

A collage of nine circular images arranged in a circular pattern, showcasing various industrial processes in a steel mill. The images include: a worker in a yellow hard hat and safety gear handling a large coil of steel; a worker in a yellow hard hat and safety gear operating a large yellow crane; a worker in a yellow hard hat and safety gear inspecting a large coil of steel; a worker in a yellow hard hat and safety gear operating a large yellow crane; a worker in a yellow hard hat and safety gear inspecting a large coil of steel; a worker in a yellow hard hat and safety gear operating a large yellow crane; a worker in a yellow hard hat and safety gear inspecting a large coil of steel; a worker in a yellow hard hat and safety gear operating a large yellow crane; and a worker in a yellow hard hat and safety gear inspecting a large coil of steel.



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Letter to our stakeholders

Oggiono, 31/03/2023

To all the stakeholders of Itla Bonaiti

For our company, SUSTAINABILITY implies the pursuing of a constant and preferably increasing economic, social and environmental wellbeing, with an outlook for improving the quality of life for future generations.

These values have prompted us to develop a five-year plan with actions and projects designed to promote a sustainable growth process, that will make us a leading European player in the field of special high carbon steels cold rolling.

We strongly believe in the opportunities that this process will bring to Itla Bonaiti. Our first Sustainability Report serves as a tool for reporting and sharing our way of doing business. This document is the result of the efforts of all our company departments, witnessing the desire for openness, dialogue and growth that Itla Bonaiti intends to pursue together with all its stakeholders.

Despite the challenging environment caused by the outbreak of war in Ukraine and the consequent energy and raw materials crisis, already underway after the end of the pandemic, Itla Bonaiti was able to uphold and improve its production and sales performance in 2022.

Moreover, we have continued our investment plan, which will be completed at the end of 2023 and aims to increase the production capacity and diversify our products by adding the hardening process and completing the range of finishes. The goal of all investments and research as well as development activities is to enhance the sustainability of processes and products.

We have focused our attention on low-emissions steel to secure our access to what will be a scarce resource in the coming years, and to understand the developments in its supply chain.

We have started a digital transformation process that will position Itla Bonaiti in the forefront of the metalworking and mechanical engineering industry.

We have boosted our internationalisation process by reinforcing our Export Sales Office.

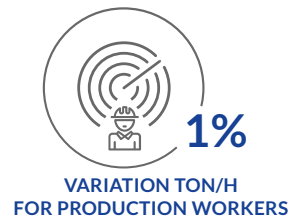
Passion and innovation are the fuel that drives Itla Bonaiti on the strategic path of continuous growth toward the creation of sustainable value for its stakeholders.

Enjoy the reading!

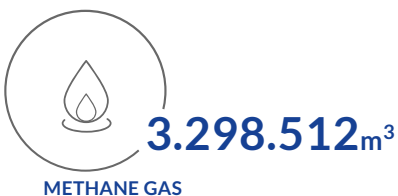
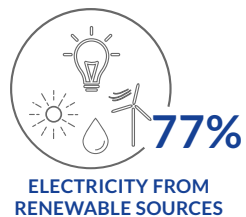


KPI 2022 highlights

ECONOMIC SUSTAINABILITY



ENVIRONMENTAL SUSTAINABILITY



SOCIAL SUSTAINABILITY



1. Profile and identity of Itla Bonaiti

1.1 UN – SUSTAINABLE DEVELOPMENT GOALS

On 25 September 2015 the United Nations approved the Global Agenda for sustainable development and the related 17 Sustainable Development Goals (SDGs) to be achieved by 2030. Halfway through the time for the implementation of the Agenda, it is more and more clear that achieving the SDGs will require the strong engagement of all components of society, ranging from private enterprises to the public sector, from civil society to philanthropic institutions, from universities and research centres, to information and culture operators.

For the purpose of transparency and comparability, more and more companies are measuring their non-financial performance, describing how and to what extent they contribute to achieving the SDGs. Itla Bonaiti is also willing to measure itself against these metrics.



1.2 VISION AND MISSION



We are a company that creates value by cold rolling special steels supplying our customers excellent products and service.

We base our work on:

People, without discrimination, promoting safety, wellbeing and education.

Responsibility, integrity and transparency of our actions.

The strength and the development of our skills. Passion, innovation and digitization.

We concretely contribute to emissions reduction, doing more and wasting less resources.

We fight climate change by contributing to the transition of the supply chain to low-emissions steel.

1.3 CORPORATE STRUCTURE

The corporate structure of Itla Bonaiti, a limited liability company (Srl), changed at the end of 2022 with the company ITLA SpA becoming the sole member as a result of purchasing 35% of the shares owned by the company Giuseppe & F.lli Bonaiti S.p.A..

The strategic vision of consolidation and development of Itla Bonaiti pursued in recent years remains confirmed with the aim of becoming one of the major competitors in the European high-carbon steel re-rolling industry.

1.4 PRODUCTION SITES

Itla Bonaiti has four substantially autonomous and not interdependent plants, covering a total floor area of 55,000 square metres. They mainly differ in size, rolling mill technologies and type of finishes, but each one of them is able to complete the entire production cycle on its own.

OGGIONO

- strips
- between 2.50 and 14 mm thick and between 20 and 1000 mm wide



PALAZZAGO

- strips and spools
- between 0.10 and 4mm thick and between 3 and 800mm wide



CIVATE

- strips and cut-to-length material
- between 0.40 and 6mm thick and between 10 and 1000 mm wide



MOGLIANO VENETO

- strips
- between 0.10 and 6mm thick and between 7 and 460mm wide



1.5 GOVERNANCE SYSTEM

All of the growth initiatives pursued by Itla Bonaiti are completely compliant with law, regulations and its core values.

Itla Bonaiti undertakes to ensure and reinforce ethical behaviour in the workplace by promoting and spreading the Code of Ethics in effect since March 2020, along with the quality and health and safety policies in effect since August 2021. It makes therefore sure that personnel are aware of all commitments and are consciously and actively involved in pursuing the goals.

To ensure compliance with the law, the proper functioning and reliability of the company and to protect its reputation and know-how, in March 2020 Itla Bonaiti adopted an organisational, management and control model to prevent the offences covered in Italian Legislative Decree 231/2001, with the aim of establishing rules of conduct for all employees as well as processes, areas, "sensitive" activities and related controls. Moreover, in order to monitor the proper functioning of and compliance with Model 231, Itla Bonaiti appointed a Supervisory Body comprising one external member to ensure compliance with the regulatory requirements on autonomy, independence and continuity.



The adoption of 231 Model, the Code of Ethics, the Quality and Health and Safety Policies, together with the implementation of a Quality Management System certified according to ISO 9001 and IATF16949, establishes the regulatory framework ensuring that activities comply with the applicable national and international standards and best practices.

In 2022, no violations of anti-bribery and corruption laws nor any legal actions related to anticompetitive behaviour, antitrust and monopoly practices were reported, and no significant penalties or fines have been received concerning socioeconomic compliance.

Itla Bonaiti's governance structure comprises the Board of Directors and the Price Waterhouse Cooper audit firm, whose objective is to monitor and control compliance with the law and the principles of sound administration and reporting of the company's operations.

The Board of Directors changed at the end of 2022 as a result of Giuseppe & F.lli Bonaiti S.p.A. leaving the corporate structure, decreasing from 6 members to 4 members.

Board of Directors until 19/12/2022

Bonaiti Paolo	Chairman
Ghislanzoni Giandionigi	Managing Director
Ghislanzoni Francesca	Managing Director
Bonaiti Guido	Director
Battiston Cristina	Director
Gandolfo Marcello	Director

Board of Directors from 19/12/2022

Ghislanzoni Giandionigi	CEO
Ghislanzoni Francesca	Managing Director
Battiston Cristina	Director
Gandolfo Marcello	Director

1.6 COMMITMENT TO SUSTAINABILITY

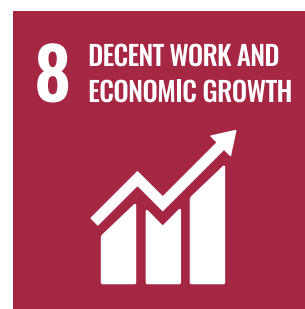


For Itla Bonaiti, SUSTAINABILITY implies a constant and preferably increasing of the economic, social and environmental wellbeing, with an outlook to improving the quality of life for future generations.

This commitment requires a business activity which is responsible and of impact towards its human capital, the surrounding area, entities and authorities, and third sector organisations.

Itla Bonaiti has summarised all this in a **five-year plan launched in 2022**, which lists all the concrete actions for improvement with respect to the four pillars of sustainability forming the basis of its vision and mission. The specific actions are presented in the next chapters.

2. People, Ethics, Governance and Sustainability



Good governance is a key element and enhances the ability to ensure sustainable business performance over time. Effective corporate governance guarantees the constant monitoring of processes, the systematic evaluation of results and the strategic planning of actions for continuous improvement.

This results in a sustainable decision-making process that respects all the stakeholders involved.

From 2025, with the EU Corporate Sustainability Reporting directive, all large companies will have to publish the data on their social and environmental impact. Itla Bonaiti anticipated its commitment to meet the more detailed transparency requirements and to make sustainability information accessible online. The new rules aim to make companies more accountable and transparent towards their stakeholders, making it easier for them to assess the company's impact since audits and comparisons will be straightforward. The aim is to set off a virtuous domino effect from the large companies adhering to these obligations to the small and medium-sized companies in the supply chain.

2022 was characterised by the raw materials crisis and the energy crisis, which was exacerbated by the invasion of Ukraine at the end of February. Itla Bonaiti, by negotiating prices with steel suppliers and customers on a six-monthly basis, was able to soften the blow of steel costs by protecting the downstream supply chain. Steel prices came back down at the end of the year following the crackdown on speculation and the normalisation of European procurement channels meant to avoid the conflict.

The company uses the National Collective Labour Agreement for the Metalworking and Plant Installation industry (CCNL or *Contratto Collettivo Nazionale di Lavoro per l'industria metalmeccanica e della installazione di impianti*) of 5 February 2021, which contains specific provisions on equal opportunities, discrimination and health and safety of employees in the workplace. Under the agreement, verified by the trade union representatives, the company protects its employees on these topics.

TARGETS

- Economic sustainability
- Health and safety
- Compliance, ethics and risk management
- Fight against corruption
- Training, education and development
- Supporting the territory and local communities where we operate

2.1 HUMAN CAPITAL

Itla Bonaiti focuses on the people who day after day contribute to achieving all goals, whether economic, productive, social or environmental. In 2022, the company employed 216 people, with 21 new hires. 26% of the workforce are white-collars and 74% blue-collars.

In accordance with legal regulations, the compliance with which is ensured by third-party observers and the company's employees themselves, the company does not engage in any form of illegal employment, child labour, or other employment not permitted by law.

The company protects its employees on these issues through the application of the CCNL, which contains specific provisions on equal opportunities, discrimination and the health and safety of employees in the workplace, which are constantly monitored by trade union representatives.

Itla Bonaiti relies on an external consultant to manage relations with trade unions and human resources. This professional figure, with long-standing and proven experience, verifies, among other things, that what is stated in the previous paragraph is applied, through regular discussions with managers and trade union representatives, and reports to the board of directors on the matter. The consultant is also always involved in decisions related to the economic aspects of personnel, reporting any irregularities and advising managers to avoid unfair treatment.

The recruitment process is fully transparent, clearly and formally communicated to all candidates and provides them all with both positive and negative feedback. During the selection process, a number of actions are taken to prevent any kind of discrimination: the involvement of human resources, the external consultant, the person in charge of the position and the board of directors serves to prevent preferential hiring practices that do not provide equal access to the position.



Women account for 10% of the total workforce, meaning the 35% of the white-collars, since there are no female blue-collars. It should be emphasised that, despite the company's efforts to find female employees for its job vacancies, the metalworking and mechanical engineering industry, especially on the production side, is still not attractive for female workers. There are still several myths concerning barriers inhibiting the inclusion of women in production departments to be busted, such as the need to be physically strong enough to handle demanding jobs, which is now much lighter thanks to organisational measures and mechanical aids, or the fact that women are not mechanically inclined, when as a matter of fact they achieve the same results as men at technical institutes and in STEM subjects.



Oggiono – Palazzago – Mogliano Veneto – Civate Plant Managers

The company, according to the CCNL, communicates with the trade union representatives, elected according to government regulations, and are present at each plant. Talks are frequent and concern both formal aspects of direct interest as well as all-round company initiatives, with the active involvement of all personnel. Relationships are based on mutual cooperation, with the firm intention of everyone involved to maintain a peaceful environment conducive to finding solutions.

Over 8% of the payroll is allocated to second-level bargaining agreements to incentivise the quality of the work of employees at Itla Bonaiti; numerous incentives are provided for growth in production and active collaboration, at both an individual or collective level. The rules for non-standard working times are followed, either in terms of quantity or pay, and eventual requests for flexible hours for personal needs (parental leave, part-time, etc.) are generally permitted. The company has provided its workers with the appropriate equipment for smart working; managers are responsible for organising this arrangement together with the employees. The company generally supports the personal needs of its employees in consideration of and in pursuing their wellbeing.

Employees are always granted the opportunity to discuss, directly or through their representatives, with their supervisors or management on issues related to their company life, their working conditions, their relationship with colleagues and more generally on any situations concerning their employment at the company. The person responsible for trade union relations, entrusted, as mentioned, to an experienced external consultant, makes it possible to monitor the working environment and to find answers to any questions that workers may have.

Salaries are adjusted to reflect the job levels and positions and are negotiated in accordance with the CCNL, with the cooperation of the Human Resources Department and trade union representatives, in a fully transparent manner. Salaries are in line with the average for the territory and, as already mentioned, there is a large percentage of second-level bargaining agreements, both fixed and variable.

216	employees at Itla Bonaiti in 2022		
97%	permanent contracts	3%	temporary contracts
26%	white-collars	74%	blue-collars
8%	of the payroll is for second-level bargaining agreements		

2.2 HEALTH AND SAFETY

Itla Bonaiti invests considerable economic and human resources to create a safe and healthy working environment for its employees.



Safety first is the motto that has accompanied the company since its establishment, specified for the 2022-2027 sustainability plan as **I only act in safety** and a constant and concrete effort is made to achieve the **ZERO ACCIDENTS** goal. Every person who comes into contact with the working environment and the company's products, be it an employee, supplier or customer, must be familiar with and actively contribute to this endless project. They should feel that they work in a completely safe environment and be aware players of safe work practices. This effort must never dwindle, in order to create a proactive and effective mindset in pursuit of this goal.

Continued investments are made to ensure that the work environments and machinery are set up and certified in compliance with safety regulations. In 2022, €325,000 was invested in order to continue upgrading the facilities; every single new installation can only be put into service after obtaining safety certification from both internal and external bodies.

The company uses operational procedures and structures that specifically cover safety systems, including but not limited to:

- numerous procedures set out in Italian Legislative Decree 231/2001, in particular no. 1, 2, 3, 9, 10, 12 and 13, which cover the management of PPE, health monitoring, accidents, safety in procurement, safety specifications in maintenance and confined spaces, and the related activities required of the Supervisory Body in this regard;
- a level one health and safety committee, which monthly meets with the board of directors, management and workers' representatives and addresses issues related to workers' health and safety, analyses any events that have occurred and looks for possible solutions to ensure that they will not happen again, the improvement of safety procedures and training, along with any issues that might serve as inspiration for the adoption of preventive measures;
- Safety Management Audits (SMAT) carried out and discussed at each safety committee meeting; these are an integral part of the proactive management mechanism designed to help identify and control any potential risks within an organisation's operations;
- several level two committees, which transpose and implement the directives and initiatives of the safety committee, planning departmental meetings with all employees;
- the appointment of front-line personnel (supervisors, first aid officers, internal fire-fighting team, etc.) who are properly trained and actively involved in the safety strategy; they are entrusted with specific tasks such as providing assistance and monitoring the implementation of procedures;
- training and information sessions covering specific issues and operations (e.g. 5 minutes for safety, group and specific courses, etc.), directly involving the operators, in order to maintain a high level of attention and increase the sense of contributing to the achievement of safety objectives;

- preparing and updating operating procedures and risk assessment documents for all activities, both by in-house staff and by suppliers and external staff in general, as well as the periodic implementation of all the necessary surveys to ensure that staff exposure levels are within the prescribed limits (chemical agents, noise, vibrations, etc.);
- preparing and updating operational procedures to anticipate health and safety risks related to changes in duties or the introduction of new operations;
- preventive maintenance, in accordance with an official plan, of all equipment and machinery in order to avoid repercussions on internal and external workers, along with taking prompt action in the event of breakdowns or extraordinary events by personnel responsible for maintenance and plant engineering;
- giving Plant Managers by proxy specific powers to intervene and make investments so they are independent and have autonomous spending power, with a considerable and freely available budget, within their areas of reference.

All these structures and activities go hand in hand with those formally provided for by law, such as the controlled provision of certified PPE to all employees, the observance of working hours and rest periods according to the CCNL and in general all regulations included therein (e.g., Title V) dealing with employee health and safety. These activities, in addition to being set out in 231 compliance procedures and verified by the Supervisory Body, are monitored by the HR department and its external consultants. In particular, the company takes care to ensure that there are no doubts about the presence of workers without a proper employment contract, underage workers or any other situation not permitted by law. It always provides all employees with clear information about their rights.



Palazzago Plant - Safety procedures and use of PPE

Hazardous substances are procured according to a specific procedure, always prepared in accordance with Italian Legislative Decree 2001/231; personnel involved in purchasing and handling these types of goods always receive appropriate training. With particular reference to personnel handling these substances, duly reported operational procedures are distributed which serve to prevent the chance of events from happening that could harm operators and colleagues and damage the working environment in general.

Itla Bonaiti relies on the medical advice and practice of several occupational physicians, depending on the location of the plant; these physicians schedule and carry out all health exams and checks on workers in accordance with the relevant requirements. They also determine whether workers are fit to perform their duties from both a physical and psychological side. The company assigned physician, in cooperation with company personnel, ensures that all first aid equipment is present and intervenes in the event of extraordinary emergencies, as in the case of the COVID-19 pandemic in '20 / '21. The company ensures that the spaces where employees work are hygienic and cleaned on a regular basis in accordance with legal requirements.

Before each new system is installed, a noise assessment is conducted to detect the noise levels generated during standard operation to ensure compliance with local regulations. Once the equipment has been installed, the exposure levels are defined on the basis of environmental surveys and risk reduction and prevention measures are identified, eventually including the mandatory use of hearing protectors.

The products are packed and supplied to customers in compliance with safety requirements either indicated directly by the customer or established by Itla Bonaiti, which is aware of the inherent hazards of its products in relation to their considerable weights and dimensions. For some products used for safety parts in the automotive industry, the company follows industry specific ISO/TS procedures, with specific processes and controls.

€325,000	outlay for health and safety	
100%	employees examined by the company assigned physician	
7,400	FFP2 masks	33 helmets
10,182	pairs of gloves	5,000 ear plugs
196	pairs of shoes	2,026 detached sleeve protections
6,720	minerals and supplements	60 visors
10	level 1 Safety Committee	13 level 2 Safety Committee
31.51	frequency rate	2.16 gravity rate
1,067	Minutes for Safety	150 hours of prevention logs
323	unsafe acts analysed	450 unsafe conditions analysed

2.3 TRAINING, EDUCATION AND DEVELOPMENT

At Itla Bonaiti, the people who work every day and contribute to the achievement of the company's goals are encouraged to participate in internal and external training programmes. All workers, upon being hired, must attend "new employee training courses", i.e. training on safety issues, company procedures and the Code of Ethics, job-specific training and any necessary information on how to perform their working activities in accordance with company rules. In addition, a specific course is provided each time an employee changes job duties to teach them about the new work and safety procedures.



Civate Plant – 5 minutes for safety

Particular attention is paid to safety-related training for all workers, as already mentioned, in addition to mandatory courses for carrying out their duties as well as other courses on issues relevant to the company. Safety training is also carried out internally through workplace mentors and the frequent use of specific procedures.

Safety training is complemented by specific staff training to develop their skills, through local training centres, such as Confindustria's (the General Confederation of Italian Industry). The Human Resources Department periodically provides a list of courses at accredited training centres available to employees.

Last, but not least, internal training on specific topics is provided by workplace mentors, as well as through courses on specific issues held by company personnel.



The **Metallurgy Course** held in 2022 by Itla Bonaiti's head of "Product Development & Professional training" was especially important. As an expert on the subject, he increased the technical competence of his colleagues through in-depth analyses of issues concerning material processing.

Also worth mentioning is the ICT area's initiative, which involves sending a weekly **Digital Literacy** advices to all PC users containing information on digitization-related topics ranging from cyber security to 'tricks' to speed up tasks, through the management of computer archives.

The Human Resources Department keeps records on all courses and creates a special calendar for those with a deadline. A total of 6,500 hours of training were provided.

A career plan is provided for all positions under the CCNL, which is prepared by the Board of Directors together with the Human Resources Department for particularly talented people, who are included in the company's strategic and development plans. MBOs (Management By Objectives) are provided for senior management. This involves setting particular targets and different levels of remuneration when they are reached, with objective data and specific timelines. People are regularly evaluated on the basis of their skills by their managers, comparing them with their specific tasks. Managers consult with the personnel department on a regular basis to check for career development opportunities for individuals.

6,500 hours of training

1,220 hours of health and safety-related training

2.4 COMPLIANCE, ETHICS, RISK MANAGEMENT AND FIGHT AGAINST CORRUPTION

With the introduction of the administrative responsibility of the organisation pursuant to Italian Legislative Decree 231/2001, Itla Bonaiti formalized its commitment to govern business processes through the creation of:

- a map of at-risk activities, identifying potential problems;
- an organisational model;
- a Code of Ethics;
- specific internal procedures for the different business processes;
- a system of delegations and responsibilities;
- a disciplinary system.

Although the company's core business is far removed from markets and areas heavily affected by corruption and bribery, because of its size, good practices have been specified in its procedures to prevent the organisation from falling victim to these types of crimes. In particular, the procedures related to the procurement, finance and administration areas contain specific steps to ensure, on the one hand, that process managers cannot engage in unsupervised misconduct and, on the other hand, operational roles can be actively supervised by the relevant managers to ensure full transparency in all phases.

In addition to bribery and corruption, conflict of interest, fraud, money laundering and anti-competitive practices were also examined in the analyses of potential risks.

A special checklist is used to make sure that suppliers meet all requirements and that there is no suspected interference with company personnel; the entire purchasing process consists of a series of steps and checks that allow several people, who are

independent of each other, to detect any anomalies. It is worth noting that the vast majority of purchases are ordered from major and large companies, which in turn have codes of conduct and strict procedures; for amounts above a certain threshold, several supply alternatives are always evaluated. Sensitive expenditure items are subject to greater control and attention by the personnel involved and suppliers are required to submit documentation of eligibility.

The administrative processes are certified by a leading independent auditor (Price Waterhouse Coopers for 2022), and procedures are in place enabling multiple, independent parties to verify that the processes are not subject to outside interference. The company also employs an independent administrative consultant who, among other things, closely monitors formal processes and periodically checks corporate compliance.

The company has adopted the General Data Protection Regulation (GDPR) and received certification of compliance by an external body in 2019, guaranteeing that the data in its possession is kept safe from any use not provided for by law. All employees have received training on this issue. The data are duly stored in compliance with regulations and the processes are reviewed by persons appointed by the Board of Directors.



Employees have received training and information through the sharing the Code of Ethics, 231 compliance procedures and the GDPR, on the possible risks related to corruption and bribery, conflict of interest, fraud, money laundering, anti-competitive practices and information security. All employees also have direct contact with the Supervisory Body (completely external and independent) so they are able to report any suspicious conduct on a 100% anonymous basis (i.e. **whistleblowing**). The Supervisory Body periodically audits compliance with these procedures; it also verifies the expertise of company staff on these issues within their specific domain.

In 2022, no reports were submitted to the Supervisory Body, which is always available for stakeholders should they come across any problems in these areas, besides the usual application of the company's Code of Ethics.

Itla Bonaiti also communicates its principles externally by sharing its Code of Ethics and Conduct with all customers, suppliers and stakeholders in general, in addition to formalizing and reporting on its commitment to ESG issues in this Sustainability Report.

2.5 INTERNATIONALISATION

Since its very beginnings Itla Bonaiti has always actively pushed for the internationalisation of its products, pursuing a strategy of growth in markets neighbouring Italy and the development of more distant markets. For Itla Bonaiti, internationalisation represents an important step towards economic sustainability, since foreign markets have the greatest potential for development in terms of volume and product type. The company has an open and flexible mindset willing to adapt to cultural differences and customer needs in foreign markets.

Actively involved in over 29 countries, it recently invested in setting up an export office that deals with trade, also in foreign languages, and export procedures. Specific resources were hired to strengthen this office, which produced good results and sowed the seeds for Itla Bonaiti's future development of exports. The company relies on an external consultant for customs compliance and export-related documentation in general. This includes registering with the REX register export system in the UK and initiating the process of becoming an AEO approved exporter with the Italian Customs and Monopolies Agency (*Agenzia delle Dogane e dei Monopoli*).

Specific attention was paid in 2022 to the introduction of the various national regulations, transposing the European directive, on packaging and disposal, to ensure compliance with the new laws coming into force.

The company took part in international trade fairs held annually in Hannover (EuroBLECH) and Stuttgart (BlechExpo) and initiated research and collaboration with agents in numerous countries inside and outside Europe.



Stand at the EuroBLECH trade show in Hannover 2022

35%	export revenue	
29	Countries	[Bosnia, France, Germany, UK, Czech Republic, Slovakia, Slovenia, Spain...]
5%	new customers in 2022	

2.6 SUPPORTING TERRITORY AND LOCAL COMMUNITIES

In 2021, Itla Bonaiti started a program called "Sosteniamo le buone azioni" (We support good deeds) aimed at supporting the local community, the third sector and international projects deemed worthy of aid, which in 2022 included:

- the Lecco Film Festival, sponsoring the most important cultural initiative in the province of Lecco;
- the Enactus program, to support university students' projects around the world aimed at launching businesses that provide positive social impacts;
- La Nostra Famiglia, an association that provides treatment for and rehabilitation of people with disabilities, especially in childhood;
- Scout Project, an association supporting scouting in Lecco;
- Parish of San Giovanni in Lecco, to help to restore the retaining wall of the oratory damaged by a flood;
- Oltretutto97 - Fondazione comunitaria del Lecchese Onlus, a non-profit sports association that promotes sport for disabled children;
- ASD San Leone, an amateur sports association, through sponsoring youth sports activities;
- Municipality of Oggiono - Fondazione comunitaria del Lecchese Onlus, a non-profit community foundation, to support the environmental restoration of a portion of the territory;
- War in Ukraine, by donating to Mediaset's fundraising campaign to offer support to the Ukrainian people in February 2022; numerous contributions were made by employees using part of their salary;
- Lega del Filo d'Oro, an association committed to providing assistance, education, rehabilitation, and enhancement of residual potentialities of deaf-blind and those who also have other forms of severe physical and learning disabilities, empowering them to lead full and productive lives;
- F. Rava Onlus, a non-profit organisation whose mission is to support education and fight childhood malnutrition in Haiti.

We would also like to point out the initiatives entirely supported by Itla Bonaiti employees:

- Croce Verde Bosisio, first aid service;
- Amici dei pompieri di Valmadrera, an association supporting the local fire department;
- Umberto Veronesi Foundation, a cancer research foundation.

The programme also extends inward by directing funds to company employees. Most notably, in 2022 the following actions were taken:

- 7 scholarships, which rewarded the children of employees who finished university or compulsory school in the current year with excellent marks;
- an increase in the amount allocated to company welfare, compared to the minimum amount provided for by the CCNL, equivalent to 1% of the salary, in order to extend the availability of measures available to employees, which generally support family, health and educational expenses;
- contribution to the birth of children and marriage of employees;
- METAsalute, to increase the private health insurance coverage provided for in the CCNL.

35% budget increase compared with 2021

14 entities involved from the territory, the third sector and for international relief efforts in crisis areas

7 scholarships awarded to exemplary students

2 babies born

3 marriages

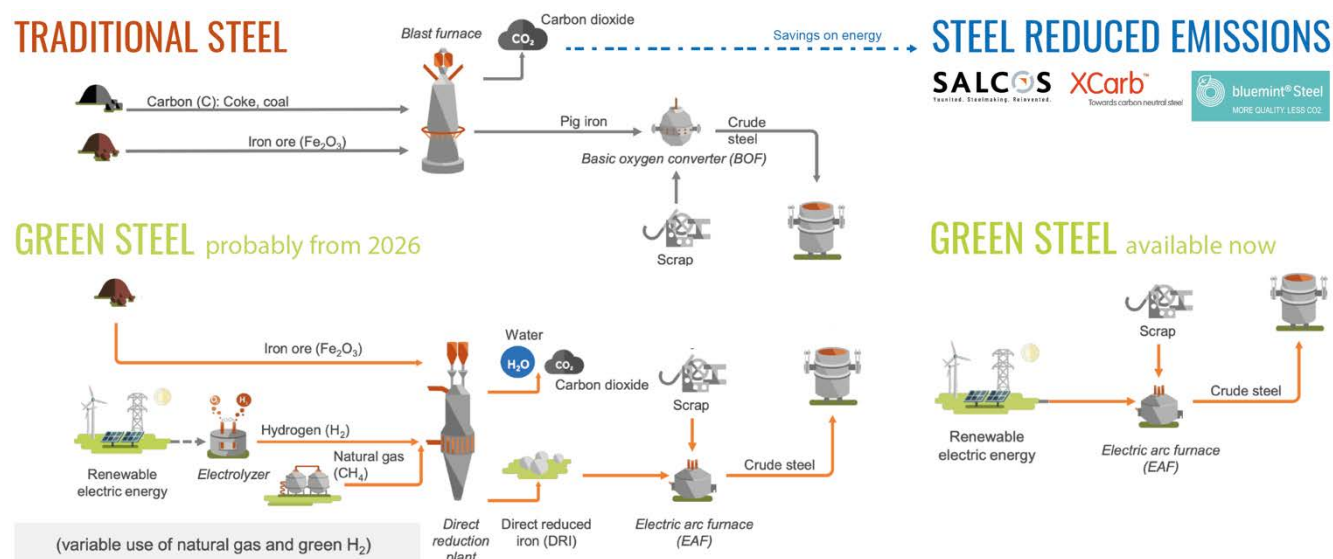


3. Low-carbon emissions steel

The transition to green steel is a crucial part of the process to reduce CO₂ emissions in the steel industry. Steel is one of the most widely used materials in the world. The traditional production process starting from iron ore is a highly polluting process that considerably contributes to greenhouse gas emissions. This transition requires major investments in technology and infrastructure, but the long-term benefits in terms of reduction of CO₂ emissions and environmental impact are enormous.

Steel is an energy intensive product responsible for major amount of CO₂ emissions, but at the same time it is fundamental to achieve a circular economy with low carbon impact. Itla Bonaiti is aware of the current challenges in reaching the targets for reducing emissions and maintaining global average temperatures within the limits set by the Paris Agreement; the circularity of raw materials and the production of low-impact steel is the cornerstone of the company's sustainability strategy.

At present, the only green steel available on the market is produced by electric arc furnaces powered by renewable energy and scrap. Unfortunately, the niche segment of high-carbon steel, for the majority of Itla Bonaiti's customers applications, does not reach the same deformability performance with this technology as it would with a traditional blast furnace. We therefore have wait for the first blast furnaces fed with direct reduced iron and hydrogen, which will be up and running around 2026. In the meantime, Itla Bonaiti is working to secure supplies of the small quantities of **low-carbon emissions steel** from blast furnaces that steel mills started offering the market in 2022; point of reference are low carbon emissions steel produced by Europe's leading steel mills.



SALCOS - Salzgitter graphics

Itla Bonaiti is aware of the challenges of accurate CO₂ traceability and 'greenwashing' policies. Therefore, with this sustainability report it wants to state its solid commitment on the subject, with tangible actions and measurable results, even if these may appear modest in the light of "carbon-neutral" or "climate-neutral" slogans that are in many cases backed by misleading claims on climate action. **Each of Itla Bonaiti's actions is intended to be substantial in order to make a genuine impact in addressing the climate crisis.**

3.1 SUPPLY CHAIN

Itla Bonaiti in 2022 extensively analysed its supply chain, which may be broken down into two segments: purchases of high carbon steel raw material and purchases for the health and safety of people, as well as for running the plants, buildings and offices. The former account for 83% of the total and the latter only account for 17%.

Given that raw material is the most important, Itla Bonaiti started to map its supply chain in terms of corporate responsibility considering that not all steel plants around the world produce high-carbon steels.

Major steel mills	Code of Ethics	Environmental Guidelines	Supplier code	Health and safety	Compliance with rules	Sustainability Report
Arcelor Mittal	●	●	●	●	●	●
Posco	●	●	●	●	●	●
Salzgitter	●	●	●	●	●	●
Thyssen	●	●	●	●	●	●

Major steel mills	ISO 9001 quality	IATF 16949 automotive	ISO 14001 environment	ISO 45001 safety	ISO 50001 energy	Reduced carbon emissions steel
Arcelor Mittal France	● 03/09/2024	● 17/08/2024	● 28/07/2023	● 08/10/2023	● 26/07/2023	XCarb® Veristeel
Posco Gwangyang	● 29/10/2023	● 28/04/2024	● 31/10/2023	● 04/06/2024	● 24/09/2024	/
Posco Pohang	● 29/10/2023	● 21/10/2023	● 31/10/2023	● 13/04/2024	● 24/09/2024	
Salzgitter Mannesmann	● 11/09/2024	● 29/02/2024	● 03/10/2023	/	/	Salcos® Veristeel
Salzgitter Flachstahl	● 02/09/2024	● 02/09/2024	● 03/10/2023	● 03/10/2023	● 03/10/2023	Bluemint® Veristeel
Thyssen Hohenlimburg	● 2014/68EU 18/09/2024	● 27/07/2024	● 25/11/2025	● 29/11/2025	● 14/11/2025	



Obtaining low-emission steel quotas is a major challenge for companies that want to reduce the environmental impact of their production; in the coming years they will be the scarce commodity which will be pursued by European competition. In 2022, Itla Bonaiti signed a Memorandum of Understanding with the Thyssen - Hohenlimburg steel plant to secure quotas of their BlueMint® low-emissions steel. In the next few years, Itla Bonaiti will continue its efforts to increase the supply quota of low-emission steel also with other steel plants.



Ghislanzoni Giandionigi (Chief Executive Officer, Itla Bonaiti)

André Matusczyk (Chairman of the Executive Board, ThyssenKrupp Hohenlimburg)

100% of personnel in the purchasing department at all locations who have received training on sustainable procurement

25% of suppliers with which an agreement has been signed for the supply of low-carbon emissions steel

3.2 LOW-CARBON EMISSIONS STEEL PROCESSING

The goal of introducing low-carbon emissions steel is not limited to sourcing, but also entails making adjustments to reduce emissions from the production process. As will be discussed in more detail in section 4, Itla Bonaiti is heavily investing in the research and development of new technologies as well as processes for steel processing to reduce the CO₂ emissions per tonne delivered to the customer.



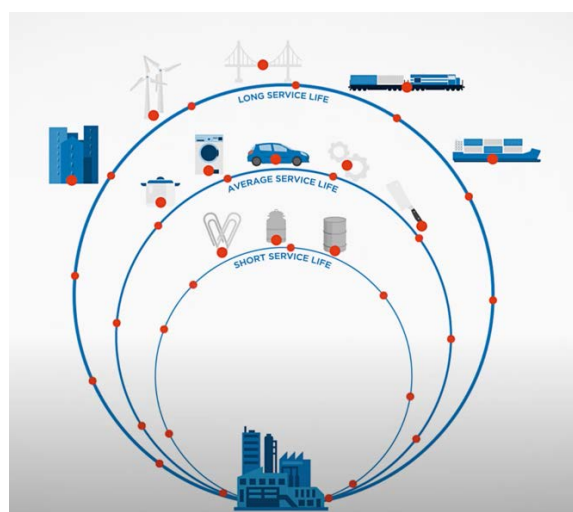
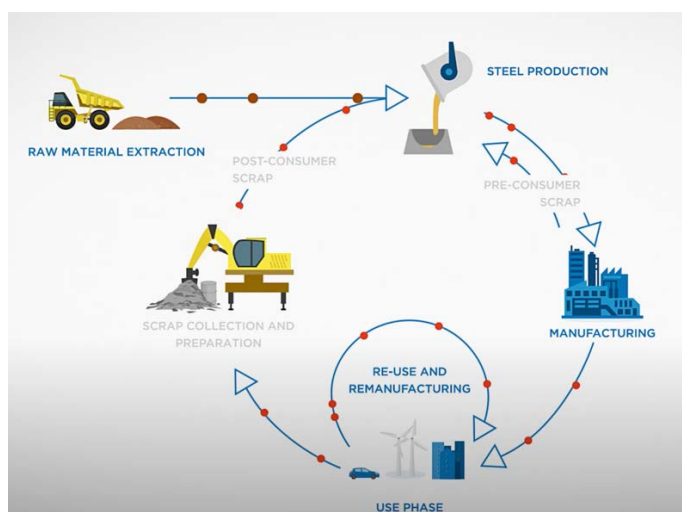
To ensure that the CO₂ emission reduction figure per tonne produced is accurate and to avoid speculation for the sole purpose of 'greenwashing', the company has explored the world of certifications, which is currently in its beginning phase. Itla Bonaiti has identified TÜV Süd and its related VeriSteel certification as the most reliable product at the moment to guarantee the traceability of its emission savings and has started preliminary discussions with the certifying body to define the way forward.

However, Itla Bonaiti is remaining on the alert to see how the European regulator is going to move forward in terms of CO₂ 'labelling' in the steel industry; news on this subject changes daily and a precise roadmap is still to be identified. At present, the ETS - Emission Trading System - is in force in Europe and is binding on steel mills. Under the ETS, a cap is set on the annual CO₂ emissions that a steel mill can produce. If it manages to emit less greenhouse gases and to remain under the cap, it receives a surplus of ETS allowances that it can trade; however, if the greenhouse emissions generated by the same production exceed the cap, the company has a deficit to be filled buying ETS allowances on the market. The ETS allowances issued by the European regulator are becoming increasingly stringent every year to force companies to invest in reducing CO₂ emissions. For Itla Bonaiti, this system represents a price risk on purchased steel, either because the purchase price will be influenced by the price of ETS allowances or because the timeline has not been defined yet for the extension of the system to the supply chain at the re-rollers' level, this last one being affected by this mechanism.

With the reform of the ETS, the new Carbon Border Adjustment Mechanism (CBAM) should be implemented to protect the European market from imports from countries without emission constraints.

3.3 PRODUCT CIRCULARITY

Steel is one of the most widely used materials in the world due to its strength and versatility. Steel production follows a circular process which allows the material to be used and recycled efficiently. The steel's lifecycle starts with iron ore mining and transformation into pig iron and then into steel through smelting and refining processes. Steel is then used to obtain products for different sectors, such as cars, ships, buildings and tools. When the product is at the end of its useful life, it can be dismantled and the steel material can be recycled. Recycling steel conserves resources and reduces the environmental impact originated by the production of new items. Thanks to the circular steel process, it is possible to create a more sustainable economy and reduce the amount of waste that ends up in landfills.



The European Steel Association EUROFER - [YouTube video](#)

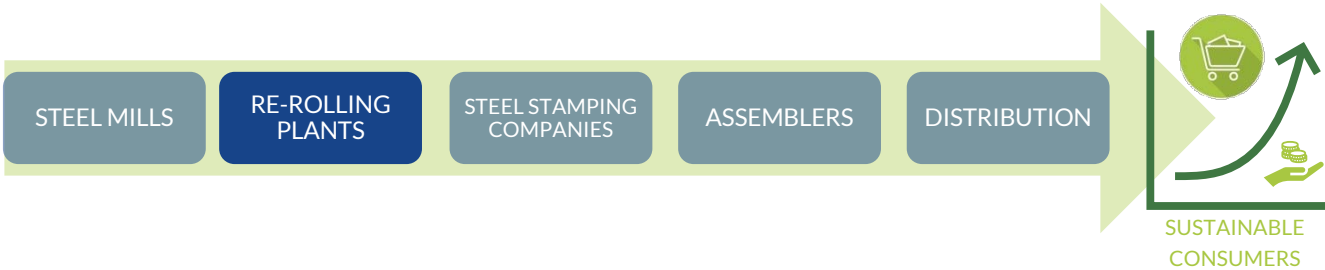
This intrinsic characteristic of steel is used by Itla Bonaiti in an exemplary manner and 100% of the steel raw material waste from production is recycled as scrap. The company is studying procedures to minimise waste, as is further reported in Chapter 4.

Itla Bonaiti is exploring how it can introduce some steel produced 100% from scrap in electric furnaces for its supplies, even though it is aware that it could be used only by a few customers because of the impurities in the scrap (copper, nickel, molybdenum, tin, etc.).

100% of steel waste in production reintroduced as scrap into the circular economy

3.4 REDUCING SUPPLY CHAIN EMISSIONS

Reducing emissions in the supply chain is one of the most important challenges in contrasting climate change. This requires implementing a series of actions to reduce greenhouse gas emissions throughout the entire lifecycle of a product, from production of raw materials to assembly and up to the end of its useful life. This requires a commitment from all stakeholders, including manufacturers, suppliers, distributors and consumers.



Itla Bonaiti is at the front end of the steel chain, just below steel mills; it plays an important role in leading actions along the chain that can be taken to reduce overall emissions. These actions may include adopting more efficient and sustainable production processes, using low environmental impact technologies and optimising transport and logistics. End consumers can contribute by fostering responsible conduct, for example by choosing products with a low environmental impact and reducing waste.

Chapters 4 and 5 describe the initiatives taken by Itla Bonaiti to bring processes within the supply chain to help contrast climate change.

Reducing supply chain emissions is central to achieving greenhouse gas emissions reduction targets and to mitigate the effects of climate change.

An example of how to reduce emissions in the supply chain is represented by one of Itla Bonaiti’s product innovation, which allows to produce parallelepiped strips to minimise the waste coming from stamping parts with respect to rectangular ones.

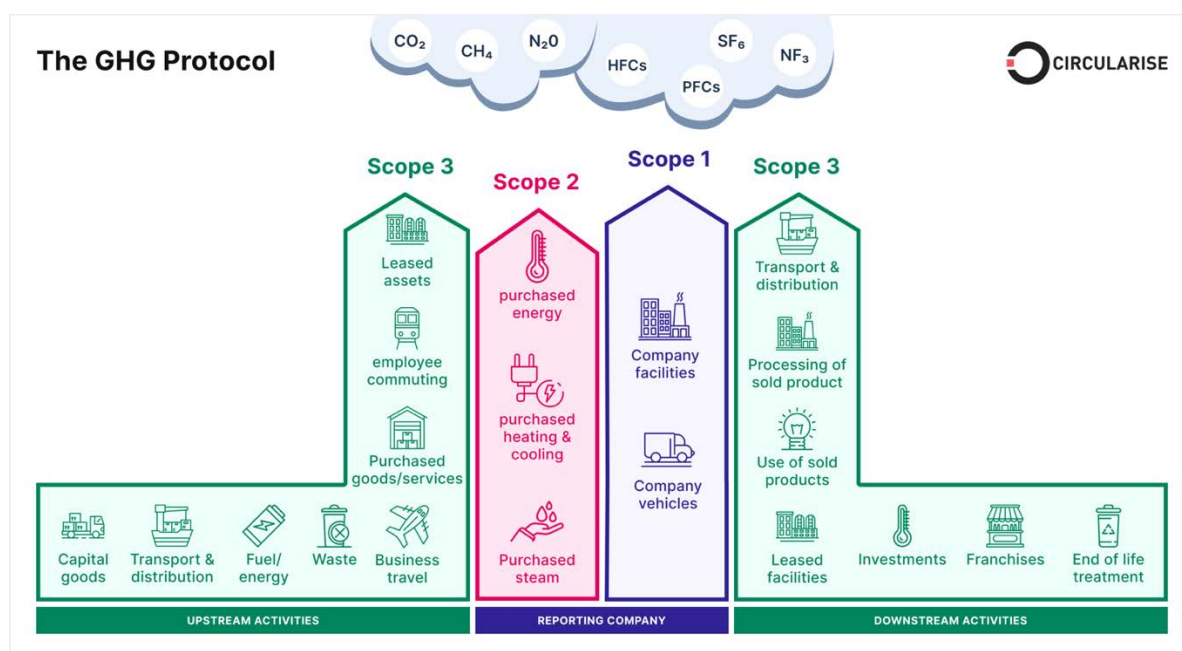


4. Assets & Processes

Itla Bonaiti's fight against climate change cannot stop at simply sourcing low-emission steel and green steel in the near future, it must also implement actions aimed at making the most efficient use of resources and energy. As an operator in an energy-intensive sector, Itla Bonaiti assesses the direct and indirect climate impacts of its assets and production processes with the aim of reducing them as much as possible. Itla Bonaiti is confident that ways will be found to **produce more using less resources**.

The reduction of energy and raw material resources per tonne produced is not only a saving for the company, but a true performance indicator just as important as productivity. For this purpose, the role of the production data analyst is increasingly central in order to give clear guidance to the decision-makers.

Itla Bonaiti focuses on accurate tracking of Scope 1 and Scope 2 emissions, on which it is directly committed to reducing in line with the European Fit for 55 targets, meaning to reduce its greenhouse gas emissions by 55% with respect to the levels of 1990 by 2030. Due to its intrinsic challenges, Scope 3 will be analysed in the coming years and will also be part of an ad-hoc reduction scheme; at present, due to a number of inferences, there is a risk that the value obtained would not be reliable. This does not mean that the company is not committed to Scope 3 issues as it strongly focuses on raw material procurement, resource efficiency and transport.



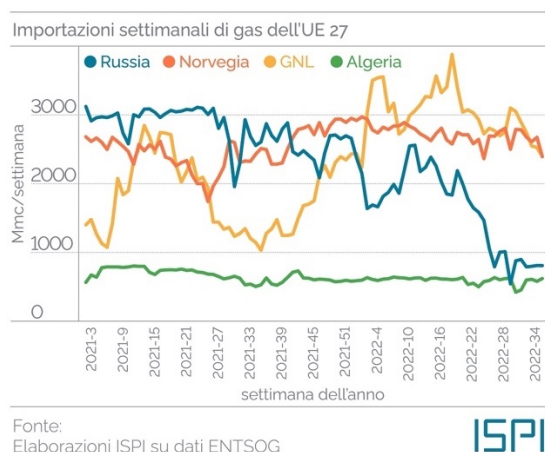
Circularise - The GHG Protocol

TARGETS

- Waste management
- Energy efficiency
- Reduction in emissions per tonne produced
- Lean manufacturing

4.1 ENERGY EFFICIENCY

Energy was a hot topic in 2022. The outbreak of the war in Ukraine sparked a period of crisis in sourcing natural gas, since Russia was the largest supplier to the European Union. Natural gas was not only a primary source for heating, but also for generating electricity, the prices of which skyrocketed, following the same trend as natural gas ones. By the end of 2022, the peak of the crisis fell and, although energy costs have not returned to pre-pandemic levels, at least they are now normalised. This scenario led Itla Bonaiti to foster a whole series of further initiatives to reduce energy consumption. The peak of the crisis coincided with the company closing down in August for scheduled maintenance, therefore limiting the bulk of the increased energy costs to June, July, September and October. Itla Bonaiti readily took advantage of the possibility to receive the tax rebate credit of 40% of the energy cost introduced by the Italian government to mitigate the impact on companies.



ISPI - Italian Institute for International Political Studies Repubblica.it

Shortly before the outbreak of the energy crisis, the company already had a voluntarily Energy Audit conducted on its four plants commissioned by Confindustria's Consorzio Energia Lombardia Nord. The outcome was very important to develop an energy efficiency plan and to introduce photovoltaic systems for the self-generation of renewable energy. The plan to purchase and install the photovoltaic systems with a total capacity of 4.5MW distributed over three plants will be taken on in the next three years.

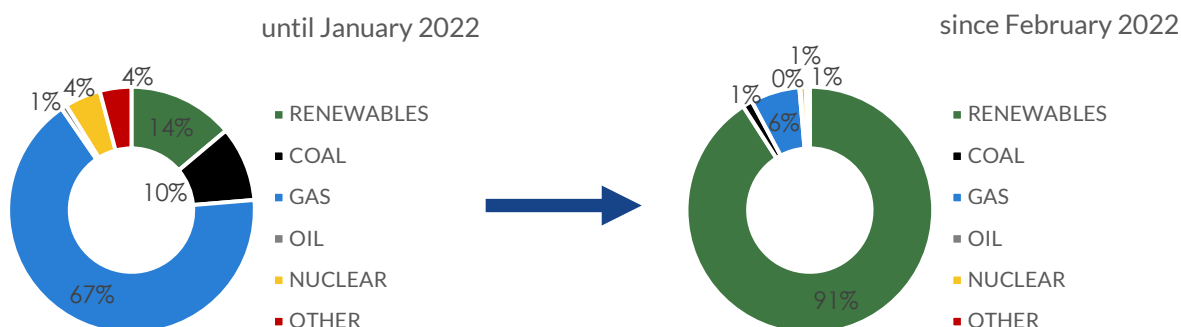


The most important initiative is the establishment of an Energy Committee, set up to analyse a monthly topic concerning energy and/or the use of resources, to take improvement actions, and to train and educate people in strategic positions with decision-making power. The following topics were covered in 2022:

- January: consumption analysis 2021
- February: offices and production area heating
- March: energy audit 2022
- April: waste and disposal
- May: packaging and cooling
- June: sustainable procurement and circular economy
- July: natural gas use analysis
- September: Energy crisis prices analysis
- October: lean manufacturing
- November: doors and windows in offices and service rooms
- December: material returns

In 2022, the energy issues surrounding the production area and more related to building efficiency, waste and personal consumption were addressed. Now Itla Bonaiti wants to focus on reviewing the entire production process to identify inefficiencies and fix them. In addition, plans are in the pipeline to track consumption on a job-by-job basis, so that we can provide our customers with the exact Scope 2 emissions related to the material supplied. This project is very important to give in-depth meaning to the average value which until now has formed the basis of all analyses carried out by Itla Bonaiti.

Electricity is procured through Confindustria's Consorzio Energia Lombardia Nord. Thanks to the change of supplier during the year, as of May 2022 the composition of the energy mix has turned almost entirely to renewable energy. Itla Bonaiti will be active in the political campaign with the Consorzio Energia Lombardia Nord so that the parameters for choosing a supplier include not only economic criteria, but also the mix of sources in support of renewables.



14,017 MWh	electricity consumption in 2022 (a portion is due to the exceptional construction work)
77%	electricity consumed in 2022 from renewable sources
3,298,512 m³	natural gas consumed in 2022
-11%	decrease from 2021
7,215 ton	greenhouse gas emissions

4.2 REDUCTION OF EMISSIONS PER TONNE PRODUCED

Itla Bonaiti has been pursuing Lean Manufacturing for years; this is a production approach that focuses on minimising waste and optimising workflow. This methodology was developed by Toyota in the 1950s and later adopted by many other companies around the world. Today, it is more important than ever to reduce the waste of resources and consequently to reduce emissions per tonne of steel produced. Under this system, seven types waste are identified:

1. **Overproduction:** making more products than required by the market.
This has little impact on Itla Bonaiti since it works on the base of contracts.
2. **Waiting:** time spent waiting for resources or for previous work to arrive.
Digitization of production will play a key role in monitoring this type of waste.
3. **Transport:** unnecessary movement of material.
A transport manager, responsible for all transportation activities within the company, has been included in the organisational chart in order to help minimise waste.
4. **Motion:** any movement of people that does not contribute added value to the product.
This has little impact on Itla Bonaiti, which fosters the development of workers in each plant, so that every worker is specialised and experienced, resulting in less waste caused by lack of knowledge.
5. **Defects:** manufacture of products that are defective or fall short of customer expectations.
Quality, as a key element of Itla Bonaiti's business philosophy, is reflected in the ZERO COMPLAINTS target, the purpose of which is to make the customer happy and to avoid wasting of resources. Handling even just one return involves wasting resources on multiple levels, which can go as far as scrapping an entire order.
6. **Over-processing:** putting more work into the production process than necessary.
Itla Bonaiti is committed to finding the right production process to achieve the physical-chemical-mechanical properties required by the customer, while minimising the number of operations and energy resources used.
7. **Inventory:** stock held in materials or products which are unnecessary.

This has only a marginal impact on Itla Bonaiti, since it pursues a procurement policy that is always careful to keep warehouse levels unchanged.

For Itla Bonaiti, eliminating waste is a process of continuous improvement by incremental steps resulting from instrumental or process innovations in order to maximise product quality and reduce production costs.



Two examples of specific Lean Manufacturing measures applied at the company, that resolve the problem of manufacturing waste, both resulted in considerable resource savings:

- 1) - 28% annealing - wasting less natural gas and gaining production space
- 50% rolling - wasting less electricity and gaining production space
- 2) - 54% annealing - wasting less natural gas and gaining production space
- 100% rolling - wasting less electricity and gaining production space

4.3 TRANSPORT

The transport sector is a major contributor to Scope 3 greenhouse gas emissions, mainly due to vehicles using fossil fuels. Switching to rail transport can make major contribution to reducing CO₂ emissions. Rail transport causes less pollution than road transport, as trains emit less CO₂ and other air pollutants per unit of freight transported. Furthermore, trains have a higher carrying capacity than road vehicles, which means they can transport more goods with less emissions.



In 2022, Itla Bonaiti completed the transition from road to rail transport for all incoming tonnes of steel used as raw material, with the exception of isolated cases due to force majeure, from the steel plants to its customs warehouses.

At present, the only road transport used is to move material from the port to the bonded warehouse, avoiding significant Scope 3 emissions, which are summarised in the following table.

	TRAIN	LORRY	SAVINGS
- Primary energy [MJ]	557,150.09	3,002,366.53	-81.4%
- Carbon dioxide [ton]	19.85	180.41	-89.0%
- CO ₂ equivalent [ton]	21.66	184.21	-88.2%
- Nitric oxide [kg]	30.18	744.40	-95.9%
- Non-methane hydrocarbons [kg]	7.30	67.88	-89.2%
- Sulphur dioxide [kg]	28.17	195.23	-85.6%
- Fine particulate matter [kg]	4.01	22.91	-82.5%

*Data certified by Mercitalia Rail Srl, part of the Ferrovie dello Stato Italiane spa group
-> hypothesis: 40-ton lorry, 28 net tons of cargo, 70% load factor (equivalent to 521 lorries)*

4.4 MATERIALS, CHEMICALS AND WASTE

Having fully addressed steel as a raw material, which accounts for about 83% of supplies, Itla Bonaiti is committed to responsible sourcing the remaining 17% of materials required by the company, which includes materials for plant operations, stationery, not to mention personal protective equipment and much more.

To this end, a purchase evaluation procedure was issued in 2022 which focuses on:

- ECONOMIC SUSTAINABILITY – 360-degree cost assessment
 - o take into consideration the entire lifecycle of the product and not only its use in the company
 - o estimate disposal costs
 - o control hidden costs caused by regulatory constraints
 - o check whether it results in savings or increased energy costs
 - o estimate maintenance costs
- ENVIRONMENTAL SUSTAINABILITY – ecological impact assessment
 - o reduce– reuse– recover– recycle
 - o check whether it results in savings or increased energy consumption
 - o verify the disposal process
 - o opt for products with low environmental impact certifications
 - o assess the impact of transport
- SOCIAL SUSTAINABILITY – Supplier responsibility assessment
 - o check that the supplier does not violate applicable regulations concerning the wellbeing and protection of employees

These supplies also include chemicals and hazardous substances for which specific procedures exist concerning use, storage, transport and disposal according to current regulations; each container is labelled with all the information required. Personnel who come into contact with these substances are provided with the appropriate PPE and have been trained and informed of all the risks involved.

For the disposal of waste other than steel, which as explained in section 3.3 is 100% recycled as scrap, a sorting and disposal process is followed according to the relevant EWC (European Waste Code). Itla Bonaiti uses a tool for mapping the waste flow and all collection points at each plant:

- RECYCLABLE WASTE
 - o EWC 120102: ferrous metal dust and particles
 - o EWC 150106: mixed packaging
 - o EWC 130208: other engine, gear and lubricating oils
 - o EWC 150110: packaging containing residues of or contaminated by dangerous substances
- NON-RECYCLABLE WASTE
 - o EWC150202: absorbents, filter materials, wiping cloths, protective clothing contaminated by hazardous substances
 - o EWC120109: machining emulsions and solutions free of halogens
 - o EWC130502: sludges from oil/water separators



Mogliano Veneto Plant – Separate waste collection – Reusable rags collection – Material contaminated by hazardous substances

An emphasis is placed on finding solutions to reduce internal waste through the reduction, reuse, recovery or reprocessing of waste materials. For example, in 2022 Itla Bonaiti took steps to reduce non-recyclable waste by extending the wiping cloths rental and washing service (EWC 150202) to all plants.



Employee training, to raise awareness on the importance of reducing and sorting waste, was provided at the Energy Committee in April 2022, with the plant managers, the head of maintenance, the COO and the Safety and Environment Manager also in attendance. Moreover, all personnel in the production area are often reminded during the Five Minutes for Safety of the procedures for the proper disposal of all waste and to avoid creating unnecessary waste.

100% recycled scrap - fed back into the circular economy

563 tons waste generated that is not scrap

47% of waste is HAZARDOUS and destined for specific treatment and disposal according to regulations

27% of waste is NON-hazardous and destined for disposal at landfills

26% of waste is RECYCLED

4.5 WATER MANAGEMENT

Efficient water management within a company is crucial to ensure sustainability and corporate environmental responsibility. Itla Bonaiti, aware of the value of water, has set up a water consumption monitoring system to detect any leaks or inefficiencies to be resolved.

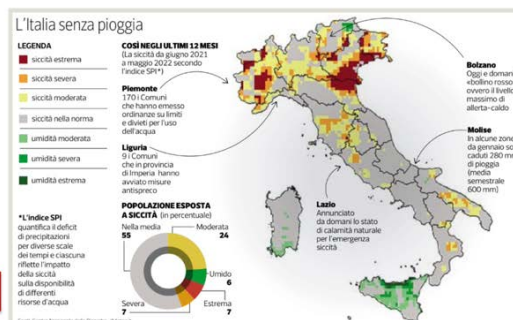
In 2022, industrial water consumption was considerably higher than in the past few years due to construction sites for the installation of new plants. The pile foundation work at the Oggiono plant required a considerable amount of water, which we can calculate to be around 7,500 m³. The fire-fighting system at the Mogliano Veneto plant suffered a malfunction, which resulted in about 4,500 m³ of water being used before it was stopped. On the contrary, the consumption of water used for industrial and other uses in production has remained largely unchanged since 2021.

In 2022, as the summer drought became more severe, a water stress assessment of the four plants' areas was conducted; the Mogliano Veneto site was identified as the most at risk of being cut off from the supply network as it was in the red zone.

ITALIA - CRISI IDRICA

- La decisione del razionamento dell'acqua spetterà alle Regioni (Lombardia / Veneto)
- Usi agricoli / industriali / civili
- Già in vigore divieti per irrigazione di giardini / piscine / lavaggio auto
- Attenzione all'introduzione dei distacchi notturni

Mogliano Veneto ZONA ROSSA



The cold rolled steel specialist

Energy Committee - Analysis of water stress in connection with summer drought in 2022

At the Civate plant, a tank of the cooling tower was replaced, since it was damaged and oversized for current use. This has reduced the amount of water used and as a consequence the amount of water that needs to be kept clean and monitored to avoid the risk of legionella.

Personnel are trained and informed about the importance of water and the sustainable practices to be adopted, such as recycling and reusing water and the importance of putting it back into circulation cleaner than it was taken from the water system or wells.

Itla Bonaiti is equipped with oil separators at the Oggiono and Palazzago plants for the treatment of oil-contaminated wastewater. At any rate, the water at all plants is analysed on a regular basis to ensure compliance with the parameters set by law.

23,878 m³	INDUSTRIAL water consumption (production consumption for Oggiono and Mogliano Veneto plants)
7,500 m³	portion of industrial water used for the construction site at the Oggiono plant
14,192 m³	CIVIL water consumption (production consumption for Civate and Palazzago plants)

4.6 AIR POLLUTION

Hazardous and non-hazardous air emissions besides greenhouse gases can have different impacts on the environment and human health. Among the hazardous emissions, which Itla Bonaiti reports annually, is lead, a toxic chemical, which in high concentrations has adverse effects on human health. It is worth noting that the concentration of lead emissions is below the legal limit and since July 20220 has completely ceased due to the decommissioning of the hardening furnace at the Civate plant.

Non-hazardous emissions other than greenhouse gases (e.g. SO_x, NO_x, VOCs, PM, particulates), such as those from the combustion of fossil fuels, can still have adverse effects on the environment, such as air and water pollution, soil acidification and biodiversity loss. Itla Bonaiti has adopted policies and technologies that reduce the emission of hazardous and non-hazardous substances to ensure a healthy and sustainable environment for all.



All vents of the annealing furnaces are equipped with filters, which are regularly subject to efficiency checks.

At the Oggiono plant, the oil mist extraction system of a rolling mill was replaced, the performance of which has ensured a greater uptake of pollutants.

For the installation of each new plant, a noise impact assessment is carried out and mitigation measures are designed, which will then complement the noise map of the plant in which it is installed.

9,395 gr	Polycyclic Aromatic Hydrocarbons (PAH)
608,854 gr	Particulates
20,693,552 gr	Nitrogen oxide (NO _x)
224 gr	Lead-> MACHINERY DECOMMISSIONED IN JULY 2022, with no hazardous emissions after that

4.7 BIODIVERSITY

The relationship between company and biodiversity can be complex and influenced by several factors. Itla Bonaiti has therefore analysed the areas of activity that could interfere with the local biodiversity surrounding its four plants. The fact that the four plants are located in industrial areas that have been in operation since the 1950s and the commitment to sustainable environmental management without air or groundwater pollution, led to the conclusion that there are no potential risks to local flora and fauna from the company's activities.

The Oggiono and Civate plants are located on the northern border of Brianza, a hilly area at the foot of the Orobic Pre-Alps, in an area with an abundance of lakes and forests just outside urban centres. Construction work for the installation of the new plants in the Oggiono plant, in areas that had previously been cemented over, revealed healthy subsoil free of pollutants.

The Palazzago plant is located in the hilly area at the foot of Bergamo's Orobic Pre-Alps, full of wooded areas just outside urban centres.

The Mogliano Veneto plant is in the Venetian plain behind the Venice lagoon and almost all of the surrounding area, outside of the urban centres, is farmland.





5. Innovation

Innovation and sustainability cannot be considered as two separate elements, but rather a single concept that can lead to substantial synergies.

Innovation involves the development and implementation of new ideas, technologies and processes to solve problems and improve outcomes. Sustainability, on the other hand, is the ability to meet the needs of the present without compromising the ability of future generations to meet their own needs. The innovation of sustainable practices and technologies is crucial in order to ensure a sustainable future, as it helps to reduce waste, conserve resources and mitigate the negative impacts of human activities on the environment. As such, innovation and sustainability are key drivers of progress and both must be pursued together to guarantee a thriving and resilient world for future generations.

Innovation is a process that requires not only advanced technologies, but also the intelligence and creativity of the people involved. Human capabilities and ideas received from workers are key elements for innovation, as they make it possible to find original solutions to existing problems and to develop new business opportunities. Itla Bonaiti is convinced that, in a constantly changing world, it is essential to place value on the contribution of each individual worker, offering them a stimulating working environment conducive to sharing ideas. The different experiences and skills of people can lead to a unique combination of solutions, thus generating a competitive advantage for companies. In doing so, innovation becomes an engine of economic growth and a means to deal with social and environmental challenges. It is clear how central people are to all of the corporate sustainability process.

In this pillar, Itla Bonaiti promotes both product and process innovation through digitization and the structured use of new technologies to provide our customers with continual improvements in quality.

TARGETS

- Product quality and innovation
- Process innovation
- Digitization

5.1 PRODUCT QUALITY AND INNOVATION

Itla Bonaiti, pursuing its development and growth strategy, has identified as its first line of action the internalisation of the historically outsourced levelling and sheet cutting process. In autumn 2022, work started on installing a specific plant at the facility in Civate. The plant was ordered in 2021 and will be fully operational in the first quarter of 2023, after commissioning and testing in late 2022. The new plant will make it possible to cover the current demand, with the possibility of increasing the availability of this type of product to customers. The most noteworthy aspect is the remarkable step forward in quality and product control. By managing the entire phase in-house, with a new and modern plant, Itla Bonaiti can offer the market a higher quality product, with a manned process and with the possibility to develop more suitable solutions directly and internally. The company can thus complete the **range of product finishes: in strips, in spools and in sheets**.

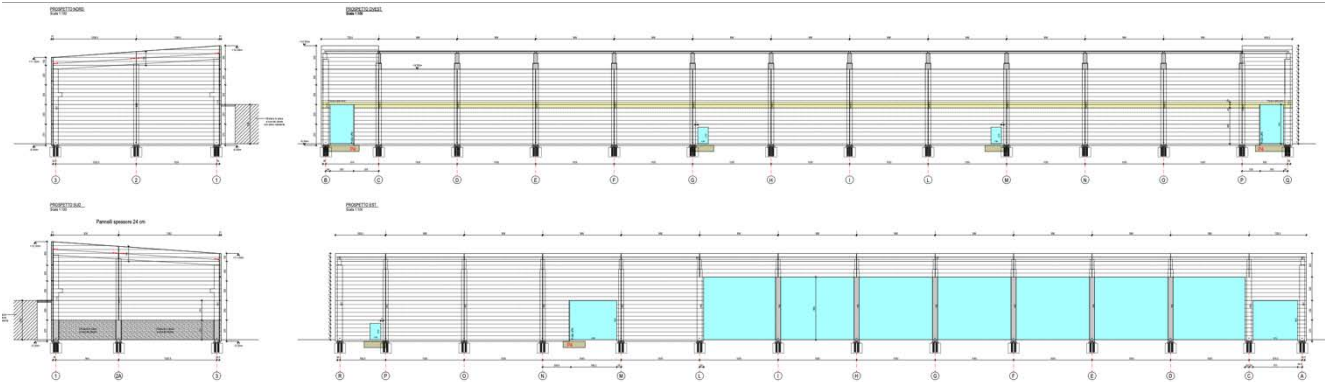


Roll flattening materials up to 1,000 Nw strength
Cut-to-length material from 300mm to 6,000mm
width from 300mm to 1000mm
up to 10 mm thick



Civate plant - Roll levelling and cutting to length system with automated packaging

The other processing phase undergoing a revolution, leading to product innovation, is that of hardening. In 2022, the lead quenching furnace at the plant in Civate was uninstalled and sold. This furnace was no longer competitive and a source of pollutants that had to be managed with complex procedures to prevent them from being released into the environment. **A last generation hardening plant using hydrogen for the continuous production of hardened strips was ordered in 2020.** The new plant, which is the result of a massive investment not only in its own right, but also in the logistics and construction related to it, will allow us to remarkably expand the range of products. For the installation of the new hardening line, it was necessary to purchase an industrial area next to the Oggiono plant, where in 2022 Itla Bonaiti started building an ad hoc industrial shed that should be ready in June 2023, when the installation of the plant is planned to begin.



Oggiono Plant - Industrial shed under construction to house the new hardening plant

The machinery, with modern Industry 4.0 design, will be equipped with all the necessary electronics for product quality control and real-time production data analysis, as well as the highest safety requirements for operators. Together with the installation of the plant, Itla Bonaiti is creating a sales and production team dedicated to the development of hardened strip.



Hardened strips up to 650mm wide
from 0.2 mm up to 4 mm thick
Quenching hydrogen

The company has also invested in control systems to work towards continuous improvement in the supply chain to reduce defects. These systems have been designed with two goals in mind, leveraging electronics and 4.0 technologies:

- the first, more immediate and ready to use, will provide analytical product control, so that it is no longer limited to sampling parts of the material, but will cover the entire surface. The revolution of this approach will make it possible to detect defects early on and correct them, and allow the data to be shared with customers.
- In parallel, these detection systems will be accompanied by artificial intelligence, capable of analysing a much larger quantity of data than previously available, and will help operators to identify patterns and correlations between the data collected and the production cycles and raw material. It will allow for a far more extensive analysis of the downstream process, from procurement to the determination of production cycles. It has the two advantages: preventing recurring faults and increasing process efficiency, from both economic and quality standpoints.

Investments in intelligent control systems concern:

- Parsytec surface defect analysis tool on a cutting machine, which uses advanced tracking technology to scan the entire surface of processed products. High-resolution cameras allow the entire surface of the strips to be scanned in real time and report defects, which are then catalogued and analysed by the artificial intelligence system;
- on another cutting machine, an automatic straightness detection system is being tested which, like the previous one, will make it possible to immediately detect any camber defects, preventing them to affect the entire length of the edges of the material and allow data to be shared with the end user; if the tests are successful, the straightness detection system will be installed on every slitter;
- In 2023, a continuous flatness and dimensional analysis tool will be set up on the new sheet cutting system, which will measure the tolerances of the sheets produced, including the accuracy of the angles;
- Also in 2023, an X-ray measuring system will be installed on the rolling mill for the continuous measurement of the thickness and profile of the material being produced; it will report any faults concerning the tolerances agreed with the customer.

In 2020, Itla Bonaiti Srl joined the JRC-Matt (Joint Research Centre for Metal and Transformation Technologies) of the Polytechnic University of Milan. It is a consortium of companies operating in the steel and steel processing sector, which each year entrusts university researchers with research projects on topics of mutual concern. This partnership makes it possible to outsource research to a qualified entity in the forefront of the European playing field, and to do it on issues concerning several companies in the supply chain, pooling efforts and concentrating investment. Naturally, the collaboration with the Polytechnic University of Milan is not limited to the consortium's projects, but is gradually expanding to other areas of the company, especially technologies related to the new plants under construction.

5.2 PROCESS INNOVATION

As Itla Bonaiti is specialised in processes, it is essential that it invests a great deal of effort in continuous improvement and innovation. The development of new cycles, research into new material qualities and process monitoring underpin the company's daily production and business activities. The investment in systems and facilities designed to improve individual processing steps therefore goes hand in hand with the integration or internalisation of new steps described above.

In particular, the company has invested over the past two years in expanding and updating the rolling phase, i.e., the company's core business, with the installation of a rolling mill with an 800mm table, bought second-hand in 2020 and revamped with all the necessary control, safety and electronic systems to turn it into a modern and competitive machine from an economic, production and product quality standpoint. The wide range of thicknesses, from 0.3 to 8 mm, together with the control systems and versatility of the plant represent a big step forward in terms of cold rolling, opening up the possibility to expand its business by adding new materials, new applications and entering new markets, as well as increase production output.



Rolled strips up to 800mm wide
 from 0.3mm up to 8mm thick

Speed 650 m/min



Oggiono Plant - Foundations for the installation of the new rolling mill

As far as software is concerned, the upgrading process of the production management area started at the end of 2022 with the implementation of Microsoft Dynamics 365 management software, already used by the administration and sales departments. This, in addition to the unquestionable benefits resulting from integration with other company departments, will give way to new ways of managing production processes, starting with logistics and physical warehouses. The goal is to provide people with user-friendly information system, both in data entry and analysis, and that leaves room for the possibility to develop and improve workflow management.

Over the past three years, the company has been working on upgrading the control system of the furnaces and their interconnection. The supervisor, i.e., the software system that controls furnace operations and logs all processing data, has been completely overhauled. With the new systems, combined with the necessary hardware modifications on the plant (pipes, valves, measuring systems, etc.), we can now plan - even remotely - production more efficiently, increase production control and the usual availability of more extensive and accurate data for subsequent analysis with a view to development.



Revamping furnaces up to level 3 furnace control
 supervision

Atmosphere hydrogen

5.3 DIGITIZATION

In 2022, Digital Innovation Hub was engaged to audit the company's 'digital maturity', to assess the level of digitization and competence of the various business areas on the subject. The company has a medium level of digital maturity in almost all areas, even though some areas are more advanced than others. The audit revealed several areas for improvement that starting in 2023 will serve as a guide to digitization, with a proposed roadmap. At any rate, the company's rating was good with respect to the ratings of its target sector.

In view of this, the company has invested in digitization and process improvement; a number of important projects have been completed, including:

- the implementation of Microsoft Dynamics 365 software in the management of both active and passive cycles. The project was tailored to the specific needs of the company and involved the key users of the business processes concerned, resulting in personalised software that radically 'rejuvenated' the management of active and passive cycles. In particular, automatic systems and controls have been included that will limit redundant and low-value-added activities, reducing at the same time the potential for errors, and make users more in control of the process and inclined to make improvements.
- document storage will be enabled at the beginning of 2023, be it a replacement or not. This process is part of the company's campaign to stop using paper, not only for environmental reasons, but also for the sake of efficiency. Using software that intelligently archives, but also links documents together, will make it easier to retrieve the information needed, and give more detailed information faster. Clearly, this will help to not waste paper, the space and the time needed to archive it. This project will affect all areas of the company and will apply to electronic storage in all areas required by law, but also to all other areas of the company (plant engineering, quality, safety, human resources, etc.) where digital archiving will facilitate and improve people's work, also be reducing the risk of loss of documentation.
- After the mapping carried out by the IT manager together with Itla Bonaiti's plant engineering manager, a list of all plants was prepared for the level 1, 2 or 3 of their integration with the IT system. The 'scale' indicates the extent to which the plants are interconnected with the system and are able to dialogue with it, exchanging information with the dual purpose of monitoring the specific process, with the related collection of data to analyse them, and 'remote' control of the plants, by providing active support to machine operators. The mapping gave a satisfactory picture, with all plants at level 1 and many already at level 2; the company intends, with a multi-year campaign, to bring all plants to level 2 and the most strategic ones to level 3, starting with those where the impact will be most significant.
- In 2023, the Human Resources digitization project will also be implemented. After the analysis carried out in 2022, Itla Bonaiti identified the partner with which to begin the transformation of human resources processes, still today paper-based and cumbersome, in order to have streamlined and efficient control via an app on each employee's smartphone. This will provide a single point where they can find all the employment-related information they need, from payslips to holiday plans, from leave requests to the management of expense reports, etc.

GRI content index

ORGANISATIONAL PROFILE

GRI Standard		Section
102-1	Name of the organisation	ITLA BONAITI Srl
102-2	Primary brands, products, and services	Cold re-rolling of special high-carbon steels
102-3	Location of the organisation's headquarters	Strada Provinciale per Dolzago 69, 23848 Oggiono
102-4	Number of countries where the organisation operates	2.5 Internationalisation
102-5	Ownership and legal form	1.3 Corporate structure
102-6	Markets served	2.5 Internationalisation
102-7	Scale of the organisation	2.1 Human Capital
102-8	Number of employees by employment contract, region and gender	2.1 Human Capital
102-9	Description of the supply chain	3.1 Supply chain

STRATEGY

GRI Standard		Section
102-14	Statement by the CEO and chairman on the importance of sustainability for the organisation and its strategy	Letter to our stakeholders

ETHICS AND INTEGRITY

GRI Standard		Section
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GOVERNANCE

GRI Standard		Section
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102-22	Composition of the highest governance body	1.5 Governance System
102-23	Whether the chair of the highest governance body is also an executive officer in the organisation	1.5 Governance System
102-32	Body that approves the financial statement	1.5 Governance System

REPORT PROFILE

GRI Standard	Section
102-50 Reporting period	From 01-01-2022 to 31-12-2022
102-51 Date of most recent report	March 2023 of the financial statements as at 31-12-2022
102-52 Reporting cycle	Yearly
102-53 Contact point for questions regarding the report or its contents	Francesca Ghislanzoni francesca.ghislanzoni@itlabonaiti.com
102-55 GRI Table	GRI content index
102-56 External assurance	External assurance was not provided for

ECONOMIC PERFORMANCE

GRI 201 Economic Performance	Section
201-1 Direct economic value generated and distributed	Economic Sustainability
201-2 Funding received from the Government and subsidies received	4.0 Funding and Energy Bonus

ENVIRONMENTAL PERFORMANCE

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302-4 Energy saving	4.1 Energy efficiency

GRI 303 Water	Section
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GRI 305 Emissions	Section
305-1 Direct (Scope 1) GHG emissions	4.1 Energy efficiency
305-4 GHG emissions from energy consumption (Scope 2)	4.1 Energy efficiency

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401-1	New employee hires and employee turnover	2.1 Human Capital
GRI 403 Occupational Health and Safety		Section
403-1	Percentage of workers represented by formal joint management-worker health and safety committees that make it possible to monitor and inform about occupational health and safety programs	2.2 Health and Safety
403-2	Injuries, occupational diseases, lost days and absenteeism, and number of work-related fatalities	2.2 Health and Safety
GRI 404 Training and Education		Section
404-1	Average hours of training per year per employee, by gender and by employee category	2.1 Human Capital
GRI 405 Diversity and equal opportunity		Section
405-1	Composition of governance bodies and breakdown of employees in each employee category by gender, age group, belonging to minority groups and other indicators of diversity	2.1 Human Capital
GRI 413 Local communities		Section
413-1	Operations with local community engagement	2.6 Supporting territory and local communities

ITLA BONAITI SRL

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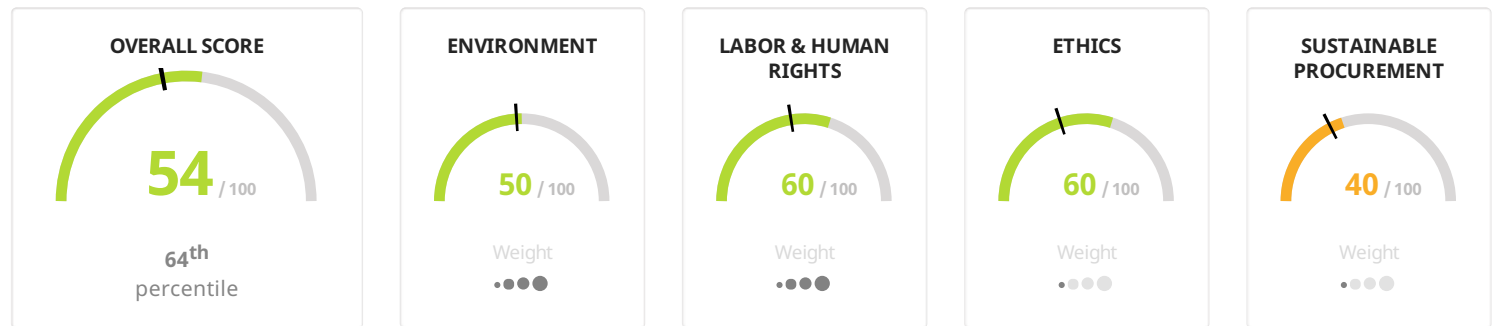


54 /100
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 percentile

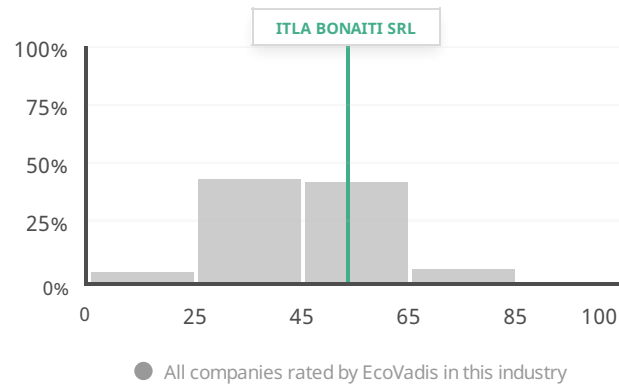
SUSTAINABILITY PERFORMANCE OVERVIEW

Score breakdown

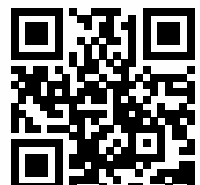
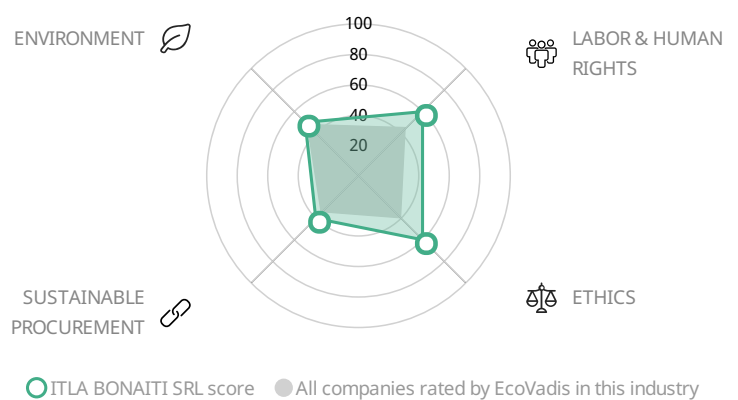
Sustainability performance ● Insufficient ● Partial ● Moderate ● Advanced ● Outstanding — Average score



Overall score distribution



Theme score comparison



* You are receiving this score/medal based on the disclosed information and news resources available to EcoVadis at the time of assessment. Should any information or circumstances change materially during the period of the scorecard/medal validity, EcoVadis reserves the right to place the business' scorecard/medal on hold and, if considered appropriate, to re-assess and possibly issue a revised scorecard/medal.