

# PETROLVALVES S.p.A.

## Sustainability Policy

### Sustainability Policy Revisions

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## **1. SUMMARY AND PURPOSE**

This Sustainability Policy aims to communicate to both internal and external stakeholders the principles that guide PetroValves S.p.A. (hereinafter also referred to as “the Company”) in the responsible management of environmental, social, and governance (ESG) matters.

PetroValves S.p.A. recognizes the importance of sustainability as a crucial factor for the Company’s long-term success and for the well-being of future generations. This Sustainability Policy is centered on the commitment to operate responsibly from an environmental, social, and economic perspective, by integrating sustainable practices into all business operations.

## **2. SCOPE OF APPLICATION**

This Sustainability Policy applies to PetroValves S.p.A. and to the Companies it controls, in alignment with the Code of Ethics, the Organizational Model pursuant to Legislative Decree No. 231, and all other corporate policies. The Company encourages its suppliers to adopt the principles and provisions set out in this document, where applicable.

## **3. EXTERNAL REFERENCES**

- Legislative Decree 231 (2001)

## **4. INTERNAL REFERENCES**

- Code of Ethics
- Organizational and Management Model pursuant to Legislative Decree No. 231 of 2001
- Code of Conduct
- Human Rights Policy
- Whistleblowing Procedure
- Quality, Environment and Safety Policy
- ISO 9001:2015 Certification – Quality Management System
- ISO 14001:2015 Certification – Environmental Management System
- ISO 45001:2018 Certification – Occupational Health and Safety Management System

## 5. PRINCIPLES

This Sustainability Policy defines the principles that guide PetroValves S.p.A. in contributing—through its operations—to the creation of a sustainable development model in which both internal and external stakeholders can collaborate toward achieving the Company's long-term objectives.

The principles that have guided the drafting of this Policy and to which it is inspired are as follows:

- **Sustainable growth:** to actively contribute to the achievement of sustainable business growth, generating a positive impact on the various stakeholders involved along the value chain (such as, by way of example, employees, suppliers, customers, business partners, investors, lenders, local communities, national and supranational institutions, non-profit organizations, industry associations, press, and media). To this end, the Company has involved key corporate functions to initiate a strategic sustainability planning process, identifying the priority environmental, social, and governance objectives, the timelines for their achievement, and the related implementation actions.
- **People's well-being and protection:** in line with the Group's values—also summarized in the Quality, Environment, and Health & Safety Policy—PetroValves places the utmost importance on customer satisfaction and on the protection of health and safety. This commitment extends not only to customers but also to its employees, visitors/contractors, suppliers, and residents in the areas surrounding the Company.
- **Stakeholder Engagement:** to promote active engagement with PetroValves S.p.A.'s stakeholders in order to define a corporate sustainability strategy aligned with their expectations—while also serving as a tool to drive change and prevent negative impacts. Stakeholder identification not only lays the groundwork for establishing suitable methods of dialogue and listening with all interested parties, but it is also an integral part of the process of identifying and managing the most relevant sustainability issues for the Company. The ultimate goal is to take into account both the priorities and strategic choices of PetroValves S.p.A. and the external pressures. Stakeholders—understood as those who can influence or are significantly affected by the Company's decisions and actions—have been identified by considering the Company's structure, business activities, value chain, and network of relationships. In order to foster mutual trust, transparency, and cooperation, the Company is committed to maintaining active and ongoing dialogue with all stakeholders, recognizing the uniqueness of each stakeholder group and establishing engagement methods and communication channels tailored to their specific needs.
- **Transparency and disclosure:** a commitment to adequately communicating to stakeholders the importance that PetroValves S.p.A. assigns to various sustainability issues, as well as the actions taken in the environmental, social, and governance domains to generate a positive impact for all interested parties, including the most vulnerable groups. This also serves to continuously improve corporate

processes and reinforce mutual trust. Furthermore, the Company actively participates in industry initiatives aimed at building synergies and promoting shared solutions to social and climate-related challenges and ensures transparent and timely communication of any progress or activities that may positively affect its stakeholders.

In addition, PetrolValves has identified all negative impacts—actual or potential—that it or its subsidiaries may contribute to, either through direct operations or across the entire value chain. This mapping activity, carried out on a periodic basis, not only ensures transparency in disclosure, but also enables the timely identification of future actions that may be associated with negative consequences for any internal or external stakeholders, ensuring their effective prevention, mitigation, and resolution.

## 6. OBJECTIVES

Al fine di integrare nel modello di business i fattori di sostenibilità, PetrolValves S.p.A. si impegna a:

- defining and periodically updating a **medium-to-long-term strategy** aimed at generating value in the present without compromising the ability to create value in the future;
- continuously seeking **innovation** to effectively address the challenges PetrolValves S.p.A. must face in reducing its environmental and social impact;
- promoting **Stakeholder Engagement activities**, with the goal of incorporating expectations and demands related to sustainability into the decision-making processes and strategic objectives of PetrolValves S.p.A.;
- **measuring and reporting** its social and environmental performance;
- ensuring a transparent and **structured governance system**, capable of reflecting and formalizing the set of values the Company intends to promote, as well as being sufficiently robust to face future business challenges.

## 7. ENVIRONMENTAL COMMITMENT

PetrolValves S.p.A. guides its decisions to ensure compatibility between its operations and the respect and protection of the environment, contributing positively to the following environmental areas::

- **Emission reduction:** the Company is committed to periodically monitoring polluting emissions and greenhouse gas (GHG) emissions generated by its business activities, in order to progressively reduce them. Regarding polluting emissions, PetrolValves S.p.A. conducts annual atmospheric emission monitoring, exceeding the biennial frequency required by the simplified authorization regime. Currently, all generated pollutants remain below the thresholds set by applicable regulations; nonetheless, PetrolValves is continuously engaged in researching and developing advanced technologies aimed at

promoting efficient and low-pollution processes.

As for GHG emissions, the Company has collected the necessary data relating to direct (Scope 1) and indirect (Scope 2) emissions attributable to the parent company, PetrolValves S.p.A., in order to identify specific reduction targets, envisaged over five-year timeframes. These are in line with the regulatory objective of achieving climate neutrality by 2050, thereby adopting the Paris Agreement and contributing to limiting global warming to 1.5°C.

- **Energy efficiency:** PetrolValves promotes the efficient use of energy across all its operations – through the purchase, production, and consumption of renewable energy. Over the coming years, the Company will pursue a path aimed at progressively reducing its environmental impact through initiatives that increase the amount of renewable energy purchased, produced, and self-consumed. Regarding purchased energy, the Company will consider revising contracts with its current suppliers—who already enable PetrolValves to source nearly half of its energy from renewables—and/or establishing new relationships with suppliers that predominantly use certified renewable energy. At the same time, the Company will actively invest in upgrading, expanding, and enhancing its proprietary photovoltaic plant located in Castellanza. Future initiatives may also include the installation of solar panels at the Piacenza site, with the aim of meeting a significant portion of the company's energy needs and further reducing the consumption of non-renewable energy from the national power grid.
- **Waste management:** PetrolValves adopts waste management practices in compliance with applicable regulations, including the safe disposal of hazardous waste. In line with industry best practices, the predominant use of steel in valve manufacturing—which is durable and almost entirely recyclable—supports waste minimization and material reuse.
- **Resource management:** the predominant use of steel not only reduces waste but also supports responsible resource management throughout the input and output phases. Most of the materials purchased for production fall within the category of reusable components and come from secondary steelmaking. Moreover, the steel used in valves placed on the market—designed to last more than twenty years—is nearly 100% recyclable. These aspects are continuously monitored and improved through analysis of future opportunities related to resource reuse and efficiency projects, ensuring a responsible approach across the entire value chain.

This Sustainability Policy is fully integrated with the Company's Environmental Management System, certified in accordance with the UNI EN ISO 14001:2015 standard.

## 8. SOCIAL COMMITMENT

PetrolValves S.p.A. recognizes that maintaining and strengthening long-term relationships with its internal and external stakeholders is essential to the Company's success and to the creation of shared value. In this regard, the Company is committed to supporting the following social issues::

- **Human Rights protection and equal opportunity:** PetroValves promotes the protection of human rights by complying with applicable laws and aligning with international standards, such as the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The Company fosters diversity and inclusion in the workplace, starting with inclusive recruitment and hiring practices, and is committed to providing fair opportunities for employee growth and development, including in terms of remuneration. For further details on PetroValves' actions related to social protection, please refer to the Human Rights Policy ("corporate commitments" section), available on the Company's website and intranet.
- **Health and safety:** PetroValves ensures a safe and healthy working environment for all employees by complying with applicable regulations and implementing additional measures to promote the continuous improvement of working conditions. This includes the development of tailored training programs based on specific job roles and initiatives to safeguard employees' physical and mental well-being. In this respect, the present Sustainability Policy is integrated with PetroValves S.p.A.'s Corporate Management System in compliance with the requirements of the UNI EN ISO 45001:2018 standard for Occupational Health and Safety Management.
- **Community support:** the Company contributes to the development of local communities through corporate social responsibility initiatives, volunteer programs, and partnerships with non-profit organizations and universities. This commitment extends to communities located in foreign countries where the Group operates, which benefit from knowledge-sharing and local employment opportunities provided by PetroValves S.p.A. In addition to upholding the rights of the communities in which it operates—and conducting its activities with respect for local cultures, the environment, and natural resources—the Company places particular emphasis on supporting community-based projects and establishing supplemental social safeguards in areas where national legislation may be lacking. These efforts aim to enhance community well-being and uphold the right to a healthy environment, inclusive economic growth, and social participation for all employees of the Company and its subsidiaries.

## 9. SUSTAINABLE INNOVATION AND QUALITY

The Company recognizes sustainable innovation as a key driver to improve its environmental performance and contribute to a more sustainable future. This commitment is realized through various strategic initiatives aimed at integrating innovative and sustainable solutions in every aspect of the Company's operations. Specifically, we focus on two main areas:

- **Research and development:** PetroValves consistently invests in research and development with the objective of creating innovative products that not only enhance the operational efficiency of the Company but also reduce the overall environmental impact of both the Company's and its customers' activities. To this end, the Company develops technologies aimed at ensuring raw materials are as close

as possible to the finished product and minimizing the materials used and mechanical processing, thereby reducing waste generation upstream and promoting energy savings in production activities. In the near future, technological drivers will be leveraged to further optimize and rationalize the materials employed, in line with circular economy principles, and to initiate, in accordance with leading competitors, the production of low-emission valves. Moreover, continuous updating and alignment with best available practices are of utmost importance: PetrolValves actively participates in technical working groups at the national level, contributing to the development of environmental sustainability projects — including the creation of a hydrogen-based supply chain in Northern Italy.

- **Quality and durability:** PetrolValves supplies and refurbishes high-quality, durable products, acknowledging that product durability is a crucial factor for sustainability. Long-lasting products reduce the need for frequent replacements, thereby minimizing the environmental impact associated with the production and disposal of materials. The Company adheres to rigorous quality control standards, committing to maintaining the certification of its Quality Management System in compliance with UNI EN ISO 9001:2015 and ensuring that every product meets the highest performance and reliability criteria.

#### **10. RESPONSIBLE SUPPLY CHAIN MANAGEMENT**

One of the distinctive features of PetrolValves S.p.A. lies in its supply chain. In conducting its operations, the Company relies on a solid network of raw material and semi-finished product suppliers, selected through a structured assessment and qualification process. To this end, the Company has developed a specific questionnaire aimed at verifying, among other elements, the following aspects:

- **the presence of certified quality, environmental, and health and safety management systems and/or possession of other relevant certifications;**
- **the number of recorded health, safety, or environmental incidents;**
- **the existence of an Environmental Policy and a Health and Safety Policy;**
- **any sanctions imposed by public authorities concerning health, safety, or environmental matters;**
- **the provision of mandatory and voluntary training.**

As part of the Company's sustainability commitments, this questionnaire has been enhanced with a specific section focusing on human rights-related risk management. This section investigates whether suppliers have adopted policies and documentation to ensure proper protection of fundamental human rights (not only in terms of preventing child and forced labor but also in promoting safe employment, adequate working hours and remuneration, social dialogue and freedom of association, gender equality, diversity, and the right to privacy of information).

Furthermore, PetrolValves S.p.A. conducts a verification process for all new suppliers, which includes a



reputational screening (e.g., adverse media) and an assessment of financial reliability. The Company also uses specialized data provider databases that collect and manage supplier information. The verification process includes consulting public lists (e.g., EU Sanctions Map, United Nations Security Council Consolidated List) to ensure there are no matches, even partial, with any countries, entities, or individuals under international sanctions or included on blacklists.

These processes, aimed at continuous improvement and the ongoing strengthening and expansion of the Company's due diligence efforts, are subject to regular monitoring and integration. In this regard, the Company is actively working to include additional environmental aspects—such as GHG emissions monitoring, the implementation of energy efficiency measures, and the adoption of circular economy principles by suppliers—within its supplier verification, selection, and qualification procedure.

In addition to responsible supply chain management, PetrolValves places significant importance on the proper identification and selection of business opportunities, applying screening procedures—including reputational assessments—to all new potential clients.

## **11. ETHICS AND GOVERNANCE**

PetrolValves S.p.A. is committed to conducting its business activities in accordance with high ethical standards, firmly rejecting all forms of corruption and operating in compliance with applicable national and international labor protection laws and regulations.

In this regard, PetrolValves S.p.A. has adopted an Organizational, Management, and Control Model pursuant to Legislative Decree 231/01, along with its own Code of Ethics, which outlines the ethical principles and behavioral standards that all stakeholders are required to follow. These documents are made available through publication on the Company's website and intranet in the "Governance Model" section.

PetrolValves S.p.A. has also established a dedicated whistleblowing channel for reporting potential cases of corruption, discrimination, or other related irregularities. The management of this channel is entrusted to the Compliance and Internal Audit functions as well as the Supervisory Body (Organismo di Vigilanza), which ensures its effectiveness and integrity.

Furthermore, PetrolValves S.p.A. operates in the interest of the common good, ensuring that the direct and indirect impacts of its activities are socially responsible and aligned with a sustainability approach that encompasses environmental, economic, social, and governance dimensions.

## **12. SUSTAINABILITY GOVERNANCE**

PetrolValves S.p.A. has defined clear internal organizational responsibilities for ESG matters.

The governance of ESG responsibilities within the Company is shared among the following bodies and individuals:

### **Board of Directors**

- Defines the Company's ESG strategy and objectives;
- determines and approves this Policy and ensures its proper implementation;
- receives specific documents prepared by the Sustainability Committee, as well as internal reporting documents that integrate ESG factors, including those focused on monitoring and measuring the Company's performance against the ESG metrics identified as material.

### **Sustainability Committee**

- Is responsible for defining the contents of this Sustainability Policy; its appointment is made by the Board of Directors;
- coordinates the implementation and updating of the ESG strategy;
- ensures that the activities outlined in this Policy are aligned with the sustainability objectives of PetrolValves S.p.A. and, where appropriate, informs the Board of Directors;
- promotes periodic ESG-related training initiatives, in coordination with the HR & Communication function, aimed at corporate bodies and all personnel, to raise awareness on the topic;
- coordinates Double Materiality Assessment processes in line with applicable regulations;
- identifies and integrates ESG objectives into strategic planning, under the supervision of the Board of Directors and in collaboration with the ESG Working Group;
- ensures the integration of ESG risks (including climate and environmental risks) into all aspects of the business, monitoring their potential impacts on the Company's traditional risk profile;
- guarantees, through periodic or event-driven reporting, that the Board of Directors is informed about the status of ESG-related risks applicable to the Company;
- within its role, makes operational decisions for the execution of activities, including the proposal of methodological, organizational, and practical solutions. This includes coordination of Stakeholder Engagement activities for the Double Materiality Assessment;
- to prevent potential conflicts of interest, if the Sustainability Committee – which is diverse in terms of skills and functions – includes one of the heads of the Control Functions, any verification or audit activities relating to sustainability topics and/or overlapping with the Committee's areas of responsibility shall be delegated to professionals external to the Company.

### **Compliance**

- Supports the company departments within its area of responsibility (e.g., preparation of ESG disclosures required by applicable regulations).

### ESG Working Group

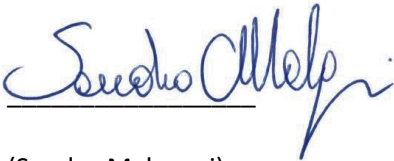
- Collaborates with the Sustainability Committee in integrating ESG factors into all aspects of the business. Specifically, the ESG Working Group is assigned tasks and responsibilities including the development and implementation of ESG strategies and programs, under the coordination of the Sustainability Committee and the supervision of the Board of Directors.

### 13. APPROVAL, REVIEW AND PERIODIC UPDATE

The Board of Directors approves this Policy and conducts a review of it at least annually, providing guidance for its update if necessary.

This Policy is made available to all internal and external stakeholders of the Company, also in English, through publication on the Company's intranet and website.

CEO



(Sandro Malquori)