

**PADANA TUBI**  
& PROFILATI ACCIAIO S.P.A.

## **Responsibility, Commitment, Trust**

Sustainability report executive summary



# TABLE OF CONTENTS

4	Letter to Stakeholders	20	Sustainability for Padana Tubi
6	Highlights	22	Materiality analysis
8	Corporate identity and governance	24	Main economic and financial results
8	Padana Tubi: steel, passion, solidity	24	Value generated and distributed
8	Locations	25	Customer relations
9	Countries served	25	Responsible supply chain management
10	Chronology	26	People value: employees and communities
12	Market presence and business model	28	Occupational health and safety: a top priority
12	Carbon steel division	29	Protection of the environment and natural resources
13	Stainless steel division	29	Environmental responsibility
14	Product quality, traceability, reliability and safety	29	Waste management and use of water
15	Cutting-edge technology		
16	Responsible governance		
16	Organisational structure		
17	Company organisation chart		
18	Ethics, integrity and transparency		
19	Management systems and certifications		



# Letter to Stakeholders

Dear readers,  
this second Padana Tubi Sustainability Report, which refers to 2022, takes us another step towards reporting on our activities in a structured manner, in accordance with the Global Reporting Initiative (GRI) standards.  
We are pleased to share with our stakeholders the main issues that have been a feature of the past few months, in addition to strictly economic-financial questions, important issues such as the protection of health and safety at work, our environmental impact, and our commitment to sustainability, as part of a broad, forward-looking vision. In 2022, the international scenario saw the outbreak and continuation of the war in Ukraine, tensions over energy

sources that led to exponential rises in gas and electricity prices, and unexpectedly far-reaching and long-lasting inflationary pressures, with the consequent decisions by central banks to raise interest rates.  
From a climatic point of view, increasingly extreme phenomena occurred in rapid succession all over the world: droughts, high temperatures, fires, hurricanes and torrential rain highlighted the urgent need to step up action to mitigate the environmental impact of human activities, and undertake protection projects in locations and settlements at greatest climatic risk.  
Geo-political instability in many parts of the world, food

shortages and economic crises drove more and more people to leave their home countries.  
Migration has been, and will continue to be, an important and sensitive issue confronting Italy and Europe.  
  
In this global context, the world's economic and financial systems – of which steel is a constituent part and primary driver – have shown signs of weakness, slowdowns in growth, and widespread discontinuity and volatility.  
  
At the same time, precisely because of these dynamics, environmental, social and economic sustainability are

issues of increasing importance in the business world due to growing awareness, especially among young people, and economic players.  
  
Specifically, the demand for reduced environmental impact in 'hard to abate' industries like steel predates and anticipates both technologies and mandatory regulations.  
At Padana Tubi we have been firm believers, for over fifty years, in the social role, in a broad sense, of our business. We are an economic entity that every day, thanks to the invaluable work of more than seven hundred employees, receives raw materials from all over the world and produces goods that are shipped to more than 60 countries.

Protecting the health and safety of workers is our primary concern, both through constant investment in production facilities and through daily training on safety and worker awareness and listening to their needs.  
We are a company that operates entirely in the area of the town of Guastalla, which provides us with resources, opportunities, collaboration; we endeavour to respond with respectful, effective and timely initiatives, that are often unpublicised. As you will read in the report, part of our commitment is to ensure compliance with national, industry and international environmental regulations, and, where possible, to do better and more. Initiatives include increasing the generation capacity of photovoltaic plants, purchasing energy from renewable sources only, with Scope 2 emissions eliminated since 2020, and making energy and water consumption more efficient.  
  
Europe has clearly chosen the difficult and necessary path of climate neutrality, which can only be achieved if production chains act together in synergy.  
That is why the involvement of all our stakeholders – workers, customers, suppliers, local communities, institutions – in this journey of sharing and transparency that we have undertaken will be increasingly necessary.  
With these remarks, we present our Sustainability Report, and welcome any contribution you may wish to make.

*Alfieri Family*





Highlights

SOCIAL SUSTAINABILITY



**1970**  
Year of incorporation



**710**  
No. of employees



**400,000sq.m**  
Covered production area



**5,989.5**  
Total hours of training provided



**13**  
Sites and local units



**60**  
Countries served annually



**262,500€**  
Amount donated to support the local area

ENVIRONMENTAL SUSTAINABILITY



**83%**  
Self-consumed energy

**345,478GJ**  
Energy consumed within the organisation



**99%**  
Waste sent for recovery



**100%**  
Electricity from renewable sources

**1,235,885Kwh**  
Photovoltaic-generated energy

ECONOMIC SUSTAINABILITY



**1,263,312,949€**  
Turnover



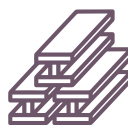
**1,275,635,293€**  
Value of production



**89,233,725€**  
Net profit



**29,993,038€**  
Capital expenditure



**800,000approx**  
Tonnes of steel sold



# Corporate identity and governance

## Padana Tubi: steel, passion, solidity

Padana Tubi & Profilati Acciaio S.p.A. is a company whose business is the **production and sale of carbon and stainless steel tubes, as well as the sale of galvanised tubes and the marketing of coils, sheet metal and edge trim.**

The company was founded in Guastalla in 1970 by the Alfieri family, initially to produce carbon steel welded tubes. Its growing success on the market led to the decision to expand into the production of stainless steel tubes, thanks to the completion of a second plant in 1989. Subsequently, through a gradual process of organic growth, other plants were built to extend the production range in the steel tube sector, with additional diversification in raw materials and considerable enlargement of the finished product offer.

## Locations

Padana Tubi's production facilities are all located in its home territory, in the town of Guastalla. Via Portamurata, the site of the first production operation, is the location of the company's headquarters and an important carbon tube production plant. In addition, there are four other main production sites, as well as eight plants for secondary processing and warehousing.

**The large covered area enabled the company to install photovoltaic systems on its premises with a nominal power of 2,779 kWp.** Its understanding of the strategic role of renewable energy sources has led the company to progressively increase this type of installation.

A	Via Portamurata	CARBON - CARBON STEEL/HEAD OFFICE
B	Via Roncaglio	CARBON - CARBON STEEL
C	Via Dossetti	STAINLESS STEEL
D	Via De Gasperi	STAINLESS STEEL
E	Via Togliatti	STAINLESS STEEL
F	Via Ferrari	STAINLESS STEEL
G	Via Dossetti	STAINLESS STEEL
H	Via Nenni	STAINLESS STEEL
I	Via Dossetti	CARBON - CARBON STEEL
L	Via Nenni	STAINLESS STEEL
M	Via Dossetti	STAINLESS STEEL
N	Via Portamurata	CARBON - CARBON STEEL
O	Via Salati	CARBON - CARBON STEEL



## Countries served

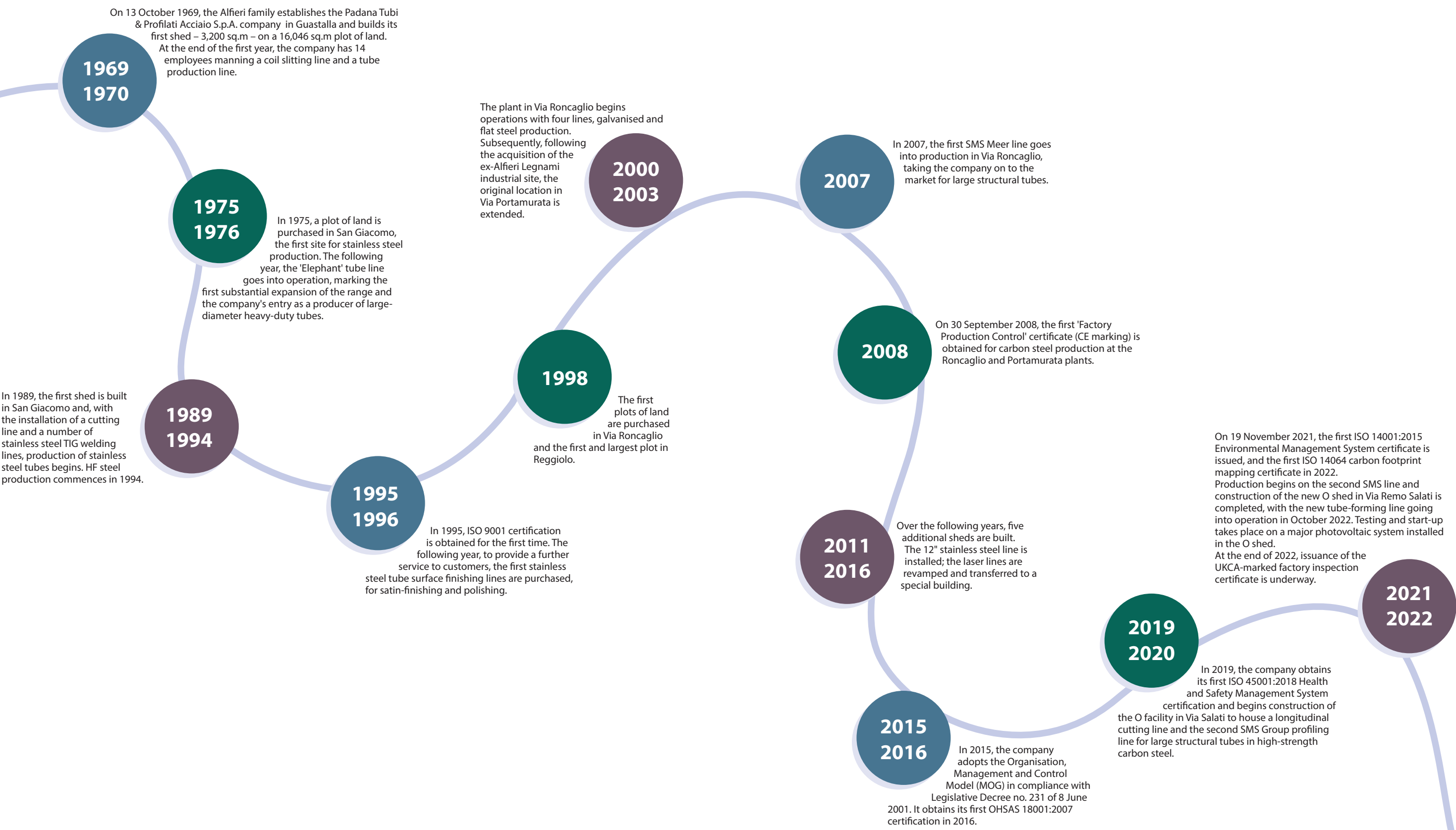
Padana Tubi's strong territorial identity, decidedly atypical in a world increasingly oriented towards delocalisation, clearly shows the strength of the roots that bind it to the Emilia region and, at the same time, project it on to international markets, where its sales network serves more than 60 countries.



Albania, Algeria, Austria, Azerbaijan, Belgium, Benin, Belarus, Bosnia and Herzegovina, Bulgaria, Cape Verde, Croatia, Ivory Coast, Cyprus, Denmark, Estonia, United Arab Emirates, Finland, France, Germany, Jordan, Greece, Ireland, Israel, Italy, Latvia, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Morocco, Mexico, Moldova, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tunisia, Turkey, Ukraine, United Kingdom, United States of America.



# Chronology





## Market presence and business model

### Products and services

Padana Tubi manufactures:

- black and galvanised carbon steel tubes and profiles;
- stainless steel tubes and profiles;
- flat carbon steel sheets.

Steel is the fundamental raw material in production processes, a raw material with a potentially infinite life cycle, a true 'permanent resource' essential to the development of a circular economy. The entire range of products, all marked for compliance with production standards, is produced by two divisions: the Carbon Steel Division and the Stainless Steel Division.

### Carbon steel division

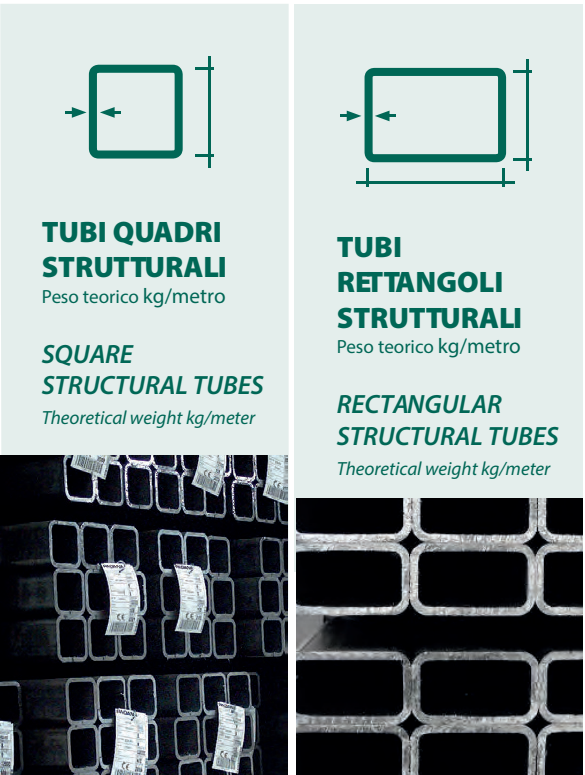
Carbon steel division production is as follows:

- Structural tubes in accordance with UNI EN 10219-1;
- Pickled tubes for precision applications in accordance with UNI EN 10219-1 or UNI EN 10305-5 (only square-rectangular profiles);
- Sendizimir galvanised tubes, also for precision applications, in accordance with UNI EN 10305-5 (only square-rectangular profiles 1.5 to 3 mm thick);
- Flat sheet metal (black, galvanised, pickled, embossed and striated);
- Strips;
- Special profiles and window frames.

The coils used for tube production comply with the UNI EN 10025-2 standard as regards technical delivery conditions for non-alloy steels for structural purposes and with the UNI EN 10051 standard as regards dimensional and form tolerances.

The coils used for galvanised tube production comply with the UNI EN 10346 standard as regards technical delivery conditions for flat steel products made with the Sendzimir cold-forming method.

Profile lengths vary from 4500 mm to 15000 mm. At the customer's request, the uncoated weldment of galvanised products can be regalvanised using an instrument that 'atomises' a zinc wire. The division also provides a hot-dip galvanising service.



## Stainless steel division

Stainless steel division production is follows:

- Round tubes with two types of welding: HF (EN 10296-2) and TIG (EN 10217-7);
- Square/Rectangular Tubes.

The following surface finishes are also available: standard in-line brushed, satin, polished.

The coils used for tube production comply with the EN 10088-2 and EN 10028-7 standards. Cold-rolled steel is used for thicknesses up to and including 1.6 mm, hot-rolled from 2 mm to 6 mm.

Since 2014 and the installation of a line for large-diameter heavy-duty tubes, Padana Tubi's stainless steel range has been enhanced with new productions.

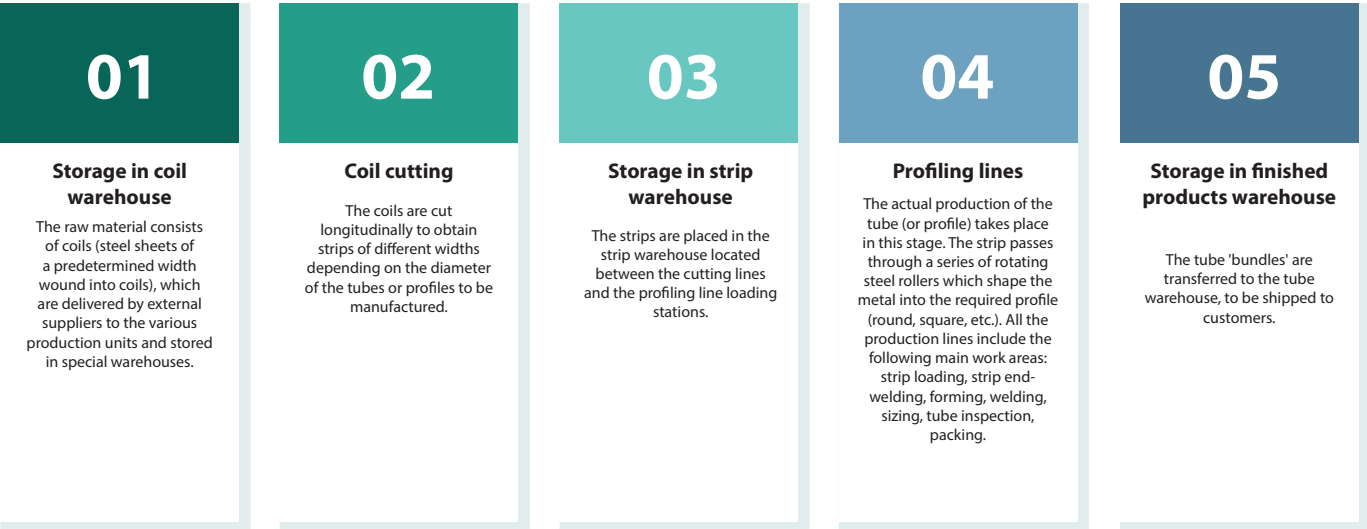




The production process

The manufacture of products fully compliant with industry-specific national or international regulations, or with recognised market standards, means that Padana Tubi does not have a design and development operation. Products are offered to customers without any particular variations other

than length, format and raw material, in accordance with the appropriate specifications. Production of longitudinally welded tubes consists of a series of stages, which are always the same whatever type of steel is used:



Product quality, traceability, reliability and safety

Padana Tubi ensures high quality standards for its products through close attention to the performance of specific product and process checks. The quality system runs a traceability system for raw material batches and finished products, regulated by an appropriate procedure performed in accordance with the product standard specifications. The traceability of coils, cut strips and tubes is ensured by a dedicated coding system. Each coil, each strip cut from a coil, and each tube produced from a strip is identified by a unique batch code. The batch code can be interrogated to

recreate the family tree of the product in question. The main factors guaranteeing quality are: appropriate incoming checks on raw materials with respect to procurement, spot production process controls and use of state-of-the-art technology and specific skills to test finished products in accordance with the relevant standards.

**Incoming checks**  
Carefully selected incoming material is subjected to specific checks described in detail in the relevant operating procedures/instructions. Non-compliant material is promptly identified and set aside.

**Process controls**  
The production processes are supported by a set of operating procedures/instructions indicating the criteria and methods to be followed to keep the tube manufacturing parameters under control and ensure that products comply with standards and meet customer requirements. Specific checks are run during each production stage, such as:  
1. checks on welding efficiency using the UNI EN ISO 10893-2 eddy current method ;  
2. dimensional checks carried out with calibrated instruments;  
3. control of surface appearance;  
4. recording of results on ISO 9001:2015 codified forms so that the results obtained can be correctly interpreted.

**Technical analysis and state-of-the-art technology**  
In the in-house laboratory, qualified technicians use state-of-the-art technology and equipment to conduct specific tests on the finished products and ensure compliance with reference standards and, in particular, with the CE/PED directive.

Cutting-edge technology

Padana Tubi guarantees the highest quality standards on all its products through careful selection of raw materials. We have two workshops, the first at the Portamurata production site and the second, under construction, in the San Giacomo industrial area. State-of-the-art equipment operate/will operate at the two facilities to run hardness, tensile and resilience tests, chemical analyses and macrographic/micrographic examinations of the base material and the heat-affected zone (the profile weldment). The checks are carried out to verify that the products meet the technical specifications of the reference standards, specifically:

- for the carbon division, Padana Tubi ensures compliance with all the requirements for the attestation of factory production control set out in the EN 10219-1:2006 standard;
- for the stainless steel division, product-specific inspection certificates are issued for longitudinally welded austenitic steel tubes in the quality system and in accordance with the Pressure Equipment Directive 2014/68/EU and applied technical specifications (10217).

In addition, assessments of the health and safety impacts of production processes are carried out. Special attention is paid to stainless steel tube welding, where process controls and fume extraction are particularly important given the presence of alloy components (chromium and nickel). A health protocol has been drawn up for the workers welding these materials, in addition to compliance with a specific protocol for the metalworking industry.

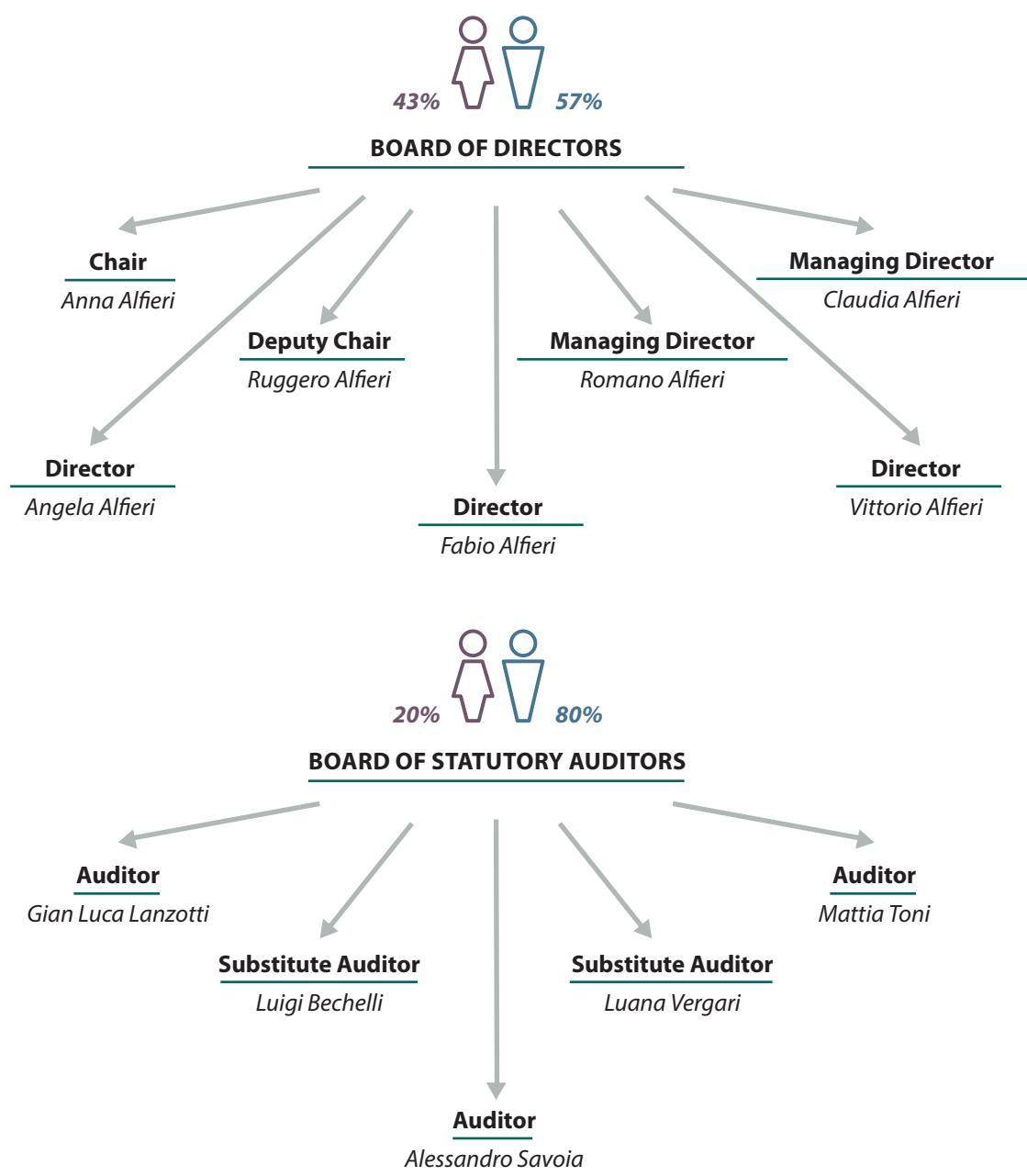




Responsible governance

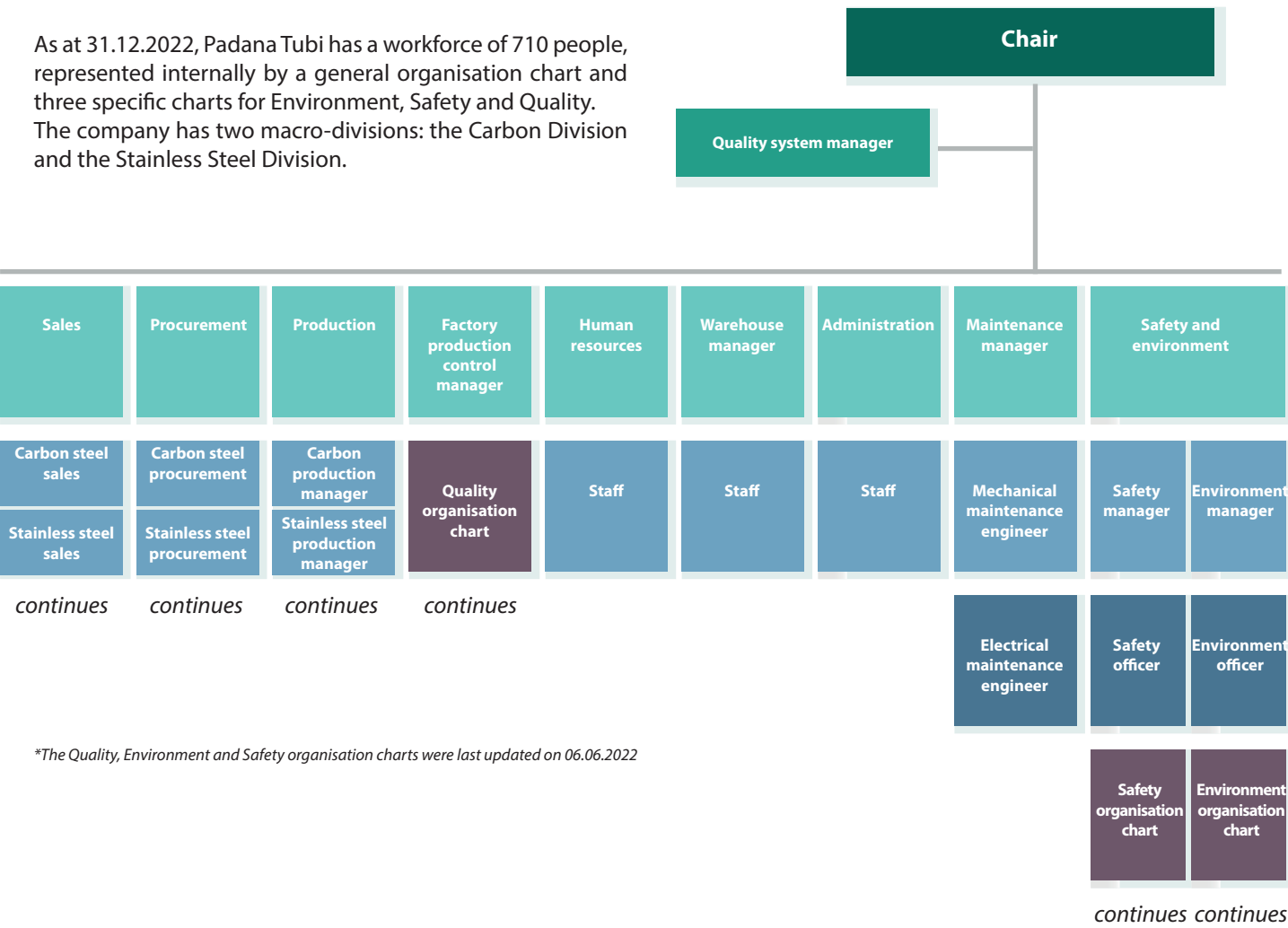
Since 2021, Padana Tubi has had a sole shareholder and is subject to management and coordination by Padana Holding S.r.l.  
Padana Tubi's corporate governance system is based on a **traditional model in which the corporate bodies are the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.**  
Padana Tubi's Board of Directors consists of seven members in office until approval of the Financial Statements as at 31.12.2022; the directors are members of the Alfieri family and the chair is Anna Alfieri.

Organisational structure



Company organisation chart

As at 31.12.2022, Padana Tubi has a workforce of 710 people, represented internally by a general organisation chart and three specific charts for Environment, Safety and Quality. The company has two macro-divisions: the Carbon Division and the Stainless Steel Division.





Ethics, integrity and transparency

Padana Tubi has voluntarily adopted a Code of Ethics and an Organisation and Control Model in compliance with Legislative Decree no. 231/2001; together, they constitute the company's values base and are subject to control by the Supervisory Board. The Code and the Model were adopted in 2015, then updated and approved by the Board of Directors in 2018, in 2020 and, most recently, in 2022, when the new predicate offences were added.

Code of Ethics and principles

The Code of Ethics enshrines a series of rules of 'corporate ethics' with which the company identifies and which it requires its corporate bodies and employees to observe and its counterparties, customers and suppliers to acknowledge. The Code of Ethics also sets out principles designed to prevent unlawful conduct pursuant to Legislative Decree

They can be viewed at [www.padanatubi.it](http://www.padanatubi.it), in the Sustainability - Governance section. Since the outbreak of the war in Ukraine, Padana Tubi has severed all ties with Russian companies, customers and suppliers; it has organised itself for strict compliance with the sanctions and bans progressively established by the European Community against entities, natural and legal persons, and goods of Russian origin, and has activated biographical checks and requested compliance declarations from its counterparties.

231/2001, and so is significant for the purposes of the Model, of which it is a complementary element. In its operations and in working to achieve its institutional aims, Padana Tubi is guided by the following ethical principles:

LEGALITY	PROTECTION OF COMPETITION
IMPARTIALITY	PREVENTION OF MONEY LAUNDERING
TRANSPARENCY AND FAIRNESS	PREVENTION OF CORRUPTION
LOYALTY AND GOOD FAITH	MITIGATION OF CYBERCRIME
VALUE OF PEOPLE AND HUMAN RESOURCES	PROTECTION OF INTELLECTUAL PROPERTY
CONFIDENTIALITY AND PROTECTION OF PRIVACY	PROPER MANAGEMENT OF PUBLIC FUNDING
PREVENTION OF CONFLICTS OF INTEREST	PROPER MANAGEMENT OF SPONSORSHIPS
OCCUPATIONAL SAFETY AND ENVIRONMENTAL PROTECTION	

The 231 Model and the Supervisory Board

The 231 Model, supported by the Code of Ethics, is the **tool used by Padana Tubi to disseminate to all stakeholders a business culture based on legality and on the importance of correct, lawful and transparent conduct in line with the ethical principles that the Company pursues in its business activities.** With the adoption of the 231 Model in 2015, the BoD appointed a Supervisory Board (SB) of two external members and one internal member, which is renewed from year to year. The activities of the SB and the identification of its powers,

tasks and responsibilities are governed by a specific internal regulation. The function of the SB is to monitor compliance with the procedures set out in the organisation model, interfacing directly with the BoD in the event of violations or risk situations. The SB also takes charge of reports received through specific channels (e-mail address, mailboxes in each plant and ordinary mail), and carries out investigations into the reports before informing the BoD, so that it can take any corrective or disciplinary action.

Padana Tubi has also adopted a whistleblowing reporting system based on a specific procedure and an alternative communication/reporting channel to guarantee the confidentiality of the whistleblower's identity. In accordance with the GRI standards, no reports were received during 2022.



Management systems and certifications

The certifications acquired by Padana Tubi provide clear and transparent confirmation of the fact that the company manufactures products that comply with the highest standards of quality, safety and respect for the environment.

*Attention to people, prevention and protection of workers and the environment are the values that led Padana Tubi to adopt an Integrated Environment, Health & Safety Management System implemented in accordance with the requirements of UNI EN ISO 14001:2015 and ISO 45001:2018.*

UNI ISO 45001



The **Occupational Health and Safety Management System** standard, and the first international standard to set minimum levels of good practice for the protection of workers worldwide. It establishes a framework for improving safety, reducing risks in the workplace and improving the health and well-being of workers. Padana Tubi decided to obtain certification in order to improve prevention policies and prevent occupational injuries and illnesses more effectively. **Date of issue of certificate:** 29.04.2019 (EX OHSAS 18001 from 05-May-2016 to 04-May-2019). **Latest renewal 28.04.2022\***

\*On 03/08/2023, the certification was updated with an extension to the O facility.

UNI ISO 9001



The ISO 9001 standard establishes the criteria for a **Quality Management System** that focuses on process effectiveness and promotes adoption of a risk analysis approach. Padana Tubi decided to obtain certification in order to guarantee high quality standards in its business processes and ensure maximum customer satisfaction. **Date of issue of certificate:** first certificate only for the stainless steel department with IGQ in 1996, followed by carbon certification applied for in 2008; this led to full carbon/stainless steel certification, initially on 31/01/2013. **Latest renewal 31.01.2022**



UNI ISO 14001



ISO 14001 is the **Environmental Management System certification** standard, which provides for in-depth analysis of the company's management to reduce environmental impacts, ensure compliance with all legal requirements and consolidate ties with all stakeholders. Padana Tubi voluntarily chose to obtain certification in order to reconcile quality with efficiency and productivity, while respecting the environment and the community in which it operates.  
**Date of issue of certificate:** 19.11.2021\*

*\*On 04/08/2023, the certification was updated with an extension to the O facility.*

UNI ISO 14064



The main purpose of the ISO 14064 standards is to bring **credibility and trustworthiness to GHG reporting and monitoring processes**, in relation to organisations' emissions disclosures and emission-reduction projects. Padana Tubi voluntarily chose to obtain certification in order to be aware of its carbon footprint in terms of tonnes of CO<sub>2</sub> emissions and set targets to reduce its environmental impacts.  
**Date of issue of certificate:** 06/09/2022

CONSTRUCTION PRODUCTS REGULATION (EU) 305/2011

EU Regulation 305/2011 covers all manufactured products intended to become a permanent part of construction works, setting out essential performance requirements with the aim of optimising the free movement of these products within the European Union. Padana Tubi voluntarily chose to obtain certification to align itself with the conditions required by the European market for the marketing of construction products.  
**Date of issue of certificate:** first issued on 30/09/2008  
**Latest renewal:** 19/01/2018

PRESSURE EQUIPMENT DIRECTIVE 2014/68/UE (PED)

Directive 2014/68/EU applies to the design, manufacture and conformity assessment of pressure equipment and assemblies subjected to a maximum allowable PS pressure of more than 0.5 bar. Padana Tubi voluntarily chose to obtain certification to align itself with the European directive, which was created to harmonise the national laws of the Member States governing the design, production, testing and conformity assessment of pressure equipment and assemblies.  
**Date of issue of certificate:** first issued on 15/12/2017  
**Latest renewal:** 09/12/2020

Sustainability for Padana Tubi

The path followed by Padana Tubi to establish a model for sustainable action is a profound change that requires the integration of sustainability into the company strategy and an appropriate and structured process of growth and awareness, which continued in 2022 with the voluntary decision to publish the **Second Sustainability Report as an act of transparency and social responsibility**. The company's choices, decisions, behaviour and performance are no longer assessed solely in terms of

traditional results and objectives, they now also refer to the other sustainability pillars: from the focus on quality certification for products and the management system to the monitoring of specific emissions, the adoption of measures to optimise energy consumption and calculation of the company's environmental footprint. Attention to the workforce and enhancement of skills are also important.

Stakeholder mapping and engagement

*Padana Tubi maintains direct relations with all its stakeholders for the purpose of continuous collaboration.*

Stakeholders	Interests	Engagement	Results
<b>Shareholders</b> 	<ul style="list-style-type: none"><li>Long-term economic and social sustainability</li></ul>	<ul style="list-style-type: none"><li>Attendance at Shareholders' Meetings and Board Meetings</li></ul>	<ul style="list-style-type: none"><li>Disclosure of economic and social results</li></ul>
<b>Human resources</b> 	<ul style="list-style-type: none"><li>Job stability</li><li>Career paths</li><li>Occupational health and safety</li></ul>	<ul style="list-style-type: none"><li>Training courses</li><li>Direct and individual meetings/contacts</li><li>E-mail communication</li></ul>	<ul style="list-style-type: none"><li>Enhancement of corporate know-how and skills system</li><li>Update with respect to changes in company protocols/disclosures</li></ul>
<b>Financial community</b> 	<ul style="list-style-type: none"><li>Short- and long-term capital and financial solidity</li><li>Loyalty building</li><li>Transparency</li></ul>	<ul style="list-style-type: none"><li>Direct contacts</li><li>E-mail communication</li><li>Transmission of financial statements</li></ul>	<ul style="list-style-type: none"><li>Disclosure and knowledge of the organisation's economic results (financial statements)</li></ul>
<b>Customers</b> 	<ul style="list-style-type: none"><li>Product quality and service level</li><li>Correct pricing</li><li>Continuity and reliability</li></ul>	<ul style="list-style-type: none"><li>Individual direct contacts</li><li>Quality control service</li><li>Logistics service</li><li>Corporate website content</li><li>Restricted-access e-commerce portal</li><li>Materiality analysis survey</li></ul>	<ul style="list-style-type: none"><li>Response to customer needs</li><li>Transparency in relationships</li><li>Survey of ESG issues of importance to customers</li></ul>
<b>P.A. and institutions</b> 	<ul style="list-style-type: none"><li>Compliance with laws and technical standards</li><li>Dialogue</li><li>Information transparency</li></ul>	<ul style="list-style-type: none"><li>Information exchange</li><li>Materiality analysis survey</li></ul>	<ul style="list-style-type: none"><li>Compliance with regulatory and technical requirements</li><li>Dialogue between the parties</li><li>Survey of ESG issues of importance to P.A.</li></ul>
<b>Suppliers of goods and services</b> 	<ul style="list-style-type: none"><li>Financial solidity</li><li>Business and volume growth</li><li>Continuity and loyalty building</li><li>Occupational safety</li><li>Flexible organisation and efficient logistics</li><li>Technical expertise and prestige</li></ul>	<ul style="list-style-type: none"><li>Individual direct contacts</li><li>Transmission of financial statements on request</li><li>Volume agreements</li><li>Materiality analysis survey</li></ul>	<ul style="list-style-type: none"><li>Sharing of know-how and technological innovation</li><li>Evaluation of strategic objectives and projects</li><li>Survey of ESG issues of importance to suppliers</li></ul>
<b>Territory and community</b> 	<ul style="list-style-type: none"><li>Employment growth</li><li>Integration and youth engagement</li><li>Economic support for projects</li><li>Involvement in initiatives</li><li>Professional placement of students</li><li>Mitigation of environmental impact</li></ul>	<ul style="list-style-type: none"><li>Donations and support for initiatives</li><li>Initiatives for the development and economic growth of the local area</li><li>Indirect communication through the media</li></ul>	<ul style="list-style-type: none"><li>Circulation and sharing of economic, environmental and social values</li><li>Transparent dialogue and recognition of role in the community</li></ul>
<b>Certification and inspection bodies</b> 	<ul style="list-style-type: none"><li>Compliance with standard specifications</li><li>Compliance with regulatory requirements</li></ul>	<ul style="list-style-type: none"><li>Annual/half-yearly audits for certification maintenance or renewal</li></ul>	<ul style="list-style-type: none"><li>Maintenance of certification and spendability of certification at a commercial/reputational level</li></ul>
<b>Industrial relations</b> 	<ul style="list-style-type: none"><li>Constructive dialogue among social parties</li><li>Involvement in initiatives for the territory</li><li>Participation in refresher courses</li><li>Consultancy</li></ul>	<ul style="list-style-type: none"><li>Participation in general council</li><li>Direct contacts, emails, newsletters</li><li>Website communications</li><li>Surveys for new regulatory proposals</li><li>Regular meetings with social parties</li></ul>	<ul style="list-style-type: none"><li>Sharing of new industry technical and quality standards</li><li>Sharing of corporate safety performance</li><li>Knowledge of business performance and needs of local companies</li></ul>

Padana Tubi is a member of several bodies in the manufacturing and steel industry: *Confindustria Reggio Emilia, Centro Inox, Unisider, Fondazione promozione acciaio*.

Materiality analysis

**Materiality analysis** is a fundamental process in the sustainability journey, used to identify the issues that have, or could have, a significant impact (positive or negative) on the actions and decisions of the company or its stakeholders, and to provide indications to achieve positive results and responsible growth with respect to governance and the dimensions of sustainability in the three areas, economic, environmental and social.

The materiality analysis process undertaken during the reporting period involved **corporate management** in determining the material issues of strategic importance for Padana Tubi, and a number of **stakeholders (suppliers, customers and public authorities)** through a survey to ascertain their point of view, for the purpose of developing a sustainable business model in line with their assessments and expectations.

All 19 issues presented in the questionnaire are included in the materiality matrix below, as they are representative of Padana Tubi's sustainability vision.

The topics that emerged as having high materiality and priority are: Occupational health and safety, Waste management, Water and water stress, Fighting corruption. The materiality analysis also identified so-called emerging issues, i.e., issues considered of significance for the company as they represent the sustainability impacts generated by Padana Tubi on the environment, the economy and people; monitoring of these issues is being organised. They include: Materials management and circular economy, Atmospheric emissions, Transparency, ethics and integrity, Focus on customer satisfaction, Responsible supply chain management and Diversity, inclusion, equal opportunities.



Contribution to achieving the Sustainable Development Goals (SDGs)

Actively contributing to winning global sustainability challenges is becoming the number one priority for institutions, companies and organisations.

With reference to its scope of action, Padana Tubi correlated the Sustainable Development Goals with its own material issues through an analysis of the GRI indicators reported during 2022 and the objectives of the projects it supports in relation to the SDGs and the targets set out in the "Framework

Linking the SDGs and the GRI Standards", a guide updated in May 2021 by the Global Reporting Initiative, which helps organisations correlate the targets of each of the 17 SDGs with the disclosures of the GRI Standards.





## Main economic and financial results

In 2022, after the exceptional expansion of the previous year, the world economy slowed due to two main events: the Russian-Ukrainian conflict, followed by the acceleration of energy prices, and China's adoption of stringent policies to control the pandemic, generating a marked downturn in the country's production<sup>1</sup>.

Before the outbreak of the Russian-Ukrainian conflict, the company had negligible sales in Russia and Ukraine, as these markets are of very marginal significance for the welded tube industry. On the other hand, Russia, and Ukraine in particular, were important sources of supply for carbon steel, so recourse to other suppliers became necessary.

Among the indirect effects of the war was the increase in gas and electricity costs, which affected the company's economic dynamics.

Against this backdrop, 2022 show a continued positive growth trend for Padana Tubi:

the company generated **sales revenues of € 1,263,312,949**, a slight increase of 2% over the 2021 figure of € 1,235,143,369. **Total economic value generated**, on a comparable basis, was **€ 1,273,730,553**.

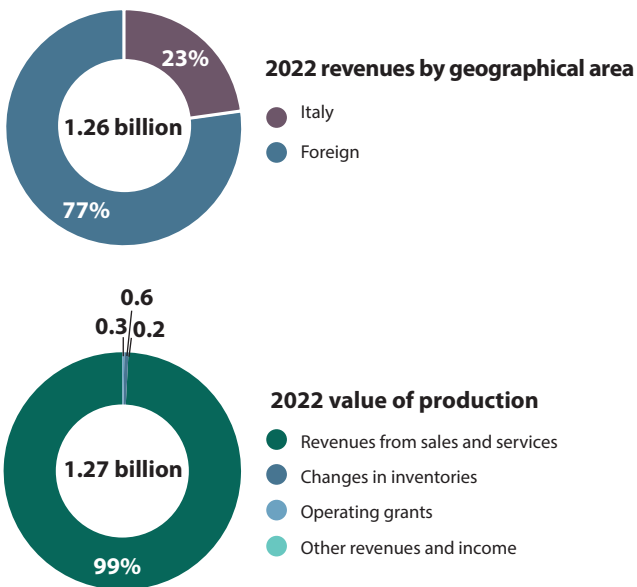
Net profit, while remaining at a high level, decreased by 26% to **€ 89,233,725**; a positive result given the economic and geopolitical context.

## Value generated and distributed

Padana Tubi recognises the importance of a balanced distribution among its stakeholders of the value generated by its activities, which they themselves, directly or indirectly, have helped produce. The flow of financial resources from the company to internal and external stakeholders is shown below: employees, suppliers of goods, services and capital, public authorities and the communities in which the company operates.

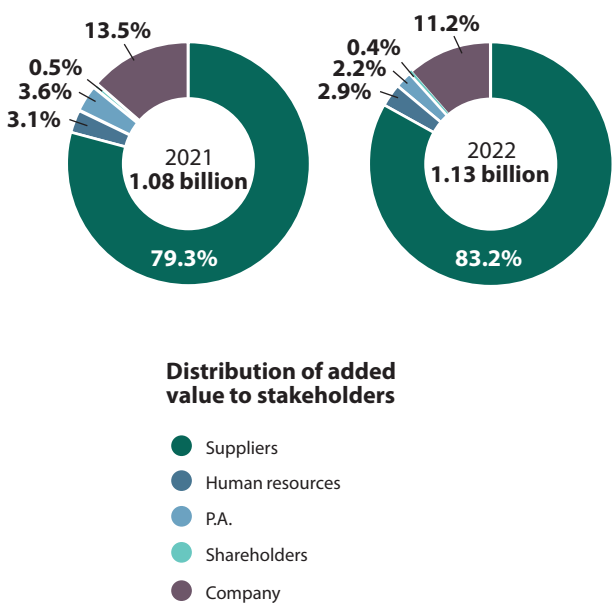
The economic value distributed by Padana Tubi to its stakeholders in 2022 was € 1,130,961,336, equivalent to 89% of total value generated, and up 5% compared to the previous year (€ 1,078,559,489 in 2021).

The main stakeholder categories were suppliers, human resources and public authorities, to whom 83%, 3% and 2% of generated wealth was distributed respectively. The constant expansion of production operations and continuous investment drive the search for new suppliers



as well as the growth of historical suppliers, who are guaranteed continuity.

The value retained by the company, i.e., the difference between economic value generated and distributed, was € 142,769,217.



<sup>1</sup> Source: Federacciai, 'The Italian steel industry in 2022'

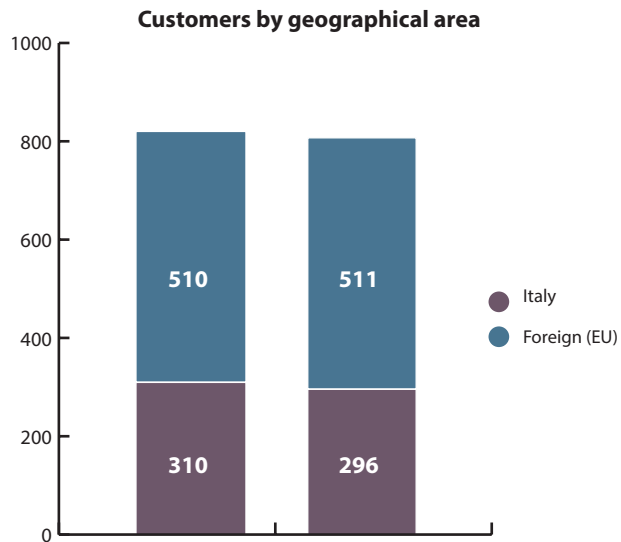
## Customer relations

Padana Tubi's customers are mainly steel distributors and service centres, who in turn either retail the company's products or carry out further processing such as length reduction, surface processing, laser drilling, end machining or shaping, etc., before selling them.

**As at 31 December 2022, Padana Tubi had 807 customers with open positions, of which 296 in Italy and the remaining 511 mainly in Europe.**

Striving for the highest possible customer satisfaction and protection by understanding their needs is one of the goals Padana Tubi constantly pursues.

The company manages relations with customers by monitoring two very important issues: **complaints management and measurement of customer satisfaction**.



## Responsible supply chain management

Padana Tubi's relations with its main suppliers go beyond mere commercial ties; in fact, they are a very important strategic lever for building mutual trust and seizing the necessary stimuli for the continuous pursuit of innovation with a view to sustainable growth. For this reason, **Padana Tubi considers it crucial to select stable, reliable and ethically responsible partners.**

In the reporting period covered by this Sustainability Report, **Padana Tubi had a total of 832 active suppliers (830 in 2021) and expenditure for supplies of € 1,061,267,231, up by about 5% compared to the previous year.**

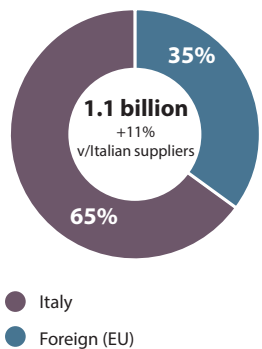
**The percentage of local procurement<sup>2</sup> also increased: 65% of purchases came from Italian suppliers, for expenditure of € 691,491,793, up 11% from 2021.**

The vast majority of suppliers are located in Northern Italy, with a higher concentration in Lombardy, Emilia-Romagna and Veneto. Of purchases in Italy, raw materials were significant, accounting for 53% of total turnover.

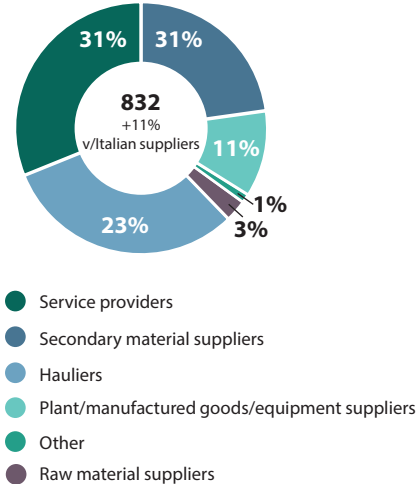
An assessment of supplies at national level, excluding raw materials, shows that the Emilia-Romagna region stands out for the supply of services of various kinds, consumables and plant, justifying the fact that Padana Tubi favours local suppliers who can guarantee a timely, reliable and quality service.

**The choice of local supplies as described above fosters a direct relationship with the supplier, who is better able to understand the buyer's needs and facilitate any immediate interventions that may be necessary to resolve faults and/or anomalies.**

### 2022 procurement expenditure



### 2022 suppliers by category



<sup>2</sup> Local procurement means supplies purchased in Italy

Procurement expenditure	2020		2021		2022	
	€	%	€	%	€	%
Total expenditure for suppliers	595,836,221	100%	1,007,496,965	100%	1,061,267,231	100%
Budget spent on local suppliers	436,557,503	73%	617,962,460	61%	691,491,793	65%

In contrast to 2021, which saw an increase in the proportion of raw material purchases from non-EU suppliers due to the sourcing difficulties caused by the pandemic-related lockdowns and the introduction of anti-dumping duties, in 2022 Italy accounted for about 65% of raw material purchases, with foreign suppliers accounting for the remaining 35%. Specifically, preference was given to Italian rather than foreign suppliers, since the Russian invasion of Ukraine in March caused an interruption in steel supply

opportunities from Ukraine and the subsequent sanctions blocked supplies from Russia.

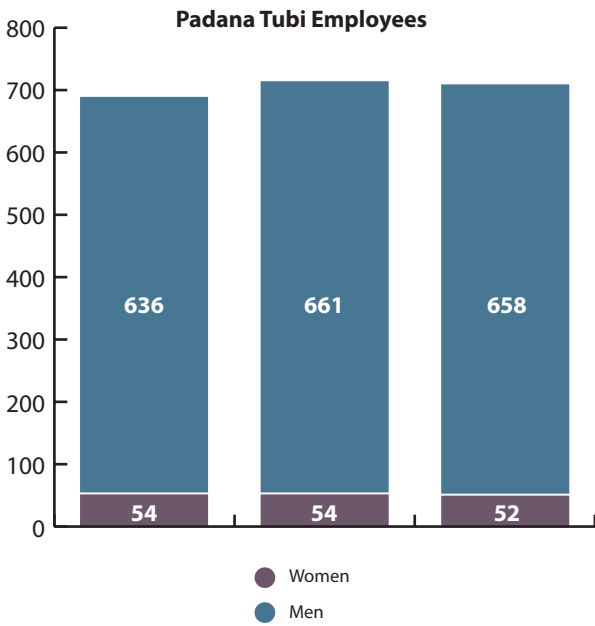
With regard to haulage services, foreign hauliers significantly outnumbered Italian hauliers, accounting for 70% of the total and with turnover more than double that of Italian transporters. This reflects the fact that 70% of Padana Tubi's sales go to foreign markets.

## People value: employees and communities

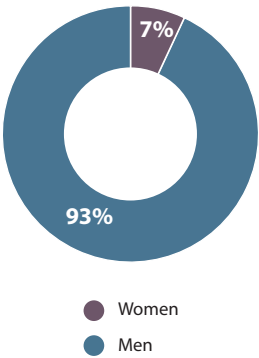
Human resources are the beating heart of the company and a critical success factor, an indispensable value for its development and progress.

Looking at the composition of Padana Tubi's workforce, the **total number of employees as at 31.12.2022 was 710, of which 658 were men and 52 women, with a total of five fewer people than in the previous year.** There were no temporary and/or seasonal contracts which cause significant variations in the number of employees during the year. The **gender composition in Padana Tubi in 2022 remained virtually unchanged: the workforce consisted 93% of men and 7% of women**, almost all of whom were office workers, in line with the latest mean data recorded by Federacciai in its 2021 Sustainability Report. The long-standing focus on female employment allowed the company to distance itself by about three percentage points from its main competitors, where 96% of employees were men and 4% women. As far as the breakdown by age group is concerned, in 2022 **employees under 30 accounted for 16% of the entire workforce (115 employees)**, down 3 percentage points from 2021, 60% of workers were aged between 30 and 50 (423 employees), while the over-50s accounted for 24% (172 employees).

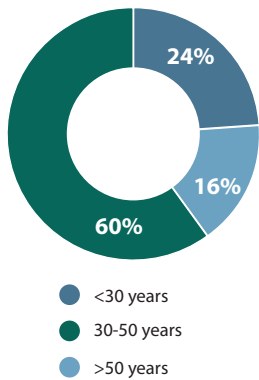
With regard to contract typologies, **Padana Tubi prefers open-ended contracts, which applied to 94% of personnel in 2022, and full-time employment, used for 99% of personnel in both 2021 and 2022. All staff recruitment is through direct contracts with the company itself, avoiding recourse to agency workers.**



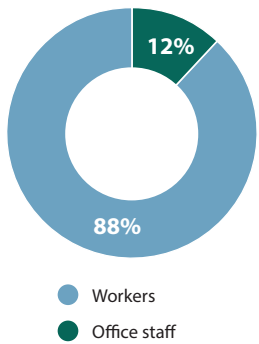
Employees by gender as at 31/12/2022



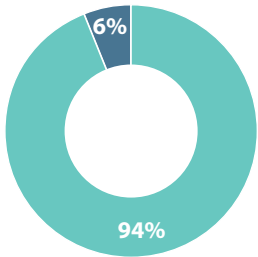
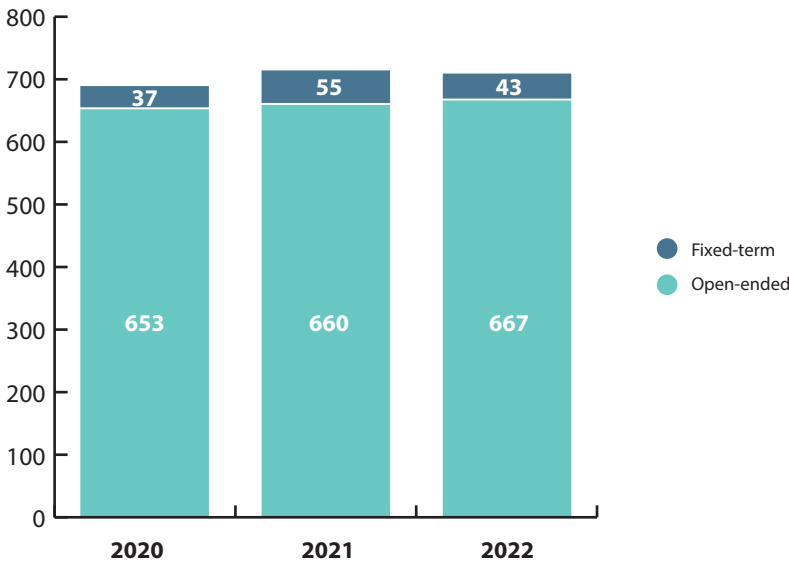
Employees by age as at 31/12/2022



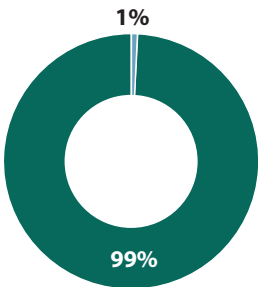
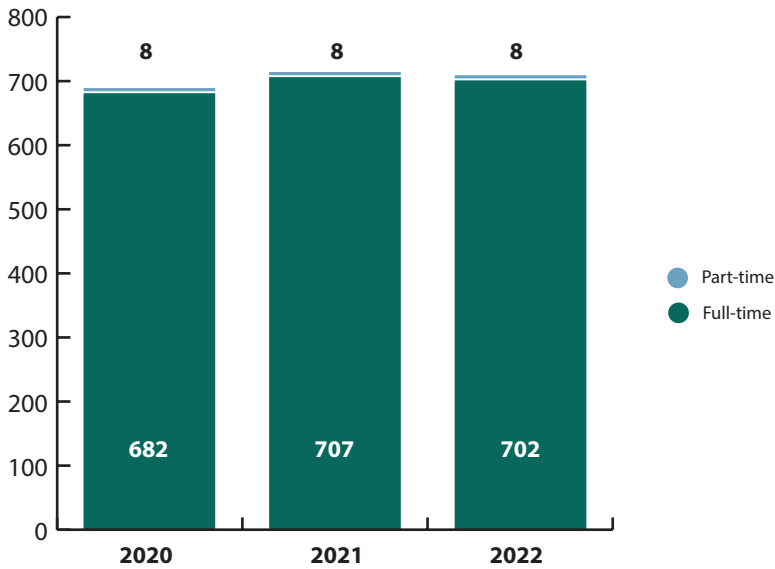
Employees by professional qualification as at 31/12/2022



Breakdown of employees by type of contract



Breakdown of employees by form of employment





New hires and turnover

During 2022 there were 63 new hires (1 woman and 62 men) and 68 exits (3 women and 65 men) due to voluntary resignations, contract terminations and retirements. Padana Tubi pays close attention to youth employment, as can be seen from the data on new hires in the last two years, which refer mainly to young workers: in 2022, 37% of new hires were under 30 (50% in 2021) and 60% were between 30 and 50 (45% in 2021).

Empowerment, training and skills development

The company believes that professional growth is central to driving business development, ensuring quality and ensuring safety in the workplace. Every year, in collaboration with external providers, the company plans technical training for the development of personnel skills, both compulsory and non-compulsory. A total of 5,989.5 hours of training were provided in 2022, of which 548.5 hours were non-compulsory training,

Training hours in 2022



mainly on quality management and obtaining product certifications. The remaining 5,441 hours of training were on health and safety in the workplace.

Occupational health and safety: a top priority

As handling of heavy loads and use of complex machinery are very frequent in Padana Tubi operations, a constant effort is required to ensure a protected and reliable working environment. In light of this, the health and safety of its employees is of paramount importance to Padana Tubi's success.

- enclosure/shielding of parts of production lines with high noise emissions, which are integral to the processing operations;
- replacement of compressed air nozzles with new nozzles using noise-reduction technology.

Compared to the pre-pandemic years, the severity index has decreased significantly, although the two years 2020-2021 saw the lowest rates ever.

Currently, even for minor injuries, prognosis duration is increasing, with a negative impact on the severity index.

Padana Tubi has voluntarily chosen to implement and certify a management system in accordance with ISO 45001:2018 requirements, in order to promote and guarantee occupational health and safety in all the sites where its employees work. Injury data show there were no fatal injuries during the period under review and a minimal increase in the number of incidents (13%). In addition to the action taken in previous years, a noise remediation project was planned in 2022 to reduce the noise exposure risk for workers at Plant B. The project includes a range of measures including:

Employee injuries	2018	2019	2020	2021	2022
Severity Index	1.74	2.59	0.80	0.60	1.29
Hours worked	1,048,351	1,204,697	1,161,401	1,267,618	1,247,789


Protection of the environment and natural resources

Environmental responsibility


With regard to environmental protection, Padana Tubi operates bearing in mind the need to protect the environment and striving to reduce its impacts and use natural resources in a sustainable way. It is aware that the steel industry today also plays an important role in reducing carbon emissions and fighting climate change.

During 2022 , the company continued to report and monitor its greenhouse gas emissions (GHGs); it obtained certification of the related study in accordance with ISO 14064-1:2018 for 2021, set up to identify possible strategies and implement action to reduce its GHG emissions. At the time of writing, the second-year certification process is underway.


At a strategic and operational level, Padana Tubi's commitment is three-fold:



Prevention and reduction of emissions for air and climate protection



Efficient management of materials and energy in accordance with the principles of the circular economy



Responsible and transparent waste management

Waste management and use of water

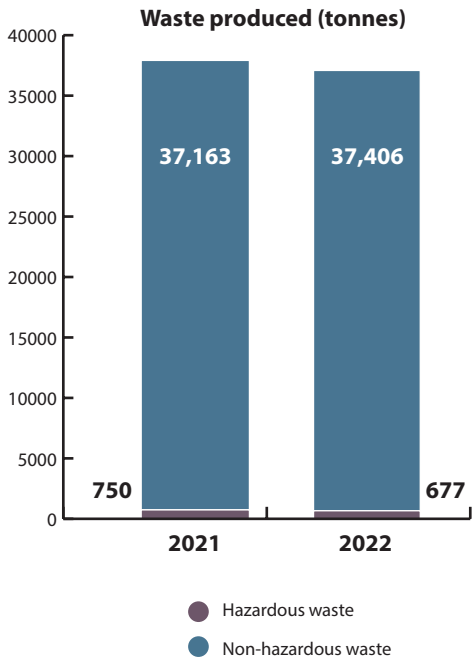
Waste

Waste generated by Padana Tubi in 2022 amounted to 37,083 tonnes, of which: 677 tonnes of hazardous waste and 36,406 tonnes of non-hazardous waste.

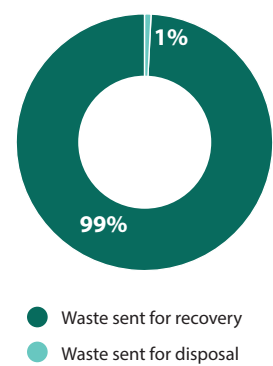
Compared to the previous year, there was an overall 2% reduction in generated waste, with a significant decrease in hazardous waste.

Overall, Padana Tubi sent 99% of the waste produced in 2022 for recovery (98% in 2021). Specifically, 69% of hazardous waste was sent for recovery (preparation for re-use and recycling), compared to 57% in 2021, and 31% was sent for disposal (51% in 2021).

Almost all non-hazardous waste was sent for recovery while only 1% was sent for disposal.



Waste management and destination 2022



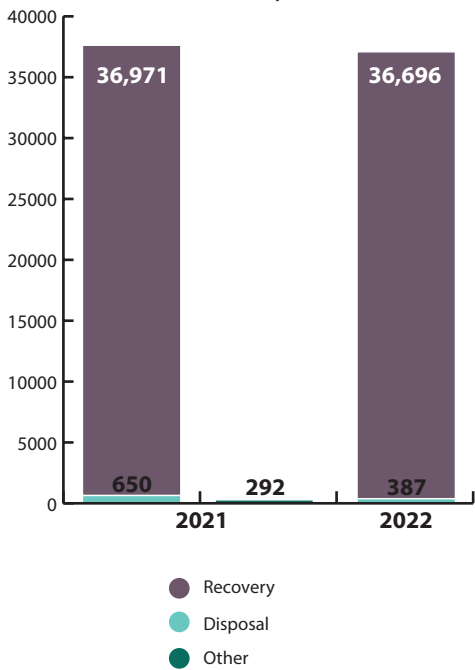
Water

Padana Tubi uses water mainly for industrial purposes, taking it exclusively from wells in its local production units or from the aqueduct; there are no other sources of supply. The water systems serving production operations are, as far as technologically possible, closed-circuit systems, to limit the use of new resources to replenish water that has evaporated or been used.

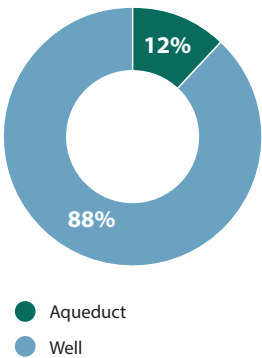
During 2022, 183,300 cubic metres of water were withdrawn, of which 88% from wells and the remaining 12% from the aqueduct (third-party water resources).

Water discharges in 2022 amounted to 21,100 cubic metres. Since the company does not have water meters in the vicinity of its drains, the volumes indicated are estimates, based on the quantities withdrawn. The volumes indicated do not take account of rainwater (run-off from yards and roofs), as this cannot be estimated with sufficient accuracy.

Waste management - Disposal and recovery (tonnes)



Water consumption by source 2022



Energy management and emissions

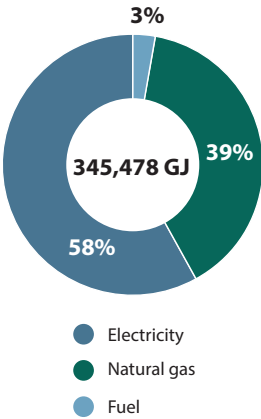
Steel production and processing uses large amounts of energy. Reducing consumption by improving energy efficiency is therefore an important goal for both environmental and economic reasons. Padana Tubi makes a substantial contribution to climate and environmental protection by using 100% clean electricity from renewable energy sources, which it purchases from the South Tyrolean supplier Alperia. Furthermore, during 2022 it increased its self-produced energy by 54% thanks to the upgrade of its photovoltaic system, which now has an installed capacity of 2,779 kWp .

Padana Tubi uses electricity for all production processes, auxiliary and general services; natural gas is used mainly for heating. The company also uses diesel for transport and internal handling. During the period under review, total energy consumed remained virtually unchanged: Padana Tubi consumed energy (electricity, natural gas and diesel) totalling 345,478 GJ in 2022 and 348,326 GJ in 2021. Looking at consumption in relation to carriers, in 2022 Padana Tubi self-produced energy from renewable sources for 4,449 GJ (2,882 GJ in 2021), of which it consumed

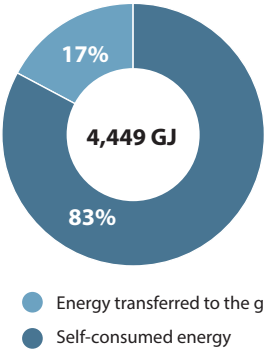
83%, or 3,692 GJ, during the year (2,882 GJ in 2021).

Energy consumption	2020	2021	2022
TOTAL ENERGY CONSUMED IN THE ORGANISATION	341,123	348,326	345,478
Natural gas (for heating)	138,249	135,797	134,732
Electricity consumption (GJ)	193,386	202,594	200,953
of which:			
Purchased electricity	192,323	199,712	196,504
Self-consumed photovoltaic electricity	1,063	2,882	3,692
Fuel consumption from non-renewable sources (GJ)	9,488	9,935	10,550
of which:			
Diesel (for corporate fleet)	9,473	9,920	10,535
Petrol (for corporate fleet)	15	15	15

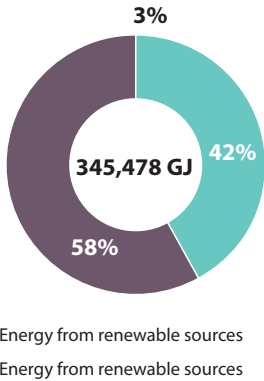
Energy consumed in the organisation 2022



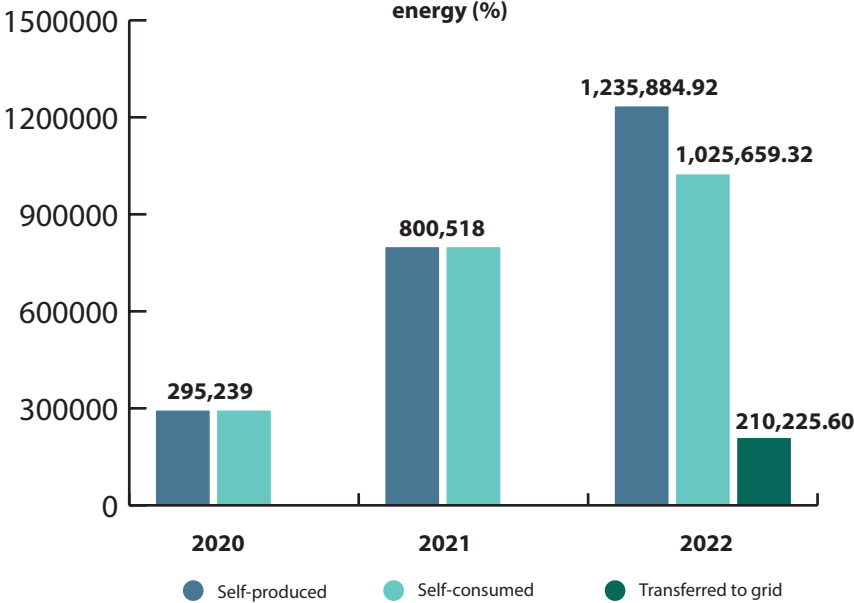
Self-production of photovoltaic energy 2022 (%)



Energy carriers by renewable and non-renewable source 2022 (%)



Self-production of photovoltaic energy (%)





Emissions

For the purposes of continuous improvement of environmental impacts, Padana Tubi has embarked on a process of reporting greenhouse gas emissions/removals (GHG) related to its business activities. At the time of writing, the **Carbon Footprint of Organisation (CFO)** study for 2021 has been certified **in accordance with the UNI ISO 14064:2019 standard**; the study for 2022 is currently being certified.

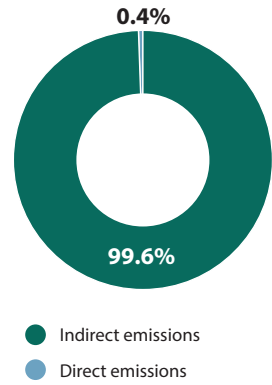
For this reason, this report presents 2021 data for total direct emissions (Scope 1), indirect emissions from energy consumption (Scope 2) and other indirect emissions from upstream and downstream activities (Scope 3), as identified in the certified study.

For an update on emissions for 2022, reference should be made to the *full Sustainability Report*.

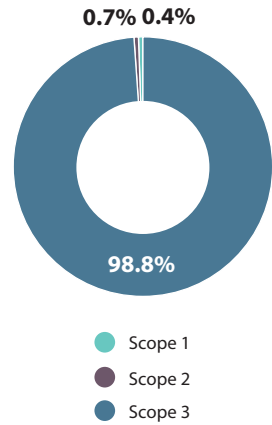
**Padana Tubi's Carbon Footprint for 2021, using the location-based approach, is 1,979,757 tonnes of CO<sub>2</sub>eq. Overall, direct emissions accounted for 0.4% of total GHG emissions, while indirect emissions covered 99.6% of the total Carbon Footprint.**

Specifically, Scope 3 – and indirect emissions for products and services used by the organisation – is the most significant category, accounting for approximately 1,685,326 tonnes of CO<sub>2</sub>eq., followed by transport processes, which generated 270,732 tonnes of CO<sub>2</sub>eq.

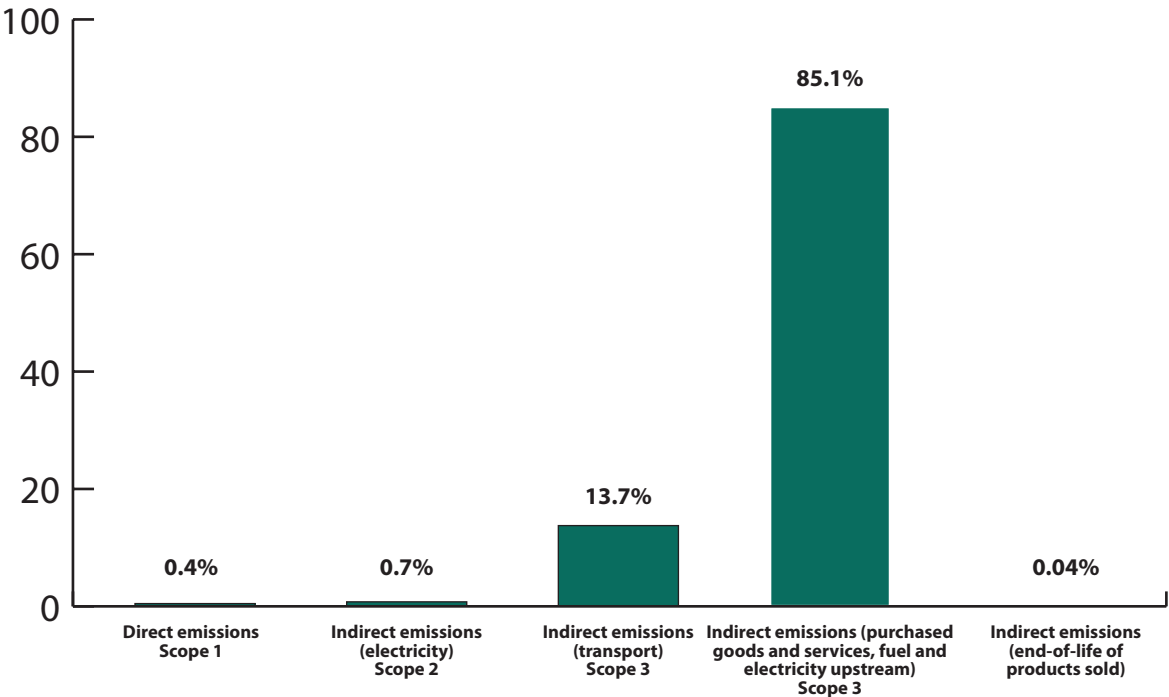
Emissions by type (direct and indirect) 2021



Emissions by scope (1-2-3) 2021



CFO  
Emission type - % of total emissions



## **Padana Tubi e profilati acciaio S.p.A.**

Via Portamurata 8/A 42016 Guastalla (RE)

Phone: +39 0522 836555

Email: [info@padanatubi.it](mailto:info@padanatubi.it)

