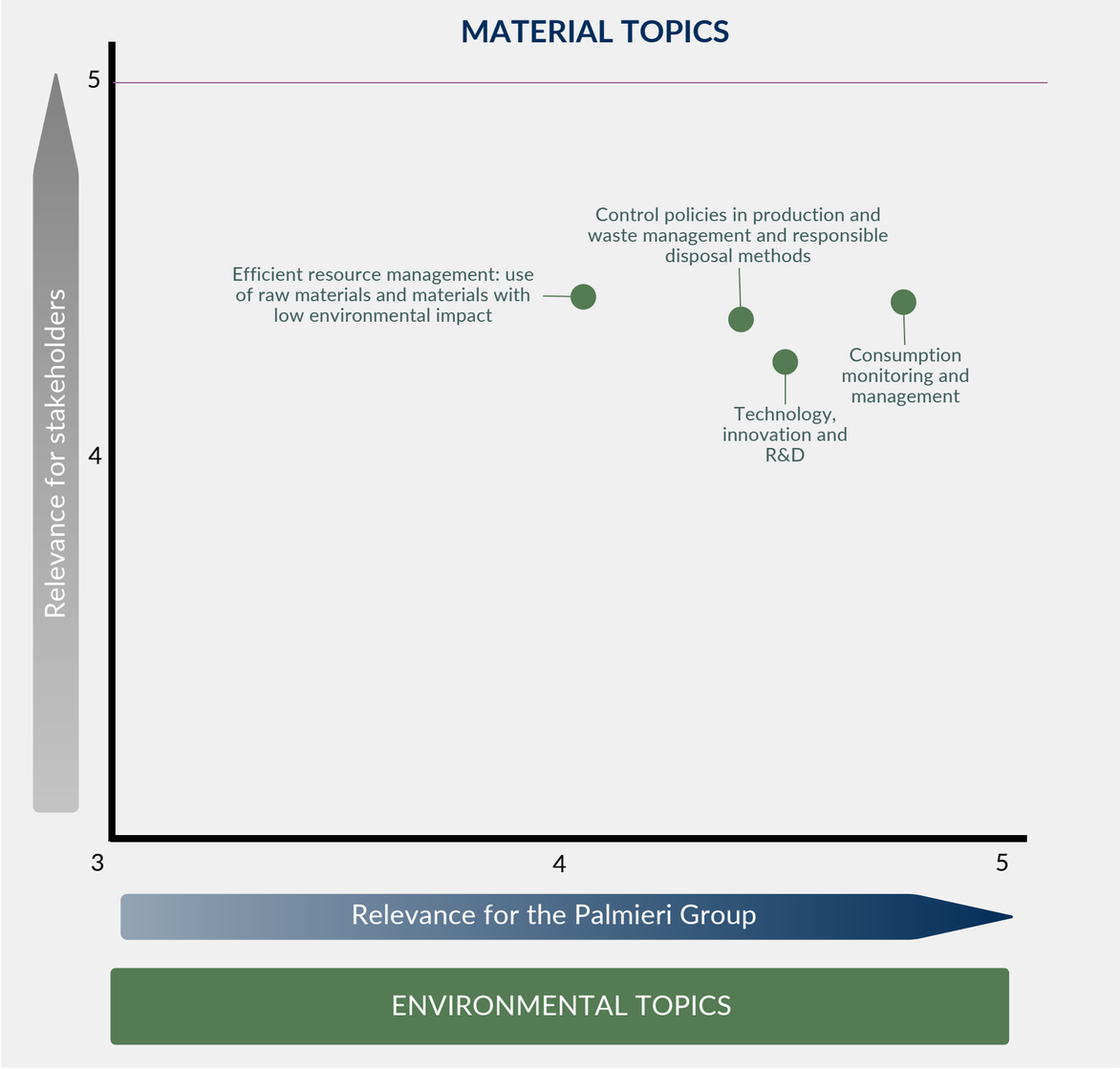
In the resulting graphs, the horizontal axis represents the importance of ESG issues for internal stakeholders, while the vertical axis indicates the importance attributed by external stakeholders.

The engagement process was based on three fundamental principles: **inclusiveness, materiality and responsibility**, carried out with the utmost **transparency**.



STAKEHOLDERS AND DOUBLE MATERIALITY





STAKEHOLDERS AND DOUBLE MATERIALITY

The survey was completed by **36 stakeholders**, of whom 28 were external stakeholders identified among customers, suppliers, banks, and local institutions, and 8 were internal stakeholders, including employees and managers.
Analysis of the questionnaire showed that **all the issues assessed by** both internal and external **stakeholders were relevant**, exceeding the materiality threshold value set at a score of 3.

There is a **strong strategic alignment** between the medium- to long-term expectations of the Palmieri Group and those of external stakeholders. However, there are differences in priorities: the Group attaches greater importance to social issues, while external stakeholders focus mainly on governance issues.
For the Group, the main priorities include '*health and safety at work*', '*customer involvement, listening, satisfaction and service excellence*' and *'energy consumption monitoring and management*'. External stakeholders, on the other hand, consider *'conducting business with ethics and* integrity', *'product quality and* safety' and, in common with the Group, *'health and safety at* work' to be more relevant.

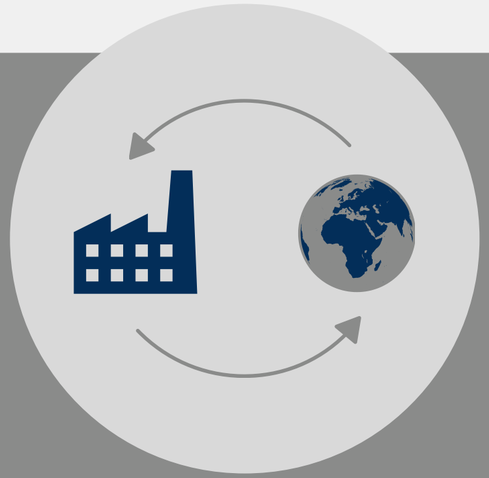
In 2023, the Palmieri Group conducted its first **Double Materiality analysis**, an approach introduced by GRI 2021 and consolidated by the European Union's **Corporate Sustainability Reporting Directive** (CSRD). This regulation updates and expands the requirements of the previous directive on non-financial reporting, using the **European Sustainability Reporting Standards** (ESRS) developed by the European Financial Reporting Advisory Group (EFRAG).

Double Materiality is based on two distinct perspectives:

- **Impact materiality** (**inside-out** perspective), which considers the effects of business activities on the environment and society.

- **Financial materiality** (**outside-in** perspective), which examines how external factors, such as risks and opportunities, can affect the company's economic and financial performance.

  The Palmieri Group's double materiality analysis is shown below.



GOVERNANCE TOPICS

SDG	Material topic (EFRAG)	Material sub-topic (EFRAG)	Decision in the survey	Type of impact	Description of impacts	Description of risks	Description of opportunities
	BUSINESS CONDUCT	Corporate culture	Conducting business with ethics and integrity; Risk management: risk control and management policies	Positive	Adoption of a risk management plan for insurance purposes and in negotiations with customers/suppliers	Lack of a Code of Conduct/Code of Ethics/Organisational Management Model (MOG) for the Palmieri Group	Application of a Code of Ethics and MOG
		Protection of whistleblowers	IT security	Positive	Adoption of a personal data protection system through privacy policies and notices; Implementation of a processing register; Training for all staff on privacy and cybersecurity policies; Regulations for the use of company resources and IT tools		Increase data protection and employee training on the subject
		Active and passive corruption	Adoption of anti-corruption measures and procedures				Palmieri s.p.a. has been registered on the white list at the Prefecture of Bologna since September 2024

SOCIAL TOPICS

SDG	Material topic (EFRAG)	Material sub-topic (EFRAG)	Decision in the survey	Type of impact	Description of impacts	Description of risks	Description of opportunities
	OWN WORKFORCE	Working conditions	Health and safety at work; Welfare and work-life balance policies for well-being	Positive	Compliance with labour legislation; Internal Group welfare policies and agreements with local suppliers (e.g. Terme di Porretta, Coop Reno, etc.)		Possibility of implementing good practices and new agreements
		Equal treatment and opportunities for all	Protection of human rights, diversity and equal opportunities; Professional growth and staff training				Possibility of obtaining Gender Equality Certification
	COMMUNITIES CONCERNED	Economic, social and cultural rights of communities	Involvement and support for local communities	Positive	Support for numerous social and sporting initiatives in the local area		Opportunity to become a spokesperson for a sustainable mobility movement
	CONSUMERS AND END USERS	Impacts related to information for consumers and/or end users	Involvement, listening, customer satisfaction and excellence of the service offered	Positive	Implementation of a process of attentive listening to the technical and economic-financial needs of customers		
		Personal safety of consumers and/or end users	Product quality and safety	Positive	Product quality and safety thanks to certifications obtained	With regard to prototypes and new machinery, there is a risk profile that we seek to mitigate by complying with technical standards and drawing on our experience	

ENVIRONMENTAL TOPICS

SDG	Material topic (EFRAG)	Material sub-topic (EFRAG)	Decision in the survey	Type of impact	Description of impacts	Description of risks	Description of opportunities
	CLIMATE CHANGE	Energy	Monitoring and management of energy consumption	Positive	Periodic monitoring of consumption and related costs		Possibility of implementing sustainable procurement systems
	CIRCULAR ECONOMY	Resource flows, including resource use	Efficient resource management: use of raw materials and materials with low environmental impact	Positive	Adoption of good practices	Non-formalised good practices	Implementation and formalisation of adopted good practices
		Waste	Control policies in waste production and management and responsible disposal methods	Positive	Waste management system		

2

a. The system of governance and corporate bodies 25
b. Internal organisation 28
c. Ethics and corporate conduct 30

THE GOVERNANCE SYSTEM AND CORPORATE BODIES

In 2024, the Palmieri Group **further consolidated its governance model based on the network contract**, in place since 2017 between Palmieri s.p.a., Palmieri Tools Forging s.r.l. and Renomeccanica s.r.l..

This form of collaboration, now an integral part of the Group's organisational structure, continues to be a distinctive tool for shared management, allowing the three companies to cooperate in a coordinated manner while maintaining their legal and operational autonomy.

The network agreement continues to be a vehicle for strategic integration, thanks to which the participating companies share resources, skills and information, developing synergies in the technical, managerial and training fields. This approach has enabled the Palmieri Group to enhance its capacity for innovation and competitiveness in the market, while strengthening organisational efficiency and a unified vision of its activities.

The governance of the network is entrusted to **the Management Committee**, a body that coordinates joint activities and which continued to operate regularly throughout 2024, ensuring constant alignment between the network companies.

The Chairman of the Committee, Silvano Palmieri, leads the work in collaboration with Stefano Palmieri for Palmieri s.p.a. and Adelaide Gaggioli for Renomeccanica s.r.l., with the support of Patrizio Lenzi, Chief Executive Officer of Palmieri s.p.a. and Safety Representative for the network.

The latest minutes of the Management Committee, referring to the 2024 activities, testify to the evolution of the network model and the results achieved during the year. Among the main developments, the following are highlighted:

- **the completion of the implementation of the whistleblowing system in all Group companies**, introduced in accordance with the terms of the legislation and accompanied by a dedicated internal training programme, shared with trade union representatives;
- **the registration of two softwares programmes in the name of Palmieri s.p.a.**, developed thanks to the synergistic work between inter-company skills;
- **the establishment of an inter-company working group on sustainability**, which coordinates the drafting of the Sustainability Report for the three-year period 2023-2025, available in Italian and English;
- **the implementation of joint training plans focused on safety, technical skills and environmental sustainability** (in particular welding, mechanical design, metrology, machining centres and carbon footprint);
- **the improvement of administrative, financial and legal management**, with greater integration of treasury and insurance functions and strengthened compliance with privacy and security regulations;
- **the strengthening of safety oversight** through the recruitment of young professionals with specific training to support risk monitoring and prevention activities.

Within the network, each company retains its own corporate bodies and operational autonomy, ensuring rapid and effective decision-making. The two operating companies – Palmieri s.p.a. and Palmieri Tools Forging s.r.l. – have Renomeccanica s.r.l. as their sole shareholder, which acts as a holding company, ensuring strategic consistency and unified management.

This structure is a dynamic and sustainable governance model, capable of combining independence and collaboration, consolidating an inter-company approach based on transparency, sharing and continuous improvement. The synergy between the network companies is now one of the main strengths of the Palmieri Group, which continues to evolve as an integrated ecosystem, focused on innovation and responsible growth.

THE BOARD OF DIRECTORS

The Board of Directors of Palmieri s.p.a. is appointed by the Shareholders' Meeting and has the broadest powers for the ordinary and extraordinary management of the company, within the limits set by law and the Articles of Association. Directors remain in office for the period established at the time of appointment, and in any case for no more than three consecutive financial years.

At the time of appointment, the Shareholders' Meeting appoints the Chairman and Vice-Chairman; in the absence of a specific resolution, these positions may be assigned directly by the Board itself.

In 2024, the **Board of Directors** is composed of **three members**, all male, with **an average age of around 60** and a **balanced distribution between the 40-49, 50-59 and over 60 age groups**.

SILVANO PALMIERI
Chairman of the Board of Directors

STEFANO PALMIERI
Vice-Chairman of the Board of Directors

PATRIZIO LENZI
Chief Executive Officer

THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors supervises compliance with the law and the Articles of Association, adherence to the principles of proper administration and the adequacy of the company's organisational and accounting structure.
In 2024, it is composed of **five members**, including **one woman**, with **an average age of 69**.

FELICE VALDISERRI
Chairman of the Board of Statutory Auditors

ALESSANDRA LANDI
Auditor

MASSIMO LANDI
Auditor

GIAMPAOLO PERINI
Alternate Auditor

MASSIMO FABBRONI BERNARDI
Deputy Auditor

STATUTORY AUDITOR

Accounting control is currently entrusted to statutory auditor Gaetano Chiumenti.
Starting in 2025, this function will be assumed by **Italian Small Companies Audit S.t.p. a r.l.**, which will officially take over as the new statutory auditor, in line with the Group's commitment to ensuring maximum transparency and reliability of its economic and financial information.

GAETANO CHIUMENTI
Statutory Auditor → **Italian Small Companies Audit S.t.p. a r.l.**
Statutory Auditor

The governance structure of Palmieri Tools Forging s.r.l. remains in line with that of 2023, confirming the continuity and organisational stability that characterise the company.

SOLE DIRECTOR

The company is led by a Sole Director, Silvano Palmieri (born 11 October 1948), who is over 60 years of age. His extensive experience in the sector is a key asset for the operational and strategic management of the company.

SILVANO PALMIERI
Sole Director

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors consists of a single auditor, Felice Valdiserri (born on 7 November 1939), who confirms his role of monitoring compliance with the law and administrative correctness, ensuring continuity with the previous structure.

FELICE VALDISERRI
Sole Auditor

STATUTORY AUDITOR

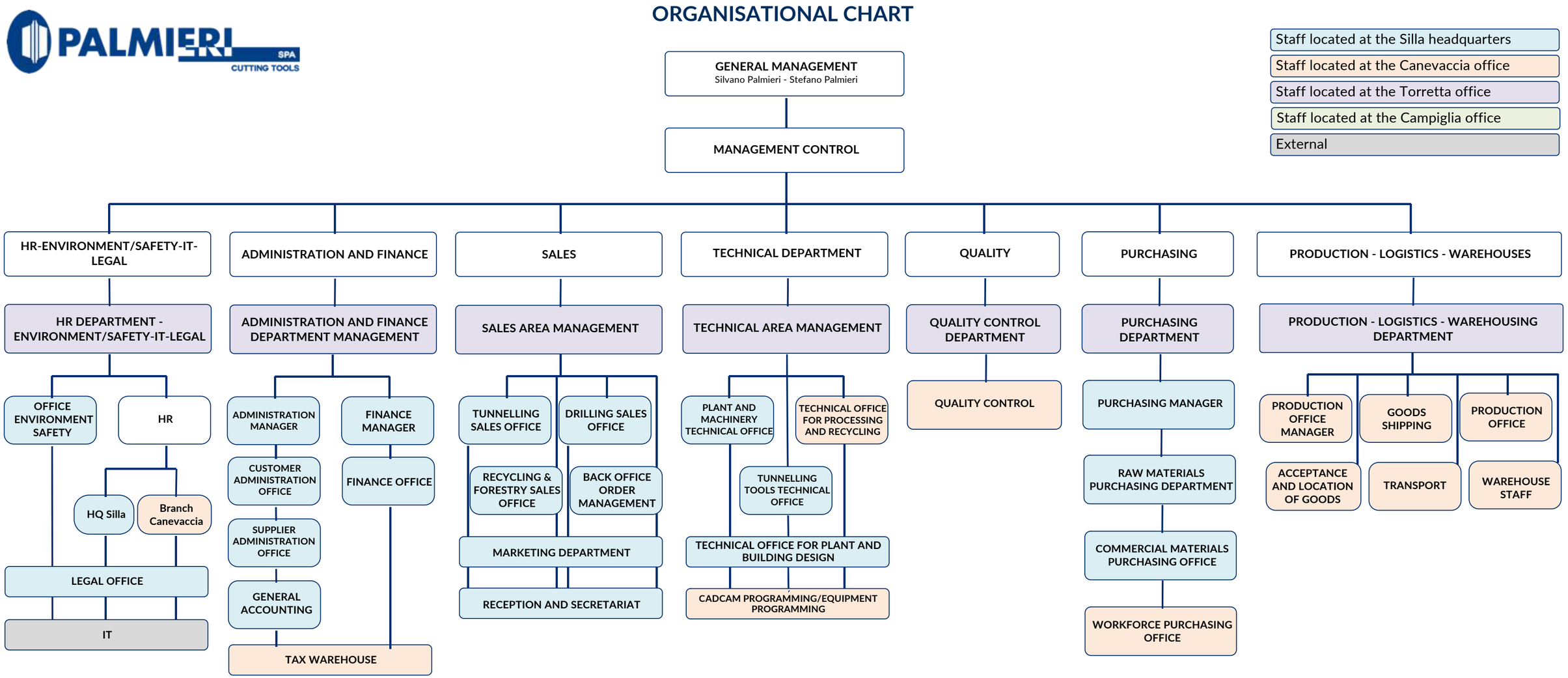
Accounting control remains entrusted to the statutory auditor Gaetano Chiumenti, a position that will, however, be transferred, starting in 2025, to Italian Small Companies Audit S.t.p. a r.l., already designated to take on the statutory audit of the accounts of all Palmieri Group companies. This transition will ensure uniformity and coordination in auditing activities, in line with the integrated approach of network governance.

GAETANO CHIUMENTI → **Italian Small Companies Audit S.t.p. a r.l.**
Statutory Auditor → Statutory Auditor

INTERNAL ORGANISATION

The Palmieri Group adopts an organisational structure based on the precise definition of roles, functions and responsibilities, ensuring clarity in management and transparency in the chain of command through the use of **formalised organisational charts and delegation systems**.

ORGANISATIONAL CHART

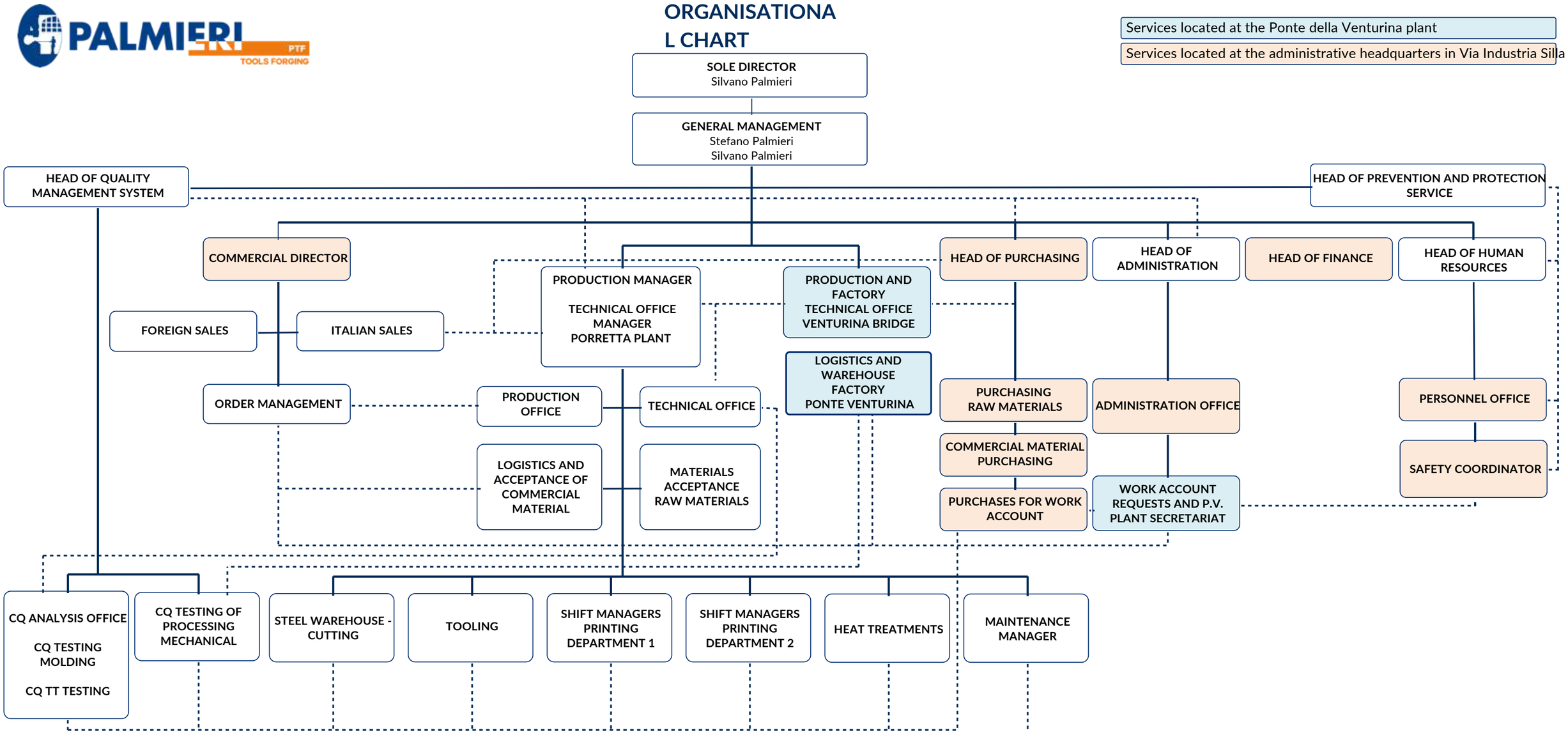


PALMIERI SKI PTF TOOLS FORGING

ORGANISATIONAL CHART

Services located at the Ponte della Venturina plant

Services located at the administrative headquarters in Via Industria Silla



ETHICS AND CORPORATE CONDUCT

In 2024, the Palmieri Group confirmed its commitment to promoting a **corporate culture based on ethics, integrity and responsibility**, principles that continue to guide the behaviour of all those working within and outside the Group. The aim is to consolidate a transparent and respectful working environment over time, extending these values to all stakeholders.

The **whistleblowing system**, introduced in December 2023 in accordance with Legislative Decree 24/2023 and shared with the company's trade union representatives, remained fully operational throughout 2024. The internal body responsible for managing reports, **continued its monitoring and control activities, verifying the proper functioning of the internal reporting channels**.

Since the system was activated, **no reports**, either written or oral, **have been received**, reflecting a corporate environment based on fairness and transparency. Furthermore, in 2024, **no incidents of corruption, anti-competitive practices or violations of the code of ethics were detected**.

During the year, the Group also completed **refresher training on whistleblowing for employees** who were unable to attend the 2023 sessions, ensuring that all staff were adequately trained and aware of how to use the reporting channels and the protections provided.

In line with its commitment to continuous improvement, **the Palmieri Group has planned an update to its Regulations for the proper use of IT and company telephone systems for 2025**, aimed at strengthening privacy protection, data security and user accountability. This revision, based on the experience gained in 2024, aims to make the policy even more effective and aligned with the Group's operational and regulatory requirements.

Through the maintenance of rigorous procedures and constant attention to training and prevention, the Palmieri Group confirms its commitment to strengthening its culture of ethics and legality every year, with a vision focused on transparency, compliance and sustainable growth.

3

a. Product quality and safety 32
b. R&D innovation: PASS 33
c. Customer satisfaction and focus 34
d. Supply chain 35

PRODUCT QUALITY AND SAFETY

The Palmieri Group guarantees high standards of quality and safety in all stages of the production process, thanks to careful checks that accompany every moment of processing and manufacturing. The use of advanced technologies, such as **CAD/CAM** and **CNC** systems, allows for precision design and high-efficiency production, ensuring reliable performance and excellent products.

Quality is a core value shared by all Group companies, which recognise that every successful project is based on **integrated processes, rigorous controls and safety standards common** to their industrial partners. With this in mind, the Group has implemented a management system certified according to the main international standards:

- **ISO 9001 quality certification** - both **Palmieri s.p.a.** and **Palmieri Tools Forging s.r.l.** maintain **ISO 9001 quality certification**, which attests to the application of effective organisational processes aimed at satisfying customer needs and promoting the continuous improvement of products and services. The system was successfully reviewed during **the DNV ISO 9001 Audit in December 2024**, which confirmed full compliance with regulatory requirements.
- **PED (Pressure Equipment Directive – 2014/68/EU) certification** – guarantees the compliance of products intended to operate under pressure with the safety requirements established by European legislation.
- **ABS (American Bureau of Shipping) certification** – obtained in March 2024 by **Palmieri Tools Forging s.r.l.**, which recognises the suitability of production facilities and forging processes for the manufacture of steel and stainless steel components for naval applications, opening up new development opportunities in the maritime sector, which is characterised by particularly stringent technical and quality requirements.

ISO 9001 and **PED** certifications have been obtained and are maintained under the **supervision of DNV**, one of the world's leading certification bodies. This approval confirms the compliance of the Palmieri Group's processes and products with international standards, ensuring quality, reliability and safety in all sectors in which the company operates.

R&D INNOVATION: PASS™

As proof of its commitment to environmental sustainability and technological innovation, the **Palmieri Group** has developed **PASS PALMIERI ADVANCED SPLITTING SYSTEM™**, a patented machine that represents a major advance in the treatment of **the Organic Fraction of Municipal Solid Waste (OFMSW)**.

Launched in 2022 after more than twenty years of experience in the recycling sector, PASS PALMIERI ADVANCED SPLITTING SYSTEM™ is the result of extensive research aimed at optimising energy consumption and water use in waste treatment processes. Studies have confirmed the system's effectiveness in significantly reducing energy requirements and the overall environmental impact of separation and recovery operations.

The Palmieri Group, already the holder of **two Italian patents** granted in April 2020, continued its path of consolidation and protection of innovation in 2024, registering the **software dedicated to the PASS PALMIERI ADVANCED SPLITTING SYSTEM™** with the **SIAE (Italian Society of Authors and Publishers)**. At the same time, the process of issuing the two European patents filed in 2019 has made further progress, approaching the positive conclusion expected in the short term. These achievements confirm the high level of innovation achieved and the strategic importance of the project in the European circular economy landscape.

PASS PALMIERI ADVANCED SPLITTING SYSTEM™ machines are now among the most advanced **Industry 4.0** integrated systems for sustainable waste management, offering a concrete response to the needs of the environmental and industrial market. Thanks to its modular architecture and the use of latest-generation technologies, the PASS PALMIERI ADVANCED SPLITTING SYSTEM™ integrates three fundamental phases — **pre-shredding, de-ironisation and pressing** — which allow even heterogeneous and contaminated waste to be treated efficiently.

The process **separates plastics and ferrous materials** from the organic component, which is purified and transformed into a high-quality resource for **anaerobic digestion**, generating **biogas** and recovering the recovered materials. PASS PALMIERI ADVANCED SPLITTING SYSTEM™ optimises the entire treatment cycle, eliminating the need for auxiliary transport systems, reducing the space and energy consumption required and promoting a truly sustainable production approach.

With its ability to ensure a continuous, autonomous and highly efficient flow, the PASS PALMIERI ADVANCED SPLITTING SYSTEM™ transforms waste into a renewable resource, contributing in a concrete way to **the decarbonisation of industrial processes** and the development of an integrated **circular economy** model.

CUSTOMER SATISFACTION AND FOCUS

The **Palmieri Group** operates with the primary objective of satisfying the needs of its customers and business partners, guaranteeing high-quality results, respect for delivery times and maximum attention to the safety of those involved in the production processes.
Thanks to **its complete production independence**, every product is designed and manufactured in-house, ensuring total control over the entire supply chain. The **Research and Development department** responds flexibly and precisely to the diverse needs of the market, offering both standard and customised solutions. The Group also provides a **comprehensive pre- and after-sales service**, supported by an efficient service network and established industrial synergies, which guarantee timeliness and reliability.

During 2024, the Group recorded a **gradual increase in the quality standards required by the market**, particularly in terms of tolerances expressed in **PPM (Parts Per Million).** To meet these expectations, a '**Zero** Defects' philosophy was adopted, orienting all production processes towards reducing non-conformities and optimising resources. This also includes a commitment to limiting **excess metal** and reducing the use of raw materials and activities considered to be of no value to the customer, thus aligning quality objectives with those of efficiency and sustainability.

To support this process, in 2024 **the Quality Department** was **strengthened** with the addition of a new manager, and training courses dedicated to **Non-Destructive Testing (NDT)** were planned for 2025. These activities aim to increase the number of qualified operators and enhance the ability to prevent defects in moulding, confirming the centrality of technical skills and continuous training in maintaining standards of excellence.

CUSTOMER SATISFACTION AND FOCUS

In 2024, the **Palmieri Group** updated its **customer satisfaction** assessment method, adopting a more analytical approach based on **objective indicators**. The questionnaire survey previously used was replaced by a continuous monitoring system based on measurable data and direct dialogue with customers.

The new methodology is based on three main lines of assessment:

- **Vendor ratings** provided by key customers, with reference to quality parameters (PPM – Parts per Million) and delivery punctuality;
- **Internal performance indicators**, such as the number and severity of complaints, regularity of supplies and compliance with delivery times;
- **Audits and periodic meetings**, which encourage constant and constructive dialogue with commercial partners, promoting transparent and long-term relationships.

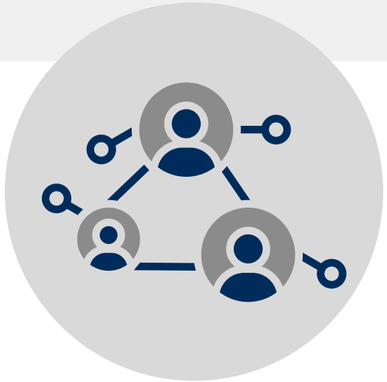
In line with the recommendations of the **DNV** certification body, the Group has also carried out a **detailed internal assessment of its main customers**, examining vendor ratings, complaints, delivery times and turnover trends on a three-year basis. This new approach allows for **more accurate monitoring of service quality**, timely identification of areas for improvement and consolidation of a relationship of **trust and lasting collaboration** with strategic customers, strengthening the Group's position as a leading partner in the tunnelling and industrial engineering sector.

Supply chain management, supervised directly by **the Purchasing Department**, is a fundamental pillar of **the Palmieri Group's** resilience and operational efficiency. After three years characterised by sharp price fluctuations and supply difficulties, the 2024 financial year saw a stabilisation of the raw materials market, particularly steel.

Improved availability and supply conditions have enabled more effective production planning, greater compliance with delivery times and more accurate quality control throughout the supply chain. The result has been a **more stable and reliable procurement system**, capable of ensuring operational continuity and high quality standards.

The Palmieri Group considers its suppliers to be strategic partners and an integral part of its value chain, sharing the same principles of excellence, safety and sustainability. This strategy produced excellent results in 2024:

- **Zero Non-Conformities** - No non-conformities (NC) were detected in relation to qualified suppliers, confirming the validity of the partner selection process carried out previously;
- **Supply evaluation system** - Coordinated through the company's management system, it uses an **integrated approach** that combines **objective data** (such as supply quality and delivery punctuality) with **qualitative assessments** based on the direct experience and professional judgement of the Purchasing Department, ensuring constant and accurate performance monitoring.



SAFETY AND COMPLIANCE IN THE MANAGEMENT OF EXTERNAL CONTRACTS

The **Palmieri Group** recognises that the protection of **health and safety at work** does not only concern internal staff, but also extends to all third parties operating in the Group's facilities.

In this regard, a **safety policy** has been in place for over ten years that strictly regulates the management of all external contracts, with the aim of preventing the risks of interference between internal staff and contractors, i.e. those risks that may arise from the coexistence of internal and external staff in the same operational areas. Before the start of each activity, specific documents are compiled that illustrate the risks present in the plants and the related prevention measures. At the same time, the Group verifies the **competence and compliance requirements** of external companies, ensuring that they have all the necessary technical and legal qualifications. For each individual contract, **an internal manager** is also **appointed** to coordinate activities, monitor compliance with safety measures and ensure that the work is carried out in full compliance with company procedures.

In May 2024, the Group took a further step forward in the sustainable and transparent management of contracts by launching a major **supply chain digitalisation** project. A **digital database of key suppliers** has been set up, which collects the mandatory safety documentation and automatically monitors deadlines. This system has improved **traceability, transparency and control of requirements**, ensuring that all operators in the supply chain comply with high standards of safety and sustainability.

Thanks to this integrated approach, the **Palmieri Group** is consolidating its commitment to **ethical, safe and responsible procurement management**, in line with the principles of transparency, efficiency and prevention that guide its sustainability strategy.

4

a. Personnel 38
b. Health and safety 39
c. Organisational wellbeing and the protection of human rights 40
d. Human resource development and enhancement 45
e. The community 46

For the Palmieri Group, people are at the heart of every activity and an essential **strategic resource** for the success and continuity of the business. In the context of corporate sustainability, the promotion of organisational well-being, professional growth and the enhancement of diversity is an ongoing commitment that contributes not only to improving overall performance, but also to strengthening a culture based on ethics, respect and inclusion.

Investing in human capital allows the Group to pursue sustainable development goals, fuel innovation and ensure a solid and resilient organisational structure over time. Fostering a fair and participatory work environment, where everyone's skills and talents are recognised and supported, is essential for addressing current social and environmental challenges in an informed and responsible manner.

In 2024, the Palmieri Group employed **263 people**, of whom **45** were **women (17.1%)** and **218 were men (82.9%)**, maintaining a gender composition that was essentially stable compared to the previous year.

The Group's focus on employee development also translates into the promotion of job stability. Of a total of 263 employees, **259** are hired on **permanent contracts**, accounting for approximately **98.5%** of the total workforce. The remaining employees are on **10 fixed-term contracts and 4 on-call contracts**.
Compared to 2023, there has been a significant increase in contractual stability, confirming the company's desire to guarantee security, continuity and long-term prospects for its employees.

The Palmieri Group also adopts a remuneration approach based on fairness and regulatory compliance, ensuring that all employees receive remuneration in line with minimum wage regulations. The commitment to reducing gender inequality continues in a concrete manner: for **Palmieri S.p.A., the pay gap between men and women stands at 8%**, in line with 2023, while for **Palmieri Tools Forging S.r.l., the gap has fallen from 19% to 3%**, highlighting a substantial improvement in terms of pay equality.

The entire company workforce is protected by national collective labour agreements, applied in the Metalworking - Small Industry and Metalworking - Industry sectors. This coverage ensures transparent and guaranteed working conditions, contributing to an organisational environment based on fairness, safety and mutual respect. Adherence to collective agreements confirms the Group's commitment to protecting workers' rights and consolidating a stable, safe and sustainable professional environment.

HEALTH AND SAFETY

The protection of workers' health and safety represents a core principle of the Palmieri Group's corporate culture and one of the pillars of its responsible management model. The focus on employee well-being is reflected in a structured prevention system and in health insurance coverage for all employees, confirming the company's commitment to safeguarding the health, safety, and future of its people.

In 2024, the Group continued along the lines set out in previous years, maintaining a **constant commitment to training and raising awareness among staff on safety issues**. All workers received periodic updates and specific training in accordance with Legislative Decree 81/08, with differentiated courses based on risk levels and the tasks performed. Particular attention continues to be paid to key safety figures and foreign workers, to ensure full understanding of procedures and promote informed behaviour in every department.

The Group's safety management system is based on a constantly updated **Risk Assessment Document (DVR)**, which is an operational reference tool for the prevention and protection of workers. The DVR integrates advanced analysis and monitoring methodologies, defining roles, responsibilities, preventive measures and continuous improvement plans.

During 2024, in a production environment with high operational risk, the Palmieri Group recorded **8 accidents, down from 12 in 2023. However, the recordable accident rate stood at 3.73**, up from 1.33 in 2023, a trend justified by the different distribution of hours worked in the reference year. The data nevertheless confirms the effectiveness of preventive measures and the company's constant attention to the safety of its employees.

The Palmieri Group remains committed to the continuous improvement of its health and safety management system, with the aim of ensuring an increasingly safe working environment and consolidating a culture of prevention shared at all levels of the company.

ORGANISATIONAL WELL-BEING QUESTIONNAIRE

Participants were asked to provide answers using a 6-point **Likert scale**, where 1 corresponds to 'strongly disagree' and 6 corresponds to 'strongly agree'.

The **questionnaire**, consisting of 78 questions, was designed to cover shared experiences relating to the following **nine organisational dimensions considered relevant**:

1. Health and safety in the workplace and work-related stress
2. Discrimination
3. Fairness in administration
4. Career and professional development
5. Work evaluation
6. Peer assessment
7. The working environment
8. Sense of belonging
9. Image of the administration

The overall framework outlined is as follows:

Health and safety in the workplace and work-related stress

The dimension **of health and safety in the workplace and work-related stress** examined, through 10 questions, employees' perceptions of the safety provided in the workplace by alarm and first aid devices, as well as workplace characteristics such as layout, workstations, lighting, etc.
In addition, the level of work-related stress was measured by asking questions about the sustainability of work rhythms and the possibility of taking sufficient breaks.
The overall score was **4.81**.
Finally, the possible presence of situations of discomfort, harassment and discriminatory acts towards workers was examined, which obtained a particularly reassuring score of **1.68**, highlighting how the working environment is considered safe by most employees.

Discrimination

The Discrimination dimension examined, through nine questions, employees' perceptions of fairness in the workplace despite differences in gender, ethnicity, religion, age, sexual orientation, political orientation and any disabilities. The average value for this dimension was **5.54**, demonstrating that these factors do not represent an obstacle to the development of employees at work.

Fairness in administration

The fairness in administration dimension examined, through five questions, fairness among employees in the distribution of workload, responsibilities, remuneration based on the commitment required and its differentiation. The overall score was **4.21**.

Career and personal development

The Career and Personal Development section examined, through five questions, the opportunities offered by the company to employees to develop new skills and advance their careers based on merit.
It also assessed the degree of satisfaction of employees with their career path within the company and the correspondence of their role with their professional profile. The overall score is **4.39**.

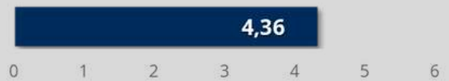
Job evaluation

The Work Evaluation dimension examined, through five questions, employees' perceptions of whether they have the skills, resources and tools necessary to do their job, as well as their level of autonomy and personal fulfilment. The overall score is **5.07**.

The assessment of colleagues

The dimension **The colleague assessment** examined, through five questions, employees' feelings of being part of a team and of being respected and valued by their colleagues. In addition, the company's ability to create a positive working environment by actively promoting solidarity and synergy among employees was assessed. The overall score is **4.89**.

The working environment



The working environment dimension examined, through five questions, the company's propensity to invest in training activities, to provide a clear definition of organisational roles and internal rules of conduct, and to ensure the efficient circulation of information within the company. Finally, the company's propensity to promote work-life balance among its employees was assessed. The overall score is **4.36**.

Sense of belonging

The sense of belonging dimension examined, through five questions, the level of employee involvement with the company's results, asking questions aimed at measuring their pride. In addition, employees' perceptions of the consistency between the values practised by the company and those they support were assessed. The overall score is **5.14**. Finally, the willingness of employees to change companies, if they had the opportunity, was assessed. This item scored an encouraging **2**, highlighting that employees are not inclined to seek alternative employment elsewhere.

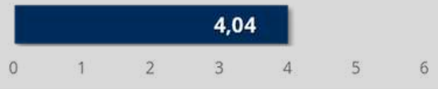
The image of the administration

The dimension **'Image of the administration'** examined, through three questions, the perception that external parties have of the company, with questions aimed at assessing the importance of the company to the community, in particular to employees' families and customers. The overall score was **5.32**.

The final part of the questionnaire aims to investigate the level of acceptance of the company's assessment system among its employees, focusing in particular on three distinct areas:

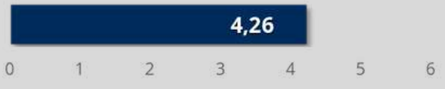
1. The company
2. Personal performance
3. The functioning of the system

The company



The first area **The company** examined the level of knowledge among employees regarding company objectives, results achieved and strategies adopted by the company. In addition, it investigated the extent to which the company was able to value the work of its employees, communicating to them clearly and explicitly the importance of their contribution to the achievement of company results. The overall score is **4.04**.

Personal performance



The second area**, Personal Performance**, examined the level of knowledge and information employees had regarding the evaluation of their work and how they could potentially improve their results. In addition, the survey investigated the extent to which the company was able to clearly communicate the objectives and expected results of each employee's work, as well as the employee's perception of the fairness and accuracy of their evaluation. The overall score was **4.26**.

How the system works

Finally, the third area, **System Functioning**, examined the level of staff knowledge regarding the performance measurement system, their involvement in defining objectives and expected results from their work, and the degree of protection they perceived in the event of disagreement with their evaluator. In addition, employees' opinions were surveyed regarding the fair recognition of work performed based on meritocracy and, finally, the extent to which performance evaluation results contribute to improving performance. The overall score is **4.17**.

COMPARISON 2023–2024 INTERNAL CLIMATE AND ORGANISATIONAL WELL-BEING:

In 2024, the Palmieri Group confirmed and partly strengthened the **positive corporate climate that** had already emerged from the previous year's survey. The results of the new organisational wellbeing questionnaire paint an overall stable and mature picture, in which employees' perceptions of safety, internal relations and professional development continue to remain at high levels.

Among the areas showing **the most significant progress** is that related to **health and safety at work**, which remains one of the pillars of the corporate culture. The perception of protection, attention to risks and availability of prevention tools remains very high, accompanied by a **reduction in situations of discomfort and discrimination**, with scores confirming the effectiveness of prevention policies and the solidity of a workplace perceived as safe, respectful and inclusive.

Fairness and respect also **continue to be a strong point**: employees recognise fair and impartial treatment, regardless of gender, age or origin, and appreciate the transparent distribution of responsibilities and opportunities for growth. **The sense of organisational justice remains widespread**, a sign of a management model that values the skills and contributions of each individual.

Collaboration between colleagues and the quality of internal relationships are once again among the most appreciated elements, with a very positive perception of teamwork, mutual respect and cohesion within work groups. These aspects are directly reflected in **the sense of belonging, which remains high and stable**: employees express pride in being part of the Palmieri Group and show strong identification with the company's values, while the propensity to seek alternative employment remains marginal.

The **perception of the company's external image** also **continues to be positive**: Palmieri is recognised as a solid and respected organisation, both within the local community and among customers and employees' families, confirming the reputation it has built over time thanks to consistent and credible behaviour.

The dimensions related to professional growth and career development remain substantially in line with the previous year, indicating that employees continue to perceive opportunities to expand their skills and advance on the basis of merit. Similarly, **the job evaluation confirms a good level of satisfaction in terms of autonomy**, tools and personal fulfilment.

Only a few areas show slight deviations, mainly related to internal communication and the sharing of company objectives and evaluation systems. Although the scores are slightly lower, the values remain largely positive and reflect a context of trust and collaboration, which the Palmieri Group has already begun to strengthen by increasing opportunities for discussion and internal updates.

Overall, the 2024 survey confirms that the Palmieri Group's organisational well-being is based on solid relationships, a safe working environment and a strong sense of internal community. The stability of the results and the maintenance of high scores in the value and relational dimensions demonstrate how the company continues to invest in people, strengthening year after year a **culture based on trust, responsibility and participation.**

In 2024, the Palmieri Group continued to pursue its commitment to ensuring a fair, inclusive and people-oriented working environment. **All employees, regardless of gender or role, are entitled to leave for family reasons**, confirming the Group's desire to provide concrete support for work-life balance.

Specifically, at **Palmieri s.p.a.**, **13.57% of men and 14% of women took leave**, while at **Palmieri Tools Forging s.r.l., the percentages were 11% for men and 0% for women**. These figures show a substantial balance in access to leave in the parent company and reflect the Group's desire to promote equal opportunities and overcome gender barriers, strengthening a corporate culture based on inclusion, trust and mutual respect.

The focus on employee wellbeing also translates into the creation of spaces and services aimed at improving the quality of working life. The **company canteen**, in addition to providing practical support for employees, is designed as a place for socialising and sharing, where positive relationships and a sense of belonging are nurtured. This approach helps to maintain a collaborative and peaceful atmosphere, in which participation and cohesion become fundamental levers for collective growth.

To ensure a working environment based on transparency and listening, the Group has also implemented structured channels for managing complaints and internal reports, ensuring that employees can express any concerns confidentially and safely. To complement this system, **a whistleblowing mechanism** is in place, allowing anonymous reporting of behaviour that does not comply with ethical principles or company procedures, including potential corrupt practices. This tool is an essential safeguard for the protection of human rights and organisational integrity, promoting a corporate culture based on responsibility and fairness.

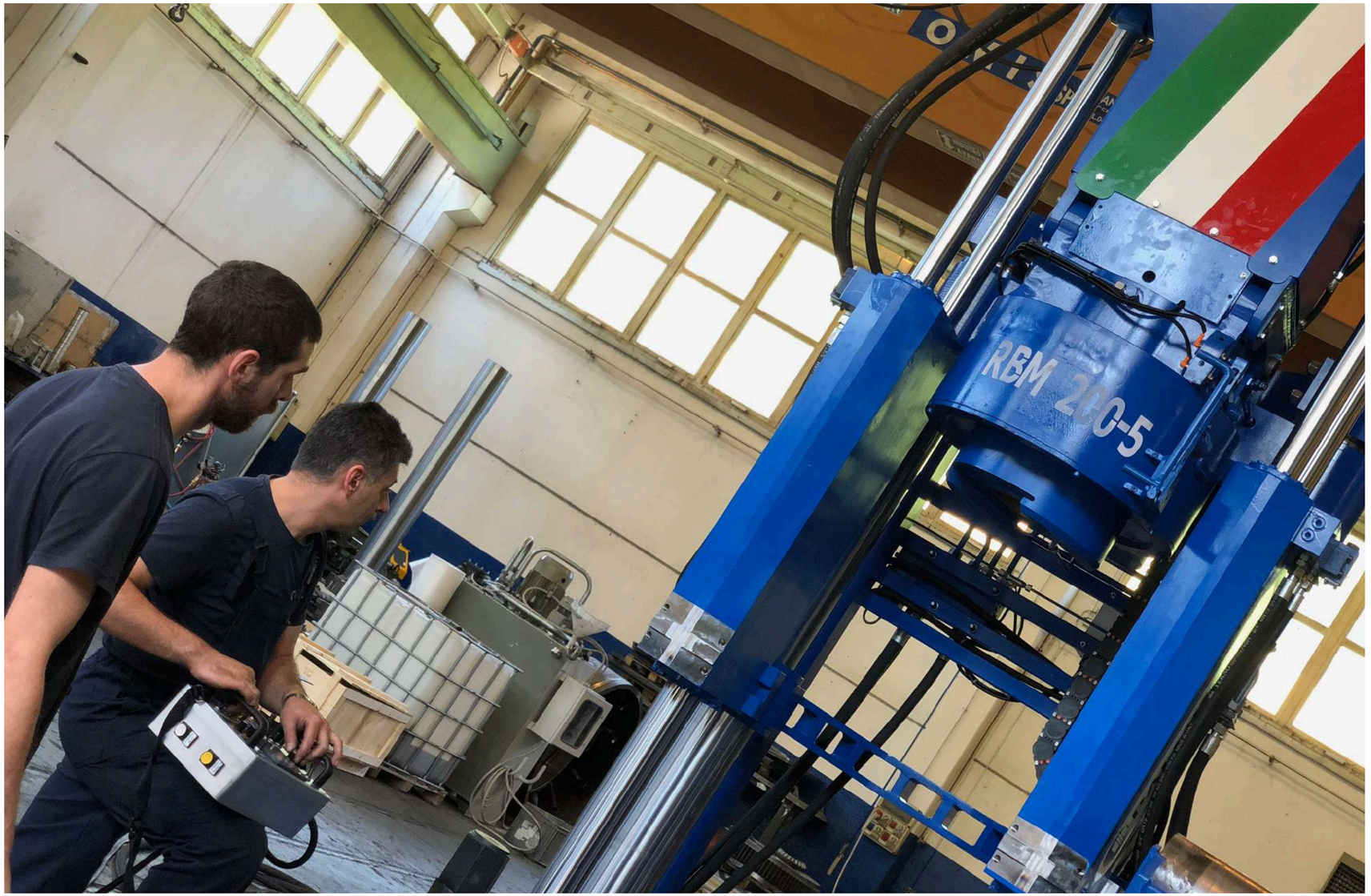
Overall, the policies adopted in 2024 confirm the Palmieri Group's desire to go beyond mere compliance with regulatory obligations, adopting welfare measures and tools aimed at continuous improvement. The company stands out for its careful and proactive management of human capital, which values people as a central element of sustainable growth and collective success.

DEVELOPMENT AND ENHANCEMENT OF HUMAN RESOURCES

The Palmieri Group continues to recognise continuous training as a strategic tool for the professional growth of its employees and for strengthening safety in the workplace. The commitment already begun in previous years continues in 2024, with targeted training programmes and membership of Fondimpresa, which allows for technical and managerial refresher courses to be carried out in line with the company's needs.

In 2024, there was a significant increase in the time dedicated to training compared to the previous year: the average hours per capita rose **from 18.8 to 33.7 for men** and from **8.18 to 19.22 for women**. The increase, which is significant for both categories, confirms the Group's desire to expand opportunities for growth and development for all staff, while reducing the gender gap in participation in training courses.

Through this enhancement, the Palmieri Group consolidates its strategy of investing in human capital, promoting an increasingly competent, aware and innovation-oriented working environment.



In 2024, the Palmieri Group confirmed and expanded its commitment to local communities, continuing to support social, cultural, sporting and solidarity initiatives that contribute to the growth and well-being of the area. Through donations, sponsorships and collaborations with institutions and associations, the company consolidates its role as a responsible player and point of reference for the sustainable development of the Bolognese Apennines.

Charitable donations in 2024 involved numerous local organisations, including the **Parish of Montese**, **the Parish of Pietracolora, the Parish of Santa Maria Maddalena, the Pro Loco of Pietracolora, the Pro Loco of Lagacci, the Pro Loco of Corvella, the Fire Brigade** and associations involved in solidarity initiatives, such as **Telethon** and **Race for the Cure**. These contributions confirm the Palmieri Group's ongoing commitment to supporting the social and cultural life of the area, with a particular focus on the values of inclusion, solidarity and participation.

On the sporting front, the Palmieri Group has renewed its sponsorship **of ASD Appennino 2000 in Montese (MO),** continuing the collaboration that began in 2013. Support for this local organisation underlines the importance that the company attaches to promoting the values of sport, teamwork and the involvement of the younger generation.

During 2024, the Palmieri Group also took part in cultural and technical initiatives, including **participation in the Festival of Technical Culture in Porretta Terme**, held at the Montessori–Da Vinci State Industrial Technical Institute, and the Race for the Cure in Bologna, a solidarity event supporting women's cancer prevention. These activities reflect the Group's commitment to fostering dialogue between business, education, and civil society, while also promoting awareness of health and well-being issues.

At the same time, the Palmieri Group has confirmed its membership of internationally renowned networks and associations, including the **Italian Tunnelling Society (SIG), the Association of Friends of the Museum of Industrial Heritage in Bologna and AMITOS (Asociación Mexicana de Ingeniería de Túneles y Obras Subterráneas, A.C.)**, strengthening its position in a global technical and cultural network.

A particularly significant event in 2024 was the **celebration of thirty years** of activity **at the Canevaccia plant**, celebrated on 20 December 2024. The initiative involved all employees, representing a moment of sharing and collective recognition for the history and successes achieved by the Palmieri Group.

Through these actions, the Palmieri Group confirms its vision of a business deeply rooted in the local area, integrating economic growth, social cohesion and the enhancement of human capital, contributing in a tangible way to the sustainable development of the local community.

5

a. Planning tools and environmental policies 48
b. Energy and water consumption management 49
c. Conscious waste management and circular economy 51

PLANNING TOOLS AND ENVIRONMENTAL POLICIES

The **Palmieri Group** is strongly committed to integrating environmental sustainability into its daily activities, with the aim of **minimising its impact on the ecosystem and actively contributing to the fight against climate change**. Aware of the importance of achieving climate neutrality by 2050, although it has not yet formalised specific policies, the Group adopts **good practices to optimise energy consumption**. These measures are accompanied by **constant performance monitoring**, ensuring efficient resource management and promoting a responsible and sustainable approach to the environment.

During **2024**, checks on emissions into the air, water and soil continued in accordance with **the Single Environmental Authorisation** (AUA), thanks to collaboration with certified third-party bodies. **Training sessions** on the topic of **carbon footprint** were also promoted, with the aim of strengthening internal awareness and spreading a shared environmental culture.

Environmental management, with particular regard to the treatment of waste from production activities, is entrusted to **a well-structured organisation** with **clear roles** involving staff at various levels: from department managers to safety officers and waste document management officers. This methodical approach ensures compliance with current regulations and responsible waste management that is compatible with the surrounding environment.

As part of its commitment to **environmental protection** and operational continuity, the Palmieri Group regularly carries out maintenance work on channels, manholes, gutters and factory roofs, with the aim of preventing leaks, flooding and other potential structural and environmental damage. During the year, **new software** was also adopted to monitor product and process safety, supporting increasingly efficient and traceable management. The repaving of the Ponte della Venturina plant was also completed. To complement these preventive measures, catastrophic risk assessments are updated periodically to ensure adequate **insurance coverage** and a timely response in the event of an emergency.

With a view to continuous **improvement** for the **future**, the Palmieri Group has set itself improvement targets, ranging from measures aimed at optimising **water management** in the Ponte della Venturina industrial area to the renewal of the concession for discharges into the River Reno, with validity extended until 2036. At the same time, work will begin on renovating the roofs of the Ponte della Venturina and Via dell'Industria 58 plants, with the aim of improving **the energy efficiency of the buildings**.

ENERGY

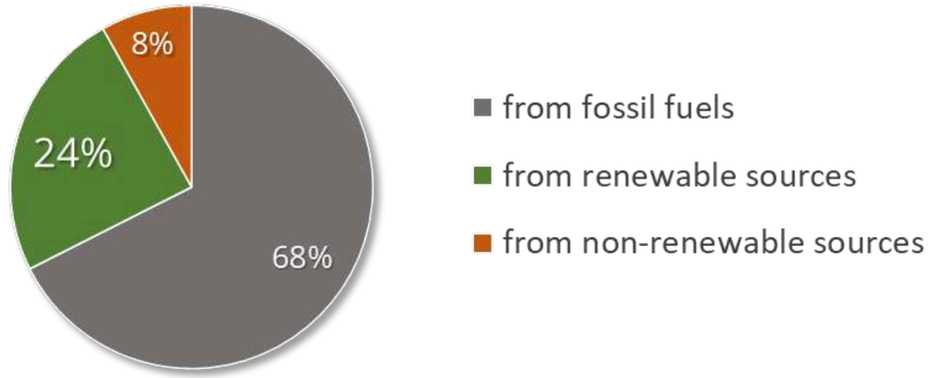
The **Palmieri Group** is constantly **monitoring energy consumption**, adopting an approach geared towards continuous improvement. Targeted energy audits are used **to** identify **opportunities to optimise efficiency and reduce environmental impact**. Every new purchase of machinery is guided by the desire to implement advanced and sustainable technologies, thus contributing to a more rational use of resources.

In **2024**, the Palmieri Group's total electricity consumption was **11,983 MWh**, a **14% reduction** compared to the previous year, indicating an **improvement in energy efficiency**. A significant result is represented by **the contribution of renewable sources**, which covered **2,912 MWh**, equal to approximately 24% of total demand, confirming the Group's ongoing commitment.

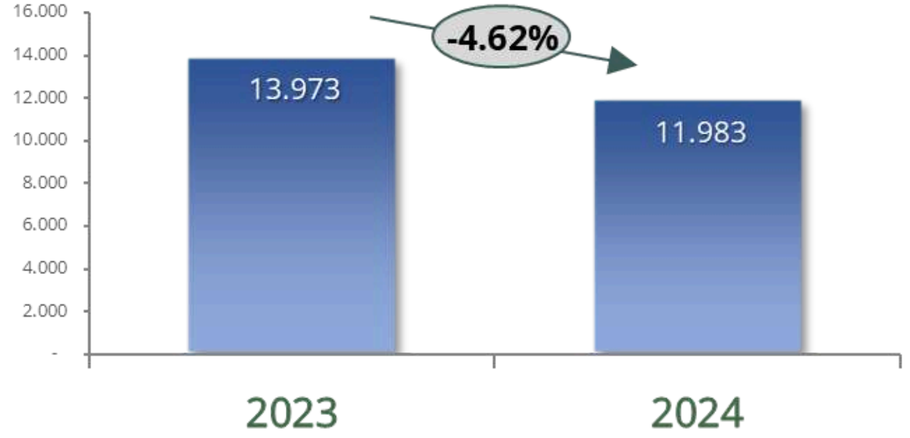
These figures highlight the concrete steps taken by the Palmieri Group to optimise the use of energy resources and reduce its environmental impact. In addition, **the implementation of sustainable energy supply systems** is planned **in the short and medium term**.

2024
11,983 MWh

Breakdown of electricity consumption in 2024



Electricity consumption in MWh



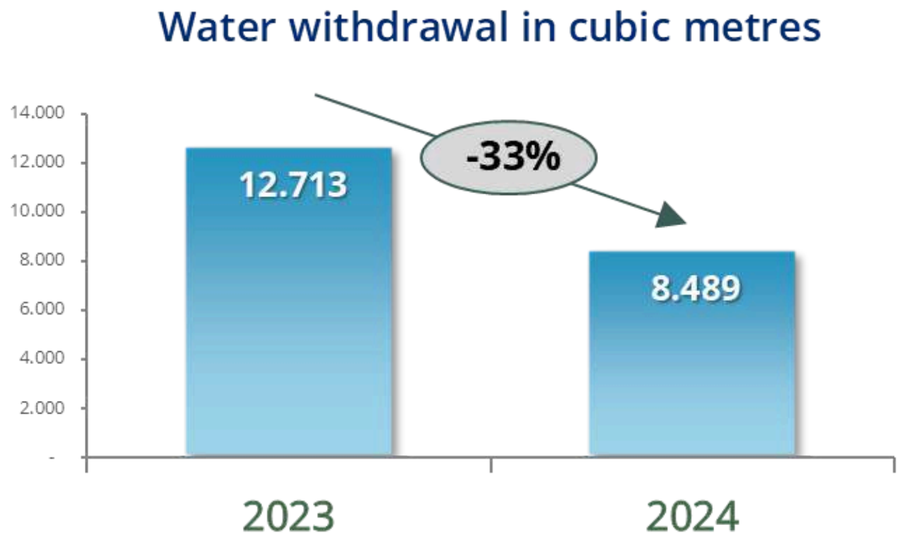
WATER

Water is a fundamental resource for the planet and for productive activities. The **Palmieri Group** recognises its strategic importance and is committed to ensuring its responsible and sustainable management throughout the entire operating cycle. In **2024**, total water withdrawal amounted to **8,489 cubic metres**, a net reduction of **33%**. This result demonstrates the effectiveness of the **efficiency and optimisation** measures introduced by the Group to reduce the impact of its activities on the environment.

With regard to **wastewater management**, the Canevaccia site has filtration systems authorised in accordance with **the Single Environmental Authorisation (AUA)**, while the other plants convey wastewater to the public sewerage system. These processes ensure that the water returned to the environment fully complies with current regulatory parameters.

In line with this approach, the Group promotes the conscious and responsible use of water resources through **preventive maintenance and plant optimisation**, aimed at preventing waste and leaks and constantly improving environmental performance.

Water withdrawal
2024
8,489 m



During **2024**, the **Palmieri Group** recorded a total waste production of 2,508,417 kg, a **20% reduction** compared to 2023. This result is a clear sign of the Group's growing commitment to responsible waste management and reducing its environmental impact.

Most of **the waste** produced is **non-hazardous**, amounting to 2,394,615 kg, or **95.5%** of the total. Hazardous waste amounted to 113,802 kg, corresponding to 4.5% of total production, in line with the figures recorded in the previous year.

Another positive indicator is the **amount of waste sent for recovery or recycling**, which reached **2,390,542 kg** in 2024**, equal to 95.3%** of the total produced. This figure confirms the Group's focus on increasingly sustainable production models geared towards the circular economy.

In recent years, the Palmieri Group has implemented **circular economy practices**, efficiently managing materials such as ferrous shavings, scrap metal, wood, paper, cardboard and plastic. In addition, **85% of the ferrous material purchased comes from recycled sources**, demonstrating a concrete commitment to reducing the consumption of primary resources.

In the short term, the Group plans to introduce further good practices aimed at optimising the flow of resources, with a particular focus on the efficient management of raw materials and the use of materials with low environmental impact.

Year	2023	2024
Total annual waste production in kg	3,143,175	2,508,417
of which non-hazardous waste	3,040,298	2,394,615
of which hazardous waste	102,877	113,802
Total waste destined for recycling or reuse	3,005,299	2,390,542
Hazardous	11,021	26,306
non-hazardous	2,994,278	2,364,786
Total waste destined for disposal	133,824	117,875
Hazardous	79,125	88,056
non-hazardous	54,699	29,819

6

a. Economic performance 53

ECONOMIC PERFORMANCE

The **value of the Palmieri Group's production** in **2024** stands at approximately **€49.8 million**, compared to **€62.9 million in 2023**, representing a decline of approximately **21**%. This trend reflects a more complex market environment, in which the Group has nevertheless managed **to maintain balance and operational solidity**. At the same time, **production costs** also decreased, highlighting a careful policy of containing and optimising operating expenses.

Demonstrating the Palmieri Group's focus on its human resources, labour costs increased by approximately 4%, from €13 million in 2023 to €13.5 million in 2024.

Despite a reduction in the value of production, **the Group** demonstrated its ability to manage efficiently, maintaining **good profitability** and a **net profit of over €5 million**. This highlights its solid and resilient management, capable of facing market challenges without compromising economic stability.

Furthermore, **shareholders' equity** grew by **3.6%**, reaching almost **€148 million**, confirming the **strengthening of the** Group's **capital structure** and its ability to generate value over time through balanced and sustainable management.

PALMIERI GROUP			
	2024	2023	% CHANGE
TOTAL VALUE OF PRODUCTION	*49,806,737*	*62,961,876.00*	*-20.89*
TOTAL PRODUCTION COST	*33,721,574*	*40,338,528*	*-16.40*
TOTAL LABOUR COSTS	*13,529,313*	*13,000,090.00*	*4.07*
TOTAL FINANCIAL INCOME AND EXPENSES	*3,437,897*	*1,883,328.00*	*82.54*
PROFIT BEFORE TAX	*6,029,468*	*11,081,873.00*	*-45.59*
PROFIT	***5,063,103.00***	***8,712,705.00***	***-41.89***
NET EQUITY	***147,678,410.00***	***142,612,808.00***	***3.55***

GRI AND ESRS CONTENTS INDEX

The following table lists the indicators reported in this Sustainability Report.
For each GRI indicator, the "**GRI-ESRS Interoperability Index**" document was used to refer to the relevant ESRS, and the chapter or section where the data or information is reported has been indicated.

GRI 100: UNIVERSAL STANDARDS				
GRI CODE	GRI DESCRIPTION	ESRS CODE	ESRS DESCRIPTION	LOCATION
GRI 2: General Disclosure				
1. The organisation and its reporting practices				
102-1	Organisational details			Section 1
102-3	Reporting period, frequency and point of contact	ESRS 1 §73	Reference period	Methodological note
2. Activities and workers				
102-6	Activities, value chain and other business relationships	ESRS 2 SBM-1 §40 (a) i *to* (a) ii, (b) *to* (c), §42 (c)	Strategy, business model and value chain	Section 1, 4a
102-7	Employees	ESRS 2 SBM-1 §40 (a) iii; ESRS S1 S1-6 §50 (a) *to* (b) & (d) *to* (e), §51 *to* §52	Strategy, business model and value chain; Characteristics of the enterprise's employees	Section 4a
102-8	Workers who are not employees	ESRS S1 S1-7 *from* §55 *to* §56	Characteristics of non-employees in the enterprise's own workforce	Section 4a
3. Governance				
102-9	Governance structure and composition	ESRS 2 GOV-1 §21, §22 (a), §23; ESRS G1 §5 (b)	Role of administrative, management and supervisory bodies	Section 2a
102-10	Appointment and selection of the highest governance body	This topic is not covered by the list of sustainability issues in ESRS 1 AR §16		Section 2a
102-12	Role of the highest governance body in overseeing impact management	ESRS 2 GOV-1 §22 (c); GOV-2 §26 (a) *to* (b); SBM-2 §45 (d); ESRS G1 §5 (a)	Role of the administrative, management and supervisory bodies; Information provided to the administrative, management and supervisory bodies of the enterprise and sustainability issues addressed by them; Interests and opinions of stakeholders	Section 2b
102-13	Delegation of responsibility for managing impacts	ESRS 2 GOV-1 §22 (c) i; GOV-2 §26 (a); ESRS G1 G1-3 §18 (c)	Role of the administrative, management and control bodies; Information provided to the administrative, management and control bodies of the enterprise and sustainability issues addressed by them; Prevention and detection of active and passive corruption	Section 2c
5. Stakeholder engagement				
102-29	Approach to stakeholder engagement	ESRS 2 SMB-2 §45 *from* (a) i *to* (a) iv; ESRS S1 S1-1 §20 (b); S1-2 §25, §27 (e) & §28; ESRS S2 S2-1 §17 (b); S2-2 §20, §22 (e) & §23; ESRS S3 S3-1 §16 (b); S3-2 §19, §21 (d) & §22; ESRS S4 S4-1 §16 (b); S4-2 §18, §20 (d) & §21	Stakeholder interests and opinions; Policies relating to own workforce; Processes for engaging own workforce and worker representatives on impacts; Policies relating to workers in the value chain; Policies relating to affected communities; Policies relating to consumers and end users	Section 1c
102-30	Collective agreements	ESRS S1 S1-8 §60 (a) & §61	Coverage of collective bargaining and social dialogue	Section 4a
GRI 3: Material Topics				
6. Disclosure on material topics				
103-1	Process for determining material topics	ESRS 2 BP-1 §AR 1 (a); IRO-1 §53 *from* (b) ii *to* (b) iv	General criteria for preparing sustainability statements; Description of processes for identifying and assessing relevant impacts, risks and opportunities	Section 1c
103-2	List of material topics	ESRS 2 SBM-3 §48 (a) & (g)	Material impacts, risks and opportunities and their interaction with the business strategy and model	Section 1c

GRI AND ESRS CONTENTS INDEX

GRI 200: ECONOMIC ASPECTS				
GRI CODE	GRI DESCRIPTION	ESRS CODE	ESRS DESCRIPTION	LOCATION
GRI 201: Economic performance				
201-1	Directly generated and distributed economic value	This topic is not covered by the list of sustainability topics in ESRS 1 AR §16		Section 6a
GRI 205: Anti-corruption				
205-3	Confirmed incidents of corruption and actions taken	ESRS G1 G1-4 §25	Confirmed cases of active or passive corruption	No incidents of corruption occurred in 2024
GRI 206: Anti-competitive behaviour				
206-1	Legal actions related to anti-competitive behaviour, trust activities and monopolistic practices	This topic is not covered in the list of sustainability topics in ESRS 1 §AR 16		In 2024, there were no incidents of anti-competitive behaviour
GRI 300 ENVIRONMENTAL ASPECTS				
GRI CODE	GRI DESCRIPTION	ESRS CODE	ESRS DESCRIPTION	LOCATION
GRI 302: Energy				
302-1	Energy consumption within the organisation	ESRS E1 E1-5 §37; §38; §AR 32 (a), (c), (e) & (f)	Energy consumption and energy mix	Section 5b
302-1	Energy consumption reduction	"Energy" is a sustainability topic for E1, covered by paragraph AR 16 of ESRS 1. Therefore, this GRI disclosure is covered by MDR-P, MDR-A, MDR-T and/or as a specific entity metric to be disclosed in accordance with ESRS 1 §11 and pursuant to MDR-M.	Policies adopted to manage relevant sustainability issues; Actions and resources related to relevant sustainability issues; Monitoring the effectiveness of policies and actions through objectives.	Section 5a, Section 5b
GRI 303: Water and effluents				
303-5	Water consumption	ESRS E3 E3-4 §28 (a), (b), (d) & (e)	Water consumption	Section 5b
GRI 306: Waste				
306-3	Waste generated	ESRS E5 E5-5 §37 (a), §38 *to* §40	Resource outflows	Section 5c
GRI 400: SOCIAL ASPECTS				
GRI CODE	GRI DESCRIPTION	ESRS CODE	ESRS DESCRIPTION	LOCATION
GRI 401: Employment				
401-1	New hires and turnover rate	ESRS S1 S1-6 §50 (c)	Characteristics of the enterprise's employees	Section 4b
GRI 403: Occupational health and safety				
403-1	Occupational health and safety management system	ESRS S1 S1-1 §23	Policies relating to own workforce	Section 3b

GRI 400: SOCIAL ASPECTS				
GRI CODE	GRI DESCRIPTION	ESRS CODE	ESRS DESCRIPTION	LOCATION
403-2	Hazard identification, risk assessment and accident investigation	ESRS S1 S1-3 §32 (b) & §33	Processes for remedying adverse impacts and channels for own workers to raise concerns	Section 4b
403-3	Occupational health services	'Health and safety' and 'Training and skills development' are sustainability topics for S1 covered by ESRS 1 §AR 16. Therefore, this GRI disclosure is covered by MDR-P, MDR-A, MDR-T and/or as a specific entity metric to be disclosed under ESRS 1 §11 and under MDR-M.		Section 4b
403-4	Employee participation and consultation on occupational health and safety programmes and related communication			Section 4b
403-5	Worker training on occupational health and safety	"Health and safety" and "Training and skills development" are sustainability topics for S1 covered by ESRS 1 §AR 16. Therefore, this GRI disclosure is covered by MDR-P, MDR-A, MDR-T and/or as an entity-specific metric to be disclosed under ESRS 1 §11 and in accordance with MDR-M.	Policies adopted to manage relevant sustainability issues; Actions and resources related to relevant sustainability issues; Monitoring the effectiveness of policies and actions through objectives; Metrics related to relevant sustainability issues	Section 4d
403-6	Promotion of worker health	“Social protection” is a sustainability topic for S1 covered by ESRS 1 §AR 16. Therefore, this GRI disclosure is covered by MDR-P, MDR-A, MDR-T and/or as a specific entity metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.	Policies adopted to manage relevant sustainability issues; Actions and resources related to relevant sustainability issues; Monitoring the effectiveness of policies and actions through objectives; Metrics related to relevant sustainability issues	Section 4a
403-9	Accidents at work	ESRS S1 S1-4, §38 (a); S1-14 §88 (b) & (c); §AR 82	Interventions on impacts relevant to own workforce and approaches to mitigating relevant risks and pursuing relevant opportunities in relation to own workforce, as well as the effectiveness of such actions; Health and safety metrics	Section 4a
GRI 404: Training				
404-1	Average hours of training per year per employee	ESRS S1 S1-13 §83 (b) & §84	Training and skills development metrics	Section 4d
GRI 405: Diversity and equal opportunity				
405-1	Diversity of governing bodies and employees	ESRS 2 GOV-1 §21 (d); ESRS S1 S1-6 §50 (a); S1-9 §66 (a) *to* (b); S1-12 §79	Role of governance bodies; Characteristics of the organisation's workforce; Diversity metrics; Persons with disabilities	Sections 2a, 4a
GRI 415: Public policy				
415-1	Political contributions	ESRS G1 G1-5 §29 (b)	Political influence and lobbying	No political contributions were made in 2024.