VSME 2025
Sustainability Report

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INTRODUCTION

This document is the first Sustainability Report drawn up voluntarily with the aim of ensuring transparency regarding the company's policies, initiatives and performance in the environmental, social and governance spheres. The decision to embark on this journey stems from a desire to consolidate a structured approach to sustainability, building on the foundations already established in our ISO 9001, ISO 14001 and WCA certified management systems, and integrating ESG principles into all business activities.

The report is aimed at a wide range of stakeholders, including employees, customers, suppliers, local authorities and the local community. Through this reporting, the company aims to provide information on the actions taken, the results achieved so far and the targets for the future, thereby promoting transparency and trust among its stakeholders.

The approach adopted by our company is based on the following principles:

- Transparency: to clearly present ESG policies, objectives and performance;
- Continuity and improvement: to establish processes for monitoring and periodic review;
- People-centred approach: to enhance the skills, safety and well-being of all staff;
- Social and environmental responsibility: to reduce environmental impact, manage waste, control energy consumption and contribute to local development;
- Consistency and integration: to ensure that ESG actions are fully integrated into the company's operational and strategic management.

The report has been organised to follow a clear, simple and structured approach based on the ESG framework, covering governance, the environment and people, with the relevant KPIs monitored. The conclusions will provide a concise strategic overview and set out commitments for future financial years.

This first reporting exercise serves as an initial baseline for measuring future progress and represents a starting point for consolidating a culture of sustainability within Pacetti S.r.l., creating value for our company and for external stakeholders.

COMPLIANCE WITH THE VSME STANDARD

This Sustainability Report has been prepared on a voluntary basis in accordance with the VSME – Voluntary Sustainability Reporting Standard for non-listed Small and Medium-sized Enterprises, developed by EFRAG.

This document provides concise information, proportionate to the size of the company, on environmental, social and governance (ESG) issues, with the aim of ensuring transparency towards stakeholders and supporting a structured process of continuous improvement.

This document constitutes the company's first ESG reporting exercise and represents a starting point for monitoring and progressively improving its sustainability performance in the coming years.

The report covers the year 2025 and relates to the activities carried out by Pacetti S.r.l. at its operational headquarters in Ferrara, Italy, including the main business activities and management processes relevant to ESG issues.

1. GOVERNANCE

1.1 Governance structure and role of the board

Pacetti S.r.l., based in Ferrara, operates in the metalworking sector; specifically, the company designs, manufactures and markets a range of products such as water storage tanks, calorifiers, buffer vessels and plated heat exchangers, both standard and customised, used primarily in heating/cooling and DHW supply systems, having consolidated over time the expertise and professionalism that have driven its growth and established its solid position in the domestic and foreign markets.

It is a limited liability company managed by a board of directors comprising three directors, responsible for strategic direction, management supervision and monitoring the company's overall performance.

The board of directors sets the main industrial, financial and organisational guidelines, ensuring business continuity, long-term stability and the creation of value in the medium to long term.

Strategic decisions are taken considering not only economic aspects, but also the risks and opportunities associated with the regulatory, environmental and market context.
In this context, sustainability-related issues have been progressively integrated into decision-making processes, including through a dedicated internal function responsible for overseeing management systems and ESG aspects.

1.2 Integrated management system, sustainability and compliance

Pacetti S.r.l. adopts an integrated management system certified to the main international standards:

- ISO 9001 (Quality)
- ISO 14001 (Environment)
- WCA Intertek (third-party assessment)

The management system is a fundamental tool for controlling business processes, ensuring regulatory compliance and the continuous improvement of performance.

The management of ESG aspects, compliance and internal control has been integrated into the company's system as part of a growth strategy and is based on tools such as the Company Code of Ethics and the Company policy, with particular emphasis on topics such as quality, environment and safety.

These tools define the principles of integrity, legality, transparency and accountability that guide the company's conduct towards all stakeholders.

Although there is currently no formalised whistleblowing channel – which will be one of our next objectives – the organisation promotes a corporate culture focused on integrity, internal reporting and adherence to ethical principles.

1.3 Health, safety and operational risk management, ESG policies

The protection of health and safety at work is a central element of corporate management and is ensured in accordance with Legislative Decree 81/2008 and compliance with Intertek's WCA (Work Condition Assessment) scheme.
The company relies on the support of an external Health and Safety Manager, who assists management in risk assessment and the updating of preventive measures.

ESG risk management is integrated into business processes and includes:

- Environmental risks (energy consumption, emissions, waste)
- Regulatory and compliance risks
- Risks related to workers' health and safety
- Reputational and ethical risks

These risks are monitored on a regular basis through internal analyses and quarterly management reviews, which enable the identification of any critical issues and the definition of corrective and preventive actions.

The company's policies integrate quality, environmental and safety aspects and serve as the framework for the sustainable management of its operations.
In particular, the company is committed to:

- ensuring compliance with applicable regulations
- pursuing continuous process improvement
- preventing pollution
- protect the health and safety of workers
- use resources efficiently
- ensure customer satisfaction

In environmental terms, Pacetti S.r.l. is also committed to reducing the direct impacts of its activities, optimising energy and raw material consumption, and managing waste correctly to prevent environmental risks.

ESG objectives are defined on an annual basis and monitored using internal indicators (see end of section 1).

1.4 Monitoring and continuous improvement

The business management system is supported by regular monitoring based on performance indicators, which are analysed by the board of directors on a quarterly basis. Key indicators monitored include:

- *Turnover: €10,263,228*
- *Certifications: ISO 9001, ISO 14001, WCA Intertek, FCM for Plate Heat Exchangers*
- *Non-conformities identified by third-party bodies: 2*
- *Internal audits: 4*
- *External audits: 4*
- *Management reviews: 4*
- *Complaints received: 23*
- *Annual ESG monitoring: 2*

This approach enables the company to continuously improve its performance, prevent critical issues and strengthen organisational control.

2. ENVIRONMENT

Our company recognises environmental protection as a central element of its business management and integrates the principles of prevention, control and continuous improvement into its production processes.

Our environmental commitment is supported by the ISO 14001 certified management system and the regular monitoring of relevant environmental indicators, as well as by Intertek's WCA (Work Condition Assessment) scheme.

2.1 Energy and energy consumption

The company uses electricity and natural gas to carry out its production and operational activities. Energy consumption is monitored on an annual basis through the collection and analysis of data from utility bills; this enables us to assess the overall efficiency of production processes, identify any discrepancies and determine optimisation measures. Although no photovoltaic system is currently installed, the company regularly assesses potential energy efficiency measures, with the aim of reducing the environmental impact of its operations. One of our potential future objectives will be an energy audit, starting with individual departments, as well as an assessment regarding the purchase of certified energy.

2.2 Emissions and Carbon Footprint

Pacetti S.r.l. has launched a structured process to assess its carbon footprint, with the aim of quantifying the CO_2 emissions associated with the company's activities and, on this basis, developing a plan for improvement.

For the first time, the organisation's carbon footprint has been calculated (see figure at the end of section 2) in accordance with the GHG Protocol standard, considering:

- Scope 1: the organisation's direct emissions
- Scope 2: indirect emissions from purchased energy
- Scope 3: indirect emissions along the value chain

This represents a significant step towards greater awareness of climate impact and forms the basis for setting future reduction targets.

2.3 Waste management

Pacetti S.r.l. production activities generate various types of waste, mainly comprising metal and textile processing scraps, packaging materials and waste arising from maintenance and support activities for production processes.

Waste management is carried out in compliance with current legislation, through internal procedures that ensure proper collection, separation and temporary storage, as well as handover to authorised operators. The entire process is supported by document traceability systems, which thus ensure the complete traceability of waste streams through the required documentation. Special care is paid to the recovery of metal scrap, which is predominantly sent for recycling, contributing to the reduction of environmental impact and the promotion of circular economy principles.

The company continuously monitors the quantities of waste produced and the methods used to manage it, with the aim of reducing overall volumes, increasing recovery rates and improving process efficiency.

2.4 Water resources

Water consumption does not represent a significant factor in our company's production process; however, the organisation monitors water usage on a regular basis to ensure the responsible use of this resource and prevent wastage. An internal awareness campaign on water consumption has also been launched, using dedicated leaflets, not only in the workplace but also in people's private lives.

2.5 Environmental regulatory compliance

Pacetti S.r.l. operates in compliance with applicable environmental regulations - authorised by the Environmental Permits (AUA) issued by the province - and has not incurred any environmental fines or sanctions in recent financial years.

The absence of environmental disputes, together with the maintenance of ISO 14001 and WCA Intertek certification, demonstrates the company's constant focus on compliance and the proactive management of environmental risks.

2.6 Supply chain and environmental criteria

Our company mainly uses Italian suppliers, a choice that allows for greater geographical proximity, more direct control over commercial relationships and a reduction in logistics-related impacts.

The selection and evaluation of suppliers are carried out according to structured criteria, primarily focused on:

- reliability and quality of the product/service
- regulatory compliance
- holding of system certifications (i.e. ISO 9001, where applicable)
- continuity and stability of the business relationship

Suppliers considered critical to the production process are subject to periodic assessment as part of the management system, which also verifies compliance with environmental and safety regulations. This activity enables us to monitor performance and ensure that the required standards are maintained, as well as to promote a culture of compliance in these areas by raising suppliers' awareness of the need to adhere to them.

The preference for established and certified operators indirectly helps to strengthen the management of environmental aspects throughout the supply chain; however, with a view to improvement and the growth path we have embarked upon in our ESG journey, the criteria we have adopted represent a foundation upon which to develop, in the coming financial years, potentially even more structured environmental parameters in the selection of our business partners.

2.7 Environmental KPIs

The company monitors key environmental indicators on a quarterly basis, including:

Electricity consumption (kWh): 86,360
Gas/Methane consumption (Smc): 15,513
Water consumption (Mc): 671
Total amount of waste produced (kg): 75,709
Percentage of waste sent for recovery/recycling %: 94.49
Percentage of hazardous waste %: 1.46
CO2 emissions: 2,408.12 tonnes

Monitoring the quantity of waste produced, broken down by type where applicable, allows us to:

- assess the efficiency of production processes
- identify opportunities for energy optimisation
- improve waste management and traceability

The environmental objectives are aimed at progressively reducing direct impact through operational and organisational improvements.

3. SOCIAL

Our company recognises human capital as a fundamental element for the growth, continuity and long-term stability of the business. The skills, experience and commitment of our people are, in fact, a key factor in ensuring quality, efficiency and sustainable development.

In line with the ESG principles adopted, the company promotes a safe, stable working environment focused on developing skills, operating in full compliance with workers' rights and current legislation.

The company's social approach is based on a few key principles:

- protection of workers' health and safety
- development and enhancement of professional skills job security
- fairness and respect in working relationships
- attention to the local community and stakeholders

In this context, Pacetti S.r.l. is also committed to fostering dialogue with the local

community and promoting initiatives that support the integration of young people into the world of work through partnerships with schools and training institutions, such as ITS Copernico in Ferrara and the Don Calabria Study Centre in Ferrara.

To this end, we have introduced work experience and internship schemes with the aim of promoting and making the world of work within the company more accessible and familiar.

3.1 Employment structure and personnel management

The company's organisation comprises operational staff and personnel employed in technical, administrative and managerial roles, with almost all (see percentages at the end of this section) employment relationships governed by permanent contracts, confirming the company's commitment to ensuring job stability and professional continuity,

During the financial year, staff turnover remained at low levels, reflecting a high degree of staff loyalty and careful human resources management.

The company has always placed great emphasis on a working environment characterised by collaboration, mutual respect and the development of skills, fostering professional growth and a sense of belonging.

3.2 Health and safety at work

Health and safety protection is a priority for Pacetti S.r.l. and is managed in full compliance with Legislative Decree 81/2008 and Intertek's WCA (Work Condition Assessment) scheme.

The company employs a structured system comprising:

- an external Health and Safety Manager
- a Company doctor,
- in-house staff dedicated to emergency management and prevention

Prevention and protection measures are supported by ongoing risk assessment and the updating of safety measures.

During the reporting period, safety indicators were monitored continuously, with particular attention paid to the number of accidents and the frequency and severity rates.

Safety training is a central element of the prevention system: the company regularly provides mandatory training and periodic updates to ensure a high level of awareness and responsibility among its staff.

For the past year, we have also entered into a preferential agreement with the Gym Tonic sports and fitness centre, located approximately 1 kilometre from our company headquarters, which covers not only all our employees but, from this year, their families as well. This is to promote a culture of well-being and to provide a beneficial opportunity for everyone associated with our company.

3.3 Training and skills development

Pacetti S.r.l. regards training as a strategic element for the continuous improvement of business performance and the professional development of its staff.
Throughout the year, training activities were provided in both compulsory (health and safety) and technical-professional contexts, with the aim of:

- improve operational skills
- ensure compliance with regulatory updates
- support the efficiency of production processes.

Training hours are monitored using specific indicators and represent one of the company's key social KPIs; the approach adopted enables us to promote the corporate culture and strengthen internal skills, contributing to the overall growth of our organisation.

3.4 Diversity and equal opportunities

Pacetti S.r.l. operates in accordance with the principles of equal opportunities and non-discrimination, ensuring fair working conditions that respect people's dignity.

The composition of our workforce reflects the characteristics of the sector in which we operate, maintaining an inclusive approach focused on the development of individual skills.

As previously stated, the company promotes a working environment based on fairness, mutual respect and collaboration, fostering professional relationships that are positive and constructive, and our efforts in this regard are always aimed at continuous improvement.

3.5 Community and stakeholder engagement

Our organisation maintains an ongoing dialogue with key stakeholders, including employees, customers, suppliers, educational institutions and the local community.

The company recognises the importance of its role in the local area and, in our own small way, we promote initiatives aimed at creating shared value and strengthening our ties with the social and economic context in which we operate;

As mentioned previously, over the past year we have launched a partnership with the Don Calabria Institute – Città del Ragazzo in Ferrara, aimed at supporting young people in their journey into the world of work.

The initiative involves the provision of work placements, through which students can engage directly with the company, familiarise themselves with the working environment, observe production processes and acquire practical skills.

This experience represents an important opportunity for growth both for the young people involved, who can find their way in their professional careers, and for the company, which strengthens the strong ties with the local community and actively contributes to the training of the younger generation.

This collaboration demonstrates Pacetti S.r.l.'s commitment to promoting among young people and in facilitating a well-informed and skilled entry into the world of work.

3.6 Social indicators

The company continuously monitors key social indicators, including:

- *Number of employees in the operational area: 34*
- *Number of office staff: 12*
- *Percentage of female employees: 22.50%*
- *Total training hours: 196*
- *Average training hours per employee: 9.33*
- *Percentage of temporary workers: 13%*
- *Number of accidents: 2*
- *Accident rate: 25.93*

The monitoring system enables us to assess the effectiveness of the policies adopted, identify areas for improvement and strengthen the company's commitment to its people.

4. ESG INITIATIVES AND FUTURE OBJECTIVES

Pacetti S.r.l. has therefore integrated ESG principles into its operational and management activities, translating the company's commitments into a set of concrete initiatives aimed at the continuous improvement of environmental, social and governance performance.

It is important to note that these initiatives are not isolated activities but have been progressively integrated into the company's processes and management system, in line with existing certifications and the objectives defined by management.

As noted above, the approach adopted is structured around three main areas:

Environment - with initiatives focused on monitoring consumption, energy efficiency, waste management and a programme to reduce CO_2 emissions

Social - with activities focused on staff training, workplace safety and strengthening ties with the local community through partnerships with educational institutions and initiatives to help young people enter the workforce;

Governance - with the consolidation of internal control systems, the strengthening of audits and the regular monitoring of corporate indicators.

ESG initiatives represent a structural element of corporate management and form the basis for the system's evolution in the coming financial years, with a view to continuous improvement and the increasing integration of sustainability issues into decision-making processes.

In particular, the company has set itself the following strategic objectives for the coming financial years:

To consolidate the ESG monitoring system through the further structuring of KPIs and the systematic analysis of environmental, social and governance performance;

To continue efforts to reduce environmental impact, with particular focus on energy efficiency (Industry 5.0 investments and the pursuit of energy from renewable sources), reducing consumption and improving waste management practices;

Further develop the Carbon Footprint project, with the aim of refining emissions measurement and assess possible reduction measures in the medium term;

Strengthen staff training activities, both in technical areas and in safety, in order to consolidate skills and corporate culture;

Further develop social initiatives in partnership with the local community, expanding collaborations with educational institutions and strengthening the company's contribution to helping young people enter the world of work;

Develop the ESG governance system through the progressive strengthening of internal control mechanisms and the possible introduction of more formalised procedures for managing reports and risks.

These objectives represent a natural evolution of the path we have embarked upon and are aimed at ensuring continuous improvement in corporate performance, in line with the scale and operational characteristics of our organisation.

5. CONCLUSIONS

This Sustainability Report represents Pacetti's first structured ESG reporting exercise, prepared on a voluntary basis in accordance with the VSME standard.

The document has enabled a comprehensive description of the company's approach to environmental, social and governance issues, highlighting the progressive integration of sustainability principles into management and decision-making processes.

The analysis reveals an organisation characterised by a solid management structure, supported by control systems and international certifications, which form the basis for ensuring quality, regulatory compliance and continuous improvement.

Overall, this report highlights an organisation which, despite being a typical SME, has embarked on a concrete path towards integrating sustainability into its processes, laying the foundations for a progressive and structured evolution over the coming financial years.

The path undertaken represents a significant first step towards strengthening ESG performance and will be further developed through the objectives defined for the coming years, with a view to continuous improvement and sustainable growth.