

**S U S T A**

**I N A B I**

**L I T Y**

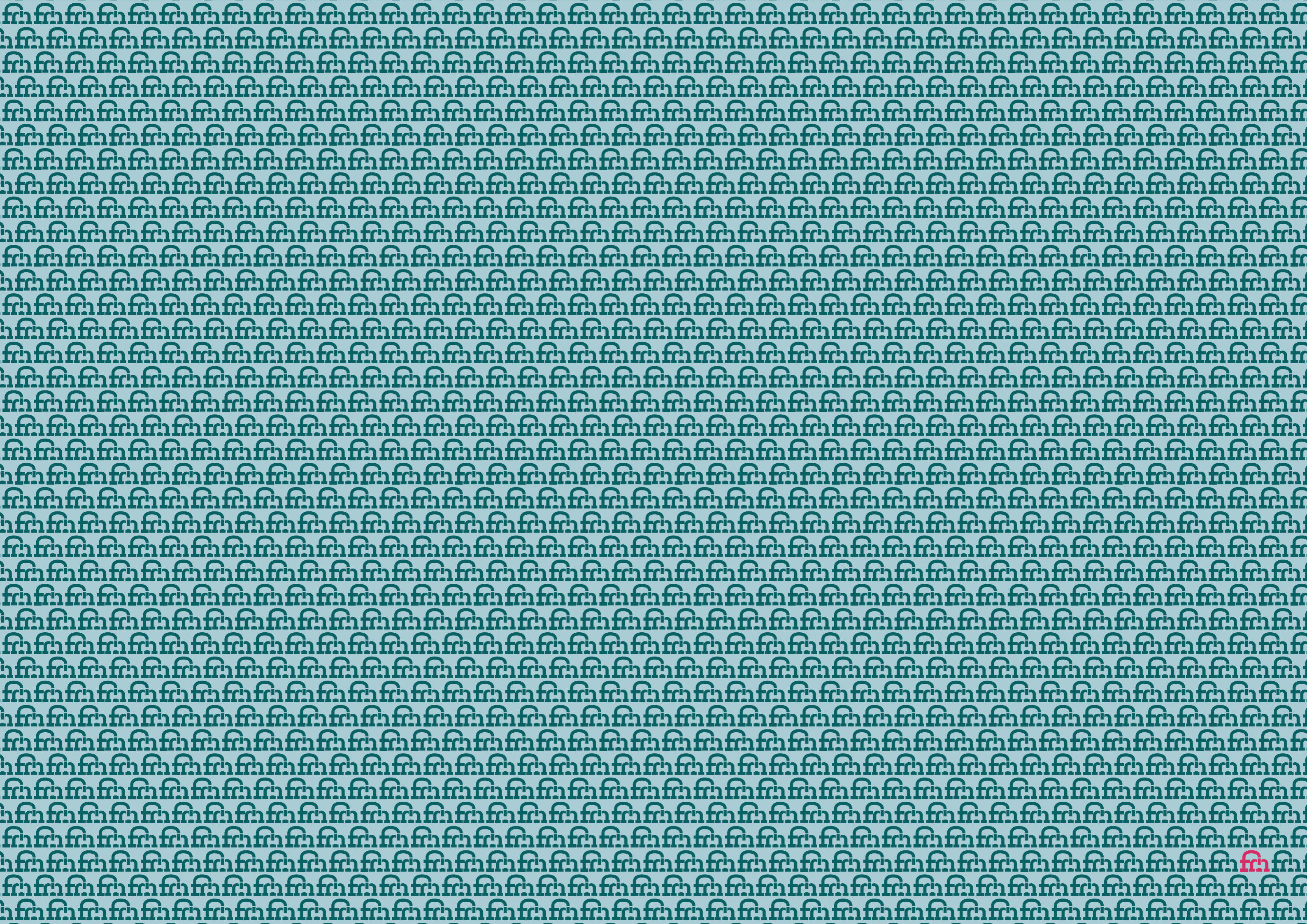
**R E**

**P O R T**

**2023**



**forge  
monchieri**





**DETAILS  
MAKE  
QUALITY AND  
QUALITY IS  
NOT A DETAIL**



## METHODOLOGICAL NOTE

Through the Sustainability Report, Forge Monchieri informs the stakeholders of the results of its sustainability path and what actions on environmental, social and governance issues the company has carried out in the fiscal year 2023.

The document has been prepared with reference to the Global Reporting Initiative (GRI) Standards, updated to 2023. It has been prepared according to the principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability.

Content was selected based on a materiality assessment: the material topics for the organization were identified through questionnaires involving internal and external stakeholders, including customers, suppliers, banks, consulting firms, and trade associations. For each topic, the company identified the impacts generated and suffered – positive and negative, actual and potential – and the Sustainable Development Goals to which they contribute.

Actual impacts were assessed in terms of severity, while potential impacts were assessed in terms of severity and likelihood.

The topics disclosed relate to the period between January 1, 2023, and December 31, 2023. It is possible to find information on the previous three years (2021–2023) within the document.

# CEO STATEMENT

Dear Shareholders and Stakeholders,

through this Sustainability Report for the year 2023, Forge Monchieri reaffirms its strategic choice to follow a virtuous path on environmental, social and governance issues, reaffirming its commitment to the sustainable development of its business activities and processes.

Those few past years have seen an unprecedented scenario: the pandemic, the wars in Europe (with effects on the energy market) and in the Middle East, climate change. Our company's adaptability and sense of responsibility allowed us to face these critical situations.

The current scenario is extremely vague and constantly evolving, but today all these problems concern us. It is in this context that our voluntary Sustainability Report is inserted, to testify the complexity of this period, the need to face new challenges every day and the demand for deep changes that inevitably include the idea of a sustainable, responsible, and inclusive company.

For several years, Forge Monchieri has been implementing an integrated Management System (that includes quality, environmental, safety, and energy aspects) certified according to the ISO 9001:2015, 14001:2015, 45001:2018 and 50001:2018 standards. Development in these areas, especially in the area of occupational health and safety, is our first priority, but we know that our future will be increasingly intertwined with Corporate Social Responsibility and ESG policies.

For this reason, sustainability has become an integral part of Forge Monchieri's management and operations. The desire to have positive impacts motivates us to plan and implement new internal processes.

Our ethics and passion for the excellence are an integral part of a course started over half a century ago by my father, Cavalier Gianfranco Monchieri<sup>1</sup>. We are proud to share with you our evolving journey in the pages of this report.

As a confirmation of our commitment to all the sustainability dimensions, we implemented several initiatives aimed at improving the well-being of our employees, our impact on the environment and our contribution to the local territory and community.

For example, we developed projects to reduce the use of plastics and improve the work-life balance, well-being and safety of our employees, and we invested heavily on renewable energy and Research and Development projects.

We also took care of our surroundings and supported their socio-economic development through initiatives such as the bilingual school and the pump track. We also promoted gender equality, the defence of human rights, inclusiveness, the promotion of diversity in the workplace and at all levels.

The results we have achieved so far make us proud but also aware that, in order to generate positive change, we need to use sustainability as a solid driver in our daily choices.

Therefore, it is not enough to be entrepreneurs, we must be increasingly responsible entrepreneurs.

The Chief Executive Officer  
**Gaia Monchieri**

<sup>1</sup> "Cavaliere" is a title recognized to those entrepreneurs who are awarded the Order of Merit for Labour by the President of the Italian Republic, thanks to their key role in the promotion of national economy and employment, and to their commitment to ethical and social corporate responsibility.

## VISION

### BEING A HIGHLY DIVERSIFIED AND SUSTAINABLE FORGE



In today's world, companies must diversify to keep up. Sustainability is a tough but necessary challenge, it is no longer an abstract concept, but a commitment that translates into developed, monitored, and measured multi-year projects.

## MISSION

### EXCELLENCE AND SUSTAINABILITY IN THE FORGING INDUSTRY



We have identified a clear and tangible mission, which leads us to achieve our goals: for more than half a century we have been working with dedication in the forging industry, making excellence as our mission and pursuing our company's sustainability day by day.

Forge Monchieri is a unified, competent, and determined team, that enthusiastically faces all the challenges of the market. This team is led by four core values, which influence every decision made by the company:

**Spirit of innovation, Teamwork, Sustainability culture, customer centricity.**

Our values and our ambitions are a stable point of reference, especially in times of great change.



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# WHO WE ARE

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- 1.1 Forge Monchieri
  - 1.2 Highlights
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- 



■ 1.1

## FORGE MONCHIERI

**HAS ALWAYS WORKED  
TO PROVIDE EXCELLENT  
PRODUCTS TO ITS  
CUSTOMERS, IN THE  
OPEN DIE FORGING  
INDUSTRY**



Little is said about the forging district of Vallecamonica, yet it is a long history and an illustrious tradition, an expertise that has its origins in the "iron and fire" culture from whose DNA many important companies have developed in recent decades.

Among them is Forge Monchieri, one of Italy's best-known companies, which has always worked in the field of open die forging, to provide excellent products to its customers. In business for more than 50 years and continuously expanding, the company is led by Cavalier Gianfranco Monchieri (President) and his daughter Gaia Monchieri (CEO).

It all began in a small mechanical workshop, where Cavalier Gianfranco Monchieri founded the company in 1970, after 10 years of experience in the industry.

The entrepreneurial spirit that has always distinguished the Monchieri family, supported by highly qualified employees, has led the company

to expand considerably in just a few years, achieving excellent results both nationally and internationally.

The wide range of steel types and the use of modern equipment in the production processes make Forge Monchieri a reference point in the forging supply scenario, always guaranteeing high quality products and promptly meeting the many demands of a rapidly changing market.

Evolving through constant technological innovations, Forge Monchieri can now boast of high-quality equipment and strong skills; it is a competent, serious, highly reliable, customer-oriented, and competitive company in various fields, such as: power generation, nuclear, oil&gas, plant engineering and pressure equipment manufacturing, and mechanical engineering.





1.2

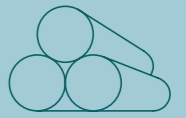
# HIGHLIGHTS

MORE THAN

# 50

years of history, passion, competence, and commitment (1970–2020)

PASSION



MORE THAN

# 89

million of euros in revenue

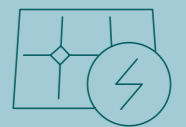
PROFIT



# 2

photovoltaic systems for over 1 MWp of installed power

SYSTEMS



# 98%

of permanent contracts

CONTRATS



# 94%

low gender pay gap for office staff

GENDER PAY



# 8043

hours of training in a year (60,9 per employee)

TRAINING



MORE THAN

# 150.000

of euros spent in liberal donations

DONATIONS



# 9485

hours of Research and Development

RESEARCH



1.3

# OUR PRODUCTION PROCESSES

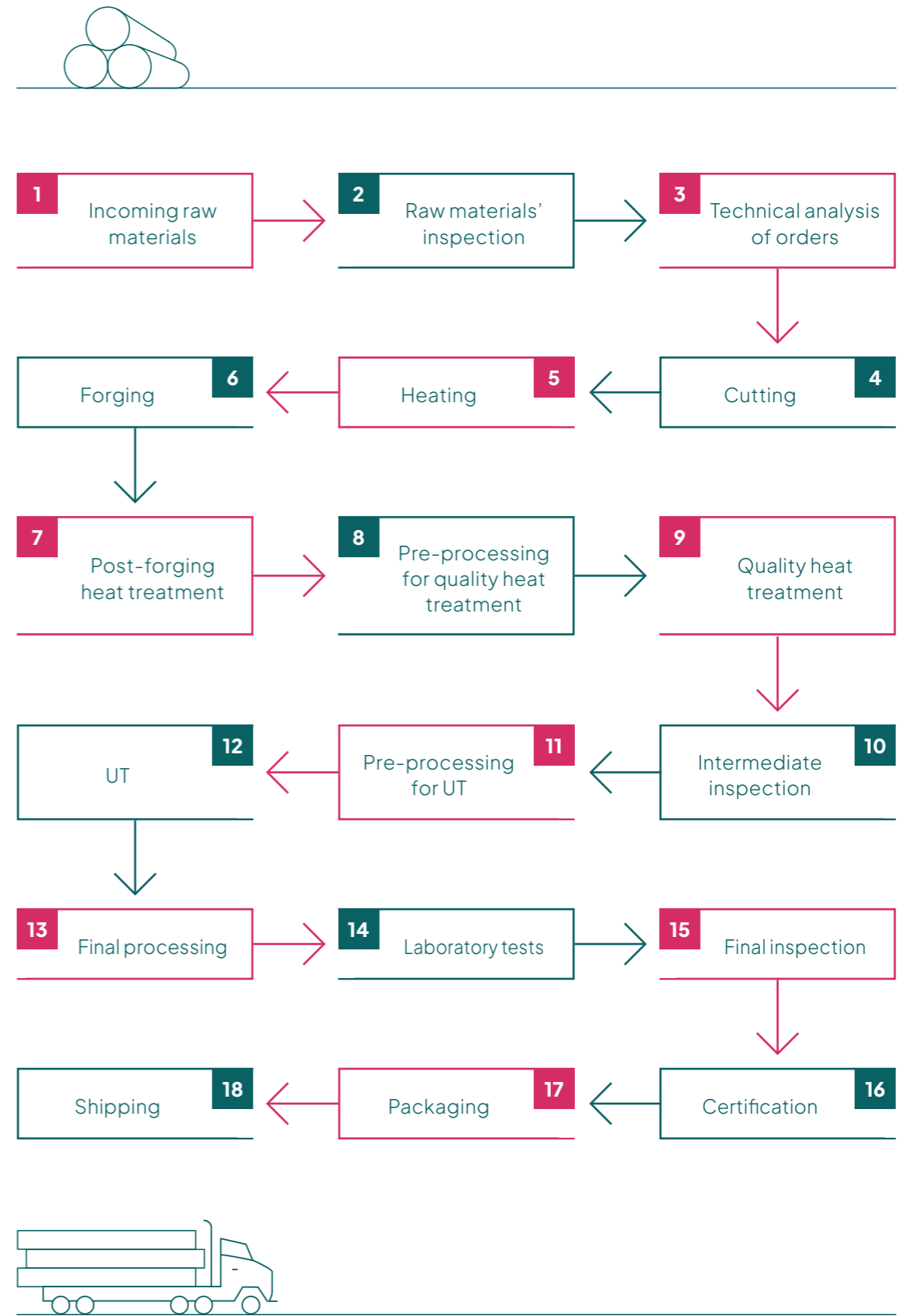
**FORGE MONCHIERI MANAGES THE PROCESSING OF STEEL FROM THE RAW MATERIAL TO THE SHIPMENT OF THE FINISHED PRODUCT, THROUGH A SERIES OF STEPS TAILORED TO THE CUSTOMER'S PRODUCT REQUIREMENTS**



The process begins with the cutting of ingots, which are then heated and forged in one of the two hydraulic presses (with a capacity of 12,000 and 5,000 tons respectively). These steps allow to obtain forgings of various shapes and sizes.

These forgings are then heat treated, in gas furnaces and quenching tanks. Finally, mechanical machining operations such as boring, milling, turning, and drilling are carried out.

The company ensures the excellent product quality by carrying out tests and inspections such as non-destructive tests (e.g. visual, dimensional, ultrasonic, die penetrating, magnetic particles) and destructive tests (e.g., tensile and impact).



# OUR HISTORY

Cavalier Gianfranco Monchieri founded Forge Monchieri.

**1970**

The company obtains ISO 9001 certification for the quality management system.

**1992**

The company changes its legal form and becomes an ltd.

**2000**

The company obtains ISO 14001 certification for the environmental management system.

**2003**

The company obtains the ASME nuclear accreditation.

**2010**

The plant called FM2 is expanded.

**2015**

Construction of the third plant, called FM3, and installation of the new automatic UT control system.

**2018**

50th Anniversary Celebration.

**2020**

Improvement of the heat treatment capacity with a predisposition for the hydrogen technology.

**2024**

**1990**

Installation of 5,000-ton press.

**1996**

The factory, known as FM1, is expanded to 20,000 square meters.

**2002**

After the purchase of a new area, the second factory called FM2 is built, a new manipulator is purchased, and the production capacity of heat treatments is increased.

**2009**

Installation of new 12,000-ton press.

**2011**

Installation of heat stability test equipment and improvement of the forging furnaces.

**2017**

Upgrade of heat treatment equipment and purchase of a new manipulator.

**2019**

Transition to ISO 45001 for the health and safety management system (first OHSAS 18001 certification in 2009).

**2023**

Installation of solar panels and construction of the fourth plant, called FM4, dedicated to maintenance activities and storage of strategic spare parts.

1.5

# VALUES AND PRINCIPLES

FORGE MONCHIERI'S DAILY ACTIVITIES ARE GUIDED BY WELL-DEFINED VALUES AND PRINCIPLES, WHICH THE COMPANY HAS FORMALIZED IN A COMPREHENSIVE AND DETAILED CODE OF ETHICS



Forge Monchieri's daily activities are guided by well-defined values and principles, which the company has formalized in a comprehensive and detailed **Code of Ethics** and then reaffirmed through the adoption of a **Social and Ethic Responsibility Policy**.

These documents are addressed to internal and external stakeholders as they relate to all the national and international business activities and their respective value chains.

Forge Monchieri's values are a constant point of reference, especially in times of deep change.

## THE COMPANY'S AMBITIONS ARE CONVEYED THROUGH 4 VALUES:



### SPIRIT OF INNOVATION

Innovating means being able to imagine new ways. Therefore, innovation is not only about technology but also and above all about skills, the desire for continuous improvement, communication and nurturing a change-oriented mindset.



### TEAMWORK

The synergy between individuals always promote better results. The team of Forge Monchieri is made up of qualified and motivated people who share and innovate.



### SUSTAINABILITY CULTURE

Today it is not enough to do business. It is necessary to do business with a positive environmental, social, and economic impact. Forge Monchieri is committed to a strategy of sustainability, thanks to a "development plan" that is constantly implemented through specific projects.



### CENTRALITY OF THE CUSTOMER

The customer at the core. It is no longer enough to know the customer's business-requirements; it is also essential to know its operating environment and life context, and to make the customer feel at the heart of the company.

■ 1.6

## SUSTAINABILITY STRATEGY

**FORGE MONCHIERI BELIEVES IN THE  
KEY ROLE OF SUSTAINABILITY IN  
TAKING OPPORTUNITIES OF GROWTH  
AND IN CREATING ECONOMIC BUT  
ALSO ENVIRONMENTAL AND  
SOCIAL VALUE**



Therefore, in the recent, sustainability has become an integral part of the company's overall strategy, which has recently started a path of monitoring, improving, and communicating its ESG performances.

Regarding the assessment and management of its own greenhouse gas emissions, in 2022 the company completed the analysis of the Organizational Carbon Footprint according to the ISO 14064-1:2019 standard. In 2023, the energy management system was also certified according to the ISO 5000:2018 certification on the energy management system was also obtained. This goal represents a key milestone for the company since it allows to monitor and improve the energy performances of the different plants.

However, Forge Monchieri believes that sustainability goes beyond environmental responsibility, but also social and governance aspects. For

this reason, the company decided to embark on a tailor-made journey in three stages. First, the company underwent an assessment of its ESG performance, followed by the development of an action plan for improvement through actions and targets in the three areas (environment, social and governance). After these two steps, Forge Monchieri went on writing and publishing this document, its first Sustainability Report, with the aim of communicating useful information to all the stakeholders.





ESG  
SUSTAINABILITY  
ASSESSMENT



ACTION  
PLAN FOR  
IMPROVEMENT



2023  
SUSTAINABILITY  
REPORT



The first step resulted in an accurate and comprehensive picture of the environmental, social and governance performances of the company, achieving a double purpose: the immediate one of collecting the necessary information for the compilation of the EcoVadis<sup>2</sup> questionnaire, and the long-term one of identifying strengths and improvement areas to strategically work on.

With regard to the first objective, the company completed the EcoVadis questionnaire in 2023, obtaining a bronze medal and a score that placed the company in the top 15% best performers of the industry (in the top of 10% for the environmental aspects).

From a long-term perspective, instead, an action plan was defined, after identifying the main areas of improvement in the three sustainability areas. The plan, which included targets, responsible parties and timelines, was approved by the Board of Directors.

Some of these actions are already underway and should be completed in 2024 and 2025. In the environmental area, in addition to the 2022 Carbon Footprint assessment, several actions were suggested, such as the recovery of packaging and the evaluation of alternative energy sources (such as hydrogen) to reduce the GHG emissions. From a health and safety perspective, the company has been following the regional Workplace Health Promotion program. For both these aspects, an effective communication project has been implemented, to spread a culture of care for the environment and for safety.



<sup>2</sup> EcoVadis is a globally recognised questionnaire that aims at assessing companies' sustainability performances. It focuses on 4 macro-areas (environment, workers and human rights, ethics, sustainable purchases) and it is based on some main international standards such as GRI standards and UNGC principles. The outcome is a score from 0 to 100, and a medal that reflects the positioning compared to the benchmark of the company's industry.

1.7

# SUSTAINABLE DEVELOPMENT GOALS

THE 17 SUSTAINABLE DEVELOPMENT GOALS (SDGs) ARE THE KEY PRINCIPLES OF THE UNITED NATIONS 2030 AGENDA



The 17 Sustainable Development Goals (SDGs) are the key principles of the United Nations 2030 Agenda, which was submitted in 2015 by the governments of 193 UN member states to establish a common plan for sustainable development. Institutions, organizations, companies, and society must all be involved in achieving these goals; the identified actions are also international parameters for those companies that declare their commitment to sustainability.

Therefore, in this document the impacts have been associated with the Sustainable Development Goals to which they contribute, with the aim

of identifying how Forge Monchieri's 2023 actions support the achievement of such global goals.

Some key aspects are briefly explained below, to highlight the main initiatives of the company's sustainability strategy to improve its environmental, social and governance performance. Both ongoing and soon-to-be planned actions have been identified and correlated with the SDG to which they refer.

## EMPLOYEE TRAINING

**ONGOING:** induction plan for new recruits

**TARGET 2025:** training on ESG impacts and sustainability topics

Ongoing and future initiatives according to the **WHP program**, which includes continuous improvement of the employee health and well-being measures

## Monitoring and improvement of supplier sustainability

**ONGOING:** questionnaires and subscription of the Code of Ethics

**TARGET 2025:** Code of Conduct and supplier selection policy that includes ESG requirements

## IMPROVE COMPANY WELFARE

Enhance existing employee benefits through discounted prevention packages

**Ongoing and future energy efficiency initiatives** according to the EMS ISO 50001:2018 improvement plan

## EMISSIONS REDUCTION

**ONGOING:** carbon footprint monitoring and action plan for improvement

**TARGET 2025:** evaluate alternative energy projects (e.g. hydrogen)

## CORPORATE SOLIDARITY

Ongoing and future support of local initiatives and associations



## MATERIALITY ASSESSMENT AND IMPACT ANALYSIS

- 
- 2.1 Material matters and materiality assessment
  - 2.2 Generated and suffered impacts
  - 2.3 Inside-out perspective
  - 2.4 Outside-in perspective
- 





2.1

# MATERIAL MATTERS AND MATERIALITY ASSESSMENT

IN ORDER TO PREPARE THE 2023 SUSTAINABILITY REPORT, FORGE MONCHIERI HAS CARRIED OUT ITS FIRST MATERIALITY ASSESSMENT WITH REFERENCE TO THE INTERNATIONAL STANDARDS OF THE GLOBAL REPORTING INITIATIVE (GRI), UPDATED TO JANUARY 2023



Once identified internally, the key subjects were shared with the **stakeholders**, who expressed their opinion on the level of materiality of these topics.

The matrix, which is made up of the gathered responses, ranks from the higher to lower **priority** of each topic.

The identification of the material issues provided a starting point for the analysis of the generated and suffered impacts, which will be presented in the following paragraphs.

IDENTIFICATION OF THE ESG ISSUES THAT WERE POTENTIALLY RELEVANT FOR FORGE MONCHIERI



ASSESSMENT OF THE MATERIALITY LEVELS OF THESE TOPICS BY THE STAKEHOLDERS' ANSWERS TO SURVEYS



IMPACT ANALYSIS OF THE VALIDATED IMPACTS



CREATION OF THE MATERIALITY MATRIX



2.1.1

# STAKEHOLDERS MAPPING

Stakeholders helped Forge Monchieri to identify key issues by responding to specific surveys. Internally, all employees (from all departments and positions) were involved, while externally, the

following categories were asked to make a contribution to the survey: suppliers, customers, banks, trade associations and consulting companies.

## INVOLVED STAKEHOLDER CATEGORIES

EMPLOYEES AND BOARD OF DIRECTORS



CUSTOMERS



SUPPLIERS



BANKS



TRADE ASSOCIATIONS



CONSULTING COMPANIES



A selected number of stakeholders from these categories received the survey and were asked to rate the **strategic importance** of each issue, ranking it from 1 to 4. The priority level of each ESG

issue was calculated as the average of all responses. The results are summarized in the table below.

2.1.2

# FORGE MONCHIERI'S MATERIAL MATTERS

## ENVIRONMENT

- Energy consumption and energy efficiency
- Materials
- Waste management
- GHG emissions
- Water resources
- Land use

## SOCIAL

- Occupational Health and Safety
- Job satisfaction and employee turnover
- Diversity and Inclusion
- Corporate well-being
- Creation of value for the community

## GOVERNANCE

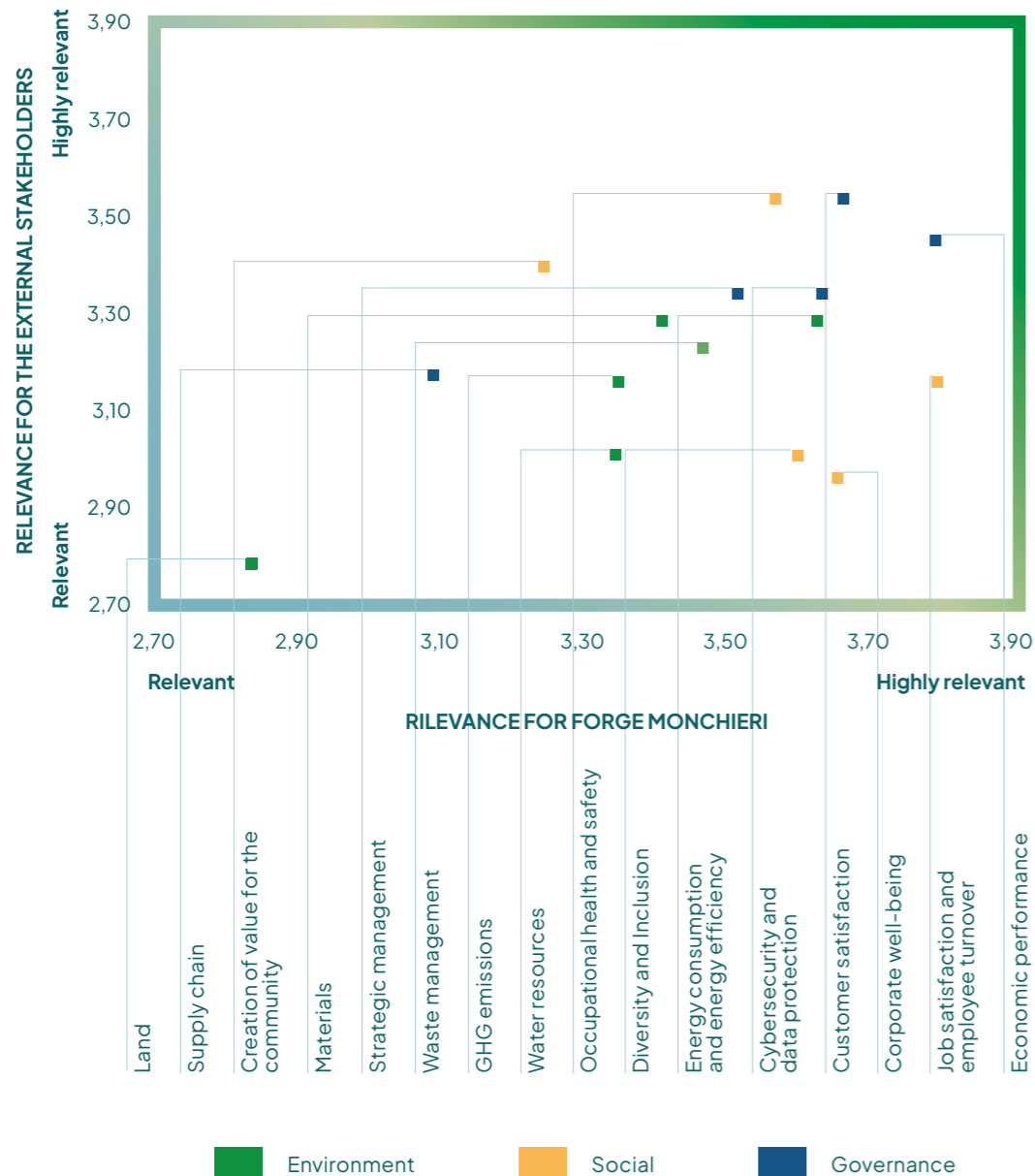
- Customer satisfaction
- Economic performance
- Cybersecurity and data protection
- Strategic management
- Supply chain

The issues are visually represented in the **materiality matrix**, where each topic is positioned according to its strategic importance, for both Forge Monchieri's employees and its external stakeholders.

A topic positioned in the upper right corner is **highly strategic**, while an issue placed in

the lower left corner is less relevant in the perception of the stakeholders and of the company's own employees.

### MATERIALITY MATRIX



Looking at the materiality matrix, the **strategic issues** (considered relevant by both internal and external stakeholders) are “**occupational health and safety**”, “**customer satisfaction**” and “**economic performance**”. However, the internal and external perspectives appear to be quite different. In fact, the high concentration of topics in the lower right-hand corner shows how some aspects were much more rated by the employees than by the other stakeholders, especially in the social field but, less significantly, also in the environmental area.

Overall, the environmental issues seem to be less critical (none of them are considered strategic) and more valued by the company and the staff members than by the other stakeholders. The most important environmental aspects are “**energy consumption and efficiency**”, “**materials**” and “**waste management**”, while the less important ones are “water resources” and “land use” (in line with the limited role they play in the organization's production process).

On the other hand, the governance area showed the greatest consistency of the two groups' answers: in addition to those already mentioned, “**cybersecurity and data protection**” and “**strategic management**” are particularly relevant for both the categories (always slightly more for the internal stakeholders). Similarly, the sustainability-related issues in the “supply chain” were unanimously considered less important than most other topics.

The greatest differences are in the social topics; although “occupational health and safety” is the only one included in the most strategic aspects, the employees consider more relevant “**job satisfaction and employee turnover**”, “**corporate well-being**” and “**diversity and inclusion**”. However, all these topics got significantly lower scores from the external stakeholders. On the contrary, “**creation of value for the community**” is the second highest priority for the external stakeholders, but it's the less valued by the internal ones.

## ■ 2.2

## GENERATED AND SUFFERED IMPACTS

STARTING FROM THE MATERIAL TOPICS AND THE ANALYSIS OF THE CORPORATE CONTEXT, FORGE MONCHIERI IDENTIFIED THE IMPACTS THAT ARE MOST RELEVANT FOR ITS BUSINESS



Starting from the material topics and the analysis of the corporate context, Forge Monchieri identified the impacts (on social, environmental and governance sustainability) that are most relevant for its business. The study was carried out according to the GRI international standards (*Global Reporting Initiative*), but partially anticipates the new CSRD<sup>1</sup> and the related ESRS standards<sup>2</sup>, that will become mandatory in the next coming years. Therefore, in the 2023 impact analysis already includes some elements

required by the CSRD and the ESRS standards.

Additional details on the analysis methodology and a summary table of the impacts and the corresponding numerical values can be found in the appendix attached to this report. Each ESG impact will be further explained in the corresponding chapter.

<sup>1</sup> CSRD Corporate Sustainability Reporting Directive (2022/2464)

<sup>2</sup> ESRS European Sustainability Reporting Standard, included in the European Commission's Delegated Act, dated July 31, 2023

## ■ 2.3

## INSIDE-OUT PERSPECTIVE



## ■ 2.3.1

### ACTUAL AND POTENTIAL IMPACTS

The generated impacts are those **positive and negative effects** that Forge Monchieri generates, or could generate on the **world**, its **workforce** and/or **society**.

The analysis went beyond the requirements of the GRI standards, which are the guidelines of this document; in fact, some impacts related to the value chain have also been considered, in order to start embedding the new directive on non-financial disclosure (CSRD) that will come into force in the next few years. Therefore, the analysis also included some impacts that are not directly caused by Forge Monchieri but are still relevant for the company, since they are linked to its upstream (suppliers) or downstream (customers, community, and consumers) value chain.

The following graphs show separately the **actual** and **potential** impacts, comparing their importance thanks to the conversion into percentages of the assigned numerical values. In this case, the actual impacts are all directly caused by Forge

Monchieri, while the potential ones are sometimes correlated to its value chain.

The bar colours identify the **nature of the impact** (pink for negatives and green for positives) while the length refers to its percentage weight: the higher weight shows deeper seriousness for negative impacts and greater benefits for positive impacts.



## ACTUAL IMPACTS

Regarding actual impacts, the negative aspects mainly relate to **emissions** and **energy consumption**, which are inevitably high and hard to manage but are well balanced by positive effects in terms of **self-production of renewable energy** and **efficiency measures**.

Instead, the several positive impacts, are due to the social initiatives: from **health and safety** to workforce **wellness**, to **donations** to local associations. Despite the attention paid to its staff, the company doesn't have a way to monitor **job satisfaction**, therefore causing a negative effect on employee engagement.

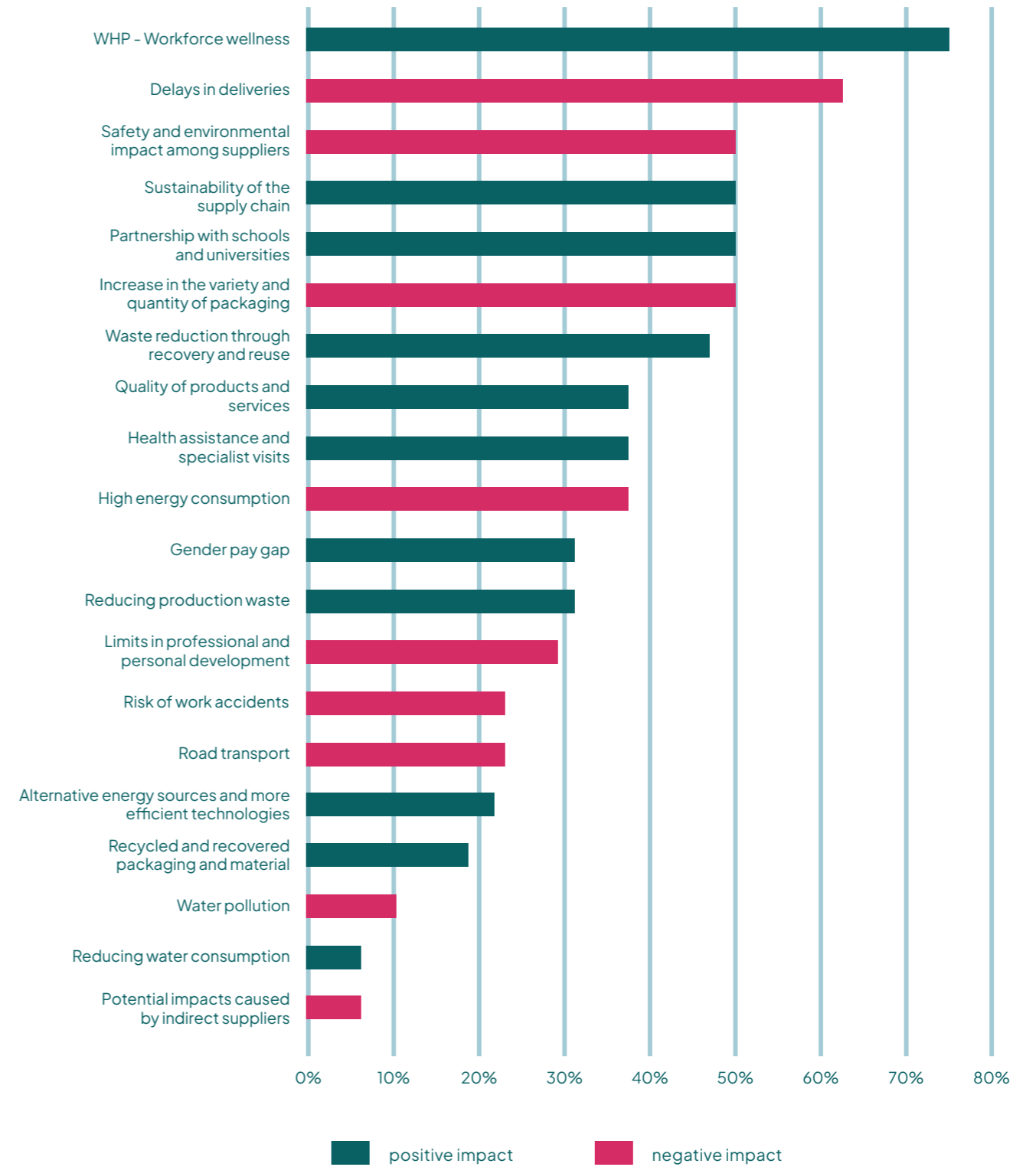


## POTENTIAL IMPACTS

The most relevant **potential** impacts regard the planned actions for the well-being of employees and the negative impacts on clients due to possible **delays in deliveries**.

Another key topic is the sustainability of the **supply chain**, where Forge Monchieri can have both a negative impact (generated by a lack of attention of some suppliers to environmental and safety issues) and a positive impact (created through the adoption of a code of conduct and selection policies that include ESG criteria).

The other potential impacts mainly concern the social area (both in terms of employees and partnerships with schools and universities) and the environmental aspects of waste production, packaging, water and energy consumption.



2.4

# OUTSIDE-IN PERSPECTIVE



2.4.1

## FINANCIAL RISKS AND OPPORTUNITIES

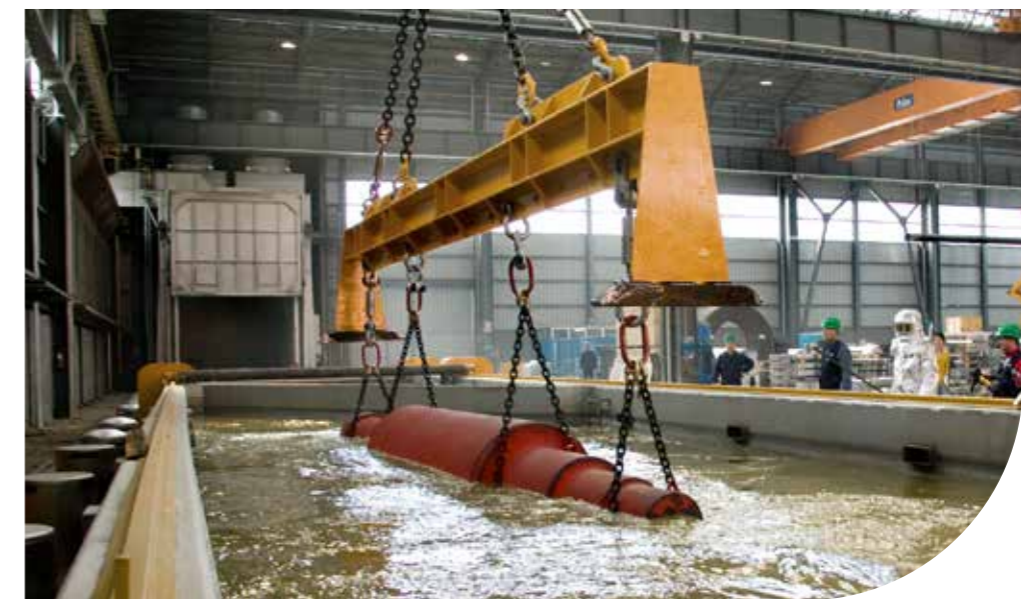
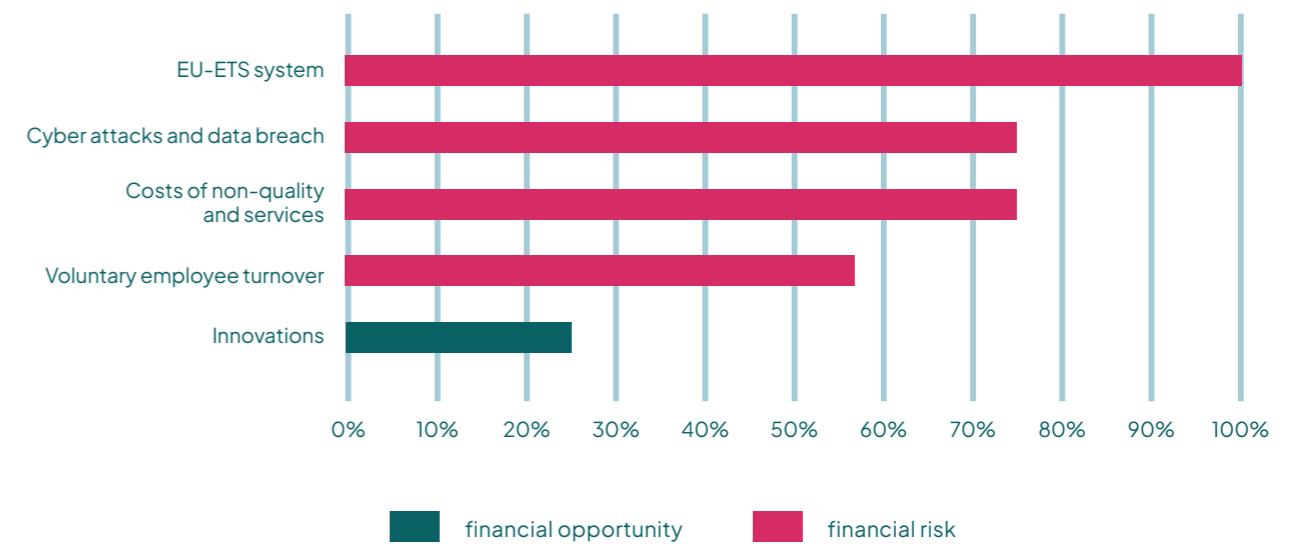
As mentioned above, the analysis also took into account the suffered impacts, to start embedding the CSRD and adopting an outside-in perspective that identifies the **financial risks and opportunities** related to sustainability topics.

Forge Moncheri, as a company operating in a complex world and society, is exposed to events that it cannot directly influence; some of them may generate financial benefits (opportunities) while others may represent risks that can affect the economic performance of the organization.

In order to respond promptly to the need to monitor and analyse such impacts, some key aspects were already identified and disclosed in this sustainability report. The aim for the future is to gradually deepen the analysis and get ready to define the “double materiality” as required by the new European directive (CSRD).

Similarly to the actual and potential impacts, the risks are coloured in pink

while the opportunities are in green. The only opportunity is a consequence of the strong attention of Forge Monchieri to **technological innovations**, while the risks are inherent to the nature of the company’s business.





## ENVIRONMENT

---

- 3.1** Energy and energy efficiency
  - 3.2** GHG emissions
  - 3.3** Waste management
  - 3.4** Materials
  - 3.5** Water resources
  - 3.6** Land use
- 





# FORGE MONCHIERI IS COMMITTED TO PROTECT THE ENVIRONMENT

IN COMPLIANCE WITH ITS  
ENVIRONMENTAL STRATEGY  
AND ITS CODE OF ETHICS,  
ACTING BEYOND THE RESPECT  
OF THE CURRENT REGULATIONS



It does so through its environmental management system (certified according to the UNI EN ISO 14001 standard since 2003) and through the periodic initiatives safeguarding the natural heritage of the surrounding territory.

To further deepen the analysis of the greenhouse gas emissions (GHG), in 2023 the company's Carbon Footprint was calculated according to the ISO 14064-1 standard. Based on the results, improvement actions were planned to reduce GHG emissions over the years.

Moreover, energy efficiency and consumption reduction measures were implemented, to meet the objectives for the ISO 50001 certification (voluntary certification in management strategies for energy efficiency), that the company obtained in 2023.



# HIGHLIGHTS

2

Installation of two solar systems



-14.7%

of natural gas consumption compared to 2022



>98%

of waste sent for recovery



3.1

## ENERGY AND ENERGY EFFICIENCY

FORGE MONCHIERI'S MAIN ENERGY SOURCE IS NATURAL GAS, WHICH COVERS 84% OF TOTAL NEEDS

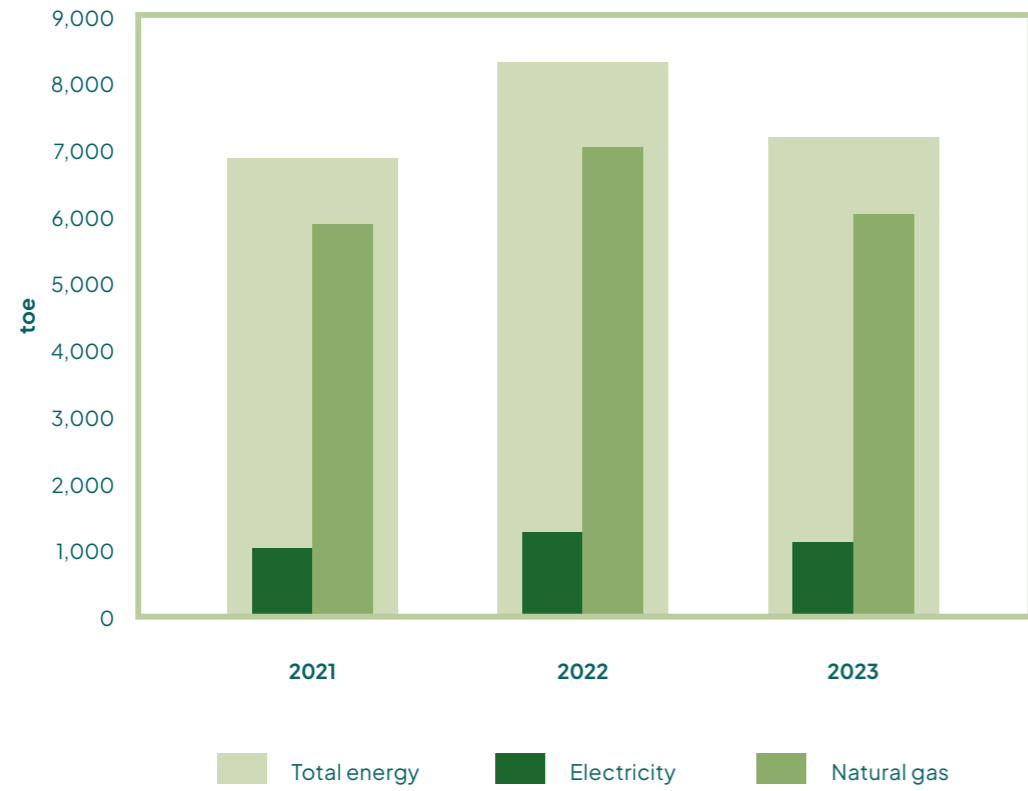


Although still significant, electricity is used to a lesser extent, representing about the 15% of total consumption. The company also monitors diesel oil and petrol used as fuels for the company's trucks and cars fleet: the sum of their specific consumptions represents only 0.4% of the total.

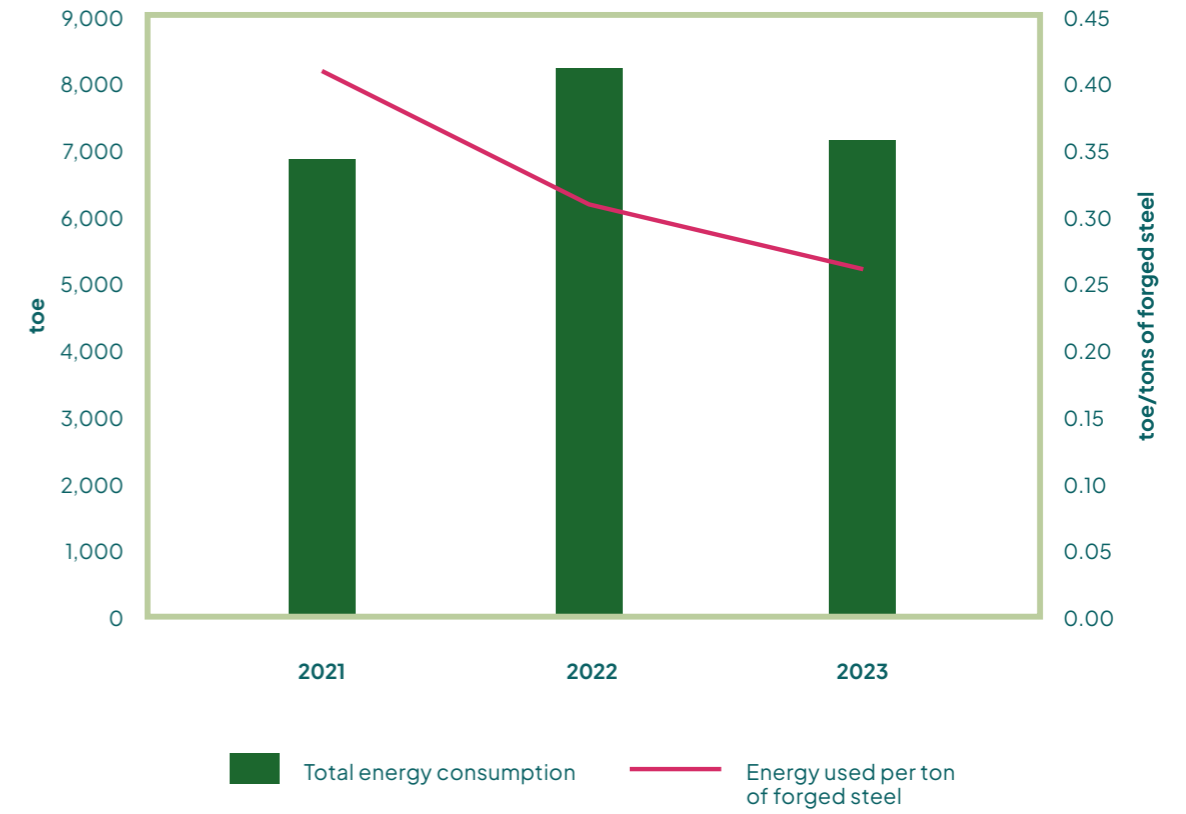
The graph below shows the energy consumption in toe (tons of oil equivalent). Between 2022 and 2023, the overall

consumption decreased; natural gas fell by 15%, while electricity consumption decreased by about 11%.

### ENERGY CONSUMPTION



### TOTAL AND SPECIFIC ENERGY CONSUMPTION



The **decrease in total energy consumption** in 2023 compared to 2022 can be attributed to the energy efficiency measures implemented by the company.

The reduction was both in absolute terms (-14%) and per ton of forged steel (-17%).



3.1.1

## MEASURES FOR ENERGY EFFICIENCY OF CONSUMPTION

Among the measures taken to improve the company's energy performance, it must be highlighted the installation of two solar systems in 2023. The first one contributes to the energy needs of one of four plants, with an installed power of 1,126.54 kWp, while the second one, which partially covers the energy needs of another plant, has a power of 201.02 kWp.

The systems started in the last few months of 2023; the first one in September and the second one in December. Therefore, the 2023 self-production and self-consumption of energy are not significant. In total, the solar/ systems produced 196,932 kWh, of which more than 86% (meaning 170,486 kWh) was consumed by the plants.

Forge Monchieri, a market leader for more than half a century, owns several equipment that are periodically renewed or replaced and that undergo extraordinary maintenance to improve their energy efficiency.

Besides these interventions, the company is carrying out an efficiency plan based on the results of the energy audit completed in 2022. Among the main measures that were identified by the audit, there are the LED relamping of the FM1 and FM2 plants and the installation of high-efficiency electric engines (IE4 class) in the heat treatment area.

3.2

## GHG EMISSIONS

TO MITIGATE THE IMPACT OF GLOBAL GREENHOUSE GAS EMISSIONS AND OTHER ENVIRONMENTALLY HARMFUL SUBSTANCES, FORGE MONCHIERI CONTINUOUSLY MONITORS ITS EMISSIONS



Forge Monchieri implements improvement actions to reduce its carbon footprint. The company has also in place an environmental management system that has been certified according to the ISO 14001 standard for more than 20 years, since 2003.

Scope 1 and 2 emissions were considered for the multi-year calculation and comparison of GHG emissions. Scope 1 includes all **direct emissions**, i.e., those generated by the company's vehicle fuels (diesel oil and petrol) and by natural gas combustion processes. F-gases leaks are usually added to this value; however, for the years considered, no leakage was recorded on the plants.

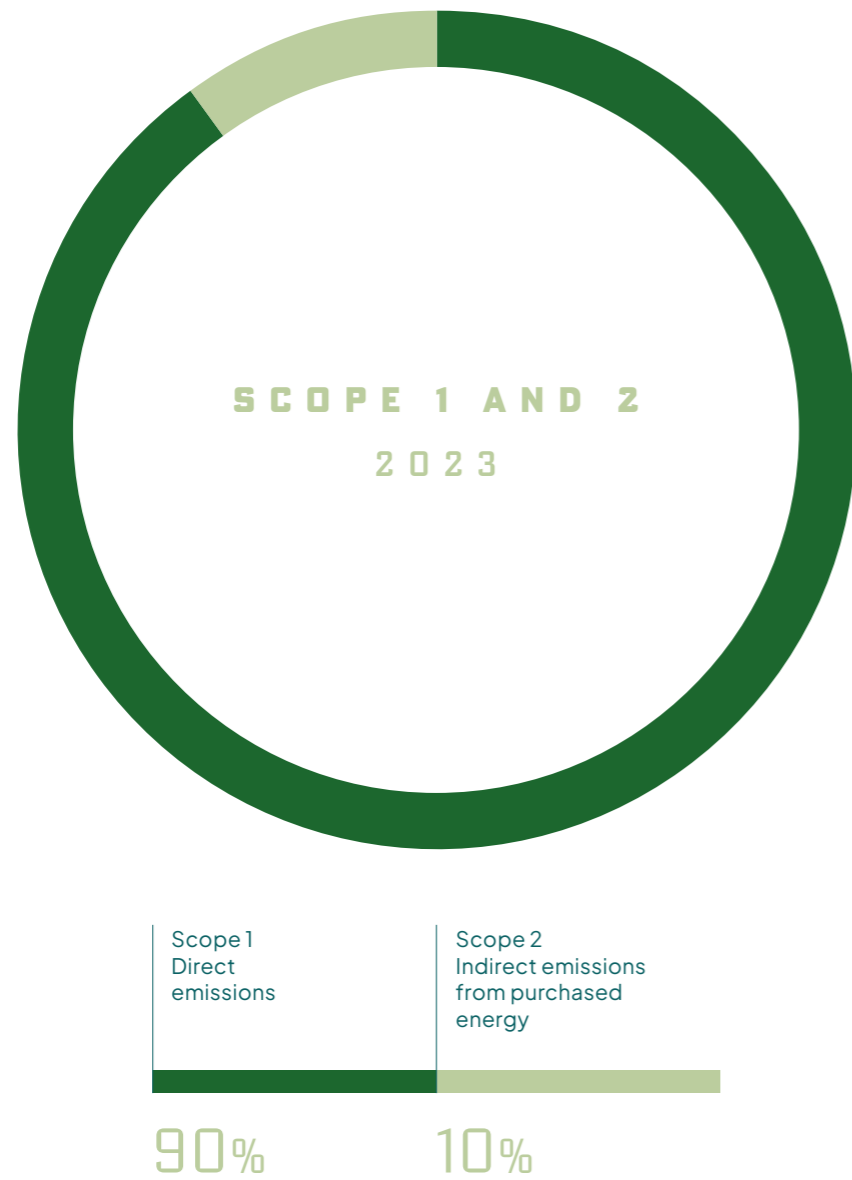
In 2023, the total amount of scope 1 emissions was about 14,535 tCO<sub>2</sub>eq, of which 99.4% was due to the use of natural gas and only 0.6% was due to fuels for

trucks (diesel oil) and company cars (diesel oil or petrol).

Scope 2, on the other hand, refers to **indirect emissions from purchased energy** and it is calculated according to the location-based scenario, i.e., using the national energy mix for electricity withdrawal from the grid; in 2023, Forge Monchieri withdrew 5,749,497 kWh of electricity from the grid, corresponding to 1,602 tCO<sub>2</sub>eq.

ENERGY AND ENERGY EFFICIENCY	
AS IS	TO BE
Installation of two solar systems	Covering part of the energy needs through self-production and self-consumption of renewable energy (from the solar systems)
Several interventions for energy efficiency	Adopting further efficiency measures according to the action plan of the Energy Audit

In total, the scope 1 and 2 emissions amounted to 16,137 tCO<sub>2</sub>eq, and the direct emissions (scope 1) accounting for up to 90% of the total.



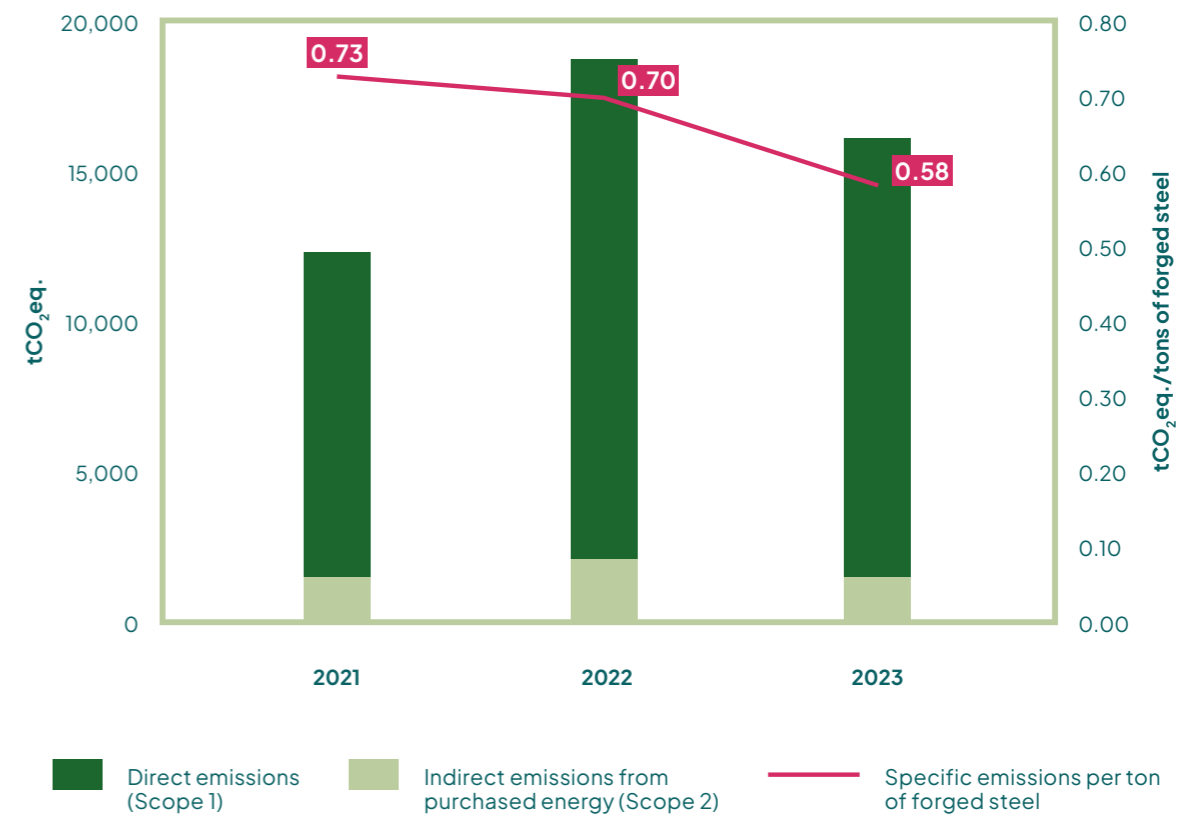
Despite the slight increase in production, scope 1 and 2 emissions in 2023 were lower than in the previous year, when growth had been recorded both in terms of absolute values and with respect to specific values (tCO<sub>2</sub>eq./tons forged).

gas consumption, and a 12% reduction in indirect emissions from purchased energy (scope 2).

In total, Forge Monchieri reduced its scope 1 and 2 emissions by approximately **2,600 tCO<sub>2</sub>eq.**

The comparison between the two years shows a 14% reduction in direct emissions, mainly due to the reduction in natural

**GHG EMISSIONS**



In order to reduce its GHG emissions, Forge Monchieri is trying to increase the use of renewable energy. In addition to the solar systems, the company is studying the installation of furnaces that run on

a hydrogen mixture, to partially replace natural gas. Moreover, the company is planning to replace old and obsolete equipment with new innovative ones.

■ 3.2.1

## ORGANIZATIONAL CARBON FOOTPRINT (YEAR 2022)

As part of its sustainability path, in 2023 Forge Monchieri decided to calculate its carbon footprint on the year 2022, extending the analysis to include not only scope 1 and 2 but also scope 3, i.e. all the other indirect emissions related to the business activities.

The calculation was carried out following the ISO 14064-1 standard.

For the Organizational Carbon Footprint, the emissions were divided into the following categories:

**CATEGORY 1:** direct emissions (corresponding to scope 1)

**CATEGORY 2:** indirect emissions from purchased energy (corresponding to scope 2)

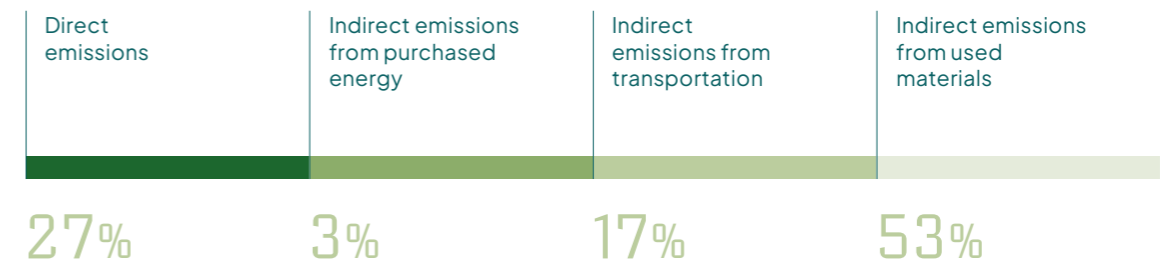
**CATEGORY 3:** indirect emissions from transportation

**CATEGORY 4:** indirect emissions from used materials

**CATEGORY 5:** indirect emissions related to product use

**CATEGORY 6:** indirect emissions from other sources

In this case, the categories 5 and 6 were not applicable; therefore, the sum of categories 3 and 4 represents the scope 3 of the organization.



From the results of the Carbon Footprint, the categories corresponding to scopes 1 and 2 only account for 30% of the total in 2022.

Indirect emissions related to transportation (category 3) have a lower weight and account for 17% of the total. Within this category, the most impactful

items are the upstream phases of electricity and fuels, i.e., emissions related to grid losses in energy transport and extraction and processing along the fuel chain (natural gas and fuels).

In fact, these aspects together represent up to 77% of Category 3 emissions. The remaining 23% is mainly related to the transport of incoming materials and outgoing products; employee home-to-work travel (responsible for 123.8 tCO<sub>2</sub>eq.) and business trips.

The largest portion of emissions is category 4, or indirect emissions due to used materials, which amounts to 53% of the carbon footprint. This group includes many items; among them, emissions related to water, cafeteria meals, wood

packaging, and waste have minimal weight. In contrast, the most impactful aspects are purchased steel ingots, split between carbon, stainless and alloy steel, which account for half of the total GHG emissions (48%) and related subcontractor processing (5%).

In total, in 2022 the calculation recorded an overall amount of **62,062 tCO<sub>2</sub>eq.**

To continuously improve its environmental impact, Forge Monchieri also monitors the emission in the atmosphere of polluting substances, as required by national law. Specifically, the company controls its emissions of nitrogen oxides (NOx), which in 2023 amounted to 226.8 mg/Nm<sup>3</sup>, divided among two of the four plants (162 mg/Nm<sup>3</sup>+64.8 mg/Nm<sup>3</sup>). In addition, the company routinely verifies its particulate (generated dust) emissions, which in 2023, in the same production plants subject to NOx emission verification, amounted to 12.37 mg/Nm<sup>3</sup>. Both values are within the legal limit.

Compared to 2022, the NOx emissions slightly decreased, while the particulate emissions from the processing of material slightly increased.

Every year the company has to compensate for some of the CO<sub>2</sub> emissions it produces during its operations (ETS<sup>1</sup>). Consistently with the GHG emissions of scopes 1 and 2, the allowances of the ETS decreased by more than 1,000 tCO<sub>2</sub>eq. in 2023, compared to 2022 (10,336 tCO<sub>2</sub>eq. instead of 11,713 tCO<sub>2</sub>eq. in the previous year).

The gradual reduction of the free allowances available to the company and the subsequent increase in the corresponding spending represent the main financial risks associated with environmental matters. This is one of the reasons why the company is firmly committed to continuously improve its own environmental performances.



GHG EMISSIONS	
AS IS	TO BE
Calculation of the Carbon Footprint in 2022	Repeat the Carbon Footprint analysis to monitor indirect emissions
Compliance with the ETS regulation	Strategy to reduce GHG emissions, establishing specific objectives
Monitoring of emissions due to home-to-work travel (Carbon Footprint 2022)	Reducing the emissions due to home-to-work through incentives to sustainable mobility (such as the installation of charging columns for electric vehicles)

<sup>1</sup> The ETS (Emission Trading System) is a tool, implemented by the European Union to meet the goals of CO<sub>2</sub> reduction in the main industrial sectors. The EU ETS is defined as a cap&trade system, because it fixes a maximum "cap" of the emission allowances for all the subjected companies, but the companies can purchase or sell on the market (trade) the right to produce CO<sub>2</sub> emissions depending on their needs, at least within the established limits (cap).

3.3

# WASTE MANAGEMENT



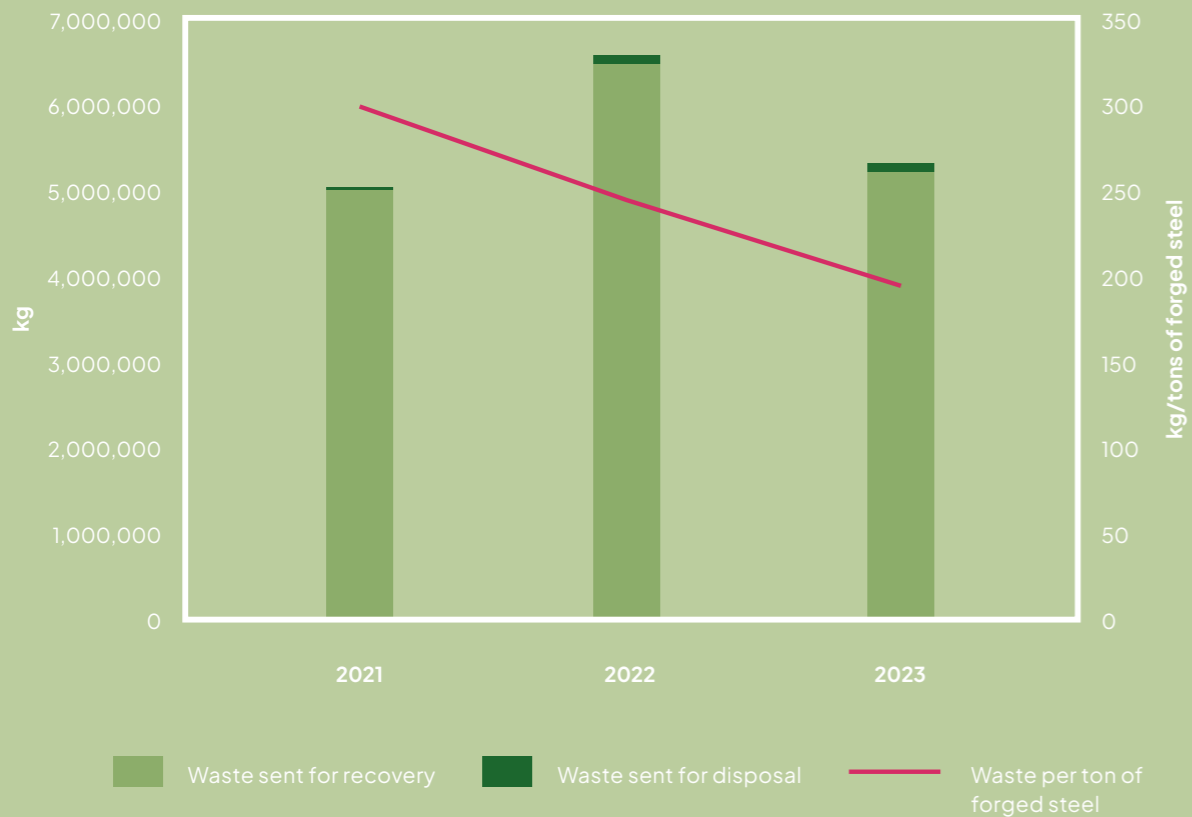
## FORGE MONCHIERI MOSTLY DISPOSES ITS WASTE “FOR RECOVERY”



In 2023 this portion represented 98% of the total. In particular, a part of the metal waste (called by-product) is returned directly to the steel mill that produced it, resulting in a concrete example of circular economy.

Compared to 2022, the amount of waste has considerably decreased both in absolute terms (-19%) and per ton of forged steel (-22%).

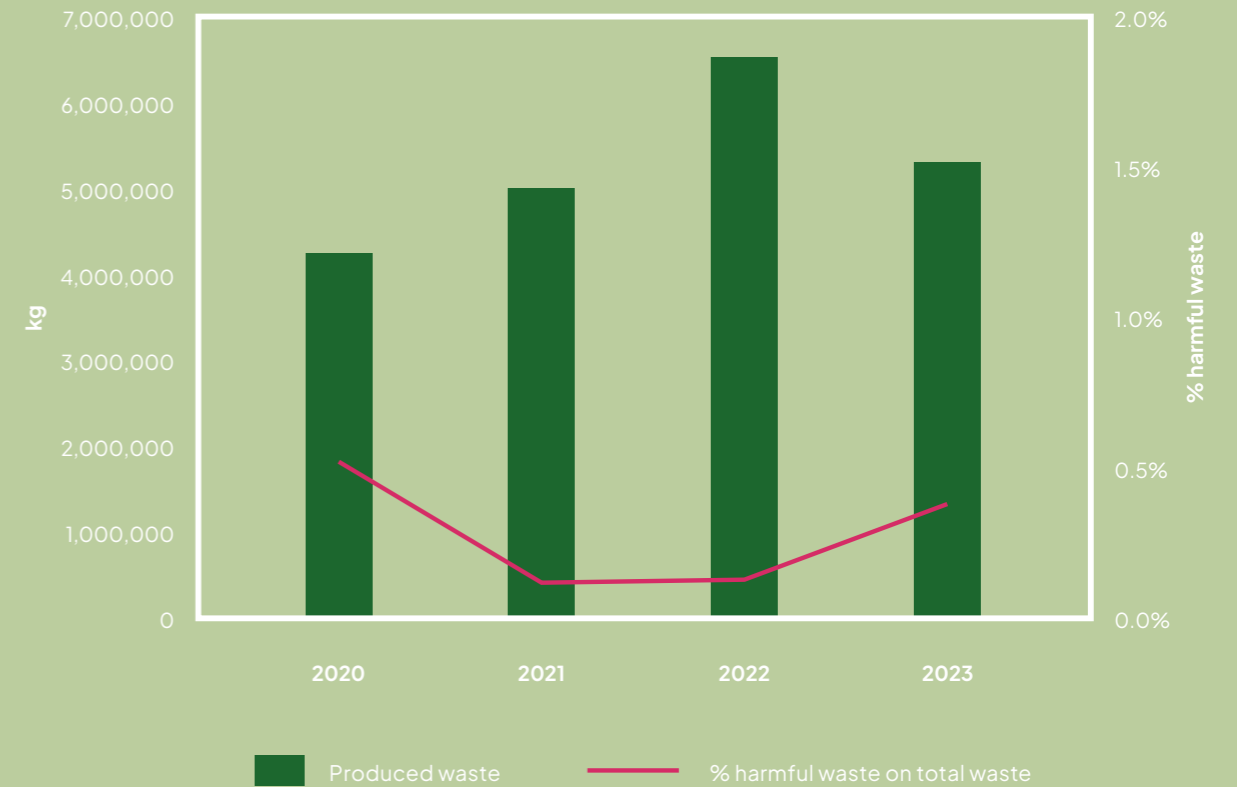
### WASTE PRODUCTION AND DISPOSAL



As for the ratio of hazardous waste to total generated waste, the value is quite low (always less than 0.5% from 2020 onward). At times, there are peaks mainly due to the increase in unplanned maintenance activities which do not recur every year. This explains the increase in hazardous waste in 2023, when 20,091 kg was generated compared

to 8,511 kg in 2022 and 6,250 kg in 2021; the amount in 2023 is in fact similar to that of 2020 (22,410 kg).

### HARMFUL WASTE ON TOTAL WASTE



The reduction in waste production is due to several improvement measures implemented in 2023.



To reduce the risk of leakages of certain types of waste, the company carried out the following actions:

**CREATION OF AN AREA DEDICATED** to wash equipment, with a containment tank for the transfer of washing liquids

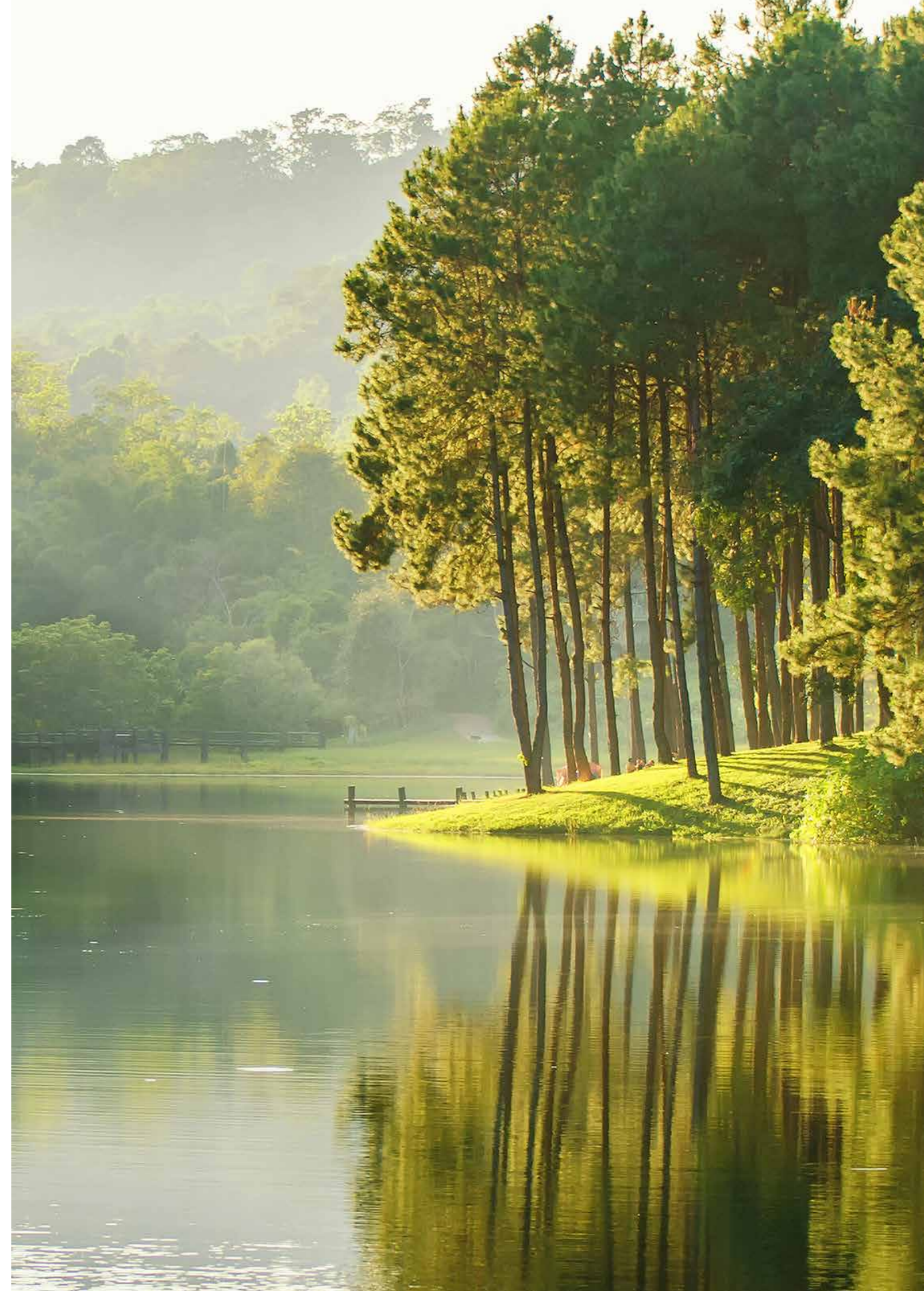
**CONSTRUCTION OF A STORAGE** facility for flake, better organized than the previous one

**INAUGURATION OF A NEW PLANT (FM4)** entirely dedicated to maintenance activities, with a significant improvement in the in the environmental impact of this activity

**UPGRADING OF THE WASTE CONTAINER SYSTEM**  
(including any liquid spills)

Thanks to these investments, the waste management and treatment were significantly improved.

WASTE MANAGEMENT	
AS IS	TO BE
Actions to improve waste management and reduce risks of leakages	Continuous monitoring and improvement of waste management
Feasibility study on the recovery of packaging used for shipment	If feasible, recovery of packaging used for shipment
98% of waste sent for recovery	>98% of waste sent for recovery



3.4

# MATERIALS

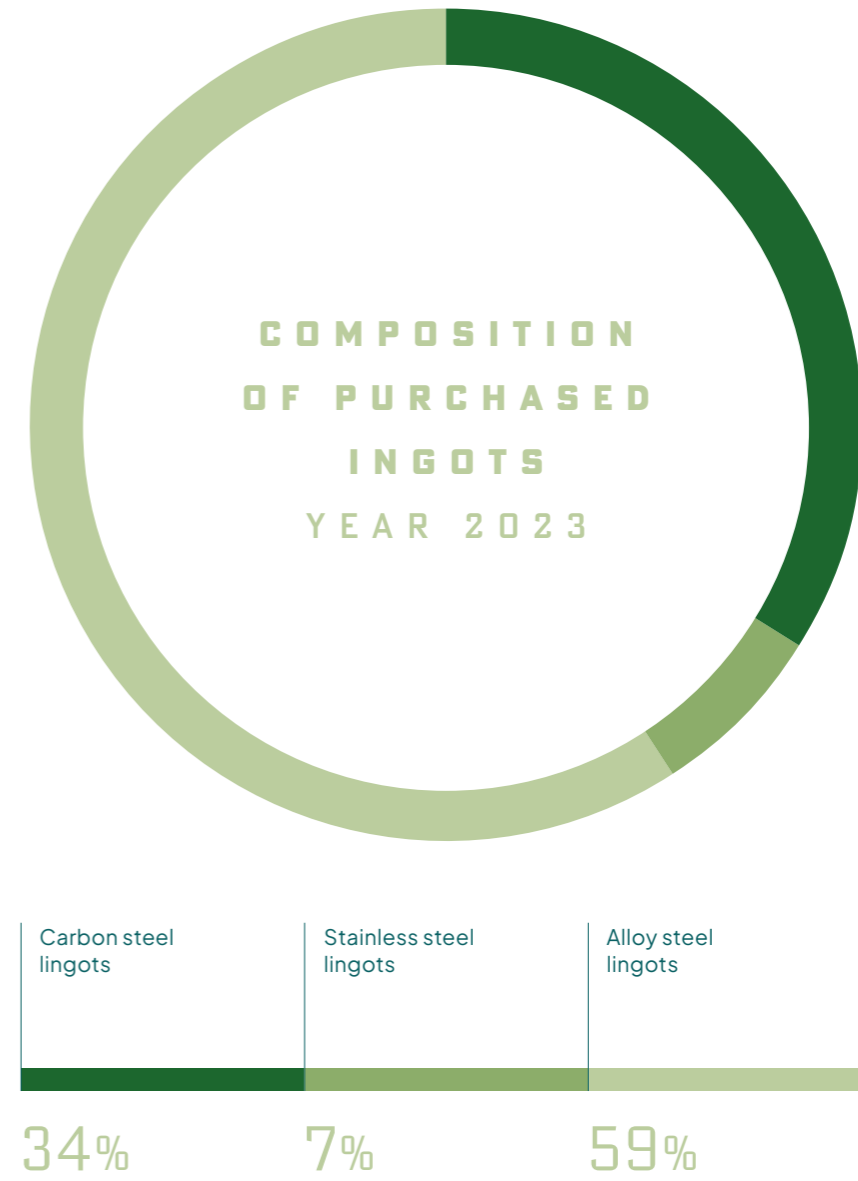
FOR FORGE MONCHIERI, MATERIAL PROCUREMENT MAINLY MEANS THE PURCHASE OF RAW MATERIALS (ESPECIALLY INGOTS AND STEEL BLADES) AND OF WOODEN PACKAGING (CRATES AND PALLETS) FOR OUTGOING PRODUCTS



Among these, ingots represent the largest share, accounting for 99% of the total expenditure on materials.

Ingots can be divided into three categories based on the properties of the steel, which can be carbon, stainless or alloy. The latter is the most widely used type and has always accounted for more than 50% of total ingots in recent years (59% in 2023). Carbon steel ingots, instead, accounted for 34% of the total in

2023; the share was slightly lower than in previous years (38% in 2022 and 40% in 2021), in favour of alloy steel. Finally, in line with previous years, the share of stainless-steel ingots in 2023 amounted to 7%.



Regarding direct procurement, Forge Monchieri only purchases from European suppliers, who comply with the sustainability standards established by the European Union. However, some of the raw materials from indirect sourcing might come from countries with fewer restrictions and controls and could therefore have a negative impact on the business; for this reason, the company is refining its policies for the assessment and selection of suppliers.

To improve sustainability in the selection and management of materials, Forge Monchieri plans to increase the portion of recovered or recycled materials both in the production process and in the

packaging used for shipping. Moreover, the company is researching process optimization solutions that will lead to reductions in production waste.

The company is also exploring the possibility of recovering used packaging for the shipping of products, through projects with strategic partners. This measure would contrast the potential need for increasing quantity and variety of packaging materials depending on the type of products.

MATERIALS	
AS IS	TO BE
Lack of monitoring of the portion of recovered material in the purchased packaging and raw materials	Monitoring and increasing the portion of recovered material
Purchased packaging are not re-used	Re-using packaging for shipping

3.5

# WATER RESOURCES



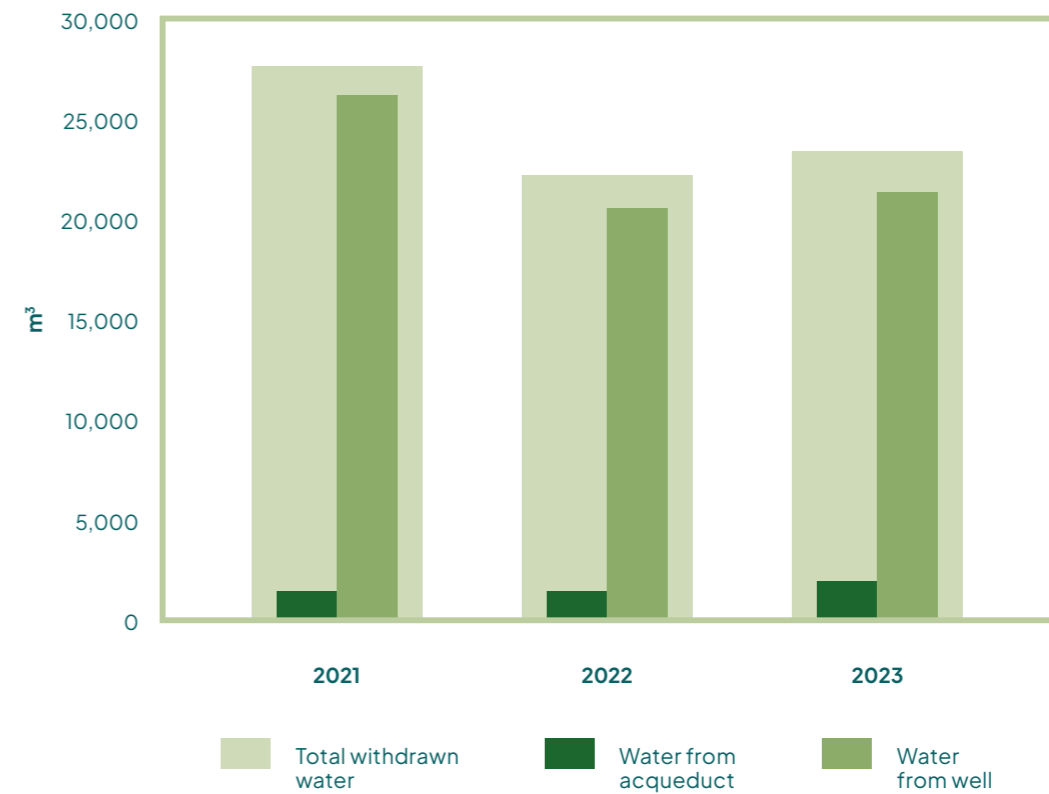
**THE WATER USED BY FORGE MONCHIERI IS MAINLY WITHDRAWN FROM A WELL, THAT COVERS ABOUT 92% OF THE TOTAL NEEDS. THE REMAINING PART COMES FROM THE MUNICIPAL AQUEDUCT**



In 2023, water consumption increased by 5% compared to 2022. This increase mainly concerns the amount of water

withdrawn from the aqueduct (that grew by 27% compared to 2022), as shown in the graph below.

## WATER CONSUMPTION



All the used water is then returned to the environment, without any special treatment.

3.5.1

## PREVENTION OF HARMFUL SUBSTANCES DISCHARGES

All the production plants are located in an industrial area close to the Oglio river, the main freshwater river in Valle Camonica; therefore, potential discharges of harmful substances on the land could contaminate not only the surrounding environment but also the surface waters. For this reason, the company is committed to adopt all the available measures to avoid such accidents.

Among the actions implemented in 2022 but which will have an impact from 2023 onward, the replacement of the Behringer sawing machine with a new,

technologically advanced one (SOFINA) will reduce both the consumption of water used for cooling and the risk of spills. In addition, to reduce the likelihood of spills, alternative methods for draining the file at the end of the cutting phase are being analysed and developed.

3.6

## LAND USE

LAND USE WAS INCLUDED IN THE 2023 MATERIAL ISSUES DUE TO SOME INTERVENTIONS THAT HAD AN IMPACT ON THE INDUSTRIAL AREA WHERE THE COMPANY IS LOCATED



The company requalified a facility to use as a warehouse for maintenance and stocking of spare parts, giving new life to a previously abandoned building. This way, the enlargement of the company, instead of negatively impacting on the surrounding environment through the construction of a new building, renewed a disused area, improving its appearance and restoring functionality.

Moreover, the new warehouse allowed to more efficiently organize the areas dedicated to maintenance, assuring a better management of oils and waste.



WATER RESOURCES	
AS IS	TO BE
2023: 92% of water withdrawn from well	2024: > 90% of water withdrawn from well
Improvement actions to reduce water consumption	Researching the possibility of introducing control systems to verify leaks in the internal water distribution network
-	Considering projects to re-use the water already used in production processing (e.g. cooling of the quenching process); currently, tanks are emptied to be washed and the water is disposed of



## S O C I A L

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- 4.1 Occupational health and safety
  - 4.2 Corporate well-being
  - 4.3 Job satisfaction and employee turnover
  - 4.4 Diversity and inclusion
  - 4.5 Creation of value for the community
- 



# EMPLOYEES ARE THE BEATING HEART OF FORGE MONCHIERI'S SUCCESS

THE COMPANY STRIVES TO MAKE THE MOST OF ITS HUMAN RESOURCES AND TO ENSURE THEIR WELL-BEING AND GROWTH



**High safety standards** are a top priority, supported by continuous efforts to improve accident prevention and staff training. The goal is clear: minimizing accidents and nurturing the continuous growth of each individual.

But there is more. Forge Monchieri works hard to create an environment where employees feel valued and engaged, knowing that internal satisfaction is to limit turnover and creating a cohesive and productive team. With a well-structured **training plan** and a range of **services** designed for the well-being of employees, the company spares no effort in implementing **talent acquisition and retention** strategies.

From the WHP programme to supplementary health care, from the welfare platform to the company canteen, Forge Monchieri is committed to the well-being of the employees. However, in this field there are also some potential areas of improvement, such as professional development, continuous training and monitoring internal satisfaction.

In terms of diversity and inclusion, Forge Monchieri has an excellent performance in terms of gender pay gap. In addition, the company annually supports the **local community** in which it operates, creating value through donations, collaborations with local authorities and internships with schools and universities.



## SOME NUMBERS ON SOCIAL MATTERS

# 60

hours on average of training per employee every year



# 0

reports on the whistleblowing channel



# 100%

access to corporate welfare



# ADHERENCE

to the WHP programme and correlated actions<sup>1</sup>



# BONUS

of performance (14<sup>th</sup> month's salary)<sup>2</sup>



<sup>1</sup> The programme 'Workplaces that Promote Health - WHP Lombardy Network' is based on the model promoted by the WHO and has the priority objective of promoting organisational changes in the workplace in order to make them favourable environments for the conscious adoption and dissemination of healthy lifestyles. Companies adhering to the programme undertake to build, through a participatory process and with a view to social responsibility, a context that favours the adoption of positive health behaviour and choices.

<sup>2</sup> The 14<sup>th</sup> month's pay at Forge Monchieri began as a production bonus or result bonus, which has been stabilised, i.e. it has become a fixed emolument of better favour than the steelworkers national labour contract (named CCNL Metallmeccanica Industria), which would provide for 13 months' pay. This is an important economic advantage.

### 4.1

## OCCUPATIONAL HEALTH AND SAFETY



IN COMPANIES, ESPECIALLY IN THE MANUFACTURING SECTORS, THE RISK OF WORK ACCIDENTS IS AN EVER-PRESENT REALITY

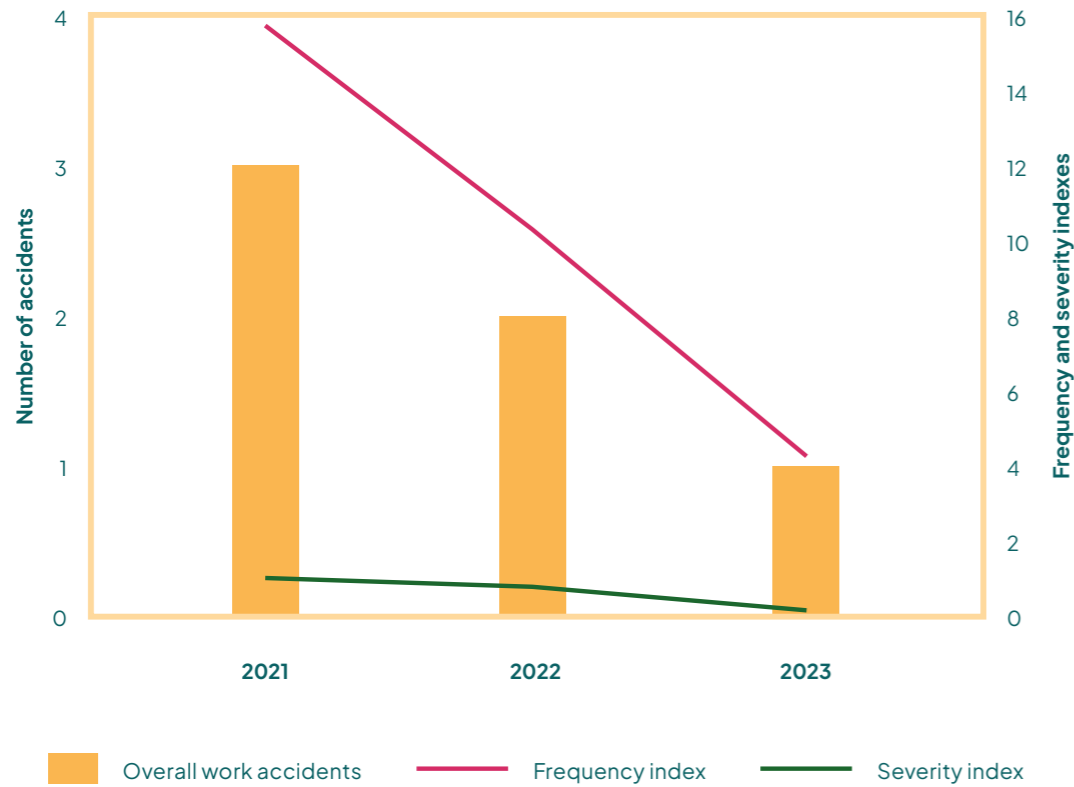
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Forge Monchieri faces this inevitability with a strong commitment to occupational health and safety. Thanks to **high standards** and **long-established practices**, the company can boast low accident rates, proving the effectiveness of its efforts. At the heart of this mission is a certified health and safety management system, that supports and reinforces existing regulations. Since 2009, the company has been certifying compliance with the most stringent standards, first according to OHSAS 18001:2007 and now according to ISO 45001:2018. In addition, Forge Monchieri invests in a proactive approach, constantly **raising staff awareness** of risks and of the importance of safe practices. In addition to providing

the necessary tools to prevent accidents, the company is creating a culture in which safety is a core value, shared by everyone.

In 2023, there was only one accident of a general nature (i.e. related to tripping/slipping) with minimal consequences and with only a few days of prognosis. Therefore, both the **frequency index**, i.e. the ratio of the number of accidents to hours worked, and the **severity index**, i.e. the ratio of the total days of prognosis to hours worked, **decreased** further compared to 2022, confirming the downward trend of the last three years.

WORK ACCIDENTS



OCCUPATIONAL HEALTH AND SAFETY

AS IS

TO BE

Frequency index: 4.40

Keep the frequency index < 30

Severity index: 0.05

Keep the severity index < 1

4.2

CORPORATE WELL-BEING



FORGE MONCHIERI IS COMMITTED NOT ONLY TO THE HEALTH AND SAFETY OF ITS EMPLOYEES, BUT ALSO TO THEIR PSYCHOPHYSICAL WELL-BEING, OFFERING A SERIES OF INITIATIVES AND SERVICES AIMED AT IT



Of particular importance is Forge Monchieri's participation in the Lombardy Region's Workplace Health Promotion (WHP) program, an initiative that promotes healthy lifestyles through organizational changes in the workplace, in line with European and global objectives. For many years, Forge Monchieri has been a member of this programme, implementing various initiatives for the staff well-being. In 2023, for example, it extended the **canteen service** to all employees, promoted **sports activities** and provided **bicycles** for internal commutes among the buildings. These actions are not just temporary efforts but are part of an ongoing commitment for the future.

channel, they are a clear sign of Forge Monchieri's commitment to wellbeing, not limited to employees but also to the community.

In order to promote virtuous habits, during 2023 Forge Monchieri also produced informative videos on important topics such as "lifestyle and nutrition" and "pathological gambling". These videos promote healthy behaviour and alert the consequences of addiction; accessible to everyone on the company's YouTube

Scan the QR Codes to watch the following videos:



Discouraging addictive behaviours



Healthy lifestyles



In 2023, Forge Monchieri undertook several additional initiatives to promote the well-being and happiness of its employees. A vaccination campaign demonstrated the company's commitment to everyone's health, while solutions of "work from home" enabled some employees with specific personal needs to gain the necessary flexibility through remote working.

To further implement these aspects, the company has already set future goals. In the coming years, it plans to introduce a supplementary medical care service, including preventive care packages at favourable prices. Further measures for **flexible working** hours are being planned,

ensuring a better work-life balance and allowing career and professional development.

Finally, parental leave figures show the company's commitment to supporting new parents: three employees took leave in 2023, two of them have already returned to work, while the third will return in 2024.

4.3

# JOB SATISFACTION AND EMPLOYEE TURNOVER



AS OF DECEMBER 31<sup>ST</sup>, 2023, FORGE MONCHIERI WORKFORCE WAS AT 132 PEOPLE



As of December 31<sup>st</sup>, 2023, Forge Monchieri workforce was at 132 people. Among them, 28 were women (21.21% of the workforce) and 104 men (78.79%). Compared to the previous year, 4 new resources (3 men and 1 woman) joined the team, increasing the total number of employees; on the other hand, the percentage of women in the total remained constant.

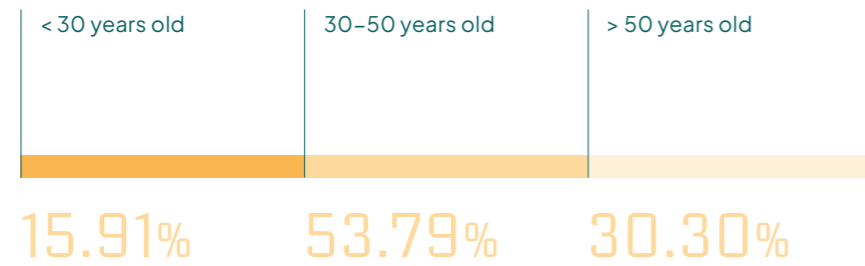
## EMPLOYEES BY GENDER



CORPORATE WELL-BEING	
AS IS	TO BE
Participation in the WHP programme and correlated initiatives	Keep participating in the WHP programme with new and continuous initiatives
Vaccination campaign as integrative medical assistance for the employees	Widen the services of integrative medical care (preventive care packages at favourable prices)
Welfare platform for all the employees	Add specific welfare services

In 2023, the majority of the workforce was between 30 and 50 years old. Overall, **84%** of the corporate population was **over 30**, with an average age of around 42. However, the percentage of employees under the age of 30 has increased by around 6% in the last two years, a sign of

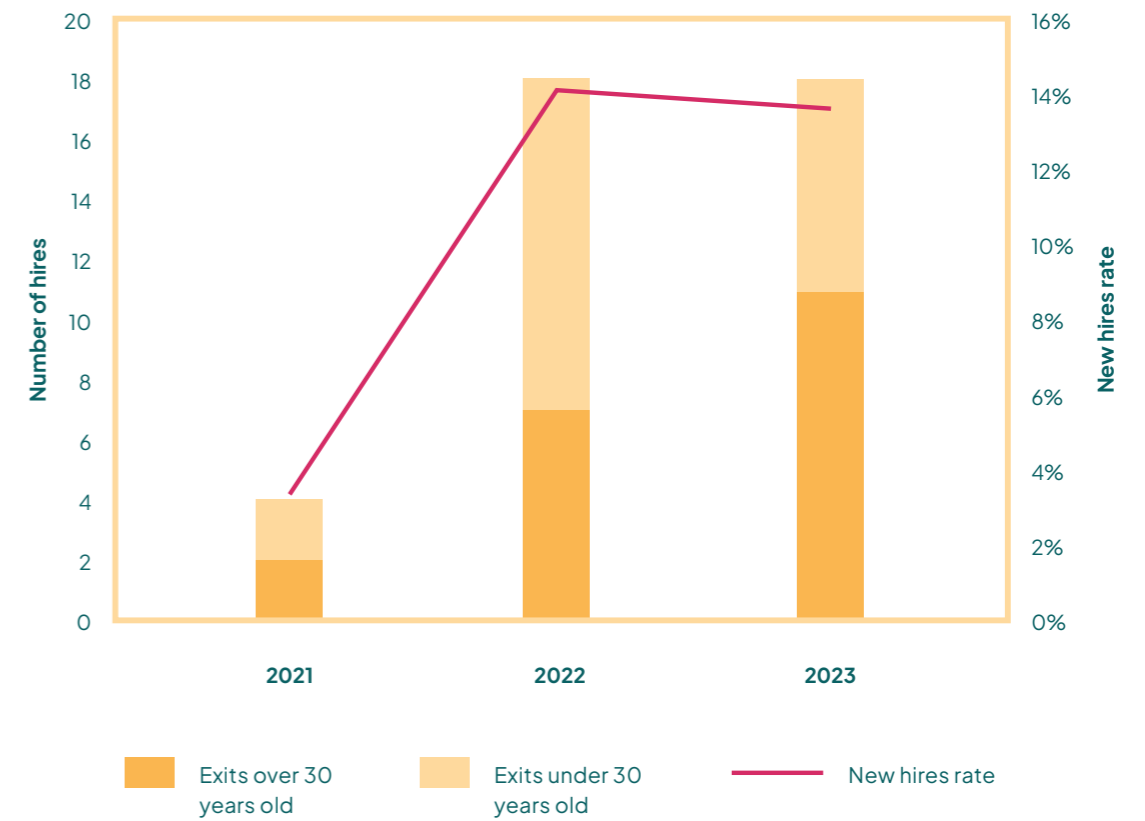
the increasing corporate focus on hiring and developing young resources.



During the year under review, **7 new employees under the age of 30** were hired, while 3 people in the same age group left the company. In overall terms, **18 people joined the company** in the reporting year, with a rate of new hires (calculated from the ratio of total hires

to total employees on December 31<sup>st</sup>) of 13.6%. Although the number of people hired was the same as in 2022, the percentage is slightly lower, because of an increase in voluntary resignation or in the termination of non-renewed contracts.

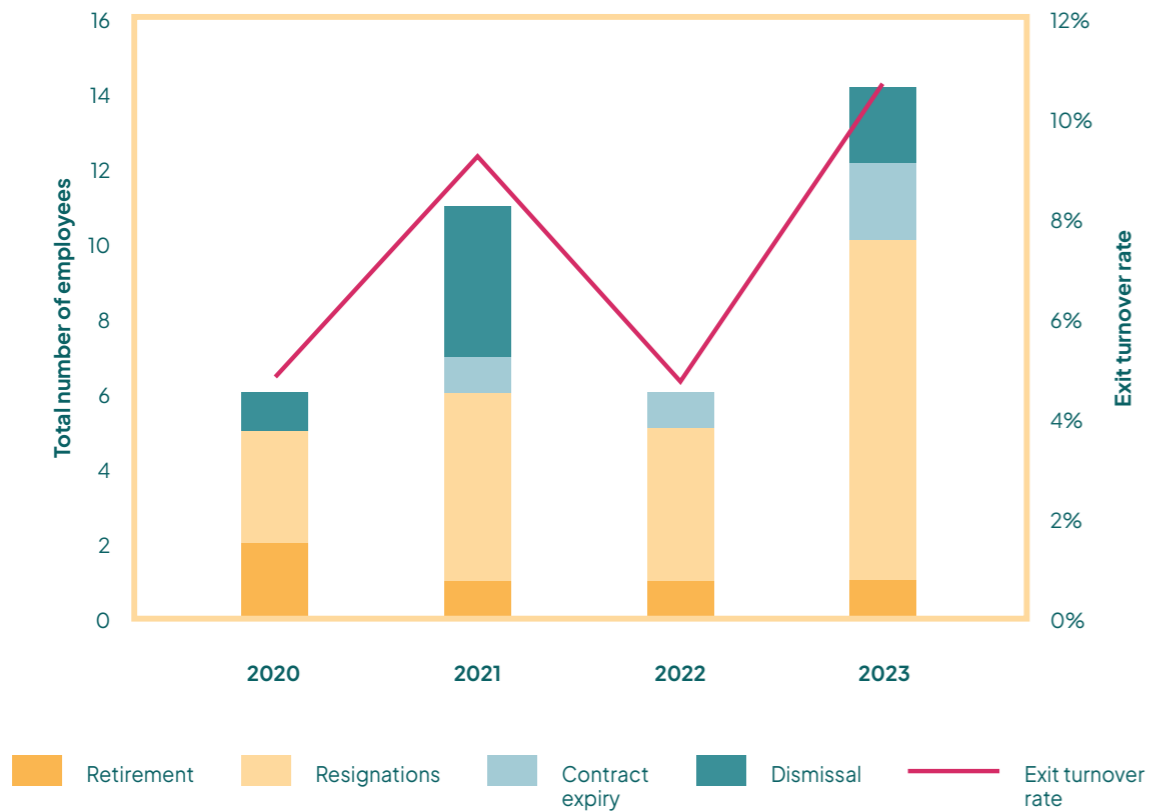
### NEW HIRES



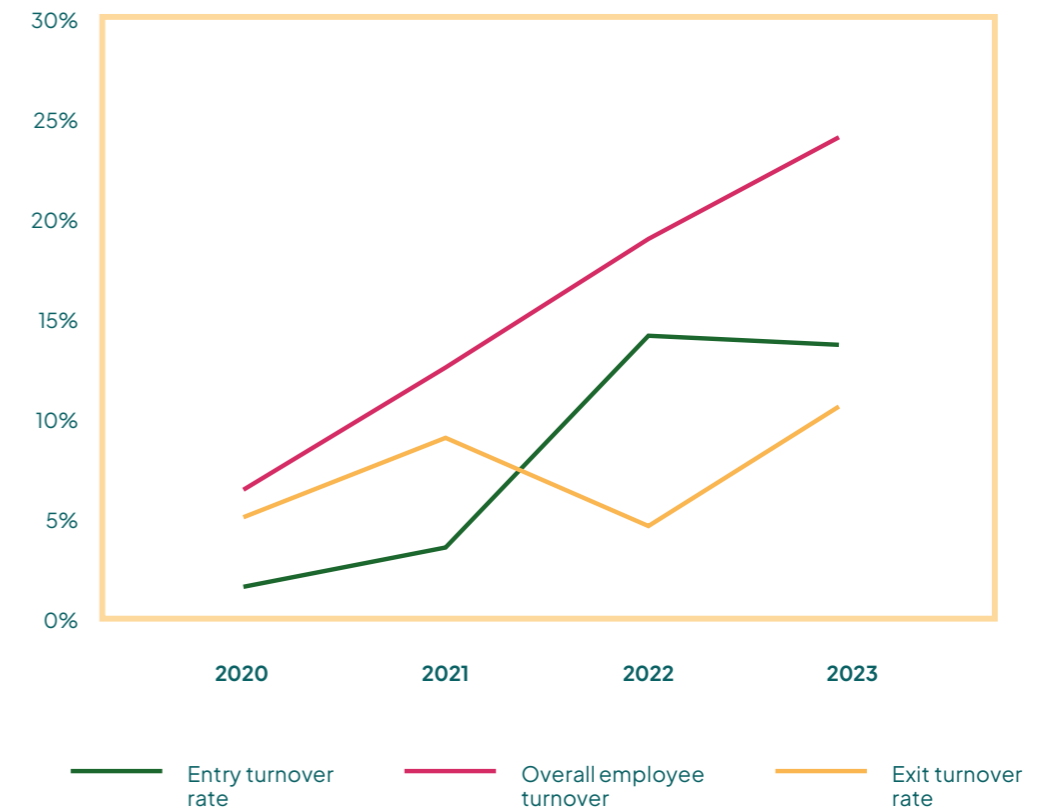
In fact, while exits due to retirement, as well as new hires, were quantitatively the same as in 2022, exits related to layoff (2), expiry of contracts (2) and resignations (9) increased. As a result, the total number of **exits increased**, up to 14, and the related

exit turnover rate (given by the ratio of total exits to total employees as of December 31<sup>st</sup>) rose to 10.6% (compared to 4.7% in 2022).

### EXITS BY TYPE



### EMPLOYEE TURNOVER RATES



The **overall employee turnover**, i.e. the ratio of the sum of entries and exits to the total number of employees on December 31st, also **increased** to 24.2%. While the overall figure is part of an upward trend throughout the previous three-year period, the percentages for exits and

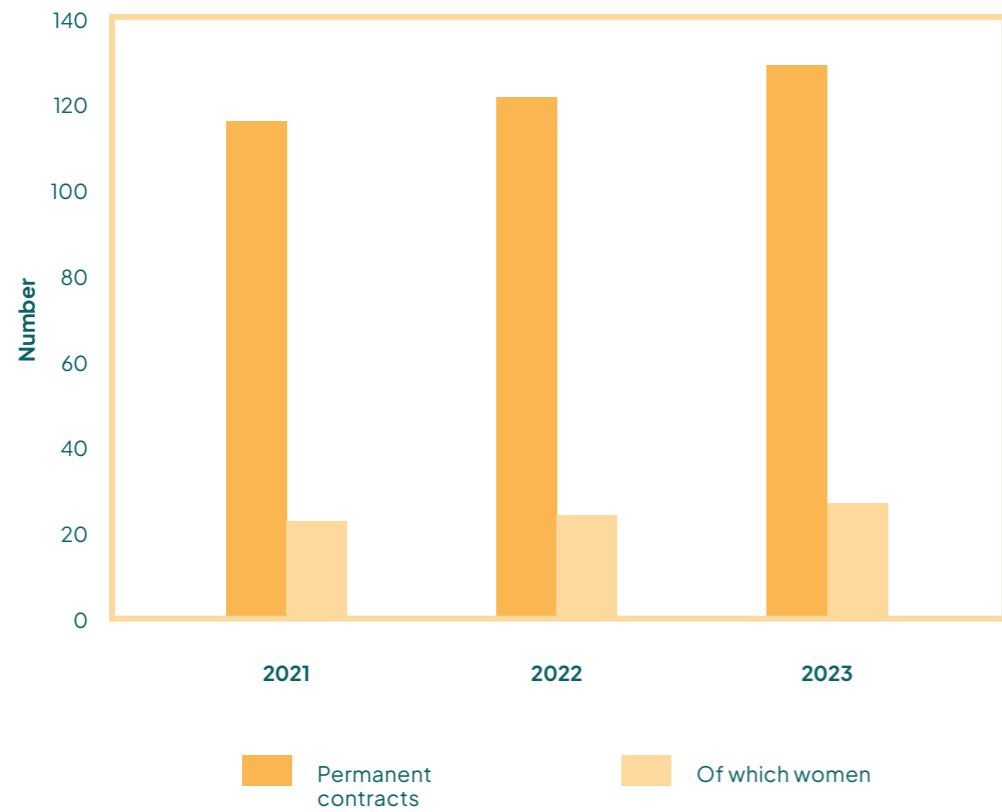
entries are not linked to continuous, multi-year trends.

At the same time, however, the **company's average length of service** has remained **constant** over the past three years, always between 11 and 12 years of seniority, confirming the loyalty and dedication of employees to the company, despite the rapid changes and constant transformations in today's labour market.

In terms of contractual stability, the company has had **almost all permanent** contracts for several years; in 2023, there were 129 out of a total of 132 employees.

This stability is gender-neutral: of the 28 women hired, 27 have permanent contracts and four take advantage of the part-time work option, which allows them to better manage their non-work-related needs.

PERMANENT CONTRACTS



Acknowledging the value of its human resources, Forge Monchieri is committed to continuous improvement, paying particular and **increasing attention** to issues such as employee turnover and monitoring internal satisfaction, in order to

increasingly enhance the appreciation and well-being of its employees.



4.3.1



# TRAINING

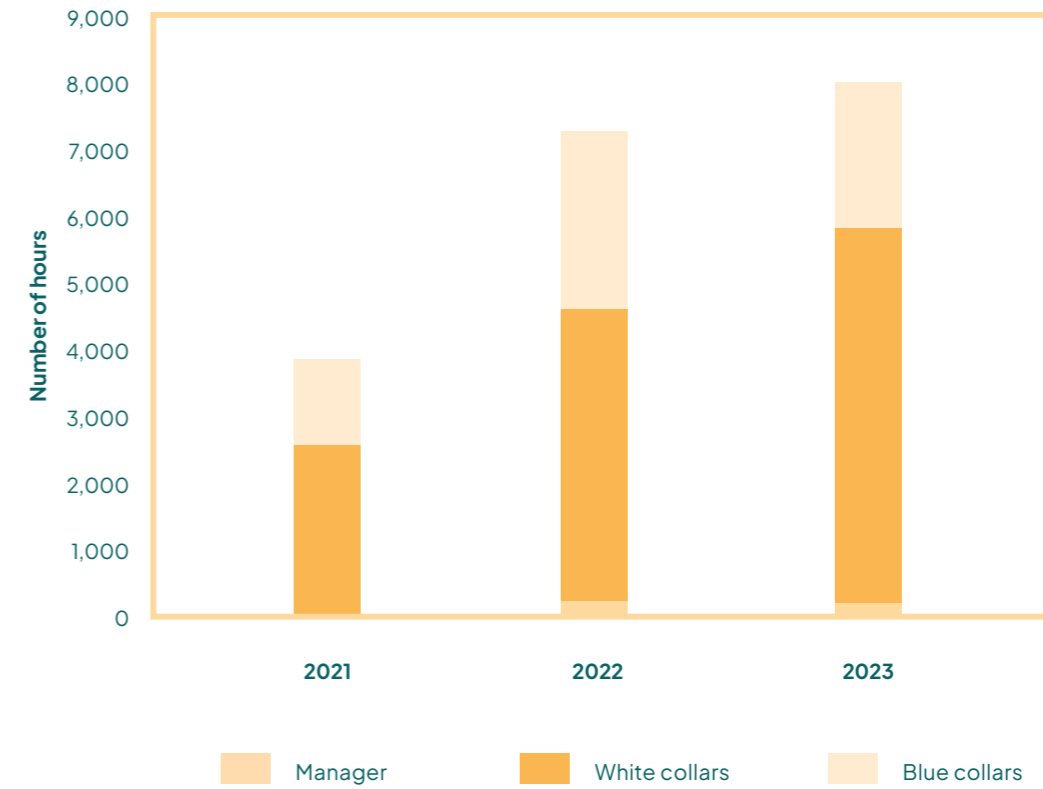
Within the material matter of employee satisfaction, training is certainly a priority aspect for Forge Monchieri and therefore deserves more in-depth discussion.

The company is paying more and more attention to this issue, investing significantly in the development of personnel's skills: for the company, a skilled and well-trained workforce is essential to guarantee the excellence of its products and services and to face the

continuous challenges of today's world. The hours dedicated to **training activities have significantly grown** over the last two years: in 2023, they more than doubled compared to 2021 and increased by 10% compared to 2022.

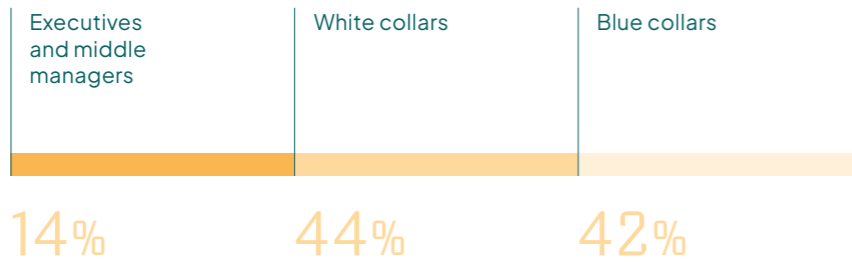


## HOURS OF TRAINING BY JOB POSITION



Blue-collar and white-collar workers represent a very similar percentage of the company population (42% and 44% respectively), but the latter commit significantly more hours overall than the former. This trend, accentuated in 2023, may also be attributable to the greater number of hirings (and thus initial training plans) for these job positions, as well as to the type of activity carried out by the

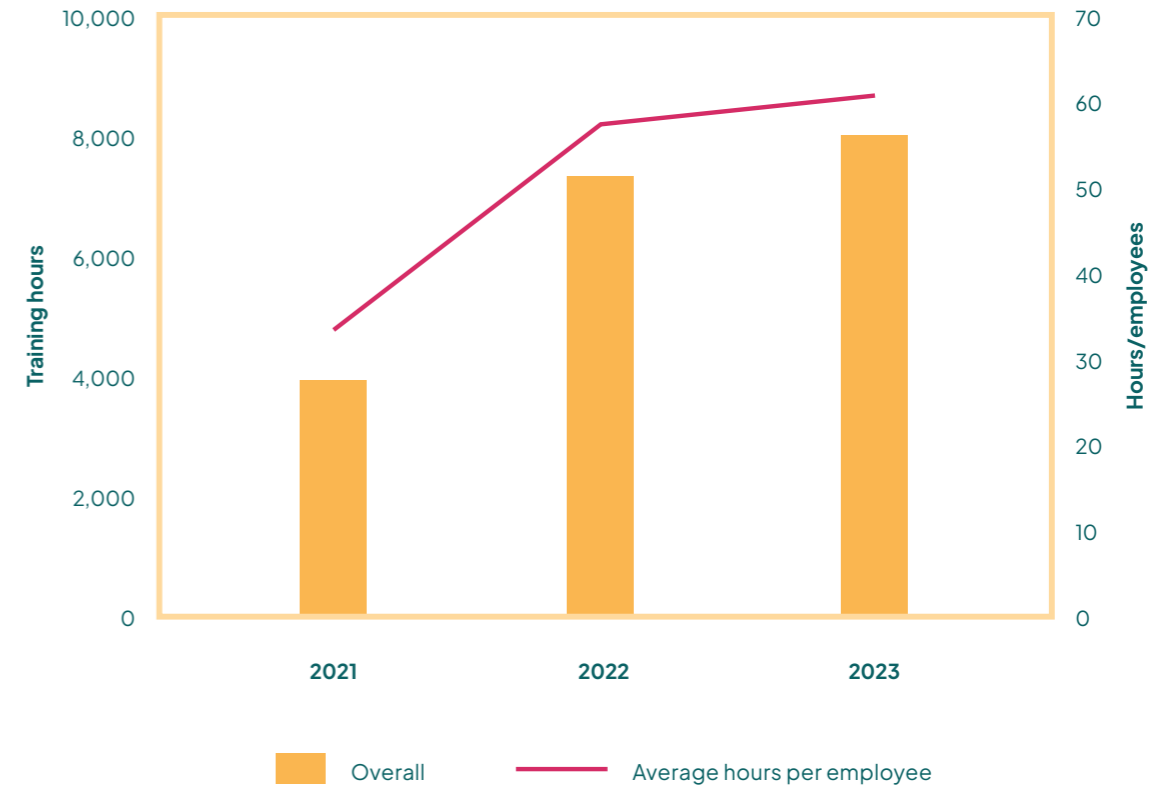
individual functions. For middle managers and executives, on the other hand, training hours are in line with the previous year.



Overall, both the total number of training hours and the average per employee are growing significantly, not

only in comparison to 2022 but also in comparison to the **multi-year trend**.

### AVERAGE HOURS OF TRAINING PER EMPLOYEE

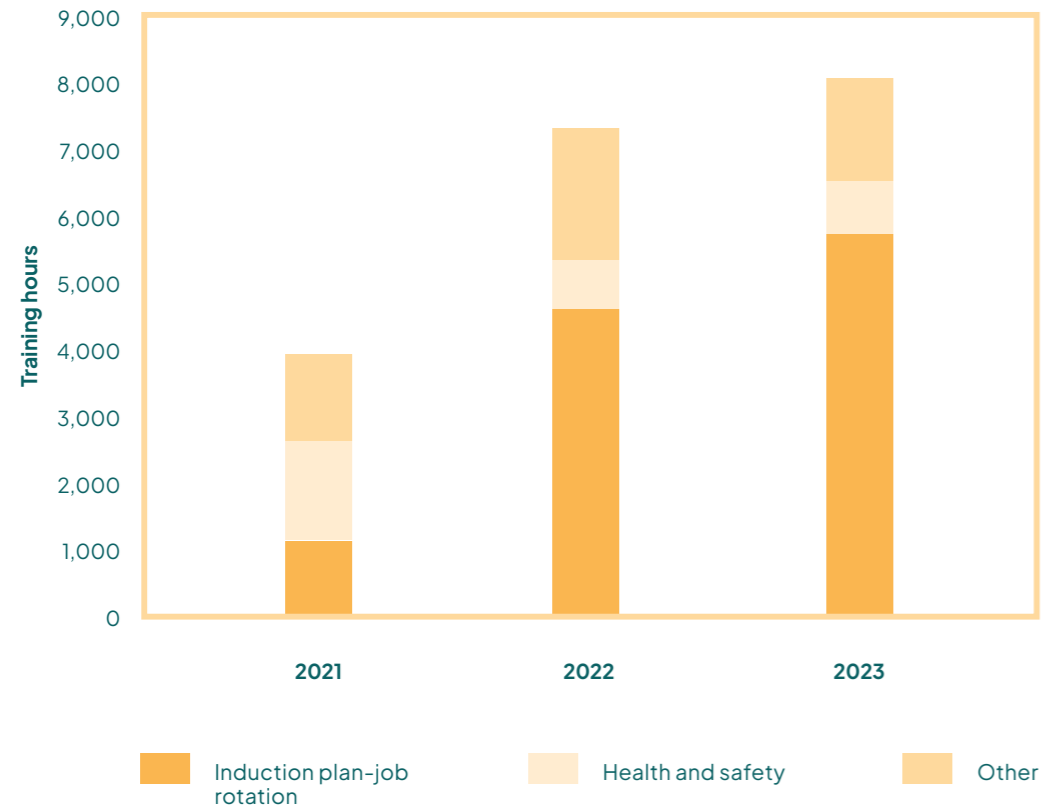


Most of the annual training hours are dedicated to **new hires** or to the **rotation of production staff**.

training topic is occupational health and safety, which accounts for about 800 hours, a figure in line with 2022.

In particular, Forge Monchieri has an important induction plan for new employees, with the aim of integrating them into the company fabric and training them both in soft skills and in the specific job they will be doing. The other important

### TRAINING HOURS BY TOPIC



### JOB SATISFACTION AND EMPLOYEE TURNOVER

AS IS	TO BE
Limited initiatives of employee engagement	Collect proposals and suggestions for improvement on specific topics through e-mail, text messages or Forms modules
Short videos to raise awareness and train on sustainability topics	Targeted training for staff members on topics of ESG sustainability and sustainable development Publishing of the Sustainability Report and distribution to all the employees
98% of permanent contracts	Keep the portion of permanent contracts > 95%
Exit employee turnover ratio: 10.6%	Exit employee turnover ratio < 10%
Average hours of training per year: 60.9	Keep the average hours of training per year > 50

For the time being, there is still no specific training on **sustainability** issues; however, during 2023, initiatives were implemented to **raise awareness** on the subject, through the creation of informative videos available to the employees.

In particular, two **short videos** (available on the company's YouTube channel) were produced on the topics of Carbon Footprint and Water Consumption.

Scan the QR Codes to watch the following videos:



**ENVIRONMENTAL SUSTAINABILITY**  
Carbon Footprint



**ENVIRONMENTAL SUSTAINABILITY**  
Water consumption



■ 4.4

## DIVERSITY AND INCLUSION



IN FORGE MONCHIERI' S CODE OF ETHICS, THE CREATION OF AN INCLUSIVE AND RESPECTFUL ENVIRONMENT IS A KEY PRINCIPLE IN MANAGING RELATIONS WITH EMPLOYEES



No one should ever be subjected to discrimination or mistreatment in the workplace, and to ensure that these fundamental rights are respected, the company has a **whistleblowing channel**, in accordance with the organisational model under Legislative Decree 231/2001 (MOG231).

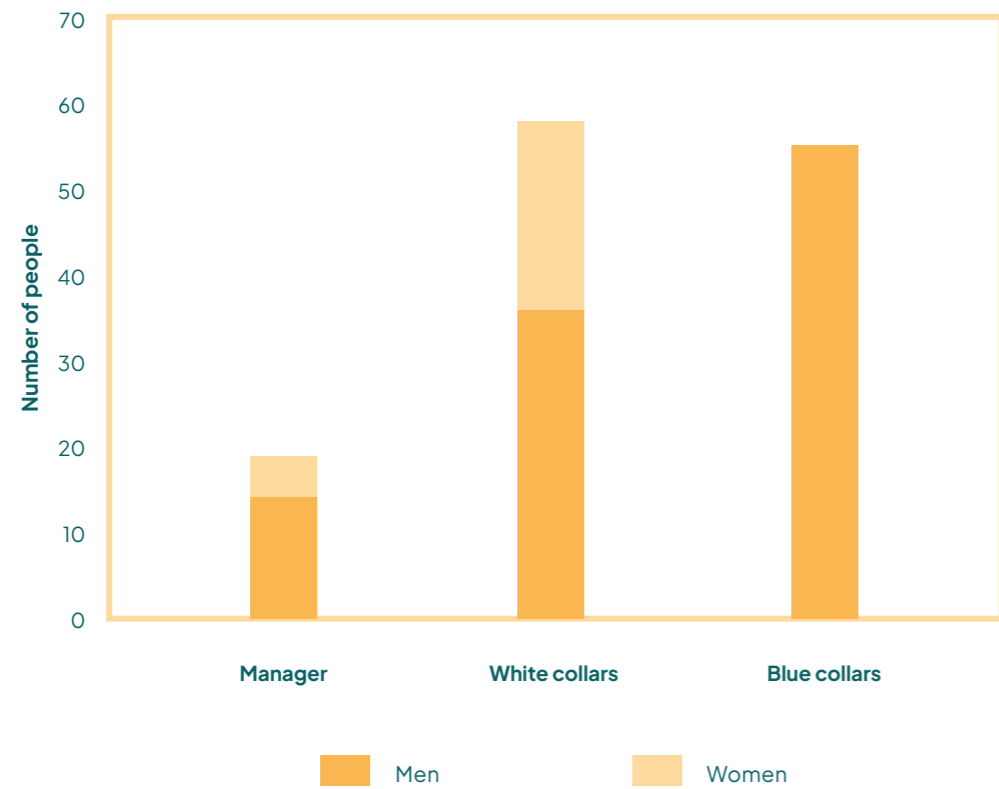
No reports of discrimination were received in 2023, a sign of the success of the company's ongoing efforts to maintain a safe, inclusive, and respectful working environment for all employees. The company will continue to be vigilant, ensuring that every team member feels valued and respected, regardless of their background, gender, age, or any other personal characteristic.

Almost all the employees are Italians and mostly from the Valle Camonica area or the province of Brescia.

Forge Monchieri is particularly keen on protecting gender differences and is actively committed to ensuring that men and women are treated fairly and have equal opportunities for career advancement and acquiring new skills. Women employees are distributed at various levels of the company structure, occupying both clerical and also managerial positions. The only contractual classification in which women are not found is the blue-collar category; however, this figure is in line with the sector and the characteristics of work at national level.



## DISTRIBUTION BY JOB POSITION AND GENDER



The commitment to gender equality reflects the effort to eliminate the Gender Pay, guaranteeing fair and non-discriminatory pay and equal opportunities for promotion and career development. The company's commitment in this direction has so far been successful: there are no significant differences in pay for both managerial and

lower positions; this is particularly positive compared to the national benchmark in the private sector, where the pay gap is around 30% on average<sup>3</sup>.

<sup>3</sup> Calculation made with data taken from: Osservatorio sui lavoratori dipendenti del settore privato (Osservatori statistici INPS), November 2023, <https://servizi2.inps.it/servizi/osservatoristatistici/api/getAllegato/?idAllegato=1043> (page 3).

Specifically, in the managerial category, the pay gap is even in favour of women, for whom the average pay is 141% of that of men. Even when dividing the aggregate value between middle managers and executives, both categories follow this trend: female executives are paid, on average, 34% more than their male counterparts, and female middle managers 14% more. Among white-collar workers, however, the gross average remuneration of women is 94% of that of men, with a gap of about 6%.

The weighted average figure (excluding blue-collar workers who are exclusively male workers)

shows an absence of pay gap, confirming the company's attention to the issue of valuing its employees for their experience and skill.

To reiterate this perspective of equality and equal opportunities, in the coming years the company intends to adopt further policies and tools aimed at guaranteeing fair treatment of gender differences. In particular, Forge Monchieri aims to obtain the **Women-Owned Company Certification**.

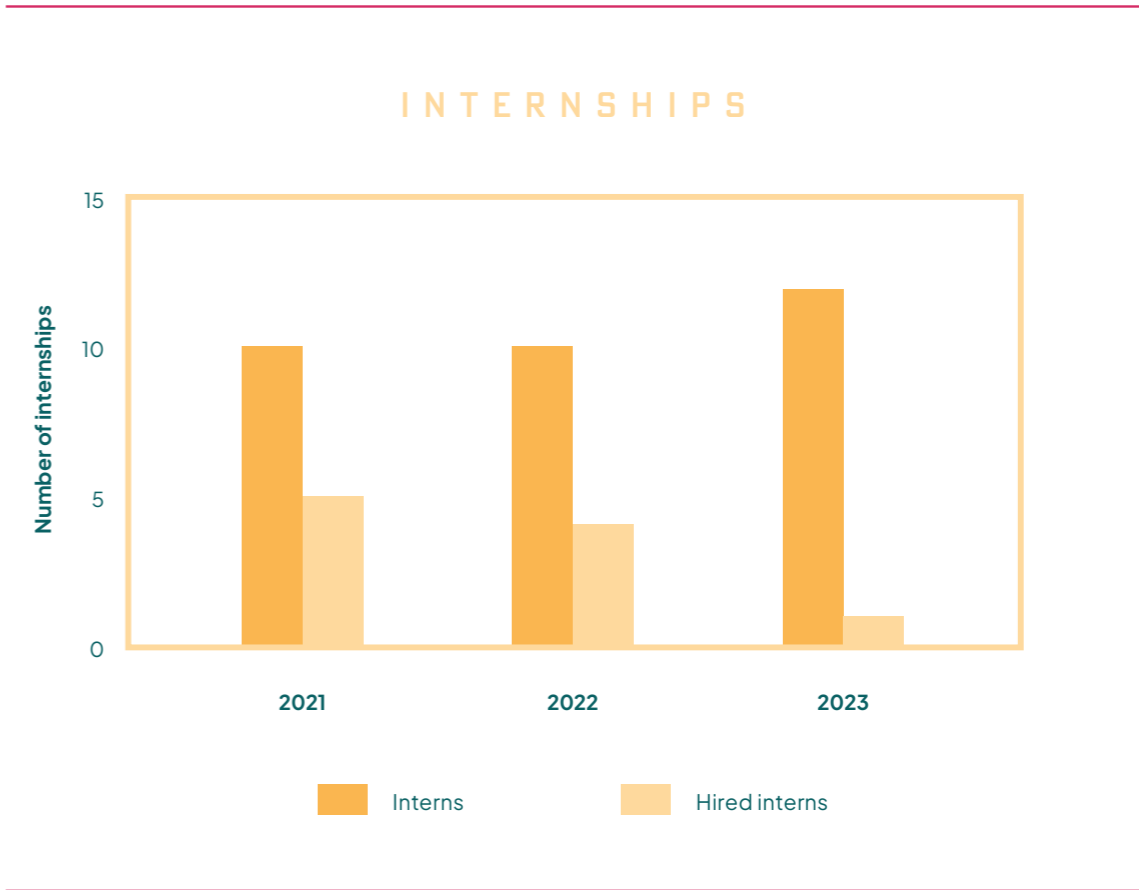


DIVERSITY AND INCLUSION	
AS IS	TO BE
Great results on Gender Pay Gap, with a slight gap only in the category of white collars (6%)	Women-Owned Company Certification

4.5

# CREATION OF VALUE FOR THE COMMUNITY

AS IT HAS BEEN THE CASE FOR A FEW YEARS NOW, PARTNERSHIPS WITH SCHOOLS AND UNIVERSITIES WERE INITIATED IN 2023



The interns were able to gain work experience by directly confronting the various internal tasks and skills. This way, the young students were able to enrich their skills and knowledge, within a company that has been rooted in the territory for many decades but, at the same time, is dynamic and future-oriented.

The overall number of interns increased in 2023; however, compared to previous years, most of the students (7 out of 12)

were hired through school projects with secondary education institutions. This certainly contributed to the decrease in the recruitment rate of interns, which dropped to 8% from 40% in 2022.

Regardless of the changes in numbers, the company is proud to continue supporting education and innovation, offering students the opportunity to grow and learn in a dynamic and challenging work environment. For this reason, it intends to continue promoting these partnerships, aware of the value they bring both to the students and to the company itself.

To further foster the integration of young generations into the world of work, in 2023 Forge Monchieri joined Confindustria's 'SME DAY' initiative, welcoming some students from the Giuseppe Zanardelli Provincial Training Centre.

Furthermore, in order to create **value to the community** in which it operates, every year part of its turnover is allocated to **solidarity works and charitable donations**. Over the years, numerous

projects have been promoted, such as support for the development of a bilingual state school at the Comprehensive School of Pisogne (BS), donations to the local Healthcare Fund (i.e. Fondo Ospedali e Sanità di Vallecamonica) and to local associations such as RicerChiAmo (NGO for scientific research on neoplasms of the digestive system), Cooperativa Sociale Arcobaleno (non-profit organization for services to fragile persons such as the disabled, the elderly, minors and families in difficulty), and Polisportiva Disabili Vallecamonica (a multi-sports centre for disabled people), with particular support to the Paralympic athlete Cristian Toninelli.

Specifically, in 2023, Forge Monchieri invested more than € 150,000 in sponsorships to local multi-sports clubs, donations to the Vallecamonica **health system** and the construction of a **pump track** to encourage the spread of this sport among young people in the area.



CREATION OF VALUE FOR THE COMMUNITY	
AS IS	TO BE
Partnerships with schools and universities to start internships and thesis projects	Widen the partnerships with schools and universities
Donations to the local community (associations, sports centres, and multi-sports clubs for disabled people)	Keep supporting initiatives and associations already sustained and identify new initiatives and associations to support



## GOVERNANCE

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- 5.1 Strategic management
  - 5.2 Economic performance
  - 5.3 Customer satisfaction
  - 5.4 Cybersecurity and data protection
  - 5.5 Supply chain
- 



# FORGE MONCHIERI HAS DEVELOPED A SOLID CORPORATE MANAGEMENT

OVER HALF A CENTURY OF  
BUSINESS, INSPIRED BY VALUES  
OF INNOVATION, SHARING,  
PROFESSIONALISM AND QUALITY



Deeply rooted in the territory, the company has always chased its goals respecting people and the environment.

To ensure the best management levels, Forge Monchieri has implemented and certified several **Management Systems** over the years, in the areas of Quality (ISO 9001), Health and Safety (ISO 45001), Environment (ISO 14001) and Energy (ISO 50001). These systems are supported by the Organizational Model implemented according to the Legislative Decree 231/2001 (MOG231), which includes the creation of a **whistleblowing** channel and of a dedicated Supervisory Body.

Moreover, in 2022 the company published its **Code of Ethics** and a **Corporate Social and Ethical Responsibility Policy**.



# HIGHLIGHTS OF THE GOVERNANCE

## 40%

women in the Board of Directors, including the Chief Executive Officer



ABOUT

## 90 MLN

of euros of turnover



## 14 CERTIFICATIONS

among which 4 ISO-certified management systems (9001:2015, 14001:2015, 45001:2018, 50001:2018)



### 5.1

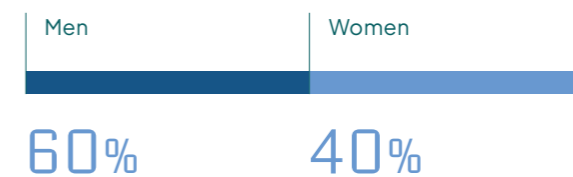
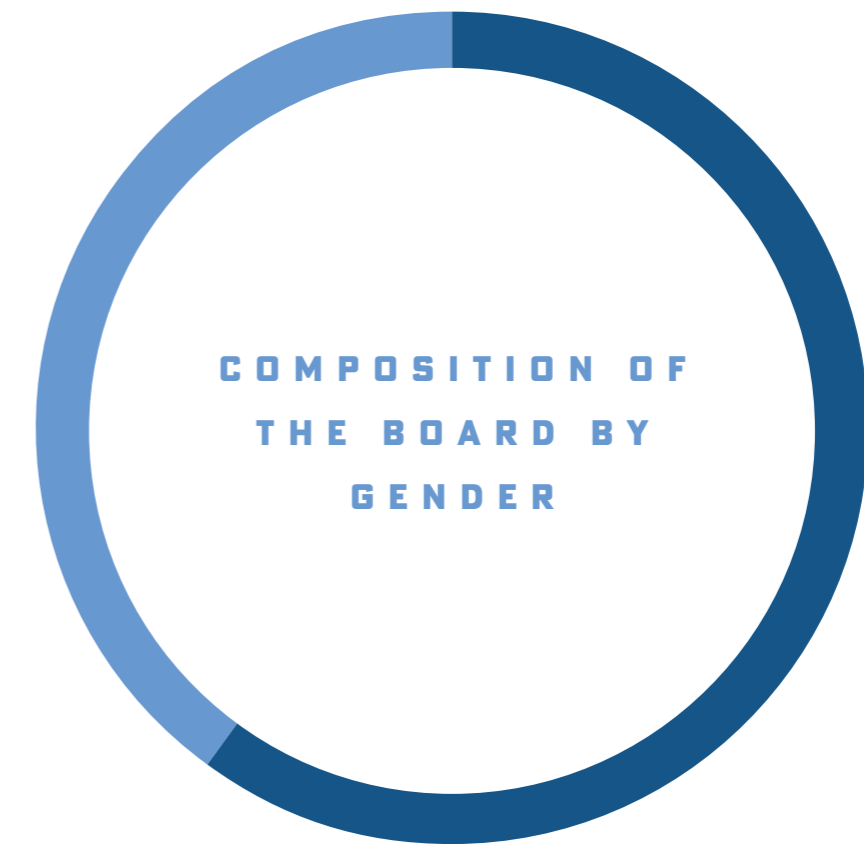
## STRATEGIC MANAGEMENT

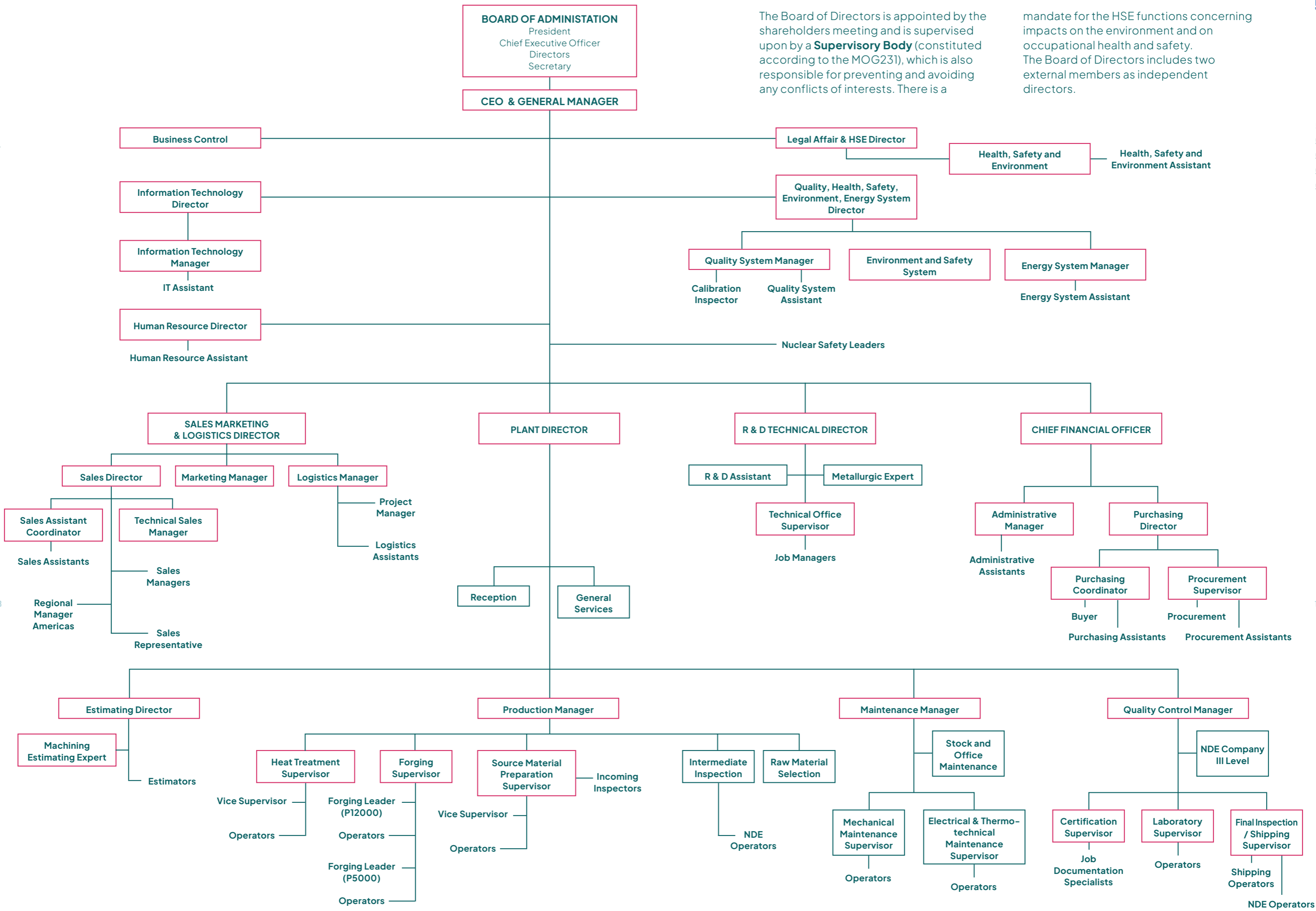


**FORGE MONCHIERI' S BOARD OF DIRECTORS IS COMPOSED OF 5 MEMBERS THAT ARE APPOINTED AND SELECTED BY THE SHAREHOLDERS MEETING**



Two of the members are women (including the Chief Executive Officer Gaia Monchieri), the other three are men. 40% of the Board is aged between 30 and 50 years old, while 60% of the members are over 51 years old.





The Board of Directors is appointed by the shareholders meeting and is supervised upon by a **Supervisory Body** (constituted according to the MOG231), which is also responsible for preventing and avoiding any conflicts of interests. There is a

mandate for the HSE functions concerning impacts on the environment and on occupational health and safety. The Board of Directors includes two external members as independent directors.

The **sustainability path** undertaken by Forge Monchieri was deeply driven by its ownership, who **monitored and approved** the different steps of drafting and publishing the final document. The company is gradually integrating sustainability topics into the corporate strategy, sharing this attention with the staff through **awareness-raising actions** (such as the video-clips on carbon footprint and water consumption, described in the social chapter of this Report, in the section "job satisfaction and employee turnover").

However, the interest in ESG is not recent at Forge Monchieri. Over the years the organization has implemented several

tools to ensure high ethical standards and optimal internal management, in terms of governance, environment and energy, health and safety. These tools include the ISO certified management systems, but also initiatives such as compliance with the WHP program, energy efficiency measures and the adoption of a Code of Ethics (with an associated Social Responsibility and Ethics Policy) and of an Organisation, Management and Control Model (MOG231).

### 5.1.1

## CODE OF ETHICS

In February 2022, Forge Monchieri published a Code of Ethics, a document that formalizes the values the company buys-in and considers rooted in the organization. The Code is divided into three sections: general principles, criteria of conduct in internal and external relations and methods of implementation. The first section sets out the reference values that the company pursues in its

relations with its stakeholders; the second section, on the other hand, outlines the expected conduct towards shareholders, employees and partners, clients, suppliers and the community. Finally, the third section describes the implementation and control mechanisms of the Code, defining the responsibilities of the Supervisory Board and the methods of distribution of the document.

## CORPORATE SOCIAL AND ETHICAL RESPONSIBILITY POLICY

With the Code of Ethics, in 2022 the company drafted a Social and Ethical Responsibility Policy, pursuing goals of sound economic management while reconciling them with the respect for individuals and the environment, reaffirming the principles of the Code of Ethics.

### 5.1.2

## TRADE ASSOCIATIONS

**CONFINDUSTRIA BRESCIA:** One of the oldest industrial associations in Italy, it represents and safeguards entrepreneurs and enterprises from the territory of Brescia, offering an integrated system of relations with local stakeholders.



**FEDERACCIAI:** Federation of Italian Iron and Steel Enterprises, its main goal is to promote all the economic, financial, technical, and scientific initiatives that might benefit the Italian iron and steel industry.



**ASSOCAMUNA:** Association of Representation of the Enterprises in the Camonica Valley, it represents local entrepreneurial world, contributing to the economic and social development of the territory through the growth of the different companies and the several services offered.



**ASSOCIAZIONI ITALIANA METALLURGIA (AIM):** Cultural organisation dedicated to the dissemination of science and technology of metallic materials and other engineering materials and to the promotion of meetings between manufacturers, users, and researchers.



**ASSOCIAZIONE ITALIANA PRESSURE EQUIPMENT (AIPE):** Entrepreneurial association representing Italian manufacturers operating in the Pressure Equipment industry and its satellite activities.



**ASSOCIAZIONE ITALIANA NUCLEARE (AIN):** Technical-scientific association that represents all the competence centres existing in Italy in the field of nuclear energy and technologies.







■ 5.1.3

**MOG 231**

Forge Monchieri has adopted the Organisation, Management and Control Model (MOG) in accordance with the Legislative Decree 231/2001, establishing a series of general and operational rules whose observance wakens and avoids potential unlawful, improper, or irregular conduct. In connection with the adoption of the MOG, the company identified and mapped corporate risks through a careful analysis of its activities, decision-making processes, and documentation, as well

as through interviews with the various corporate structures.

The company has also appointed a **Supervisory and Control Body**, which is responsible for monitoring the Company's operations and compliance with the Organizational Model and the Code of Ethics. This Body is also responsible for updating and making any changes to the organization model itself.

■ 5.1.4

**CERTIFICATIONS**

Forge Monchieri implemented specific Management Systems to monitor its processes and activities in order to guarantee the Health and Safety of workers, to protect the Environment, to monitor Energy consumptions and savings and to control the Quality of the services and products supplied.



Forge Monchieri obtained the following certifications on management systems:

**ISO 9001:2015**

Quality Management System

**ISO 14001:2015**

Environmental Management System

**ISO 45001:2018**

Occupational Health and Safety Management System

**ISO 50001:2018**

Energy Management System

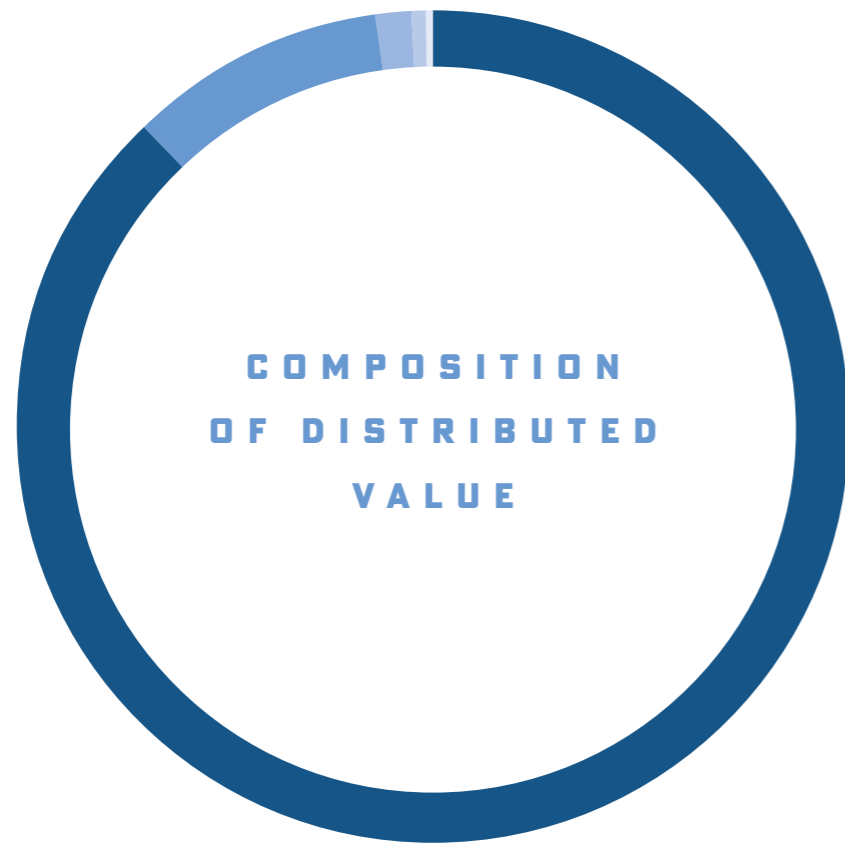
STRATEGIC MANAGEMENT	
ASIS	TO BE
Integrating sustainability in the corporate strategies, starting off a sustainability path and raising awareness among the employees	Carry on the undertaken path through improvement actions, constant monitoring, and communication

5.2

# ECONOMIC PERFORMANCE



IN 2023, FORGE MONCHIERI CREATED A VALUE OF APPROXIMATELY €84,000,000, OF WHICH 95% WAS DISTRIBUTED



Operating costs	Employee wages and benefits	Interests on loans and other forms of debt	Payments to P.A.	Investments for the community
87.93%	9.98%	1.38%	0.55%	0.16%

Although the revenue increased compared to 2022 (+22%), the generated value decreased by 8% due to the reduction of semi-finished products. The retained value was higher than the previous year due to the reduction in operating costs and the management decision of not to distribute dividends.

Within the distributed value, the largest item (88%) is operating costs, which are largely related to the purchase of materials, packaging and energy sources. Another important part is the staff remuneration (10%), while the remaining items have lower values. Finally, with

regard to investments for the community, more significant sums were invested than in previous years: in fact, a total of about €150,000 was addressed to charity organizations.

ECONOMIC PERFORMANCE	
ASIS	TO BE
Around €80 million of distributed economic value	> €80 million of distributed economic value
More than €150,000 € of investments for the community	> €100,000 € of investments for the community

5.3

# CUSTOMER SATISFACTION

FORGE MONCHIERI IS FOCUSED ON OBTAINING HIGH STANDARDS IN CUSTOMER SATISFACTION, SINCE THEY ARE CERTAINLY ITS MAIN STAKEHOLDER



According to the company vision, relationship with customers must always be characterised by maximum professionalism and competence. For this reason, and also thanks to the management system implemented and certified according to ISO 9001, the quality of the products and services offered is constantly monitored and improved.

Through a structured sales network covering the main hubs of international markets, Forge Monchieri is close to its customers, guaranteeing a high level of pre- and post-sales service.

The sales organisation includes key figures for effective customer and business

management such as: project manager, key account manager, global key account manager and local sales representative.

Furthermore, the company is constantly striving to maintain very high levels of on-time delivery, certain that delays of even a few days can cause significant problems to the customers.

In 2023, the customer perception for quality of product was monitored by specific indicators that consider any problem reported after the sale. The data show an improvement compared to 2022, confirming the excellent performance for the organization.

In addition to this assessment, which is mainly related to quality management, Forge Monchieri also monitors the perception of its customers by sending out evaluation questionnaires. From the answers received, the company tracks its Customer Satisfaction Index. From 2021

to date, the satisfaction level has always been high and some precious suggestions for improvement have been collected through the questionnaires.

5.3.1

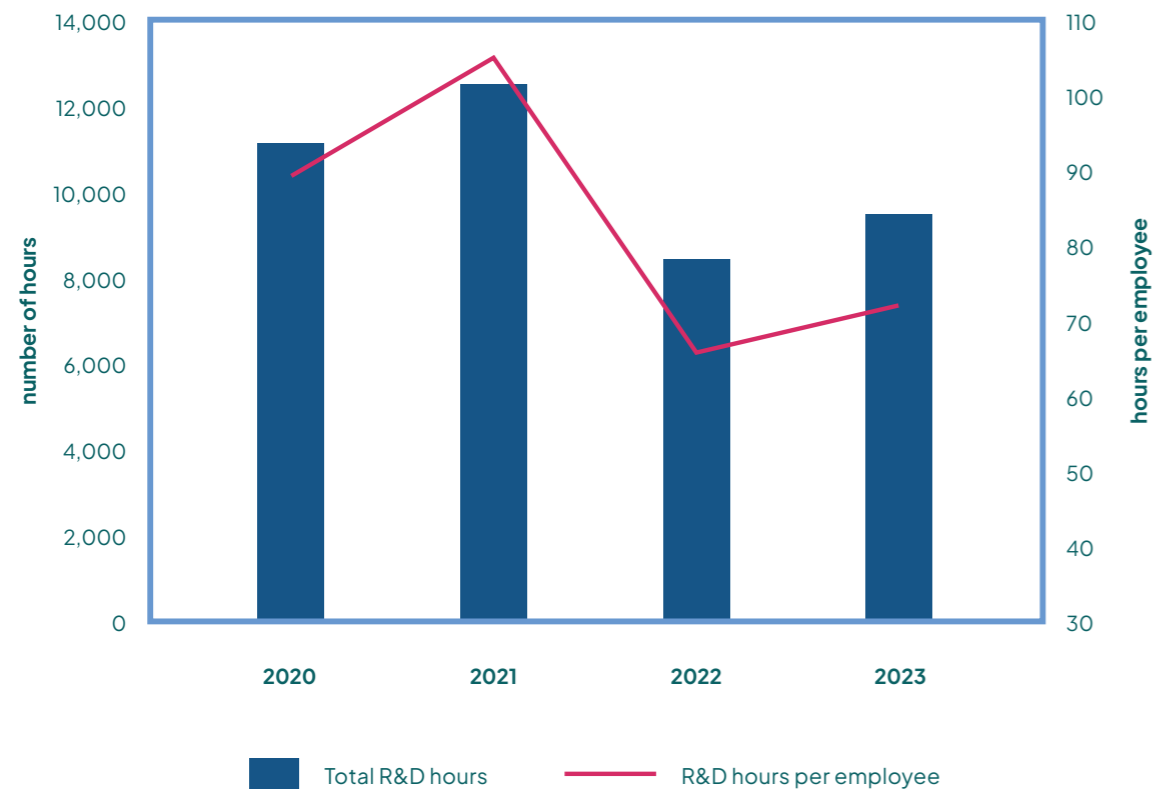
## RESEARCH AND DEVELOPMENT

Forge Monchieri has a Research and Development department that ensures continuous support in the implementation of new projects and products. The team is constantly in contact with clients to create technical partnerships aimed at satisfying their needs. This goal is achieved through a strong collaboration with Universities, Research Centres, specialized consultants and simulation Softwares.

In 2023, the company invested a total of 9,485 hours in these activities, which corresponds to approximately 72 hours per employee. Although this figure is lower than the peak of 12,517 hours reached in 2021, it is up from the previous year, when 8,445 hours were dedicated to R&D (66 per employee).

Although the trend is calculated on the total number of employees as of December 31st, it is also relevant to specify how many employees actually devote their working hours to research and development activities. In the case of Forge Monchieri, this was 16 persons in 2023, or 12% of the total workforce.

### HOURS SPENT FOR RESEARCH AND DEVELOPMENT (R&D)



CUSTOMER SATISFACTION	
ASIS	TO BE
Hours spent for R&D/total employees: 71.9	Hours spent for R&D/total employees > 70



■ 5.4

# CYBERSECURITY AND DATA PROTECTION



ALTHOUGH IN THE LAST FEW YEARS FORGE MONCHIERI HAS NEVER HAD ANY PROBLEMS RELATED TO THE LOSS OR MISUSE OF THE DATA AVAILABLE TO THE COMPANY, IT IS EXPOSED, LIKE ANY OTHER ORGANIZATION, TO THE RISK OF CYBER-ATTACKS AND DATA BREACHES



In order to contrast the main risk factors, namely the technical obsolescence of IT security systems and the users' lack of cybersecurity training, Forge Monchieri is promoting a major **upgrade** of its IT systems.

Specifically, during 2023, both a new FortiGate corporate **firewall** and a new **VPN** with multi-factor authentication (MFA) were launched. In addition, a process to separate of corporate VLANs has begun and will be completed during 2024.

Other actions are also planned for 2024, such as the implementation of a new latest-generation antivirus and the creation of two new backups, one located in the company's server room and isolated from the network (thus inaccessible to attacks) and the other located in a different geographical area. All of these measures will be supported by continuous **training and awareness-raising** of users on cybersecurity issues.

CYBERSECURITY AND DATA PROTECTION	
AS IS	TO BE
New Firewall and VPN	New antivirus and backups
Starting the process of separating corporate VLANs	Completing the process of separating corporate VLANs

5.5

# SUPPLY CHAIN



FORGE MONCHIERI IS AWARE OF THE IMPORTANT ROLE OF SUSTAINABILITY, NOT ONLY WITHIN ITS OWN REALITY BUT ALSO ALONG ITS SUPPLY CHAIN



Forge Monchieri is aware of the important role of sustainability, not only within its own reality but also along its supply chain. In addition to evaluating its suppliers in terms of quality, service, on-time delivery and financial solidity, the company has taken steps to try to gather information on its supply chain and, within the limits of its possibilities, to promote initiatives to ensure that suppliers reduce and mitigate their negative impacts on the environment and people, while increasing their positive effects. At the present time, the company's Code of Ethics is also addressed to suppliers but is not binding;

however, the company is planning to issue a dedicated **Code of Conduct**, that suppliers will be required to sign, ensuring their alignment with the company's values.

Furthermore, to promote an ever-increasing sustainability of its supply chain, during 2024 Forge Monchieri sent its suppliers a **questionnaire** with the aim of investigating the adoption of policies and the measurement of some key indicators related to environmental, social and governance issues.

Specifically, the intention was to investigate the tools introduced to pursue sustainability objectives (such as inclusion policies, decarbonisation or energy efficiency plans, management systems and non-financial reporting) and to check the availability of some data on employee welfare (e.g. turnover) and environmental performance (e.g. carbon footprint).

In 2024, the company also plans to formulate a **Supplier Evaluation Policy** that includes ESG criteria, to ensure a procurement based on well-defined environmental and social standards.



SUPPLY CHAIN	
AS IS	TO BE
Code of Ethics that also addresses suppliers (but it is not binding)	Questionnaires and policy for the selection of suppliers Code of Conduct for suppliers



GRI  
CONTENT  
INDEX

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For each material topic identified, the correlation with the main international reference standards for sustainability reporting, the so-called GRI (*Global Reporting Initiative*), is presented below.

There are no GRI sector standards relevant to Forge Monchieri's activity.

<b>STATEMENT OF USE</b>	Forge Monchieri S.p.A. has reported the information cited in this GRI content index for the period 01.01.2023 - 31.12.2023 with reference to the GRI Standards
<b>GRI USED</b>	GRI1 - Foundation - 2021 version

<b>GRI 2 - GENERAL DISCLOSURES 2021</b>		
<b>GRI STANDARDS</b>	<b>DISCLOSURE</b>	<b>REFERENCE PARAGRAPH</b>
<b>The organization and its reporting practices</b>		
	2-1 Organizational details	Methodological note
	2-2 Entities included in the organization's sustainability reporting	Methodological note
	2-3 Reporting period, frequency and contact point	Methodological note
	2-4 Restatements of information	Any variations are indicated in the text
	2-5 External assurance	-
<b>Activities and employees</b>		
	2-6 Activities, value chain and other business relationships	Forge Monchieri

	2-7 Employees	Job satisfaction and employee turnover
	2-8 Workers who are not employees	Job satisfaction and employee turnover
<b>Governance</b>		
	2-9 Governance structure and composition	Strategic management
	2-10 Nomination and selection of the highest governance body	Strategic management
	2-11 Chair of the highest governance body	Chief Executive Officer's statement
	2-13 Delegation of responsibility for managing impacts	Strategic management
	2-14 Role of the highest governance body in sustainability reporting	Strategic management
<b>Strategies, policies and practices</b>		
	2-22 Statement on sustainable development strategy	Chief Executive Officer's statement / Sustainability strategy
	2-25 Processes to remediate negative impacts	Generated and suffered impacts
<b>Stakeholder engagement</b>		
	2-29 Approach to stakeholder engagement	Material matters and materiality assessment
<b>GRI 3 - MATERIAL TOPICS - 2021 VERSION</b>		
GRI 3 - Material Topics - 2021 version	3-1 Process to determine material topics	Material matters and materiality assessment
	3-2 List of material topics	Material matters and materiality assessment
	3-3 Management of material topics	Material matters and materiality assessment



Disclosure	Reference paragraph
<b>TOPIC STANDARD – ECONOMIC PERFORMANCE</b>	
201-1 Direct economic value generated and distributed	Economic performance
205-1 Operation assessed for risks related to corruption	Strategic management
205-2 Communication and training about anticorruption policies and procedures	Job satisfaction and employee turnover
205-3 Confirmed incidents of corruption and actions taken	No episode was registered
206-1 Legal actions for anti-competitive behavior, antitrust, and monopoly practices	No legal action was registered
<b>TOPIC STANDARD – ENVIRONMENTAL PERFORMANCE</b>	
301-1 Materials used by weight or volume	Materials
301-2 Recycled input materials used	Materials
301-3 Reclaimed products and their packaging materials	Materials
302-1 Energy consumption within the organization	Energy and energy efficiency
302-2 Energy consumption outside of the organization	Energy and energy efficiency
302-3 Energy intensity	Energy and energy efficiency
302-4 Reduction of energy consumption	Energy and energy efficiency
302-5 Reduction in energy requirements of products and services	Energy and energy efficiency
303-2 Management of water discharge-related impacts	Water resources

303-3 Water withdrawal	Water resources
303-5 Water consumption	Water resources
305-1 Direct (Scope 1) GHG emissions	GHG emissions
305-2 Energy indirect (Scope 2) GHG emissions	GHG emissions
305-3 Other indirect (Scope 3) GHG emissions	GHG emissions
305-4 GHG emissions intensity	GHG emissions
305-5 Reduction of GHG emissions	GHG emissions
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	GHG emissions
306-1 Waste generation and significant waste-related impacts	Waste management
306-2 Management of significant waste-related impacts	Waste management
306-3 Waste generated	Waste management
306-4 Waste diverted from disposal	Waste management
306-5 Waste directed to disposal	Waste management
307-1 Non-compliance with environmental laws and regulations	No episode of non-compliance was registered
<b>TOPIC STANDARD – SOCIAL PERFORMANCE</b>	
401-1 New employee hires and employee turnover	Job satisfaction and employee turnover
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Corporate well-being
401-3 Parental leave	Corporate well-being
403-1 Occupational health and safety management system	Occupational health and safety

403-2 Hazard identification, risk assessment, and incident investigation	Occupational health and safety
403-5 Worker training on occupational health and safety	Job satisfaction and employee turnover
403-6 Promotion of worker health	Corporate well-being
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health and safety
403-8 Workers covered by an occupational health and safety management system	Occupational health and safety
403-9 Work-related injuries	Occupational health and safety
404-1 Average hours of training per year per employee	Job satisfaction and employee turnover
405-1 Diversity of governance bodies and employees	Diversity and inclusion / Strategic management
405-2 Ratio of basic salary and remuneration of women to men	Diversity and inclusion
406-1 Incidents of discrimination and corrective actions taken	Diversity and inclusion
413-1 Operations with local community engagement, impact assessments, and development programs	Creation of value for the community
413-2 Operations with significant actual and potential negative impacts on local communities	Creation of value for the community
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Cybersecurity e data protection



# APPENDIX

## IMPACT ANALYSIS

Hereafter it is explained the methodology used for the analysis and evaluation of the generated and suffered impacts, that were presented in the second chapter of this Sustainability Report.

At first, Forge Monchieri studied its **generated impacts**, dividing them into **actual** and **potential, positive** and **negative**. As required by the CSRD, the level of causality was also analysed: although most of the described effects were **directly caused** by the company, some of the identified impacts were **“contributed to cause”** (when Forge Monchieri is not the only responsible entity) or **“business-related”** (when they happened along the upstream or downstream value chain but were not due to the company’s business).

To evaluate the significance of each impact, Forge Monchieri assigned numerical values on a 1-to-4 scale to the criteria required by the Directive. Therefore, **actual** impacts were only assessed by their **severity**, which is the average of three different variables: **scope** (i.e. the seriousness of the damage or the relevance of the benefit), **scale** (i.e. the extent of the impact) and, for the negative ones, **irremediable character** (i.e. the possibility of restoring the previous situation). **Potential** impacts, instead, resulted from the product of **severity** (always calculated from the three criteria just mentioned) and **likelihood** of the event.

In addition, **suffered impacts** were also analysed, identifying those financial risks

and opportunities that are not necessarily under the company’s control or influence and that Forge Monchieri might be exposed to during its business. These aspects are evaluated by their **potential magnitude** (which is a single numerical value, not divided in the factors of scale, scope and irremediability) and by their **likelihood**. Here too, a 1-to-4 scale was used.

The numerical values were then normalized in order to effectively compare the relevance of each impact on Forge Monchieri’s business. In fact, the conversion into percentages allowed to present the result through bar charts, which are in the second chapter of the Report.

The following tables show, for each impact (correlated to the relevant material topic), the values attributed to the CSRD criteria. Through the steps just described, the impacts were then prioritized according to these values (as shown by the bar charts in the relevant chapter).

ACTUAL NEGATIVE IMPACTS					
Topic	Impact	Causality	SEVERITY		
			Scope	Scale	Irremediable Character
GHG emissions	Contribution to emissions	Directly caused	3	1	1
Energy efficiency	Lower energy efficiency	Directly caused	4	3	3
Job satisfaction and employee turnover	Lack of job satisfaction monitoring	Directly caused	3	2	2

POTENTIAL NEGATIVE IMPACTS						
Topic	Impact	Causality	SEVERITY			Likelihood
			Scope	Scale	Irremediable Character	
GHG emissions	Road transport	Contributed to cause	4	3	4	1
Materials	Increase in the variety and quantity of packaging	Directly caused	3	3	2	3
Materials	Potential impacts caused by indirect suppliers	Business-related	1	1	1	1
Energy efficiency	High energy consumption	Contributed to cause	3	2	4	2
Water Resources	Water pollution	Directly caused	1	1	3	1
Occupational Health and Safety	Risk of work accidents	Directly caused	4	4	3	1

Job satisfaction and employee turnover	Limits in professional and personal development	Directly caused	2	2	3	2
Customer satisfaction	Delays in deliveries	Contributed to cause	4	3	3	3
Supply chain	Safety and environmental impact among suppliers	Business-related	3	2	3	3

Creation of value for the community	Donations to local organizations and associations	Directly caused	3	3
Strategic management	Sustainability strategy	Directly caused	2	2

ACTUAL POSITIVE IMPACTS					
Topic	Impact	Causality	SEVERITY		Likelihood
			Scope	Scale	
GHG emissions	Self-production of renewable energy	Directly caused	2	2	
Energy efficiency	Energy efficiency measures	Directly caused	4	3	
Land use	Upgrading of industrial land	Directly caused	4	2	
Occupational Health and Safety	Spreading awareness on health and safety	Directly caused	3	1	
Corporate well-being	Welfare platform	Directly caused	2	2	
Corporate well-being	Work-life balance	Directly caused	2	3	
Job satisfaction and employee turnover	Induction plan for new recruits	Directly caused	2	2	

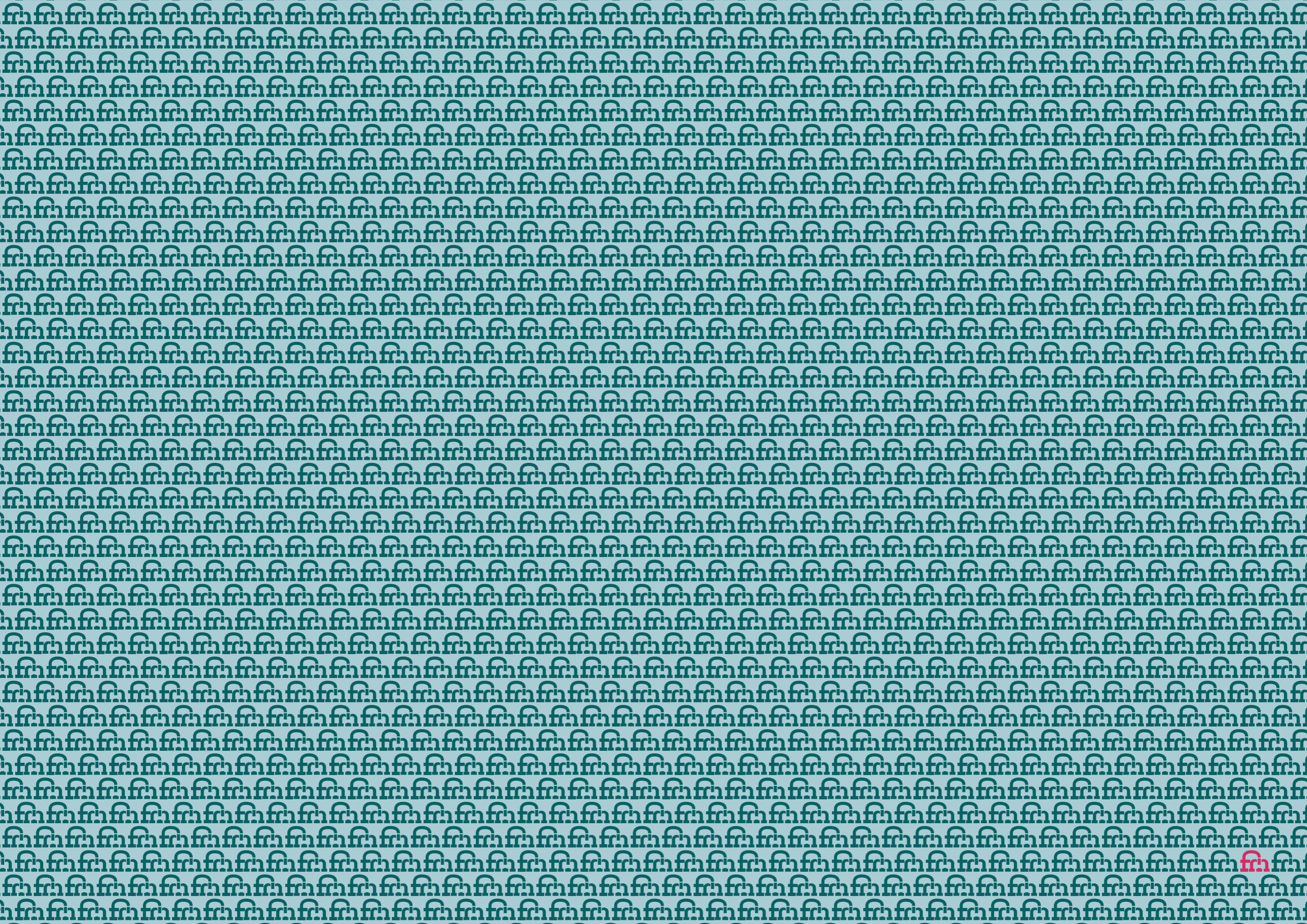
POTENTIAL POSITIVE IMPACTS					
Topic	Impact	Causality	SEVERITY		Likelihood
			Scope	Scale	
GHG emissions	Alternative energy sources and more efficient technologies	Directly caused	3	4	1
Materials	Recycled or recovered packaging and material	Directly caused	3	3	1
Materials	Reducing production waste	Directly caused	3	2	2
Waste management	Waste reduction through recovery and reuse	Directly caused	3	2	3
Water Resources	Reducing water consumption	Directly caused	1	1	1
Corporate well-being	Health assistance and specialist visits	Directly caused	2	2	3
Corporate well-being	WHP - workforce wellness	Directly caused	3	3	4

Diversity and inclusion	Gender pay gap	Directly caused	3	2	2
Creation of value for the community	Partnerships with schools and universities	Directly caused	2	2	4
Customer satisfaction	Quality of products and services	Directly caused	3	3	2
Supply chain	Sustainability of the supply chain	Contributed to cause	2	2	4

**FINANCIAL RISKS AND OPPORTUNITIES**

Topic	Subject	Risk/ Opportunity	Potential magnitude	Likelihood
GHG emissions	EU-ETS system	R	4	4
Job satisfaction and employee turnover	Voluntary employee turnover	R	3	3
Economic performance	Costs of quality and services	R	4	3
Sustainability of raw materials and products	Innovations	O	2	2
Cybersecurity and data protection	Cyber-attacks and data breach	R	4	3





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