SUSTAINABILITY REPORT 2025

Palmieri Group

Industrial innovation, the local community and corporate responsibility

PALMIERI GROUP

E

Environment 2025

Responsible and transparent management of environmental impacts

through continuous monitoring, optimisation of resources, best practice and training initiatives

65%

of purchased energy comes **renewable sources**

Water withdrawal: 9,930 cubic metres

representing an increase of approximately +11.3% compared with 2024

Measures aimed at capture and optimisation

the water management and regulation system

In 2025 the Palmieri Group reduced its energy consumption by 9%

its **waste** production, with **95.5 per cent** sent for **recovery or recycling**.

S

People and well-being 2025

Putting people first of sustainable development

For the Palmieri Group, people are at the heart of our business and the driving force behind sustainable development, based on ethics, inclusion, professional growth and the nurturing of talent.

275 employees

16.7% women
83.3% men

Contract stability

90 per cent on permanent contracts

Targeted training programmes

Membership of Fondimpresa
Training dedicated to meeting the requirements required by **RENTRI**

Commitment to the community

- **Support for social**, cultural and sporting **initiatives**, working with local parishes, Pro Loco, **Telethon and Race for the Cure;**
- Participation in **cultural and technical events**;
- Membership of **international networks** (SIG);
- Experiences centred **on sport, collaboration and team spirit.**

G

Governance 2025

Organizational Structure of the Group

Renomeccanica S.r.l.
↓
Palmieri S.p.A.
Palmieri Tools Forging S.r.l.

Management Committee: 4 members

female presence: **1 woman**

Corporate ethics and compliance

Registration on the **National Cybersecurity Agency (ACN)** platform and **renewal** of Palmieri S.p.A.'s **inclusion on the 'White List'**

Whistleblowing and internal regulations

Internal regulations **on the use of** company **credit cards** and regulations on the use of **company cars**.

Products and services 2025

Service meeting high standards in quality and safety

ISO 9001 – Palmieri S.p.A. and Palmieri Tools Forging S.r.l.
PED and ABS Certification - Palmieri Tools Forging S.r.l.

PASS™ Light

a more compact version characterised by **versatility, ease of maintenance and robustness**

Highly customisable of solutions

Customer satisfaction: adoption of the '**Zero** Defects' philosophy
Customer evaluation system based on **objective data**

Qualification and inspection of the supply chain

Zero non-conformities detected amongst qualified suppliers
Qualification process on the **SupplHi platform**
Ethical, secure and sustainable management of **external procurement**

Financial performance 2025

Value of production

€57,741,894

Profit for the year

€7,381,347

Equity

€155,352,283

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Letter to stakeholders

Dear Stakeholders,
We are proud to present the third edition of the Palmieri Group Sustainability Report, a document that reflects our journey and, above all, our commitment to continuing to build the future with responsibility, awareness and a long-term vision.

Over the past few years, we have learned that change cannot simply be observed—it must be embraced with a proactive mindset, adaptability and the determination to shape what lies ahead. The environmental, social and economic challenges that define today's global landscape require a practical approach: not merely reacting to change, but taking an active role in driving the transformation of our industries and communities.

For Palmieri Group, sustainability means exactly this: a daily commitment to improving the way we do business by integrating care for people, innovation, environmental responsibility and organisational excellence into every strategic decision.

The 2025 Sustainability Report comes at a particularly significant moment in our company's history, as we continue along a natural path of growth and evolution. The generational transition currently underway represents an opportunity to build on the experience and values developed over the years while embracing new ideas, fresh perspectives and emerging talent. We see younger generations as key contributors to the future of the Group—people who will carry forward our legacy and transform it, with enthusiasm and responsibility, into a new phase of sustainable growth.

This report reflects a journey built on concrete actions: strengthening our governance and compliance systems, fostering an increasingly safe and inclusive workplace, investing in the growth of our people, and supporting the communities and territories in which we operate.

Palmieri Group's international presence is both a source of value and a responsibility. Operating in numerous countries around the world means engaging every day with different cultures, markets and challenges. This global perspective encourages us to listen, adapt and continuously improve, reinforcing our belief that businesses have a fundamental role to play in promoting sustainable and shared development.

Throughout 2025, we have once again chosen to let our actions speak for our commitment. Every project, every investment and every initiative has been driven by the ambition to create lasting value for our customers, our employees, our business partners and all the stakeholders who accompany us on this journey.

We firmly believe that the future is built through collaboration and the contribution of every individual. People remain at the heart of the Palmieri Group: our employees, who bring expertise, dedication and passion to their work every day; our customers, who inspire us to grow and innovate; and all of you, our stakeholders, whose dialogue, trust and constructive engagement help us become a better company.

With the 2025 Sustainability Report, we renew our commitment to looking ahead with confidence, fully aware of our responsibilities and determined to continue our journey towards an increasingly sustainable, open and future-oriented business model.

Thank you for being part of this journey with us.

We hope you enjoy reading this report.

Methodological note

The preparation of the Palmieri Group's **2025 Sustainability Report** represents a further step in the journey towards corporate responsibility that the Group has embarked upon. Its aim is to stimulate internal reflection with a view to improving awareness of the company's current situation 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. To move progressively towards reporting that complies with **the ESRS** (European Sustainability Reporting Standards) **principles** drawn up by EFRAG (European Financial Reporting Advisory Group), the **GRI-ESRS Interoperability 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 Table of** Contents' 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 2025**. Where possible, the indicators presented are **compared with performance in previous years**, in order to drive improvement and foster a continuous process of self-assessment.

This report was designed and drafted by an in-house team, with the support of external consultants.

1. *Identity and strategies*

a. A family-run business: the Mission, Vision and Values of the Palmieri Group 9

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a. A family-run business: the Mission, Vision and Values of the Palmieri Group

Founded in 1972 on the vision of the Palmieri family and having grown through over fifty years of experience, the Palmieri Group is now an international organisation capable of combining **tradition, expertise and innovation**.

Throughout its history, the company has built **strong partnerships** with leading international players, developing technologically advanced solutions for a wide range of civil engineering sectors and consolidating its role in the field of drilling tools and mechanical engineering.

Its **family roots** remain a defining feature of the Group to this day: a **wealth of knowledge, values and principles** that has evolved over time, guiding the company through market changes and the new challenges of the global landscape.

Today, the Palmieri Group looks to the future with the confidence of those who have built their journey on the solid foundations of experience and the ability to reinvent themselves. The natural **generational transition** currently underway represents an opportunity to combine the expertise gained over the years with new energy, new ideas and new perspectives, whilst remaining true to the values that have always guided the company.

Since its inception, the Palmieri Group's success has been built on **its people**: on their skills, their sense of responsibility and their shared corporate culture based on **commitment, collaboration and continuous improvement**.

The mission

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

This statement is not merely a commitment, but represents a genuine **declaration of intent**. Investing in young people means focusing on the future: the Group recognises the importance of the **younger generations as a driving force for change** and a source of innovative ideas.

But it does not stop there: as a testament to **Palmieri's deep sense of belonging to its origins and local area**, its headquarters are located in Gaggio Montano, in the province of Bologna. Despite significant growth over the years and a presence in 55 countries, the owners have always chosen to remain rooted in the land where it all began, a testament to their strong attachment to their roots. This choice not only pays tribute to the company's history but also underlines the Palmieri Group's commitment to **contributing to local development**, bridging the gap between tradition and innovation on a global scale.

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 aims to increasingly 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.

Our Values

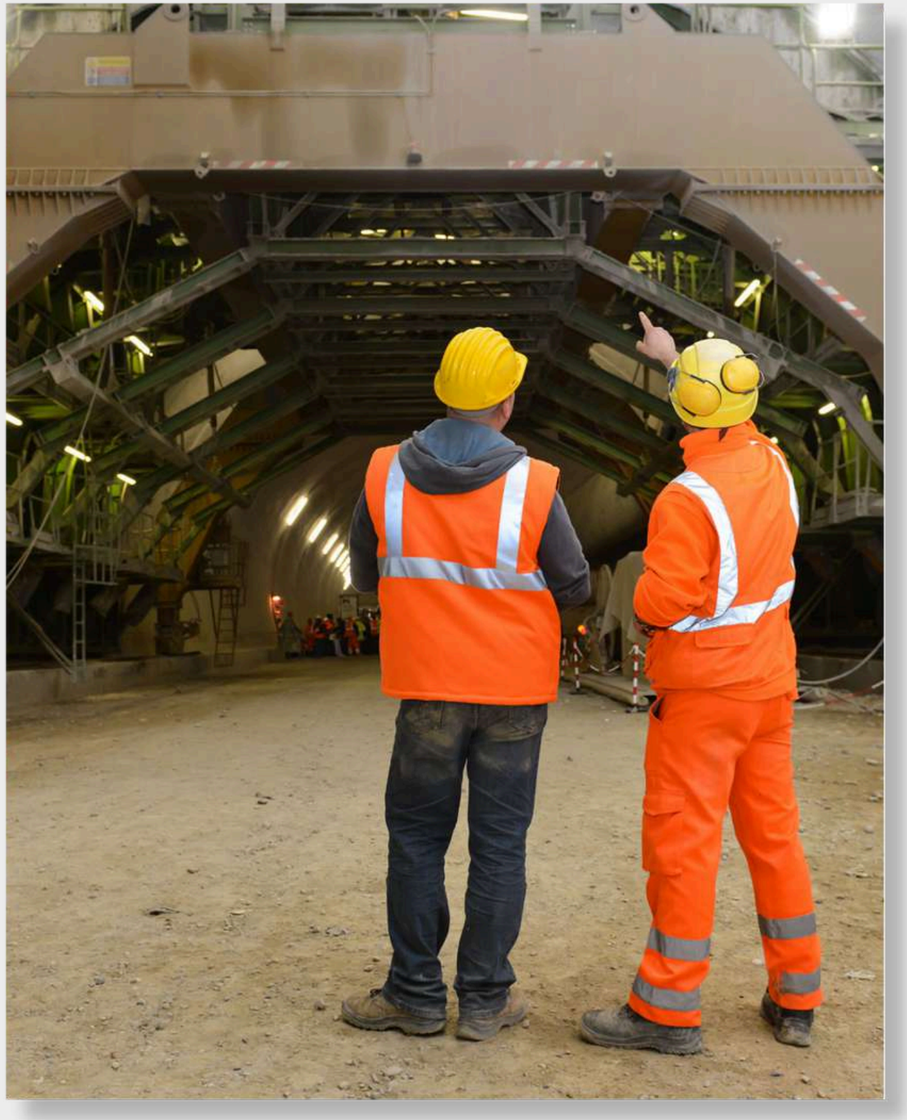
The Palmieri Group's values are the guiding principles behind every decision we make and every action we take. They define the way we approach our daily work and shape how we respond to the challenges of the future.

Efficiency, determination and an entrepreneurial mindset form the foundation of our way of doing business. These principles have supported the Group throughout its growth and continue to guide our decisions as we pursue sustainable, long-term development that respects people, local communities and the territories in which we operate.

Collaboration, expertise and technological excellence drive our ability to innovate and deliver reliable, tailor-made solutions through a continuously evolving product portfolio designed to meet the diverse needs of customers and markets around the world.

Professionalism, experience and a strong customer focus define our daily commitment to delivering outstanding service. We strive to build lasting partnerships through responsiveness, close collaboration and the ability to support our customers at every stage of their journey, from design and engineering to after-sales assistance.

We look to the future with the awareness that the Palmieri Group's greatest strength lies in the combination of more than fifty years of experience and the energy, skills and fresh perspectives brought by new generations. It is through this balance between heritage and innovation that we continue to grow and create lasting value.



The Sustainable Development Goals

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

To achieve these objectives, an in-depth analysis of the impacts of its activities has been undertaken, resulting in the identification **of six priority pillars of sustainability from among the 17 Sustainable Development Goals of the United Nations 2030 Agenda**. These elements represent the foundations upon which the Palmieri Group intends to focus its efforts in the coming years through concrete, day-to-day actions that reconcile strategic and economic decisions with an assessment of the social and environmental impacts they entail.

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

Company Profile

The Palmieri Group is comprised of **two complementary production facilities**, sharing extensive industrial experience, a strong focus on innovation, and the ability to meet the needs of highly specialized international markets.

- **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)

Palmieri S.p.A.

Founded as the Group's first company, Palmieri S.p.A. is dedicated to the design, engineering and manufacture of tools for the tunnelling and drilling sectors. Originally established as a manufacturer of cutting tools, over the years it has expanded its expertise and scope of application, evolving into an international company recognised for its ability to develop advanced solutions for different ground conditions and a wide range of operational requirements.

Thanks to ongoing technological research and well-established engineering expertise, Palmieri S.p.A. offers a comprehensive range of products for drilling applications, complementing its production of cutters with the design of complete machines and bespoke solutions developed in collaboration with its customers.

Palmieri Tools Forging S.r.l.

Palmieri Tools Forging S.r.l. specialises in the design, manufacture and supply of hot-forged components – whether raw or semi-finished – for a wide range of industrial applications. Its origins date back to 1908, when it was founded as a manufacturer of agricultural equipment. Over the course of its history, the company has successfully evolved and diversified its production, developing specific expertise in the machining of hot-forged steel components.
Today, Palmieri Tools Forging S.r.l. is able to offer both semi-finished components and finished products, serving various industrial sectors, including transmission, lifting, mining, oil & gas and rail.

Its production capacity, a dedicated technical department and a focus on the quality of raw materials are key distinguishing features that have enabled the company to become a reliable partner for major international industrial groups.

Business units from a strategic planning perspective

The history and growth of the Palmieri Group are founded on a wealth of technical and industrial expertise developed over more than fifty years of experience. The ability to design bespoke solutions, combined with the knowledge gained in various international markets, enables the Group to operate in highly specialised sectors, offering products and services capable of meeting the needs of complex and constantly evolving applications.

Forging

Palmieri Tools Forging S.r.l. manages the entire production process in-house, from the selection and procurement of steels to the technical design of the product, from stamping to the rolling of rings, right through to heat treatment and machining.
The company's production capacity is dedicated both to the Group's internal requirements and to contract manufacturing, thanks to ongoing investment in technology that enables the production of high-quality, reliable forged components.
Using advanced plant and technology, Palmieri Tools Forging S.r.l. is able to produce forged parts and rolled rings for a wide range of industrial applications, establishing itself as a leading supplier for both domestic and international customers.

Tunneling

The tunnelling sector marks the starting point of the Palmieri Group's history and is one of the areas in which its technological expertise has developed most significantly.
Mechanised excavation using Tunnel Boring Machines (TBMs) requires solutions tailored to the varying geological characteristics and operational conditions of construction sites. The experience gained from numerous projects carried out worldwide has enabled the Group to evolve from the production of individual cutting tools to the design and manufacture of complete systems.
Today, Palmieri offers a comprehensive range of disc cutters, complete cutter heads, segment erectors and auxiliary equipment, working alongside its customers to develop tailored solutions for every type of excavation challenge.

Microtunneling

Drawing on its expertise in drilling and excavation technologies, the Palmieri Group provides complete solutions for microtunnelling applications, including cutterheads, extension kits, muck removal systems and jacking stations for projects characterised by particularly long lengths and complex operating conditions.

Raise Boring

Raise Boring technology enables the construction of shafts and vertical connections between different underground levels to high standards of precision, safety and efficiency, whilst minimising the impact compared to traditional methods.
The Palmieri Group supports this sector by supplying both specific components, such as cutters, milling heads, rods and stabilisers, and complete machines, contributing to the development of reliable solutions for mining and infrastructure applications.

Drilling

This technology is used in numerous fields, ranging from the construction of wells and foundations to horizontal and vertical drilling, across a wide range of diameters and operating conditions.
The Palmieri Group offers a wide range of bespoke solutions, designing and manufacturing tools such as drill bits, teeth, bottom-hole bits and complete heads to meet the specific needs of its customers.

Recycling

The growing focus on environmental issues has made the recycling sector a strategic area for the Palmieri Group, where technological innovation and sustainability converge.
The engineering expertise developed over the years enables the Group to design and manufacture advanced solutions for the crushing and processing of various types of materials and waste, developing technical components and specialised high-productivity systems, including through fully bespoke projects.

Forestry

The forestry sector represents a growing area for the Palmieri Group, where industrial expertise and a focus on sustainability come together to develop solutions dedicated to the responsible management of natural resources.
Through products designed for the forestry and agricultural sectors, the Group contributes to the development of efficient and reliable technologies capable of supporting operators and companies in a sector that is increasingly focused on striking a balance between productivity and environmental protection.

Special Equipment

The ability to tackle complex technical challenges has led the Palmieri Group to develop a division dedicated to the design and manufacture of specialised equipment for a variety of applications.
Every project represents a new opportunity for innovation: extreme operating conditions, specific requirements and bespoke requests call for an approach based on analysis, design and problem-solving skills.
Thanks to a high level of engineering expertise and a strong responsiveness in developing solutions, the Palmieri Group supports its customers in the creation of technologically advanced products, building relationships founded on reliability, collaboration and continuous improvement.

b. An Italian story of success and innovation

1972

Silvano Palmieri starts his activity by becoming a shareholder of small mechanical workshop in **Castel di Casio (BO).**

1977

The company's growth necessitated 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 Silvano Palmieri, is founded; it would later become 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 acquired one of the oldest and most renowned die-forging workshops from the early 20th century. This would later become **Palmieri Tools Forging S.r.l.**

1994

Due to a landslide, the Civil Protection ordered the evacuation of the facility located in Silla (BO). The entire plant is relocated to **Canevaccia (BO)**

1996

Palmieri S.r.l. becomes a **joint-stock company.**

2004

The growth of the Group's companies has enabled 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 was established: **Palmieri Tunnelling – Drilling S.r.l.**

2008

Palmieri Tools Forging S.r.l. acquires a **new industrial site in Ponte della Venturina** (BO), to which the entire mechanical machining department is relocated.

2011

The Group's German subsidiary, dedicated primarily to serving the Central European market, was established in Dresden.

2015

The Group's geographical expansion has been further enhanced 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 based.

2017

The Palmieri Group consolidates its leading position, and growth necessitates a further search for production space: **new production facilities are acquired in Via Torretta**, 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 unveiled.

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 relocated to new premises in Bologna

2025

Palmieri S.p.A. has registered on the platform of the Italian **National Cybersecurity Agency (ACN)**, demonstrating its commitment to implementing appropriate cybersecurity safeguards.

Today

The Palmieri Group is today an international leader in the sector and includes:

2
legal entities

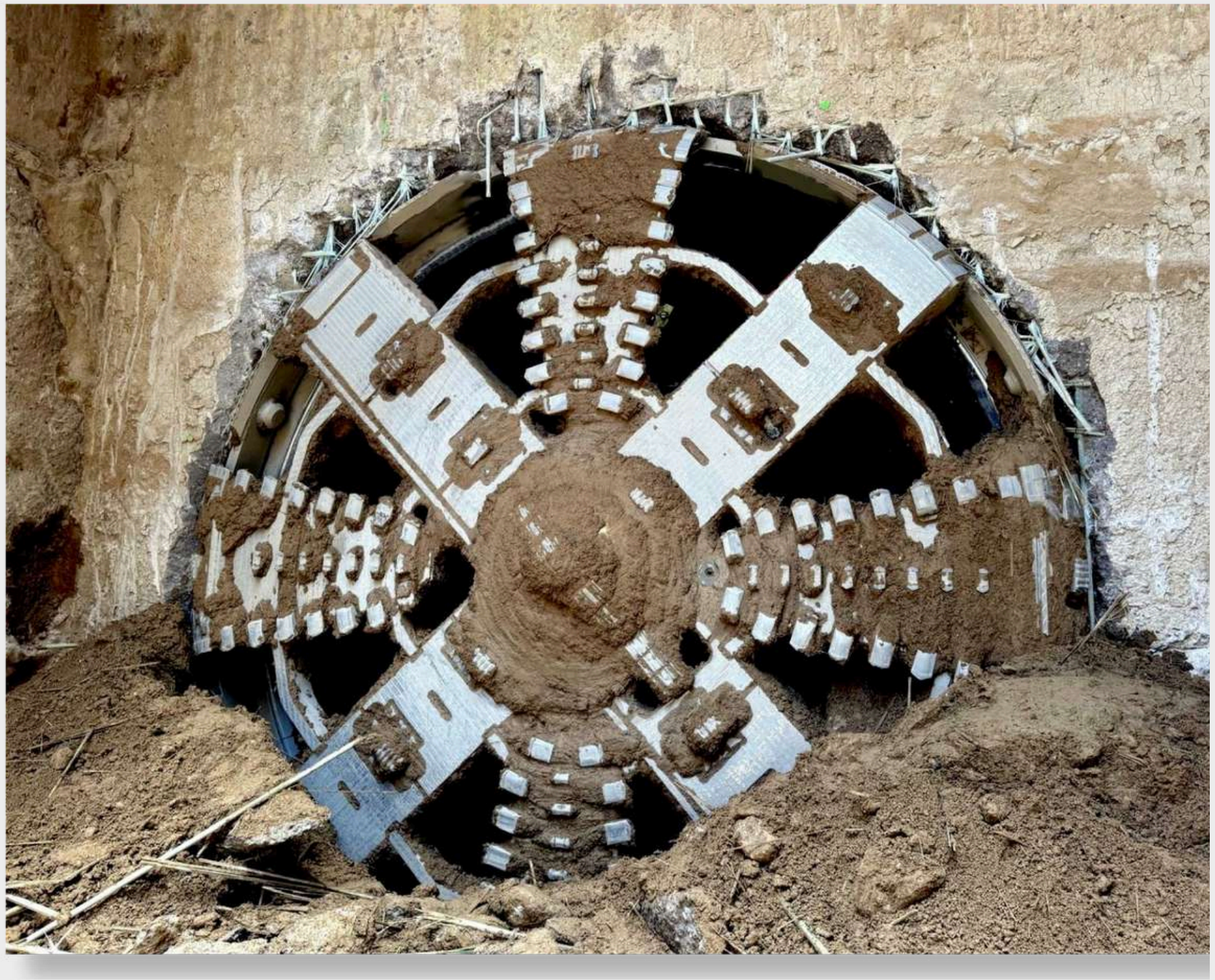
8
plants

240,000 square metres
of which **78,500 square metres**
are covered

55
countries

around
300
employees

over
100,000
items in the portfolio

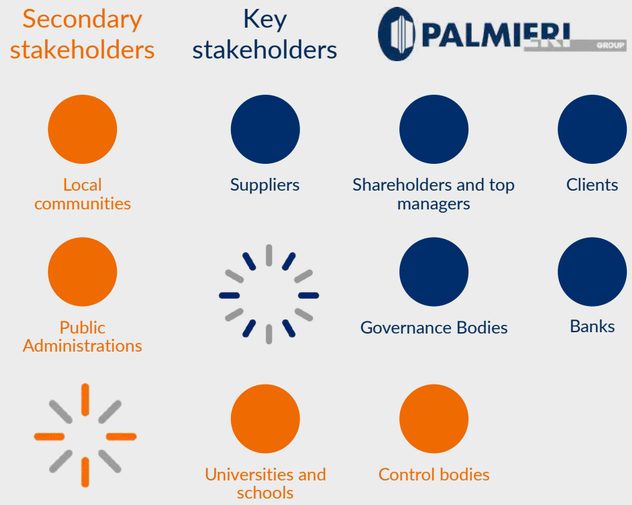


C. *Stakeholders and double Materiality*

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

According to the developments in ***'Stakeholder Theory'*** proposed by R. Edward Freeman, stakeholders fall into two categories:

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



Stakeholder engagement activities

Stakeholder engagement is a key element for the Palmieri Group, enabling it to maximise long-term value and mitigate business risks. The engagement process is based on **the AA1000SES standard**, which helps to identify material issues, and on **ISO 26000**, which provides guidelines on social responsibility, highlighting the importance of **listening to and responding to the needs of the various stakeholder groups**, and integrating them into decision-making processes to ensure sustainable development. The Palmieri Group maintains an ongoing dialogue with its stakeholders through **regular or ad hoc meetings, questionnaires or targeted communications**.

To identify the material issues to be included in the sustainability report and to develop the materiality matrix, the Group engaged various representative categories of stakeholders by inviting them to take part in a **specific survey**.

The materiality matrix

The materiality matrix is a strategic tool for identifying and assessing the sustainability issues of greatest significance to the company and its stakeholders.

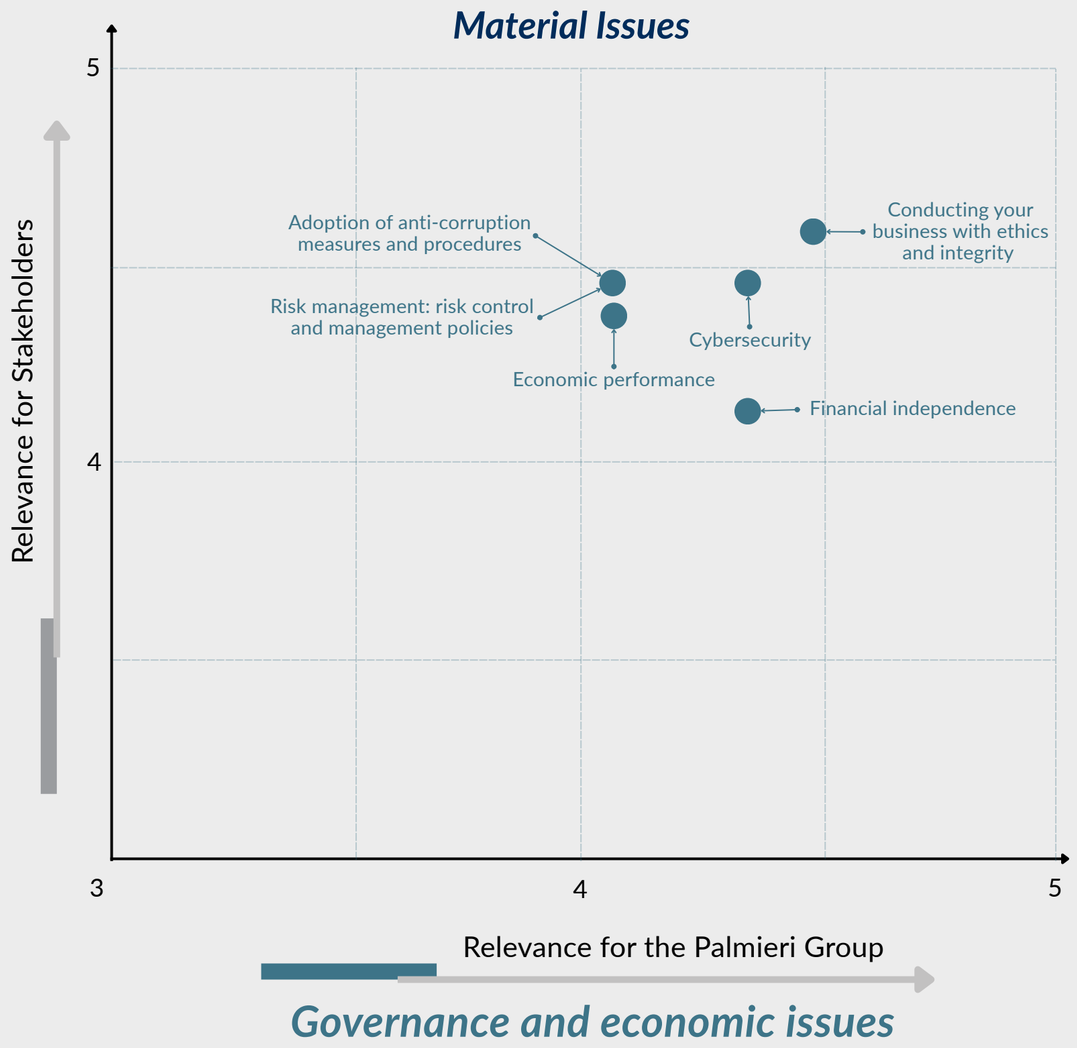
Analysing the results makes it possible to measure the **level of 'alignment' between the importance attributed internally and external expectations regarding ESG issues**, highlighting the priority areas on which to focus sustainability activities in the medium to long term. This approach aims to integrate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

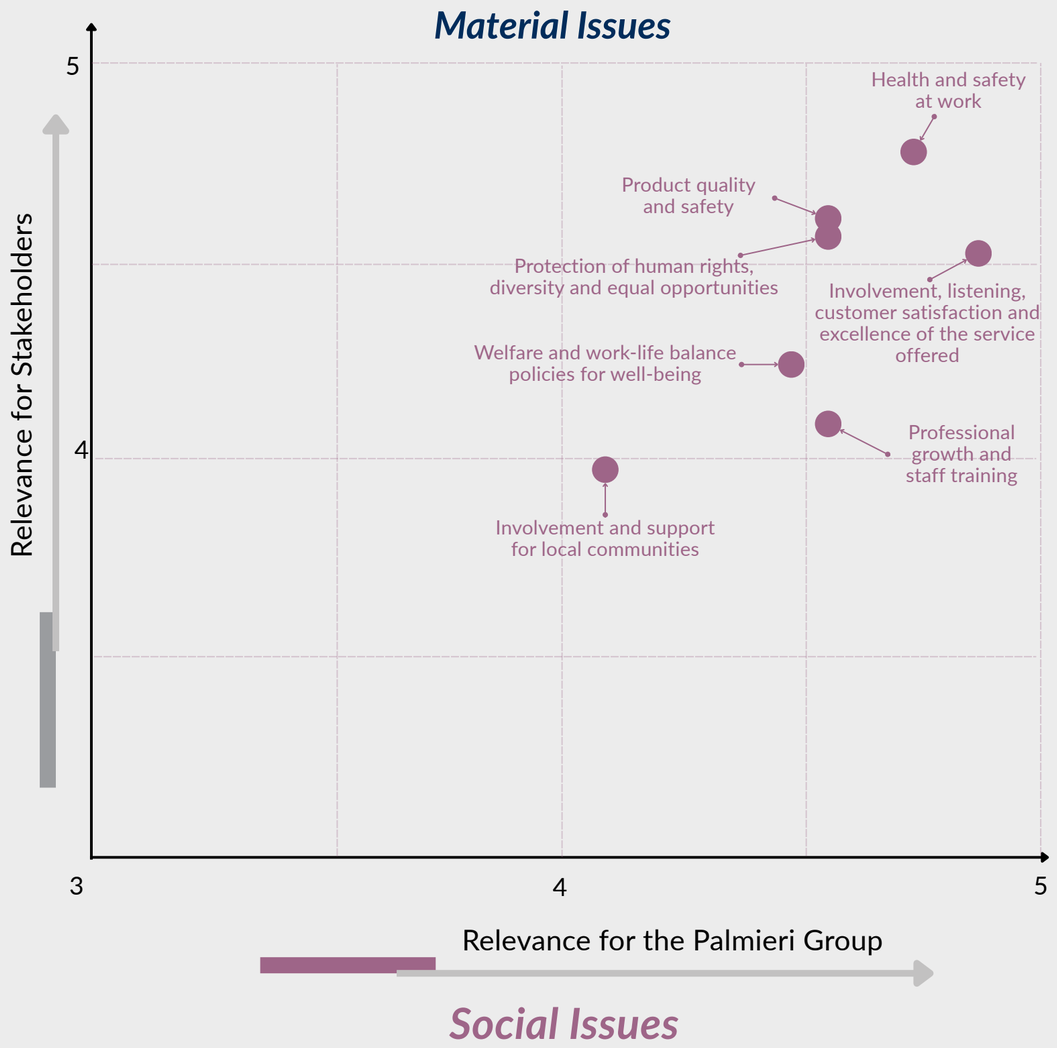
To develop the matrix, the Palmieri Group's questionnaire was structured around the **three ESG dimensions: Environmental, Social and Governance**.

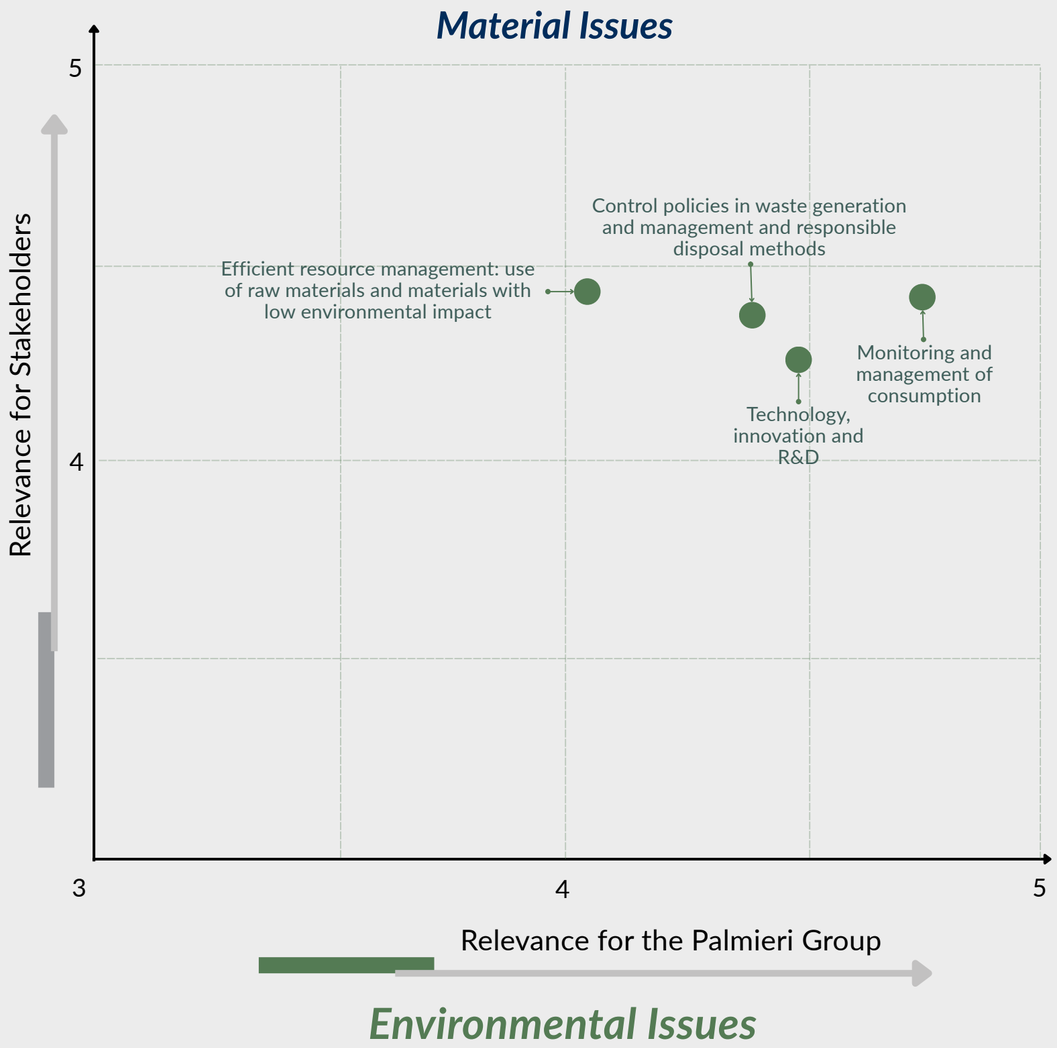
Stakeholders were asked to assign a score to each issue on a **Likert scale** ranging from 1 (irrelevant) to 5 (strategic).

In the resulting charts, the horizontal axis represents the importance of ESG issues to internal stakeholders, whilst the vertical axis indicates the importance attributed by external stakeholders.

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




Material Issues
Relevance for Stakeholders
5
4
3
4
5
Relevance for the Palmieri Group
Health and safety at work
Product quality and safety
Protection of human rights, diversity and equal opportunities
Involvement, listening, customer satisfaction and excellence of the service offered
Welfare and work-life balance policies for well-being
Professional growth and staff training
Involvement and support for local communities
Social Issues


Material Issues
Relevance for Stakeholders
5
4
3
4
5
Relevance for the Palmieri Group
Efficient resource management: use of raw materials and materials with low environmental impact
Control policies in waste generation and management and responsible disposal methods
Monitoring and management of consumption
Technology, innovation and R&D
Environmental Issues

*Results of the stakeholder survey**

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

There is a **strong strategic alignment** between the Palmieri Group's medium- to long-term expectations and those of external stakeholders. However, differences in priorities emerge: the Group attaches greater importance to social issues, whilst external stakeholders focus primarily on governance-related issues.
For the Group, the main priorities include '*health and safety at work*', '*customer engagement, listening, satisfaction and service excellence*' and '*monitoring and managing energy consumption*'. 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.

*The questionnaire results shown are those from 2023.

Double materiality

In 2023, the Palmieri Group carried out **a Dual Materiality analysis** for the first time, an approach introduced by the GRI 2021 guidelines and consolidated by the European Union's **Corporate Sustainability Reporting Directive** (CSRD). This legislation updates and expands the requirements of the previous directive on non-financial reporting, drawing on the **European Sustainability Reporting Standards** (ESRS) developed by the European Financial Reporting Advisory Group (EFRAG).

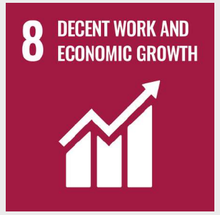
Double Materiality is based on two distinct perspectives:

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

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

  The Palmieri Group's double materiality analysis is set out below.

Governance Issues

SDG	Material topic (EFRAG)	Material sub-topic (EFRAG)	Survey breakdown	Type of impact	Description of impacts	Description of risks	Description of opportunities
	CORPORATE 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 dealings with customers/suppliers	Lack of a Code of Conduct/Code of Ethics/MOG within the Palmieri Group	Implementation of a Code of Ethics and the MOG
		Protection of whistleblowers	Cybersecurity	Positive	Adoption of a personal data protection system through privacy policies and notices; Implementation of a data processing register; Training for all new recruits on privacy policies and cybersecurity; Regulations governing the use of company assets and IT tools		Enhance 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 listed on the white list at the Prefecture of Bologna since September 2024

Social Issues

SDG	Material topic (EFRAG)	Material sub-topic (EFRAG)	Survey breakdown	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 employment legislation; Group-wide corporate welfare policies and agreements with local suppliers (e.g. Terme di Porretta, Coop Reno, etc.)		Opportunities to implement best practices and new agreements
		Equal treatment and equal opportunities for all	Protection of human rights, diversity and equal opportunities; Professional development and staff training				Opportunity to obtain Gender Equality Certification
	COMMUNITIES AFFECTED	Economic, social and cultural rights of communities	Engagement with 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 relating to information for consumers and/or end users	Engagement, listening, customer satisfaction and excellence in the service provided	Positive	Implementation of a process that carefully listens to customers' technical and economic-financial needs		
		Personal safety of consumers and/or end users	Product quality and safety	Positive	Product quality and safety thanks to the certifications obtained	With regard to prototypes and new machinery, there is a risk profile which we seek to mitigate through compliance with technical standards and our experience	

Environmental Issues

SDG	Material topic (EFRAG)	Material sub-topic (EFRAG)	Survey breakdown	Type of impact	Description of impacts	Description of risks	Description of opportunities
	CLIMATE CHANGE	Energy	Monitoring and management of energy consumption	Positive	Regular monitoring of consumption and associated costs		Opportunity to implement sustainable procurement systems
	CIRCULAR ECONOMY	Resource flows, including resource use	Efficient resource management: use of raw materials and materials with a low environmental impact	Positive	Adoption of good practices	Good practices not formalised	Implementation and formalisation of the good practices adopted
		Waste	Policies for controlling waste generation and management, and responsible disposal methods	Positive	Waste management system		

2.

Sustainability of Governance

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b. Internal organisation 31

c. Ethics and corporate conduct: principles and future objectives 33

a. The governance structure and corporate bodies

In 2025, the Palmieri Group **further consolidated its governance model based on the network agreement**, which has been 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 represent a distinctive tool for shared management, enabling the three companies to cooperate in a coordinated manner whilst maintaining their legal and operational autonomy.

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

Governance of the network is entrusted to **the Network Management Committee**, a body that coordinates joint activities and which, throughout 2025, continued to operate regularly, ensuring constant alignment amongst the network companies.

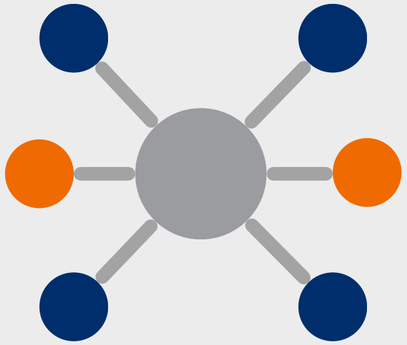
The Committee's Chairman, Silvano Palmieri, leads the work in collaboration with Stefano Palmieri on behalf of Palmieri S.p.A. and Adelaide Gaggioli on behalf of Renomeccanica S.r.l., with the support of Patrizio Lenzi, Chief Executive Officer of Palmieri S.p.A. and Safety Representative for the network.

The latest minutes of the Management Committee, relating to activities in 2025, reflect the evolution of the network model and the results achieved during the year. Key progress includes:

- **the completion of the roll-out of the whistleblowing system across all Group companies**, introduced in 2023 in accordance with regulatory requirements and accompanied by a dedicated in-house training programme, organised in consultation with trade union representatives;
- **the registration of two software programmes in the name of Palmieri S.p.A.**, developed through the collaborative efforts of cross-company expertise;
- **the establishment of a cross-company working group on sustainability**, which coordinated the drafting of **the Sustainability Report** for the 2023–2025 period, available in Italian and English;
- **the implementation of joint training programmes focusing on safety, technical skills and environmental sustainability** (in particular welding, mechanical drawing, metrology, machining centres and carbon footprint);
- **improvements to administrative, financial and legal management**, with greater integration of treasury and insurance functions and a strengthening of **compliance with privacy and security regulations** (not only with regard to the whistleblowing procedure);
- **strengthening 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 a swift and effective decision-making process. 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 stands **as** a **dynamic and sustainable governance model**, capable of combining independence with collaboration, thereby consolidating a cross-company approach based on transparency, knowledge-sharing and continuous improvement. The synergy between the network companies is now one of the Palmieri Group's key strengths, as it continues to evolve as an integrated ecosystem, focused on innovation and responsible growth.



Renomeccanica S.r.l.

holding company / sole shareholder

Palmieri S.p.A.

operating company

Palmieri Tools Forging S.r.l.

operating company

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 day-to-day and extraordinary management of the company, subject to the limits laid down by law and the Articles of Association. Directors remain in office for the period established at the time of their appointment, and in any event for no more than three consecutive financial years.

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

In 2025, the **Board of Directors** consists of **three members**, all male, with **an average age of around 60** and a **balanced distribution across the age groups 40–49, 50–59 and over 60**.

SILVANO PALMIERI
Chairman of the Board

STEFANO PALMIERI
Vice-Chairman of the Board of Directors

PATRIZIO LENZI
Chief Executive Officer

The Board of Statutory Auditors

The Board of Statutory Auditors oversees compliance with the law and the Articles of Association, adherence to the principles of sound governance, and the adequacy of the company's organisational and accounting structure. In 2025, it comprises **five members**, including **one woman**, with **an average age of 70**.

FELICE VALDISERRI
Chair of the Board of Statutory Auditors

ALESSANDRA LANDI
Auditor

MASSIMO LANDI
Auditor

GIAMPAOLO PERINI
Alternate Auditor

MASSIMO FABBRONI BERNARDI
Alternate Auditor

Statutory Auditor

From 2025, this role will be assumed by **Italian Small Companies Audit S.t.p. a r.l.**, which has officially taken over as the new Statutory Auditor, in line with the Group's commitment to ensuring the utmost transparency and reliability of its financial and economic information.

Italian Small Companies Audit S.t.p. a r.l.
Statutory Auditor

Sole Director

The company is led by a Sole Director, Silvano Palmieri (born 11 October 1948), who is in the over-60 age group. His extensive experience in the sector serves as a key reference point for the company's operational and strategic management.

SILVANO PALMIERI
Sole Director

The Board of Statutory Auditors

The Board of Statutory Auditors consists of a single auditor, Felice Valdiserri (born on 7 November 1939), who continues to oversee compliance with legal requirements and administrative propriety, ensuring continuity with the previous structure.

FELICE VALDISERRI
Sole Auditor

Statutory Auditor

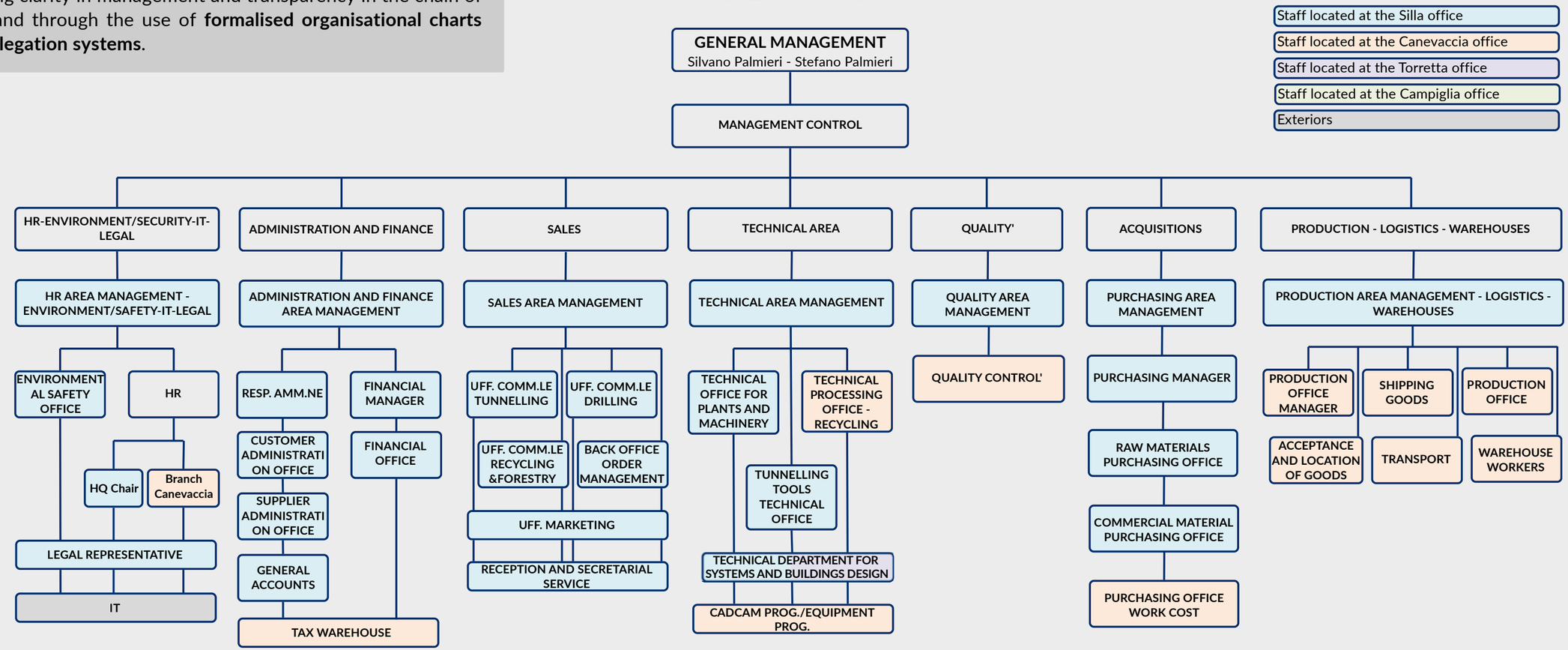
From 2025, this role will be assumed by **Italian Small Companies Audit S.t.p. a r.l.**, which has officially taken over as the new Statutory Auditor, in line with the Group's commitment to ensuring the utmost transparency and reliability of its financial and economic information.

Italian Small Companies Audit S.t.p. a r.l.
Statutory Auditor

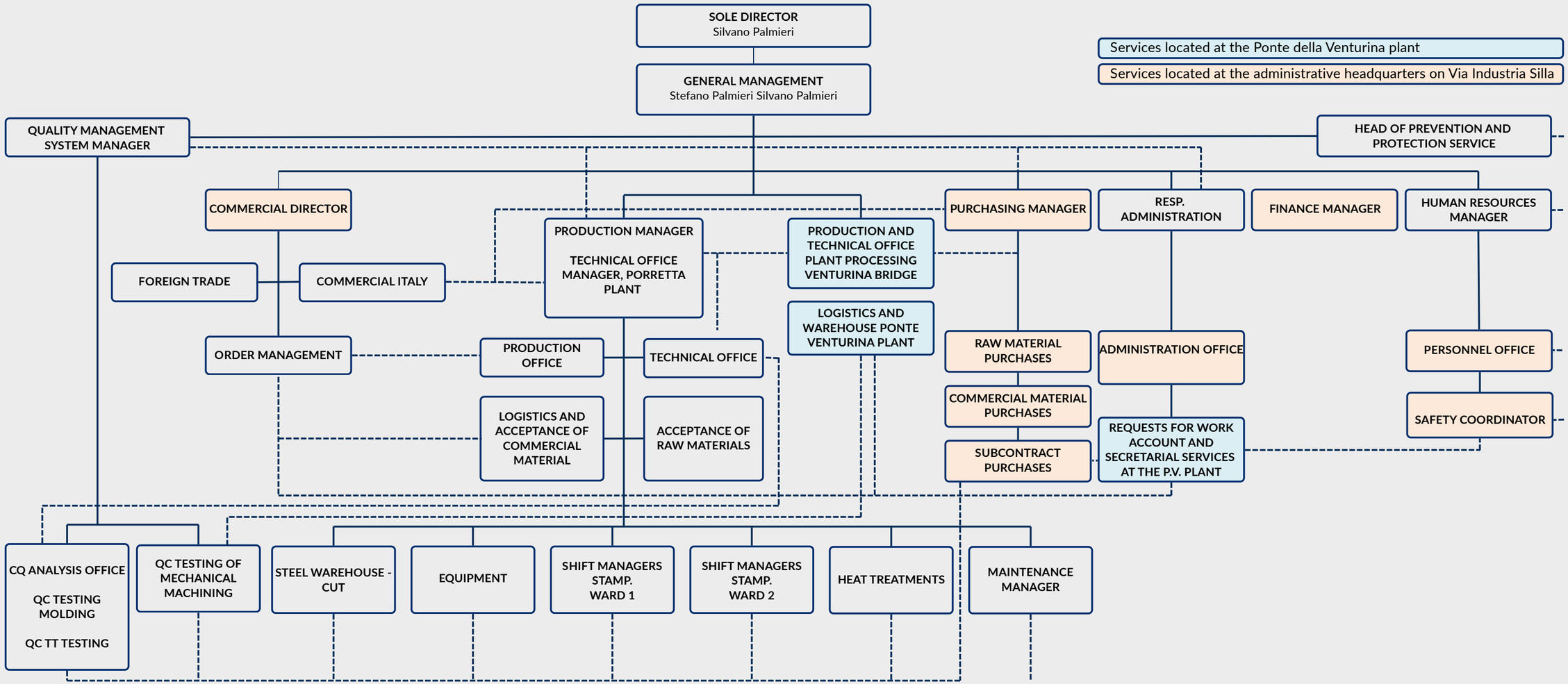
b. Internal organization

The Palmieri Group adopts an organisational structure based on a 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**.

ORGANIZATION CHART



ORGANIZATION CHART



c. *Ethics and corporate conduct: principles and future objectives*

In 2025, the Palmieri Group reaffirmed its commitment to promoting a corporate culture based on **ethics, integrity and responsibility** – principles that continue to guide the conduct of everyone working both within and outside the Group. The aim is to consolidate, over time, a transparent and respectful working environment, extending these values to all stakeholders.

Whistleblowing and reporting

The whistleblowing system, introduced in December 2023 in accordance with Legislative Decree 24/2023 and agreed with the company's trade union representatives, remained fully operational throughout 2025. The internal body responsible for managing reports **continued its monitoring and oversight activities, verifying the proper functioning of the internal reporting channels**.

Since the system was activated, **no reports** – either written or verbal – **have been received**, reflecting a corporate environment characterised by integrity and transparency. Furthermore, **no incidents of corruption or anti-competitive practices were detected** in 2025 either.

Internal regulations

In line with its commitment to continuous improvement, the Palmieri Group updated the **"Regulations for the Proper Use of IT and Corporate Telephony** Systems" during 2025, with the aim of strengthening **privacy** protection**, data security and user accountability**. This revision aims to make the policy even more effective and aligned with the Group's operational and regulatory requirements.

During 2025, **numerous activities** were carried out **to consolidate compliance systems**, which required intensive coordination between various company departments and the involvement of a wide range of personnel. In particular, work began on aligning with **the NIS2 Directive** (Network and Information Security 2), a European regulation aimed at enhancing **cybersecurity** standards and organisations' ability to prevent and manage potential cyber incidents. This compliance process involved risk analysis, the strengthening of security measures, the review of internal processes and the introduction of new organisational and technical controls, in line with the requirements set out in the European Directive.

During 2025, the Group companies – Palmieri S.p.A. and Palmieri Tools Forging S.r.l. – also introduced the **"Internal Regulations for the Use of** Prepaid, Personalised **Corporate Credit** Cards", to ensure proper administrative and tax management, as well as improved security and risk management. Again with a view to ensuring **control, security and sound management**, the **"Regulations** on **the Use of Company** Cars" were also updated in March 2025. Through the maintenance of rigorous procedures and a constant focus on training and prevention, the Palmieri Group reaffirms its commitment to strengthening its **culture of ethics and legality** year on year, with a vision centred **on transparency, compliance and sustainable growth**.

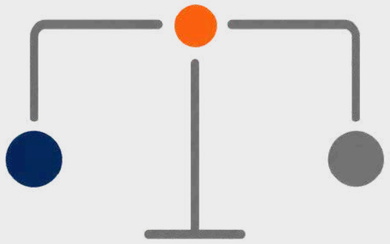
White List and cybersecurity

As regards Palmieri S.p.A., **its registration on the 'White** List' was renewed in December 2025. This registration attests to the company's compliance with legal requirements, certifying its reliability and transparency in the conduct of its business, in full accordance with the principles of **ethics and legality** to which the company is committed.

During 2025, Palmieri S.p.A. was registered on **the platform of the National Cybersecurity Agency (ACN)**, as the company provides services deemed relevant under NIS2. In December 2025, as part of this registration process, the Point of Contact and the CSIRT *(Computer Security Incident Response Team)* Liaison Officer were also appointed; in addition, a Gap Analysis was carried out to identify the corporate security measures to be implemented, and a 'Cybersecurity Incident Management Plan' as well as a 'Crisis Management Plan' were drawn up.

Objective MOG 231

Furthermore, for the three-year period 2026–2028, the company has set itself the objective of implementing the Organisation, Management and Control Model (MOG 231) in accordance with Legislative Decree 231/2001. The adoption of this model helps to strengthen internal control systems and corporate governance, in line with the company's objectives of enhancing reliability and transparency.



3.

Product Responsibility

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b. R&D Innovation: PASS™ 36

c. Innovation and value creation: the Air Mover 2500 Project 40

d. Customer satisfaction and focus 41

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a. Product quality and safety

The Palmieri Group guarantees high standards of quality and safety at every stage of its production processes, thanks to meticulous checks carried out throughout the entire manufacturing process. The use of advanced technologies, such as **CAD/CAM** and **CNC** systems, enables precision design and highly efficient production, ensuring reliable performance and products of the highest quality.

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

- **ISO 9001 Quality Management System Certification** – both **Palmieri S.p.A.** and **Palmieri Tools Forging S.r.l.** hold **ISO 9001 quality certification**, which attests to the implementation of effective organisational processes aimed at meeting customer requirements and promoting the continuous improvement of products and services.
  As regards **Palmieri S.p.A.**, the system is certified by **Società Italiana di Certificazione Industriale S.R.L.**, with a certificate issued on 4 October 2025 and valid until 3 October 2028; As regards **Palmieri Tools Forging S.r.l.,** the system is certified by **DNV,** with a certificate issued on 30 November 2025 and valid until 14 December 2028.

- **PED** (Pressure Equipment Directive – 2014/68/EU) **certification** – this certification guarantees that products intended for use under pressure comply with the safety requirements laid down by European legislation. The certification was obtained and is maintained by **Palmieri Tools Forgings S.r.l.** under the supervision of DNV, one of the world's leading certification bodies.

- **ABS** (American Bureau of Shipping) **certification** – obtained in March 2024 by **Palmieri Tools Forgings S.r.l.**, which recognises the suitability of the production facilities and forging processes for the manufacture of steel and stainless steel components intended for marine applications, opening up new development opportunities in the maritime sector, which is characterised by particularly stringent technical and quality requirements.

Taken together, these certifications — **ISO 9001, PED and ABS** — attest to the compliance of the Palmieri Group's processes and products with international standards, thereby ensuring **quality, reliability and safety** across all sectors in which the company operates.

b. R&D Innovation: PASS™

As a testament to its commitment to environmental sustainability and technological innovation, the **Palmieri Group** has developed **PASS (Palmieri Advanced Splitting System)™**, a patented machine that represents a significant advance in the treatment of **the organic fraction of municipal solid waste (OFMSW)**.

Launched in 2022 following over twenty years' experience in the recycling sector, PASS™ is the result of extensive research aimed at optimising energy consumption and water usage 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, which already held the **Italian patent** granted in April 2020, continued in 2024 to consolidate and protect its innovation by registering the **software dedicated to the** PASS™ **system** with the **SIAE**. At the same time, the process for granting the **two European patents** filed in 2019 has made further progress, moving closer to the successful conclusion expected in the near future. These milestones confirm the high level of innovation achieved and the strategic importance of the project within the European circular economy landscape.

PASS™ 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 markets. Thanks to its modular architecture and the use of state-of-the-art technologies, PASS™ integrates three fundamental stages — **pre-shredding, de-ironisation and compaction** — which enable even heterogeneous and contaminated waste to be processed efficiently.

The process enables **plastics and ferrous materials** to **be separated** from the organic fraction, which is purified and transformed into a high-quality resource for **anaerobic digestion**, generating **biogas** and adding value to the recovered materials. PASS™ 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™** transforms waste into a renewable resource, making a tangible contribution to **the decarbonisation of industrial processes** and the development of an integrated **circular economy** model.

PASS™ Range

PASS™

The PASS™ system comprises three modules and the associated control panel and can be easily integrated into existing plants via software, which allows the machine to be monitored remotely and enables the data collected to be recorded and archived. The main features of the model are:

- **Compact** design: this optimises space and reduces the need for transfer between machines, streamlining workstations and lowering plant maintenance costs;
- **Versatility**: from waste loading to the discharge of the pressed material destined for biogas digesters, the entire process takes place within a single machine;
- **Ease of maintenance**: easy access to almost all parts of the machine simplifies maintenance and the removal of any foreign objects;
- **Durability**: it offers high resistance to corrosion, thanks to the use of the highest-quality steels, including stainless steel, and top-quality electrical components.

PASS™ Light

The PASS™ Light system is the most compact version, featuring smaller dimensions and lower installed power; the control panel is fitted directly onto the machine, optimising space and reducing costs for panel wiring. The main features of the PASS™ Light model are:

- **Compactness**: it is even more compact, making the machine suitable for small installations or those with limited space;
- **Versatility**: the Light model is modular, allowing the machine to be configured by installing all three modules or opting for a ‘reduced’ version;
- **Ease of maintenance**: it features design elements that make access to internal components even easier in this model;
- **Robustness**: the Light model is fitted with the same high-quality components and a stainless steel casing, which ensure robustness and corrosion resistance.

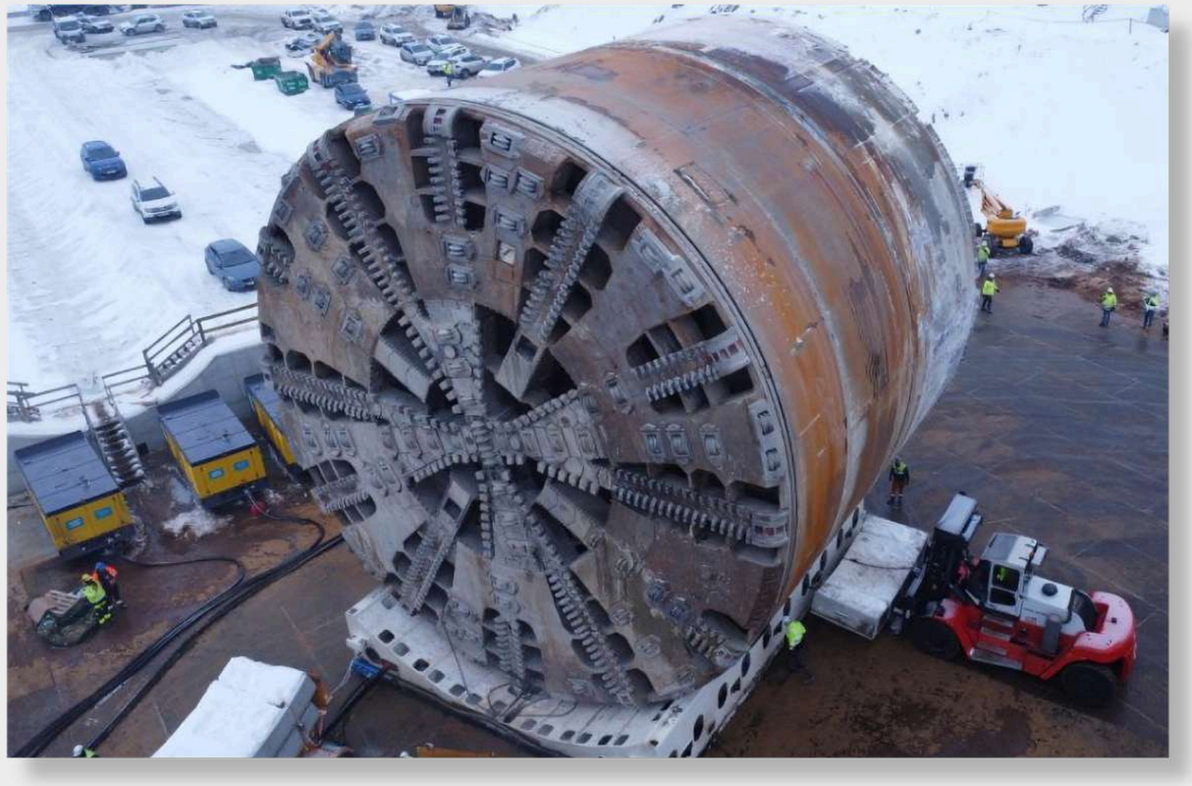
PASS™ Small

The PASS™ Small system is designed for small- and medium-scale operations and depackaging processes; it is suitable for processing modest quantities of waste and for facilities with intermittent waste processing. The main features of the PASS™ Small model are:

- **Compactness**: it is the most compact version in the range;
- **Versatility**: it offers a flexible, robust and high-performance solution;
- **Ease of maintenance**: like the previous models, the Small model allows easy access to all parts of the machine;
- **Robustness**: as with the other models, high-quality steel, combined with high-performance electrical components and motors, ensures a smooth and efficient process with superior results.

c. *Innovation and value creation: the Air Mover 2500 Project*

A system designed to handle the Karpatka TBM (Tunnel Boring Machine) for the construction of a **tunnel in Poland** on the S19 Rzeszów Południe–Babica route. The Air Mover 2500 system comprises 10 steel structures, each equipped with 8 air cushions, with a lifting capacity ranging from 36,300 kg to 43,500 kg. The project was commissioned in 2023 and delivery of the Air Mover was scheduled for spring 2024, but was postponed due to delays caused by the detection of gas; it was nevertheless successfully completed despite very cold temperatures, down to -18°C.



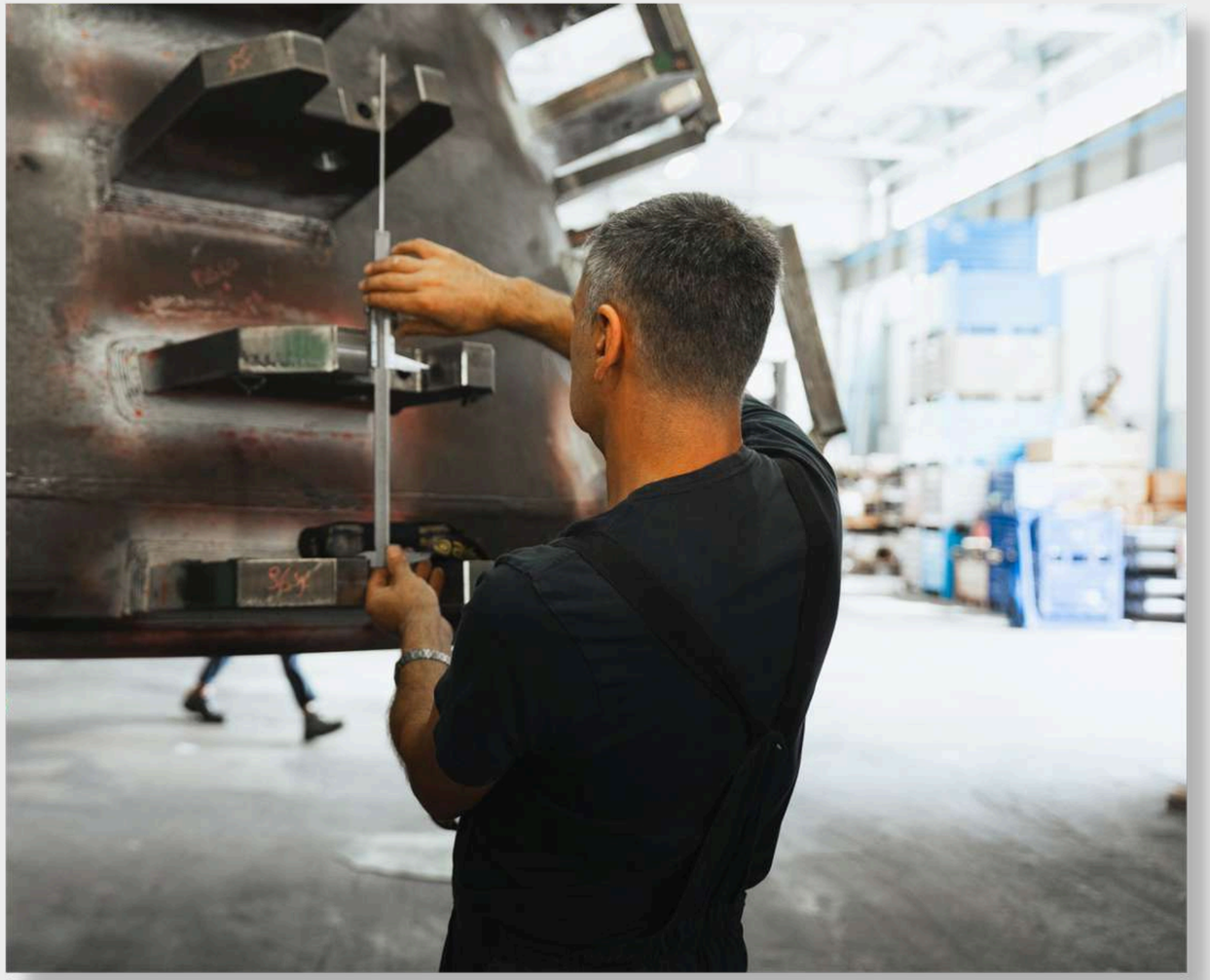
d. Customer satisfaction and focus

The **Palmieri Group** operates with the primary aim of meeting the needs of its customers and business partners, guaranteeing high-quality results, adherence to delivery times and the utmost attention to the safety of those involved in the production processes.

Thanks to **its complete manufacturing independence**, every product is designed and manufactured in-house, ensuring total control over the entire supply chain. The **Research and Development Department** responds with flexibility and precision to the diverse needs of the market, offering both standard and bespoke solutions. The Group also provides a **comprehensive pre- and post-sales service**, supported by an efficient service network and well-established industrial synergies, which guarantee promptness and reliability.

Throughout 2025, continuing the trend from the previous year, the Palmieri Group recorded a **gradual rise in the quality standards demanded by the market**, particularly in terms of tolerances expressed in **PPM (Parts Per Million)**. To meet these expectations, the company has adopted, once again for 2025, the **'Zero Defects'** philosophy, gearing all production processes towards reducing non-conformities and optimising resources. This also includes a commitment to minimising **excess material** and reducing the use of raw materials and activities deemed to offer no value to the customer, thereby aligning quality objectives with those of efficiency and sustainability.

To support this initiative, training courses were held throughout 2025 focusing on **Non-Destructive Testing (NDT)**, updating the MT (magnetic particle) method and the UT (ultrasonic) method. These **training and refresher courses** aim to increase the number of qualified operators and enhance the ability to prevent defects in the stamping process, confirming the central importance of technical expertise and continuous training in maintaining **standards of excellence**.



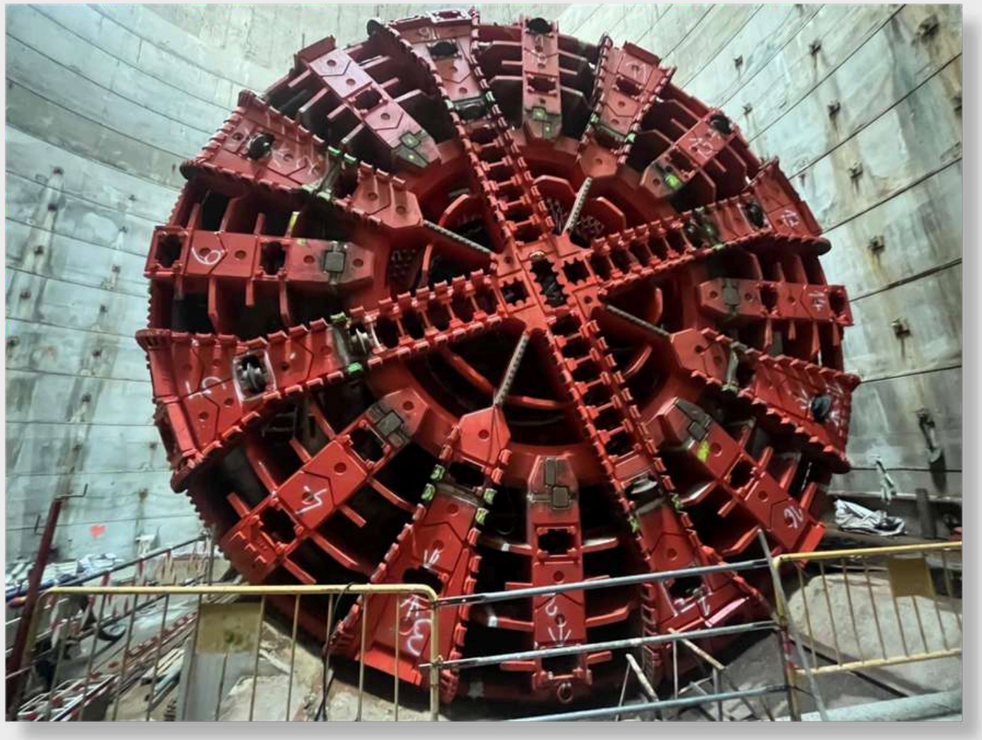
Building on the work carried out in 2024, throughout 2025 the **Palmieri Group** continued to strengthen its method for **assessing customer satisfaction**, adopting an increasingly analytical approach based on **objective indicators**. The questionnaire-based survey previously used has been replaced by a **continuous monitoring** system based on measurable data and direct dialogue with customers.
The new methodology is based on three main areas of assessment:

- **Vendor ratings** provided by key customers, based on quality parameters (PPM – Parts Per Million) and on-time delivery;
- **Internal performance indicators**, such as the number and severity of complaints, the regularity of supplies and adherence to delivery deadlines;
- **Regular audits and meetings**, which facilitate **ongoing and constructive dialogue** with business partners, fostering transparent and long-term relationships.

In line with the certification body's recommendations, the Group has also carried out a **detailed internal assessment of its key customers**, examining vendor ratings, complaints, delivery times and turnover trends over a three-year period. This new approach enables the Group to **monitor service quality more accurately**, promptly identify areas for improvement and consolidate a relationship of **trust and lasting collaboration** with strategic customers, thereby strengthening the Group's position as a leading partner in the tunnelling and industrial engineering sectors.

During the 2025 financial year, the company developed and coordinated **various projects and construction sites** worldwide, always placing the customer at the centre of its activities. Listening to customers' needs and offering **highly** bespoke solutions were essential elements in the delivery of the Palmieri Group's numerous projects and construction sites. The company has, in fact, strengthened its international collaboration with suppliers and partners, promoting **transparency, reliability and coordination** throughout the supply chain. In particular, during 2025, the main projects carried out or completed were:

Barcelona Metro Line 9 Barcelona (Spain)

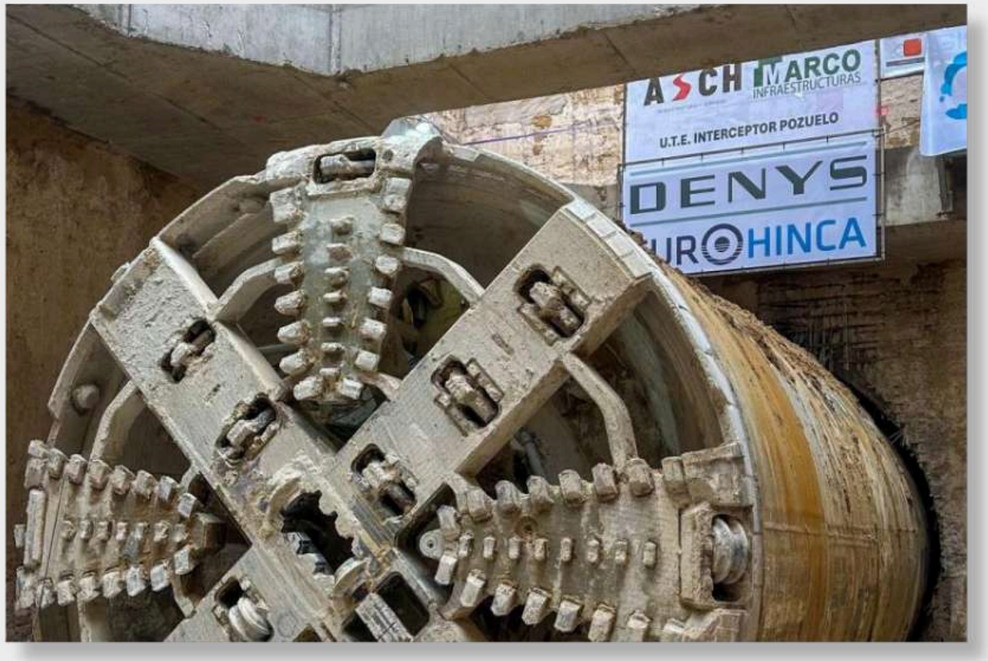


Gotthard Tunnel (Switzerland)

Naples/Bari connection (Italy)

Channeling of the Calle 85 stream, Barranquilla (Colombia)

Pozuelo Collector (Spain)



Within this international context, the projects were carried out using a structured approach aimed at optimising processes and ensuring results that met the expectations of clients and the various stakeholders involved.

e. The Supply Chain

Supply chain management, overseen directly by **the Procurement Department**, has once again proved to be a cornerstone of **the Palmieri Group's** resilience and operational efficiency. Following a three-year period characterised by significant price fluctuations and supply difficulties, the 2024 financial year marked the start of a gradual stabilisation of the raw materials market, particularly for steel. The gradual improvement in availability and supply conditions has enabled more effective production planning, greater adherence to delivery times and more accurate quality control throughout the entire supply chain. This led, during 2025, to a **more stable and reliable procurement system**, capable of ensuring better operational continuity and high quality standards.

The Palmieri Group regards its suppliers as **strategic partners** and an integral part of its **value chain**, sharing the same principles of excellence, safety and sustainability.

This strategy yielded excellent results in 2025:

- **Zero Non-Conformities** – No **Non-Conformities (NCs)** were identified among qualified suppliers, demonstrating the soundness of the partner selection process carried out previously;

- **Supplier evaluation system** – managed via the company's management system, it employs a dual-pronged approach, combining **objective data** (such as the quality of supplies and the punctuality of deliveries) with **qualitative assessments** based on direct experience and the professional judgement of the Procurement Department, thereby ensuring continuous and comprehensive performance monitoring.

Security and compliance in the management of external contracts

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

For over ten years, the Palmieri Group has adopted a **safety policy** that strictly regulates the management of all external contracts, with the aim of preventing the risks of interference between in-house staff and contractors – that is, those risks that may arise from the co-presence of in-house and external staff in the same operational areas. Before the start of any activity, specific documents are drawn up setting out the risks present at the sites and the relevant preventive measures. At the same time, the Group verifies the **competence and compliance requirements** of external contractors, ensuring that they possess 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 line with the previous year, sustainable and transparent procurement management was continued in 2025 through a major **project to digitise the supply chain**. A **digital database of key suppliers** was established, which collates the mandatory safety documentation and automatically monitors its expiry dates. This system has improved **traceability, transparency and the monitoring of requirements**, ensuring that all operators in the supply chain adhere to 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.

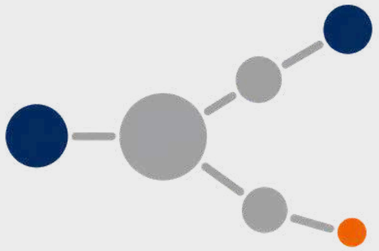
Qualification on the SupplHi platform

During 2025, Palmieri S.p.A. also undertook and completed the qualification process on **the SupplHi platform**, a tool used by major international players for supplier management and assessment. In particular, the platform enables the qualification, monitoring and assessment of suppliers, integrating **regulatory, sustainability (ESG) and operational management aspects**. For Palmieri S.p.A., this qualification represents a further significant step forward in terms of enhancing **transparency towards the market** and consolidating its position within structured supply chains. Through this qualification process, the company reaffirms its ongoing commitment to issues relating to **sustainability and responsibility within the supply chain.**

Update on the Open-es portal

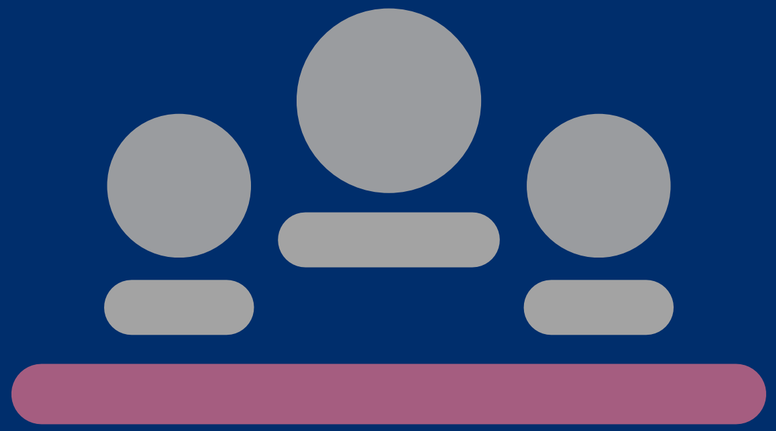
Palmieri S.p.A.'s profile on **the Open-es portal** has been updated with information relating to the 2025 financial year. Thanks to this update, the company has further **consolidated its position** within the 'Fundamentals' section, confirming its structured and effective management of ESG aspects and an approach geared towards **continuous improvement.**

Palmieri S.p.A.'s aim is to keep its data up to date at all times and to pursue this **path of growth** with commitment and conviction.



4.

Human resources, organisational wellbeing and the community



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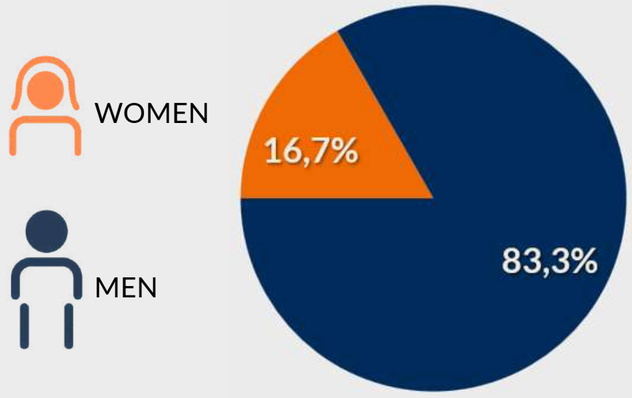
e. The Community 57

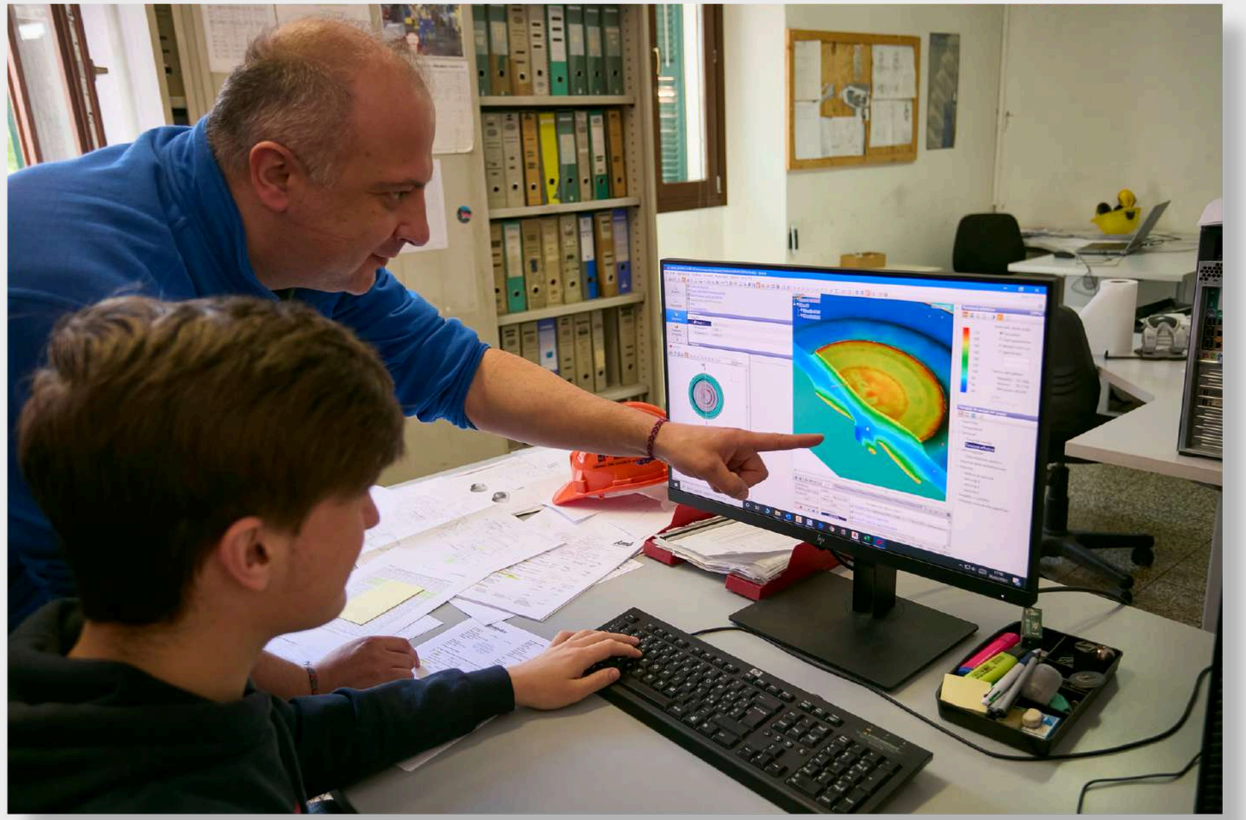
a. Staff

For the Palmieri Group, people are at the heart of everything we do and represent an essential strategic asset for the success and continuity of the business. In the context of corporate sustainability, promoting organisational wellbeing, professional development and the celebration of diversity is an ongoing commitment that contributes not only to improving overall performance but also to strengthening a culture founded on ethics, respect and inclusion.

Investment in human capital enables the Group to pursue sustainable development objectives, foster innovation and ensure a solid and resilient organisational structure over time. Fostering a fair and participatory working environment, in which 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 2025, the Palmieri Group employed **275 staff**, of whom **46** were **women** (**16.7 per cent**) and **229 were men** (**83.3 per cent**), maintaining a gender breakdown that was essentially stable compared with the previous year.





The Group's focus on valuing its staff is also reflected in its commitment to promoting job security. Out of a total of 275 employees, **245** are employed on **permanent contracts**, accounting for approximately **90 per cent** of the total workforce. The workforce is further made up of **26 fixed-term contracts and 4 on-call contracts**. During the 2025 financial year, there was therefore an **increase in the workforce** (+4.5%) to support the strengthening of the Group's operational activities and its development.

The Palmieri Group also adopts a remuneration approach based on fairness and regulatory compliance, ensuring that all employees receive pay in line with minimum wage regulations. The commitment to reducing gender inequalities continues in a tangible way: at **Palmieri S.p.A.**, **the gender pay gap stands at 5 per cent**, reflecting a substantial improvement in pay equality compared with 2024, whilst at **Palmieri Tools Forging S.r.l.**, **the recorded pay gap is 7 per cent**, indicating room for improvement.

The entire workforce is protected by national collective labour agreements (CCNL) applicable to the Metalworking – Small-Scale Industry and Metalworking – Industrial 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 fostering a stable, safe and sustainable working environment.

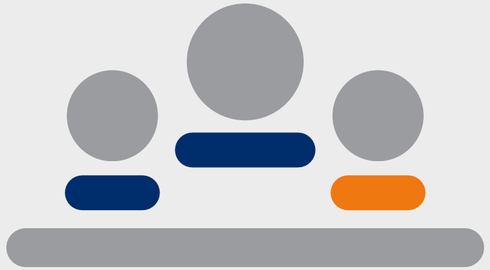
275
employees

229
men

46
women

245
permanent employees

+4.5%
workforce growth



b. Health and safety

For the Palmieri Group, safeguarding the health and safety of its workforce is a cornerstone of its corporate culture and one of the pillars of its responsible management model. The focus on staff wellbeing is put into practice through a structured prevention system and comprehensive insurance cover for all employees, confirming the company's commitment to protecting the health, safety and future of its people.

In 2025, the **Palmieri Group continued along the path set out in previous years**, maintaining a **constant commitment to staff training and raising awareness of safety issues**. All workers received regular updates and specific training in accordance with Legislative Decree 81/08, with programmes tailored to risk levels and the tasks performed. Particular attention continues to be paid to key safety personnel and foreign workers, to ensure a full understanding of procedures and to encourage responsible behaviour in every department.

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

During 2025, in a production environment characterised by high operational risk, the Palmieri Group recorded **6 accidents, down from 8 in 2024. The recordable workplace accident rate stood at 2.67**, down from 3.73 in 2024, confirming the effectiveness of the health and safety policies implemented and the Palmieri Group's ongoing investment in prevention and control systems. Furthermore, there was an increase in the total number of hours worked, rising from 429,101 hours in 2024 to **449,231 hours in 2025**.

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 organisation.

6

accidents in 2025

↓ **-25%** vs 2024

8 in 2024

2,67

recordable injury rate

↓ **-28.4%** vs 2024

3.73 in 2024

449.231

hours worked in 2025

↑ **+4.7%** vs 2024

429,101 in 2024

Overall improvement

safety indicators improved compared with 2024, despite an increase in hours worked

c. *Organisational wellbeing and the protection of human rights*

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

The **questionnaire**, comprising **48 questions**, was designed to capture shared experiences relating to the following **nine organisational dimensions deemed relevant**:

1. Health and safety at work and work-related stress;
2. Discrimination;
3. Fairness in Management;
4. Career and professional development;
5. Work Assessment;
6. Colleagues;
7. Working Environment;
8. Sense of belonging;
9. Image of the Organisation.

THE GENERAL FRAMEWORK OUTLINED IS AS FOLLOWS:

Health and safety at work and work-related stress

The 'Health and safety at work and work-related stress' section used 10 questions to examine employees' perceptions of the safety provided in the workplace by alarm and first-aid equipment, as well as workplace characteristics such as the layout of spaces, workstations, lighting, etc.
Furthermore, the level of work-related stress was measured by asking questions regarding the sustainability of work patterns and the possibility of taking sufficient breaks.
The overall score is **4.81**.
Finally, the possible presence of situations of distress, harassment and discriminatory acts towards employees was examined; this received a particularly reassuring score of **1.68**, highlighting that the working environment is considered safe by the majority of employees.

Discrimination

The **'Discrimination'** dimension used nine questions to examine employees' perceptions of fair treatment in the workplace, regardless of differences in gender, ethnicity, religion, age, sexual orientation, political views and any disabilities. The average score for this dimension was **5.54**, demonstrating that these factors do not represent an obstacle to the recognition of employees' value at work.

Fairness in Management

The **'Fairness in Management'** dimension examined, through five questions, fairness amongst employees in the distribution of workload, responsibilities, remuneration based on the effort required, and variations in pay. The overall score is **4.21**.

Career and personal development

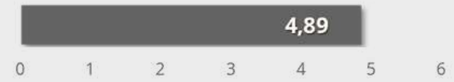
The 'Career and Personal Development' dimension examined, through five questions, the opportunities offered by the company to employees to develop new skills and progress in their careers on the basis of merit.
It also assessed employees' level of satisfaction with their career progression within the company and the extent to which their current role matches their professional profile. The overall score is **4.39**.

Work Assessment

The 'Work Assessment' dimension examined, through five questions, employees' perceptions regarding whether they possess the necessary skills, resources and tools to carry out their work, as well as their level of autonomy and personal fulfilment. The overall score is **5.07**.

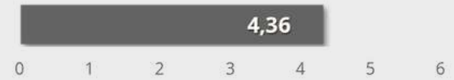
Colleagues

The 'Colleagues' dimension examined, through five questions, employees' sense of belonging to a team and of being respected and valued by their colleagues. Furthermore, the company's ability to create a positive working environment by actively promoting solidarity and synergy amongst employees was assessed. The overall score is **4.89**.



Working Environment

The 'Working Environment' dimension examined, through five questions, the company's willingness to invest in training, to provide a clear definition of organisational roles and internal rules of conduct, and to ensure the efficient flow of information within the organisation. Finally, the company's willingness to promote a healthy work-life balance for its employees was assessed. The overall score is **4.36**.

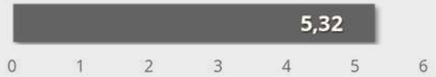


Sense of belonging

The 'Sense of Belonging' dimension examined, through five questions, the level of employee engagement with the company's results, asking questions designed to measure their sense of pride. Furthermore, employees' perceptions of the alignment between the values practised by the company and those they themselves uphold were assessed. The overall score is **5.14**. Finally, employees' willingness to change companies, should they have the opportunity, was assessed. This item achieved an encouraging score of **2**, highlighting that employees are not inclined to seek alternative employment elsewhere.

Image of the Organisation

The **'Image of the Organisation'** dimension examined, through three questions, the perception that people outside the company have of it, with the aim of assessing the company's importance to the wider community, particularly to employees' families and customers. The overall score is **5.32**.

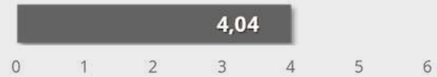


The final sections focus on **transparency and the sharing of the appraisal system**. The data provide an insight into how clear the strategic objectives are, whether staff understand their own contribution, whether they feel involved in setting the objectives, and whether the functioning of the appraisal system is known and understood. In particular, the report focuses on three distinct areas:

1. The company;
2. Personal performance;
3. System Functioning.

The company

The first area, **'The Company'**, examined employees' level of knowledge regarding the company's objectives, the results achieved and the strategies adopted by the company. Furthermore, the survey investigated the extent to which the company was able to recognise the value of its employees' work, clearly and explicitly communicating to them the importance of their contribution to achieving the company's results. The overall score is **4.04**.

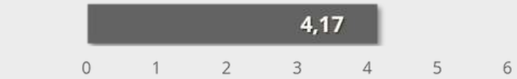


Personal performances

The second area – **Personal performance** – examined employees' level of knowledge and information regarding the assessment of their own work and how they might improve their results. It also investigated the extent to which the company was able to clearly communicate the objectives and expected outcomes of each employee's work, as well as employees' perceptions of the fairness and accuracy of their own assessments. The overall score is **4.26**.

System Functioning

Finally, the third area – **'System Functioning'** – examined staff's level of understanding of the performance measurement system, their involvement in setting objectives and expected outcomes for their work, and the degree of protection they felt they had in the event of a disagreement with their assessor. In addition, the survey investigated employees' views on whether their work is properly recognised on the basis of merit, and, finally, the extent to which the results of performance appraisals contribute to improving performance. The overall score is **4.17**.



Comparison of 2023 – 2024 results

In 2024, the Palmieri Group confirmed and, in part, strengthened the **positive corporate culture 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 regarding safety, internal relations and professional development continue to remain at high levels.

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

The **aspect of fairness and respect** also **continues to be a strength**: employees recognise that they are treated fairly and impartially, regardless of gender, age or background, and appreciate the transparent distribution of responsibilities and opportunities for growth. **A widespread sense of organisational justice persists**, a sign of a management model that values the competence and contribution of each individual.

Collaboration between colleagues and the quality of internal relationships are once again among the most highly valued aspects, with a very positive perception of teamwork, mutual respect and the cohesion of working 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 a strong identification with the company's values, whilst the propensity to seek alternative employment remains minimal.

The **perception of the company's external image** also **remains positive**: Palmieri is recognised as a solid and respected organisation, both within the local community and amongst customers and employees' families, confirming the reputation built up over time through consistent and credible conduct.

Aspects relating to professional growth and career development remain broadly in line with the previous year, indicating that employees continue to perceive opportunities to expand their skills and progress on the basis of merit. Similarly, **the assessment of their work confirms a good level of satisfaction in terms of autonomy**, resources and opportunities for personal fulfilment.

Only a few areas show slight variations, mainly relating to internal communication and the sharing of corporate objectives and appraisal systems. Although the scores are slightly lower, the figures remain largely positive and reflect an environment of trust and collaboration, which the Palmieri Group has already begun to enhance by strengthening opportunities for dialogue and internal training.

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

*The information provided relates to the year 2024 and remains fully relevant and consistent for the 2025 financial year as well

Throughout 2025, the Palmieri Group consistently pursued its commitment to ensuring a fair, inclusive working environment that is attentive to people's needs. **100 per cent of employees, regardless of gender or role, are entitled to leave for family reasons**, confirming the Group's commitment to actively supporting a healthy work-life balance.

Specifically, at **Palmieri S.p.A.**, **11.98 per cent of men and 20.51 per cent of women took leave**, whilst at **Palmieri Tools Forging S.r.l., the figures were 2 per cent for men and 0 per cent for women**. These figures highlight a substantial balance in access to leave within the parent company and reflect the Group's commitment to promoting equal opportunities and overcoming gender barriers, thereby strengthening a corporate culture based on inclusion, trust and mutual respect.

The focus on staff wellbeing is also reflected in the creation of spaces and services designed to improve the quality of working life. The **staff canteen**, as well as providing practical support for employees, is designed as a place for socialising and sharing, where positive relationships and a sense of belonging are fostered. This approach helps to maintain a collaborative and harmonious working environment, in which participation and cohesion become key drivers of collective growth.

To ensure a working environment based on transparency and active listening, the Group has also implemented structured channels for handling complaints and internal reports, ensuring that employees can raise any concerns confidentially and securely. To complement this system, a **whistleblowing mechanism** is in place, allowing employees to report, anonymously, 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.

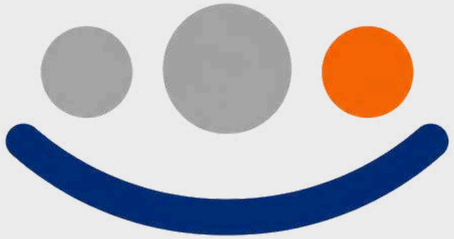
Overall, the policies adopted in 2025 confirm the Palmieri Group's commitment to going beyond mere compliance with regulatory obligations, by adopting welfare measures and tools geared towards continuous improvement. The company stands out for its careful and proactive management of human capital, which values people as a central element of sustainable growth and collective success.

100%
entitled to family leave

Company canteen
a space for social interaction and sharing

Internal complaints
structured listening channels

Whistleblowing
anonymous and confidential reporting



d. Human resources development and enhancement

The Palmieri Group continues to recognise continuous professional development as a strategic tool for the professional growth of its employees and for enhancing health and safety at work. The commitment already established in previous years continues into 2025, with **targeted training** programmes **and membership of Fondimpresa**, which enables the delivery of technical and managerial development courses in line with the company's needs.

During 2025, **professional development courses** were delivered, **aimed at developing a range of technical and soft skills among employees**. In particular, throughout the year, training courses were delivered on a range of topics, including workplace safety, quality, technical production skills and waste management, including training dedicated to compliance with the requirements of RENTRI (the National Electronic Register for Waste Traceability). RENTRI is, in fact, a key tool for ensuring waste traceability, regulatory compliance and continuous improvement in environmental management.

As regards Palmieri S.p.A., the average per capita figure was **20.87 hours** for **men** and **14.32 hours** for **women**; for Palmieri Tools Forging S.r.l., the figures were **16.12 hours** for **men** and **24.21** hours for **women**.

For 2025 as well, the Group reaffirms its commitment to expanding **growth and development opportunities for all staff**, whilst simultaneously reducing the gender gap in participation in training programmes. The Palmieri Group is consolidating its strategy of investing in human capital, promoting a working environment that is increasingly competent, aware and innovation-oriented.

20,87
average training hours per male employee Palmieri S.p.A.

14,32
average training hours per female employee Palmieri S.p.A.

16,12
average training hours per male employee PTF

24,21
average training hours per female employee PTF

e. The Community

In 2025, the Palmieri Group reaffirmed and expanded its commitment to local communities, continuing to support social, cultural, sporting and charitable initiatives that contribute to the growth and well-being of the local area. Through charitable donations, sponsorships and partnerships with organisations and associations, the company has consolidated its role as a responsible stakeholder and a key player in the sustainable development of the Bolognese Apennines.

Charitable donations in 2025, continuing the trend from the previous year, benefited **numerous local organisations**, including the Parish of Silla, the Olivacci Cultural Association, the Alto Reno Amateur Boxing Club, the JRF Association, the DEMM Onlus Museum, the Badi Pro Loco, the Corno alle Scale Italian Ski School, the Brado Records Association, the Silla Nursery Parents' Committee, the Boschi di Casa Forlai Pro Loco, Confommercio (the 'Sapori d'Appennino' event), the Parish of Porretta, the Lagacci Pro Loco, the Parish of Iola, the Parish of Pietracolora, the Casio Group Sports Association, the Parish of Pieve, and associations involved in charitable 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 local 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 partnership that began in 2013. This support for the local club underlines the importance the company attaches to promoting the values of sport, teamwork and the involvement of younger generations.

Furthermore, during 2025, the Palmieri Group also took part in **the StraBologna**, sharing an experience **centred on sport, collaboration and team spirit**. The initiative provided an important team-building opportunity, helping to strengthen bonds between people and promote the company's values even outside the workplace.

During 2025, the Palmieri Group took part in a number of cultural and technical initiatives, including **attending a technical seminar at the 'Leonardo da Vinci-Maria Montessori' Institute in Porretta Terme** and participating in a conference on 'COP30 and sustainable finance' **at Mauá University in São Paulo (Brazil)**.

Furthermore, continuing on from the previous year, the Palmieri Group took part in **the "Race for the Cure" (2025) event in Bologna**, a charity event in support of women's cancer prevention. Taken together, these activities reflect the Group's commitment to fostering dialogue between business, education and civil society, whilst raising awareness of health and wellbeing issues.

At the same time, the Palmieri Group has reaffirmed its membership of internationally significant networks and associations, including the **Italian Galleries Society (SIG) and the Friends of the Museum of Industrial Heritage in Bologna**, thereby strengthening its position within a technical and cultural network of broad global reach.

Through all these initiatives, the Palmieri Group reaffirms a corporate vision deeply rooted in the local area, which integrates **economic growth, social cohesion and the development of human capital**, making a tangible contribution to the sustainable development of the local community.

Bauma 2025

Participation in Bauma has always been a key milestone in the history of the Palmieri Group. Although we have been attending since the 1990s, this event continues to be one of the most significant for our Group, thanks to its ability to bring together, under one roof, the main sectors in which we operate, from tunnelling to mining, from drilling to industrial applications.

Bauma is much more than just a trade fair: it is an opportunity for **discussion, listening and sharing with an international community** comprising customers, partners, suppliers and operators from all over the world. Its global scope represents an important opportunity for the Group to consolidate relationships built up over time, meet new contacts and understand developments in markets characterised by increasingly complex needs.

Taking part in the event also allows us to present solutions and projects currently under development, share the latest innovations and gather insights that often offer a glimpse into the technological and application trends that will shape the sector's future.

Bauma is also a particularly important occasion for the people at the Palmieri Group. The presence of a large part of the sales team, alongside agents and partners from the various countries in which we operate, creates a unique opportunity for networking and collaboration, strengthening the **sense of belonging and the sharing of common goals**, even amongst colleagues who work daily in different offices and contexts.

bauma
APRIL 7-13, 2025, MUNICH

At **the same time**, the trade fair represents **a strategic opportunity for our technical and research and development departments**, which, through dialogue with suppliers and industry professionals, can keep abreast of new technologies, emerging solutions and the market's prospects for innovation.

Our participation in Bauma 2025 therefore reaffirms the value of relationships and ongoing dialogue as fundamental elements in the Palmieri Group's growth journey: an opportunity to look to the future, strengthen our international presence and continue to develop solutions capable of meeting the challenges of the coming years.

Operating globally, contributing to our country's growth

The Palmieri Group was founded and has grown in Italy, but has always taken its expertise beyond national borders, collaborating with clients and partners in numerous countries around the world. This international dimension is now one of our key strengths: the ability to engage with different markets, understand diverse needs and develop technological solutions applicable to complex contexts.

At the same time, we continue to pay close attention to the region where we were founded and where we have built our history. In recent years, Italy has experienced a period of extraordinary development in the underground infrastructure sector, with a number of major projects and TBMs operating across the country not seen for decades.

This significant period of infrastructure investment has provided the Palmieri Group with an opportunity to make its wealth of experience, technical expertise and production capacity available to the country.

Supporting Italy's major infrastructure projects

Mechanised tunnelling operations currently underway in Italy involve extremely diverse geological conditions: from clay formations to the most abrasive and resistant rocks. This variety presents a significant technical challenge, requiring reliable tools, bespoke solutions and continuous support throughout all operational phases of the project.

In this context, the Palmieri Group has contributed to the commissioning and management of numerous TBMs operating across the country, supplying cutting tools, specialised components and expert technical support.

The ability to develop specific solutions stems from experience gained on construction sites around the world and from first-hand knowledge of the machines' operational requirements. This approach has enabled us to support the companies involved in the construction of major Italian infrastructure projects, contributing to the continuity and efficiency of the works.

55 countries
international presence

Major projects in Italy
specialised technical support

Customised solutions
for complex geological contexts

From production to technical support: a service tailored to construction sites

One of the Palmieri Group's defining features is its ability to support customers throughout the entire product lifecycle, going beyond simply supplying tools to also offer overhaul, analysis and technical support services.

Most overhaul work is carried out at the Iola plant, in the province of Modena, where specialist expertise and well-established production processes ensure high quality standards. This arrangement enables construction sites to optimise tool management, reducing the need for operational stock and improving the scheduling of maintenance work.

For specific operational requirements, the Group is also able to provide direct support for on-site activities by supplying spare parts and bespoke solutions, helping to reduce machine downtime and ensure continuity of operations.

Innovation born from real-world experience

Our direct relationship with construction sites is also a key factor in technological development. Daily engagement with varying operational conditions enables the Palmieri Group to gather valuable information and transform it into new design solutions.

During our operations in Italy, specific tools and configurations have been developed, in collaboration with the shipyards' technical teams, with the aim of improving machine performance and adapting to the characteristics of the various geological formations encountered.

A commitment focused on the future

The growth of Italy's infrastructure represents a significant opportunity to continue building on the wealth of knowledge accumulated by the Palmieri Group over more than fifty years of history.
Being involved in our country's major infrastructure projects means making internationally developed expertise available, thereby making a tangible contribution to the realisation of strategic works for communities and for the future of Italian transport.

We operate globally, yet we continue to work with passion for our own country too: it is this balance between international openness and deep local roots that is one of the defining features of the Palmieri Group's identity today.

5.

Environmental Sustainability

a. Planning tools and environmental policies 63

b. Energy and water consumption management 64

c. Responsible waste management and the circular economy 66

a. Planning tools and environmental policies

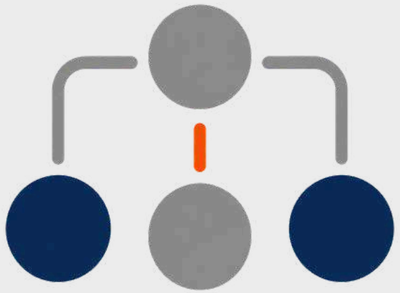
The **Palmieri Group** is constantly committed to integrating environmental sustainability into its day-to-day operations, with the aim of **minimising its impact on the ecosystem** and **actively contributing to the fight against climate change**. Aware of the importance of achieving climate neutrality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

Throughout the year, monitoring of emissions into the air, water and soil continued in accordance with **the Single Environmental Authorisation**, thanks to collaboration with certified third-party organisations. Furthermore, as part of its commitment to **environmental protection** and operational continuity, the Palmieri Group regularly carries out maintenance work on drains, manholes, gutters and the roofs of its plants, with the aim of preventing leaks, flooding and other potential structural and environmental damage.

During 2025, with a view to **continuous improvement**, work was carried out **to enhance and optimise** the water management and regulation system in the Ponte della Venturina industrial area; in September 2025, the Group also secured the renewal of its discharge licence for the River Reno, valid until 2036. Furthermore, work continued on refurbishing the roof to **improve energy efficiency** at the Ponte della Venturina plant and at the plant at Via dell'Industria 58, with completion expected by 2026.

Environmental management, with particular regard to the treatment of waste arising from production activities, is entrusted to **a well-structured organisation**, with **clearly** defined **roles** involving staff at various levels: from department heads to safety officers, right through to those responsible for waste documentation management. Compliance with the RENTRI system (National Electronic Register for Waste Traceability) has also been implemented, accompanied by the necessary training to ensure the correct management of processes and compliance with regulations.

This methodical approach ensures compliance with current regulations and responsible waste management that is compatible with the surrounding environment. To complement these preventative measures, the assessment of catastrophic risks is updated periodically, ensuring adequate **insurance cover** and a prompt response in the event of an emergency. All companies within the Palmieri Group hold adequate insurance cover for catastrophic risks in accordance with Article 1, paragraph 101, of Law No. 213/2023.



b. Energy and water consumption management

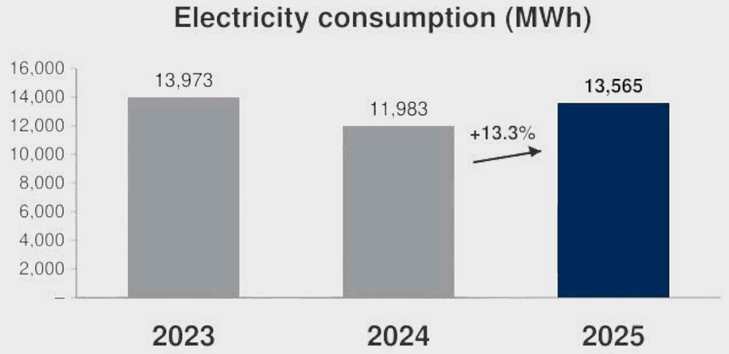
ELECTRICITY

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

In **2025**, the Palmieri Group's total electricity consumption stood at **13,565 MWh**, representing an **increase of +13.3%** compared with the previous year (2024), whilst ensuring lower energy consumption than in 2023 (13,973 MWh).

A significant achievement is the **contribution from renewable sources**, which accounted for **8,803 MWh** – equivalent to approximately **65 per cent of total demand** – a marked increase compared with the 2024 figure (24 per cent of total demand), confirming the Group's ongoing commitment to increasing the use of energy from renewable sources.

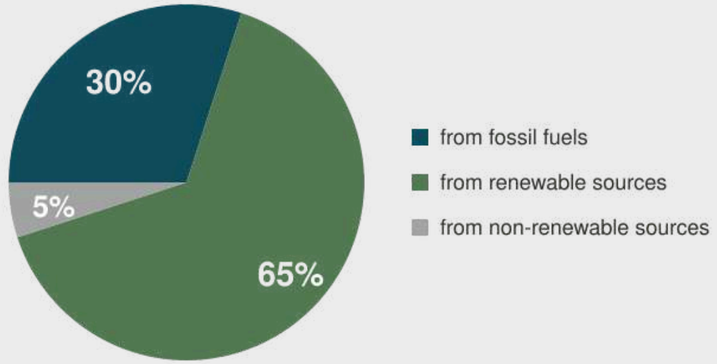
During the reference period (2025), there was therefore an **increase in the use of energy from renewable sources**, alongside a **gradual reduction in the use of traditional sources**. These figures highlight the concrete steps taken by the Palmieri Group to optimise the use of energy resources and reduce its environmental impact. **Sustainable energy supply systems** are therefore being **implemented**, in line with the Group's short- and medium-term objectives.



13.565
MWh of electricity consumed in 2025

8.803
MWh from renewable sources

65%
energy from renewable sources



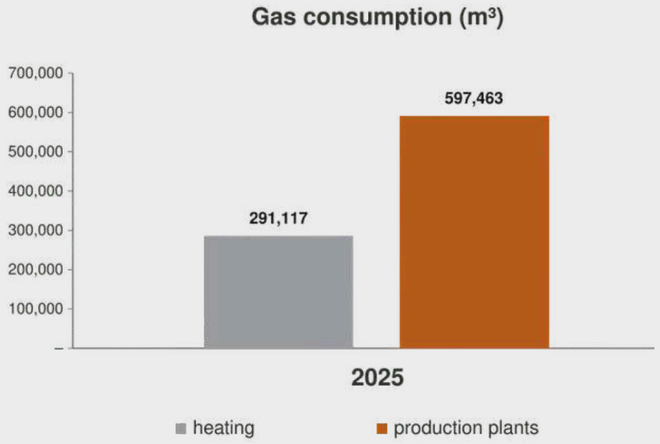
GAS CONSUMPTION

The Palmieri Group regularly monitors natural gas consumption and records the data collected. Specifically, for the year 2025, the figures are as follows:

- Gas consumption for **heating** amounted to **291,117 cubic metres**;
- gas consumption for **production facilities** amounted to **597,463 cubic metres**.

291,117 m³
gas for heating

597,463 m³
gas for production plants



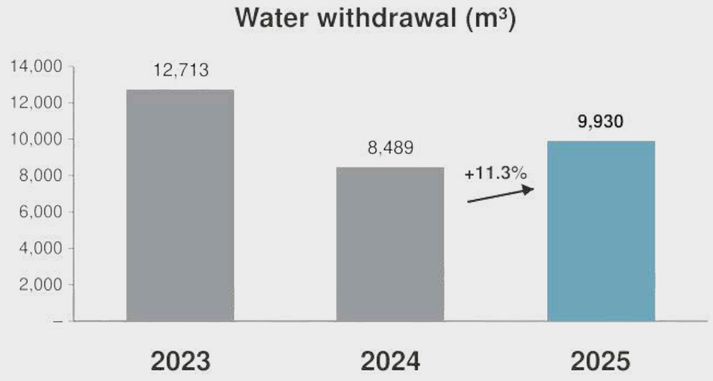
WATER

Water is a vital resource for the planet and for production activities. The **Palmieri Group** recognises its strategic importance and is committed to ensuring its responsible and sustainable management throughout the entire operational cycle. In **2025**, **total water abstraction** amounted to **9,930 cubic metres**, representing an increase of approximately +11.3% compared with 2024, whilst remaining below the levels recorded in 2023 in terms of water abstraction (12,713 cubic metres). The Group has therefore set itself the objective of reducing water abstraction, with a view to environmental sustainability and optimising the use of resources.

With regard to **wastewater management**, the Canevaccia site is equipped with filtration systems authorised in accordance with **the Single Environmental Authorisation (AUA)**, whilst the other plants discharge their wastewater into the public sewerage network. These processes ensure that the water returned to the environment fully complies with current regulatory standards.

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

9,930 m³
water withdrawal in 2025



c. *Responsible waste management and the circular economy*

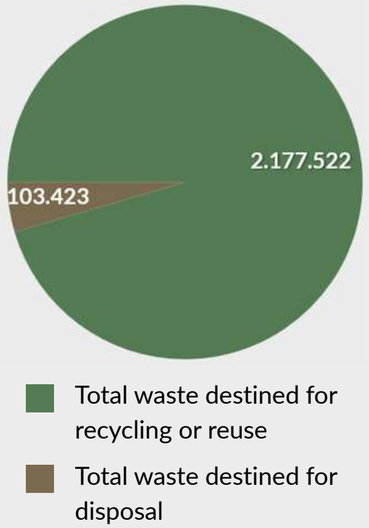
During **2025**, the **Palmieri Group** recorded a total waste output of 2,280,945 kg, representing **a 9 per cent reduction** compared with 2024. This result is a clear indication of the Group's growing commitment to responsible waste management and to reducing its environmental impact.

The majority of the waste produced consists of **non-hazardous waste**, totalling 2,205,620 kg, which accounts for **96.7%** of the total. **Hazardous waste**, on the other hand, stands at 75,325 kg, corresponding to **3.3%** of total production, showing a reduction compared with the figures recorded in 2024.

A further positive indicator concerns the **proportion of waste sent for recovery or recycling**, which reached **2,177,522 kg** in 2025, **equivalent to 95.5 per cent** of the total produced. This figure confirms the Group's commitment to increasingly sustainable production models geared **towards the circular economy**.

In recent years, the Palmieri Group has, in fact, implemented **circular economy practices**, efficiently managing materials such as ferrous shavings, scrap metal, timber, paper, cardboard and plastic. Furthermore, **85 per cent 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 **best practices** aimed at optimising resource flows, with a particular focus on the efficient management of raw materials and the use of materials with a low environmental impact.



YEAR	2023	2024	2025
Total annual waste production in kg	3.143.175	2.508.417	**2.280.945**
of which non-hazardous waste	3.040.298	2.394.615	2.205.620
of which hazardous waste	102.877	113.802	75.325
Total waste destined for recycling or reuse	3.005.299	2.390.542	**2.177.522**
dangerous	11.021	26.306	14.332
not dangerous	2.994.278	2.364.786	2.163.190
Total waste destined for disposal	133.824	117.875	**103.423**
dangerous	79.125	88.056	60.993
not dangerous	54.699	29.819	42.430

6.

Economic Sustainability

a. Economic Performance 68

a. Economic Performance

PALMIERI GROUP			
	2025	2024	PERCENTAGE CHANGE
TOTAL VALUE OF PRODUCTION	57,741,894	49,806,737	15.93%
TOTAL PRODUCTION COST	35,986,949	33,721,574	6.72%
TOTAL LABOUR COSTS	14,450,627	13,529,313	6.81%
TOTAL FINANCIAL INCOME AND EXPENSES	2,576,533	3,437,897	-25.05%
PROFIT BEFORE TAX	9,518,579	6,029,468	57.87
PROFIT FOR THE YEAR	7,381,347	5,063,103	45.79%
EQUITY	155,352,283	147,678,410	5.20%
ROE	**4.75%**	**3.43%**	**1.32%**

€57.7m
value of production in 2025
↑ **+15.93%** vs 2024
€49.8m in 2024

€155.3m
equity in 2025
↑ **+5.20%** vs 2024
€147.7m in 2024

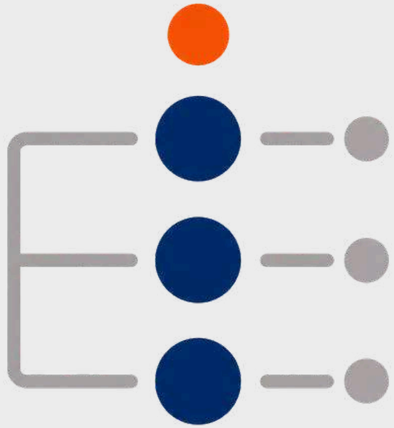
4.75%
ROE in 2025
↑ **+1.32** p.p. vs 2024
3.43% in 2024

The Palmieri Group's **production value** as at 31 December 2025 stood at approximately **€57.7 million**, compared with €49.8 million in 2024, representing an increase of approximately **+15.9%**. At the same time, both production costs and labour costs are rising at a lower-than-proportional rate (6.72 per cent and 6.81 per cent respectively).
This demonstrates and reinforces the Group's ability not only to increase production and sales volumes but also to boost profit margins at a rate greater than the increase in costs. This highlights clear **economic sustainability**.

Equity also grew by **5.20 per cent**, reaching and exceeding **€155 million**. This strengthens the Group's capital structure and its ability to generate value over time. This is a further indicator of the Group's financial sustainability.

Taking the two points mentioned above into account, we can see that **ROE** (return on equity) has increased by more than one percentage point, rising from 3.43 per cent to 4.75 per cent.

GRI and ESRS Contents Index



The table below lists the indicators reported in this 2025 Sustainability Report.

For each GRI indicator (2021), the "**GRI-ESRS Interoperability Index**" document has been used to identify the corresponding relevant ESRS standards, whilst also indicating the chapter or section in which the data or information is presented.

GRI 2: GENERAL DISCLOSURES (GRI 2021)				
GRI CODE	GRI DESCRIPTION	ESRS CODE	ESRS DESCRIPTION	LOCATION
GRI 2: General Disclosure				
1. The organisation and its reporting practices				
2-1	Organisational details			Section 1
2-3	Reporting period, frequency and point of contact	ESRS 1 §73	Reference period	Methodological note
2. Activities and workers				
2-6	Operations, 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
2-7	Employees	ESRS 2 SBM-1 §40 (a) iii; ESRS S1 S1-6 §50 (a) *to* (b) *and* (d) *to* (e), §51 *to* §52	Strategy, business model and value chain; Characteristics of the company's employees	Section 4a
2–8	Workers who are not employees	ESRS S1 S1-7 *from* §55 *to* §56	Characteristics of non-employee workers within the company's own workforce	Section 4a
3. Governance				
2-9	Structure and composition of the governance framework	ESRS 2 GOV-1 §21, §22(a), §23; ESRS G1 §5(b)	Role of the administrative, management and supervisory bodies	Section 2a
2-10	Appointment and selection of the highest governing body	This topic is not covered by the list of sustainability issues in ESRS 1 AR §16		Section 2a
2-12	Role of the highest governance body in overseeing the management of impacts	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 company's administrative, management and supervisory bodies and sustainability issues addressed by them; Interests and views of stakeholders	Section 2b
2-13	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 company's administrative, management and supervisory bodies; Information provided to the company's administrative, management and supervisory bodies and sustainability issues addressed by them; Prevention and detection of active and passive corruption	Section 2c
5. Stakeholder engagement				
2-29	Approach to stakeholder engagement	ESRS 2 SMB-2 §45 (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 views; Policies relating to the organisation's own workforce; Processes for engaging the organisation's own employees and employee representatives regarding impacts; Policies relating to workers in the value chain; Policies relating to affected communities; Policies relating to consumers and end-users	Section 1c
2-30	Collective agreements	ESRS S1 S1-8 §60 (a) & §61	Collective bargaining coverage and social dialogue	Section 4a
GRI 3: Material Issues				
6. Disclosures on material issues				
3-1	Process for determining material issues	ESRS 2 BP-1 §AR 1 (a); IRO-1 §53 *from* (b) ii *to* (b) iv	General criteria for the preparation of sustainability statements; Description of the processes for identifying and assessing material impacts, risks and opportunities	Section 1c
3-2	List of material issues	ESRS 2 SBM-3 §48 (a) & (g)	Material impacts, risks and opportunities and their interaction with the company's strategy and business model	Section 1c

GRI AND ESRS CONTENT INDEX

GRI 200: ECONOMIC ASPECTS				
GRI CODE	GRI DESCRIPTION	ESRS CODE	ESRS DESCRIPTION	LOCATION
GRI 201: Economic performance				
201-1	Economic value directly generated and distributed	This topic is not covered by the list of sustainability issues in ESRS 1 AR §16		Section 6a
GRI 205: Anti-corruption				
205-3	Confirmed incidents of corruption and measures taken	ESRS G1 G1-4 §25	Confirmed cases of active or passive corruption	In 2025, there were no incidents of corruption
GRI 206: Anti-competitive behaviour				
206-1	Legal proceedings relating to anti-competitive behaviour, trust activities and monopolistic practices	This topic is not covered in the list of sustainability issues in ESRS 1 §AR 16		In 2025, there were no instances 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
302-4	Reduction in energy consumption	'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 an entity-specific metric to be disclosed in accordance with ESRS 1 §11 and pursuant to MDR-M.	Policies adopted to manage material sustainability issues; Actions and resources relating to material sustainability issues; Monitoring the effectiveness of policies and actions through targets.	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	Outgoing resource flows	Section 5c
GRI 400: SOCIAL ASPECTS				
GRI CODE	GRI DESCRIPTION	ESRS CODE	ESRS DESCRIPTION	LOCATION
GRI 401: Employment				
401-1	New hires and staff turnover rate	ESRS S1 S1-6 §50 (c)	Characteristics of the organisation's employees	Section 4a
GRI 403: Occupational health and safety				
403-1	Occupational health and safety management system	ESRS S1 S1-1 §23	Policies relating to the company's own workforce	Section 4b

GRI 400: SOCIAL ISSUES				
GRI CODE	GRI DESCRIPTION	ESRS CODE	ESRS DESCRIPTION	LOCATION
403-2	Hazard identification, risk assessment and accident investigations	ESRS S1 S1-3 §32 (b) & §33	Processes for addressing adverse impacts and channels enabling employees 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 an entity-specific metric to be disclosed in accordance with ESRS 1 §11 and pursuant to 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 in accordance with ESRS 1 §11 and pursuant to MDR-M.	Policies adopted to manage material sustainability issues; Actions and resources relating to material sustainability issues; Monitoring the effectiveness of policies and actions through targets; Metrics relating to material sustainability issues	Section 4d
403-6	Promotion of workers’ 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 an entity-specific metric to be disclosed in accordance with ESRS 1 §11 and pursuant to MDR-M.	Policies adopted to manage material sustainability issues; Actions and resources relating to material sustainability issues; Monitoring the effectiveness of policies and actions through targets; Metrics relating to material sustainability issues	Section 4a
403-9	Workplace accidents	ESRS S1 S1-4, §38 (a); S1-14 §88 (b) & (c); §AR 82	Measures addressing material impacts on the organisation’s own workforce and approaches to mitigating material risks and pursuing material opportunities in relation to the organisation’s 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 opportunities				
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 the administrative, management and supervisory bodies; Characteristics of the organisation’s employees; Diversity metrics; People with disabilities	Sections 2a, 4a
GRI 413: Local communities				
413-1	Operations involving the local community, impact assessments and development programmes	ESRS S3 S3-2 §19; S3-3 §25; S3 4 §AR 34 (c)	Processes for engaging affected communities regarding impacts; processes for addressing adverse impacts and channels enabling affected communities to raise concerns; actions taken to address significant impacts on affected communities and approaches to managing significant risks and realising significant opportunities for affected communities, as well as the effectiveness of such actions	Section 4e

INDUSTRIAL INNOVATION, TERRITORY AND RESPONSIBILITY

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