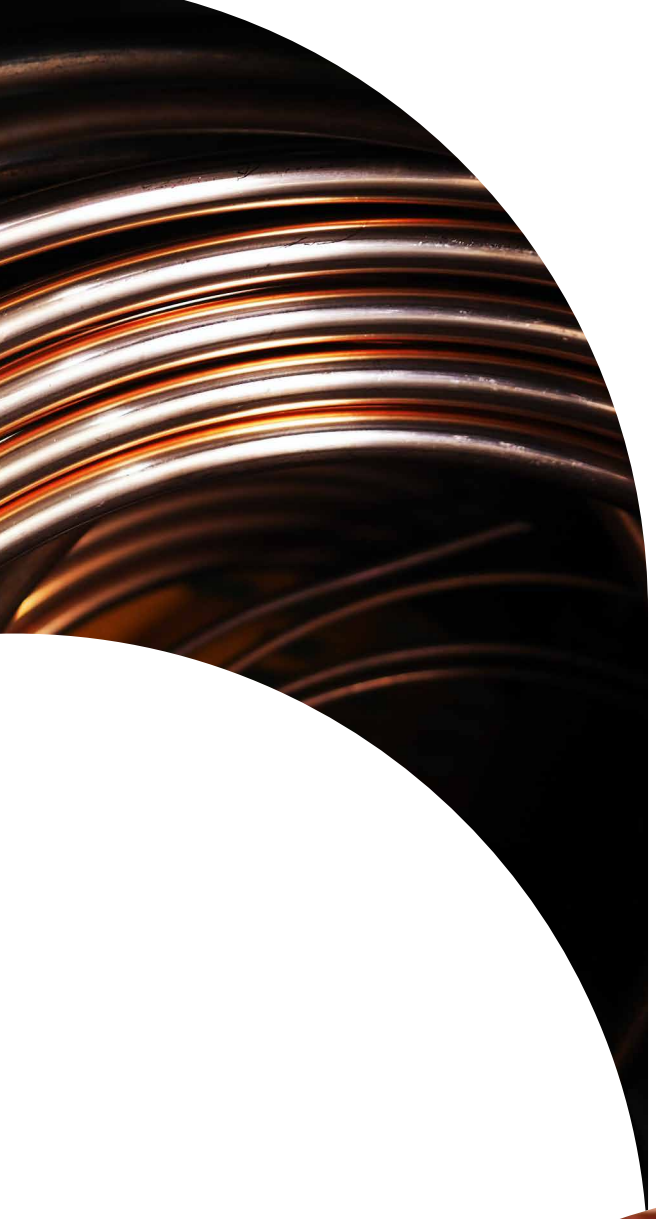
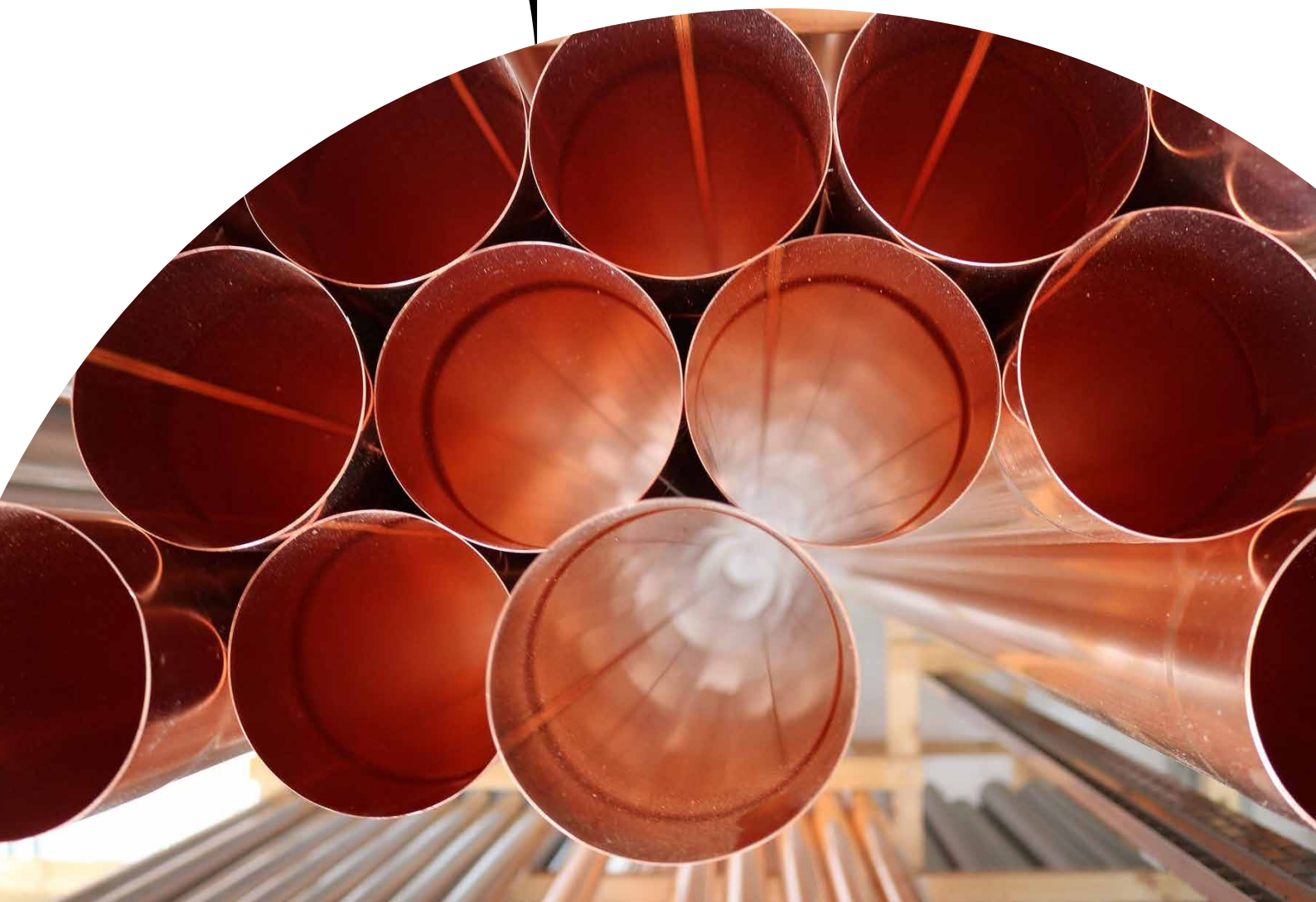


Sustainability report **2021**

Serravalle Copper Tubes

SCT

MEMBER OF THE KME GROUP



Sustainability report
2021

Serravalle Copper Tubes

SCT
MEMBER OF THE KME GROUP

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KME internal images
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Pexels
Unsplash

Index

1 Report Guide

SCT
MEMBER OF THE KME GROUP

KME Group reports
The first sustainability report, five years ago, only covered the KME Italy plant in Fornaci di Barga. The second one also included the Besançon (France) and Barcelona (Spain) service centres. In the third year, the report of KME Mansfeld GmbH was added and then, last year, that of the Osnabrück KME Germany plant. As of this year, the reports extend to the SCT plant in Serravalle Scrivia and the KMD Stolberg plant in Germany, as well as the ILNOR Service Centre in Brescia.
This is a further step towards extensive reporting for the entire KME Group. Alongside the individual reports that account for the activities of the production plants and service centres, there is also a general document that provides an overview of the KME Group and the context in which it operates.

A voluntary act of transparency and social responsibility
The decision to produce and publish a Sustainability Report is not a legal obligation for SCT, but the expression of a strong focus on corporate social responsibility (CSR) and ESG criteria, as well as a concrete commitment to ecological transition and the circular economy.

Methodology
The Sustainability Report was drawn up on the basis of the guidelines of the **Global Reporting Initiative** (GRI), an independent international organisation recognised by the UN and the main reference for *sustainability reporting* worldwide.

GRI™

Indicators
To report on corporate activities and performance, the sustainability report uses four groups of indicators with reference to GRI standards:

- **information** on *governance*;
- **environmental indicators**, *covering* the main environmental aspects and in particular energy, the materials used, waste, water, emissions;
- **social indicators**, concerning the main social aspects and in particular employees, safety, training, equal opportunities, supplies, relations with the territory;
- **economic indicators**, concerning the main economic data* and the added value distributed to key stakeholders.

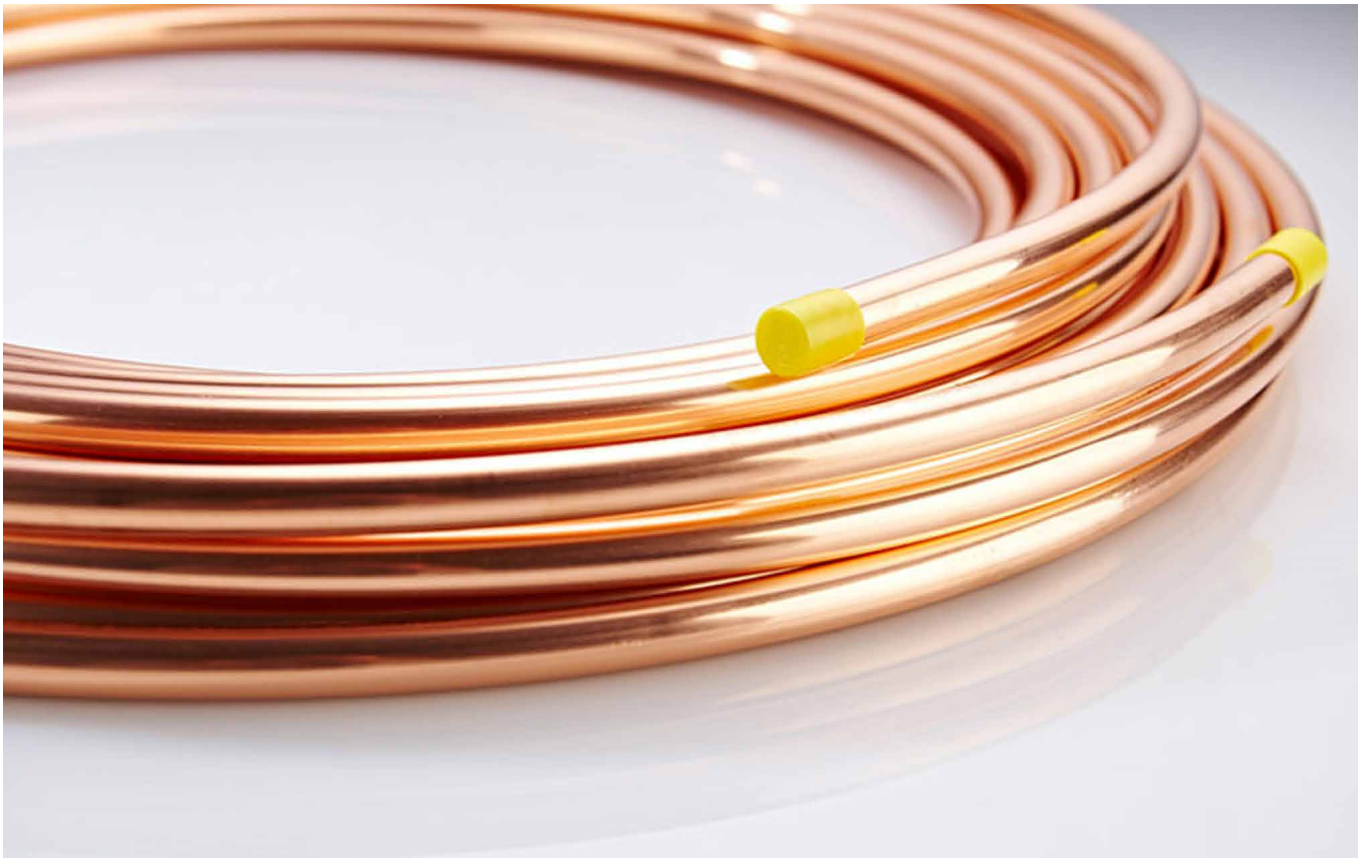
**Complete data can be consulted in the annual financial companies' statements*

In addition to reporting on the basis of GRI standards, the report also contains **circularity indicators** that measure corporate performance based on the principles of the **circular economy**.

Reporting Perimeter
This report gives an account of the activities of Serravalle Copper Tubes (SCT). Through special boxes it also provides a series of information on the context in which the company operates and specific insights.

Reference period
This sustainability report covers the **year 2021**. Figures for 2019 and 2020 are also given to allow a comparison of the development of key indicators over the last three years.

Sustainability Targets
The company's activities and performance are also reported with reference to the **sustainability goals** of the UN 2030 Agenda.



The 2030 Agenda of the United Nations

In 2015, the United Nations approved the Global Agenda for Sustainable Development, containing 17 *Sustainable Development Goals* (SDGs) to be achieved by 2030. The UN emphasises the necessity for all countries to commit themselves to steering global development towards sustainability. Achieving these goals requires a strong commitment not only from states and institutions, but also from businesses and citizens.

THE GLOBAL GOALS
For Sustainable Development

SUSTAINABLE DEVELOPMENT GOALS

The growing importance of **sustainability** reporting for companies

ESG criteria and objectives
In the context of corporate strategies, alongside the objectives of economic sustainability and the creation of shareholder value in the medium and long term, the objectives of social, environmental and corporate governance sustainability, often summarised by the acronym **ESG** (Environmental, Social, Governance), are becoming increasingly important.

This evolution is also ever more influencing the dynamics of financial markets. It is estimated that by 2025 the global market for ESG financial products will exceed USD 50 trillion. An increasing share of investments, in other words, will increase in dependence on environmental, social and governance criteria.

The evolution of sustainability budgets
The first forms of corporate **social reporting** date back to the 1980s. Created as a voluntary tool, they aimed to assess the impacts of corporate activities on the community. Subsequently, in the 1990s, the first **environmental declarations** saw the light, to report the most significant data from the point of view of environmental impacts. In the wake of a change that has increasingly affected the corporate world, over the years reporting tools have thus progressively broadened their scope from social issues to the environmental dimension.

An even more important turning point came in 2014, when the **European Directive on 'non-financial reporting'** made sustainability reporting a mandatory requirement for some specific types of companies, including banks, insurance companies, and listed companies. The purpose of that directive was to push companies to transparently report environmental and social results - in addition to economic ones - and at the same time to encourage the construction of management systems that increasingly integrate sustainability into corporate strategies. Even more interesting is the fact that in recent years **an increasing number of companies** - in addition to those required by law - has voluntarily decided to present its own **sustainability report**.

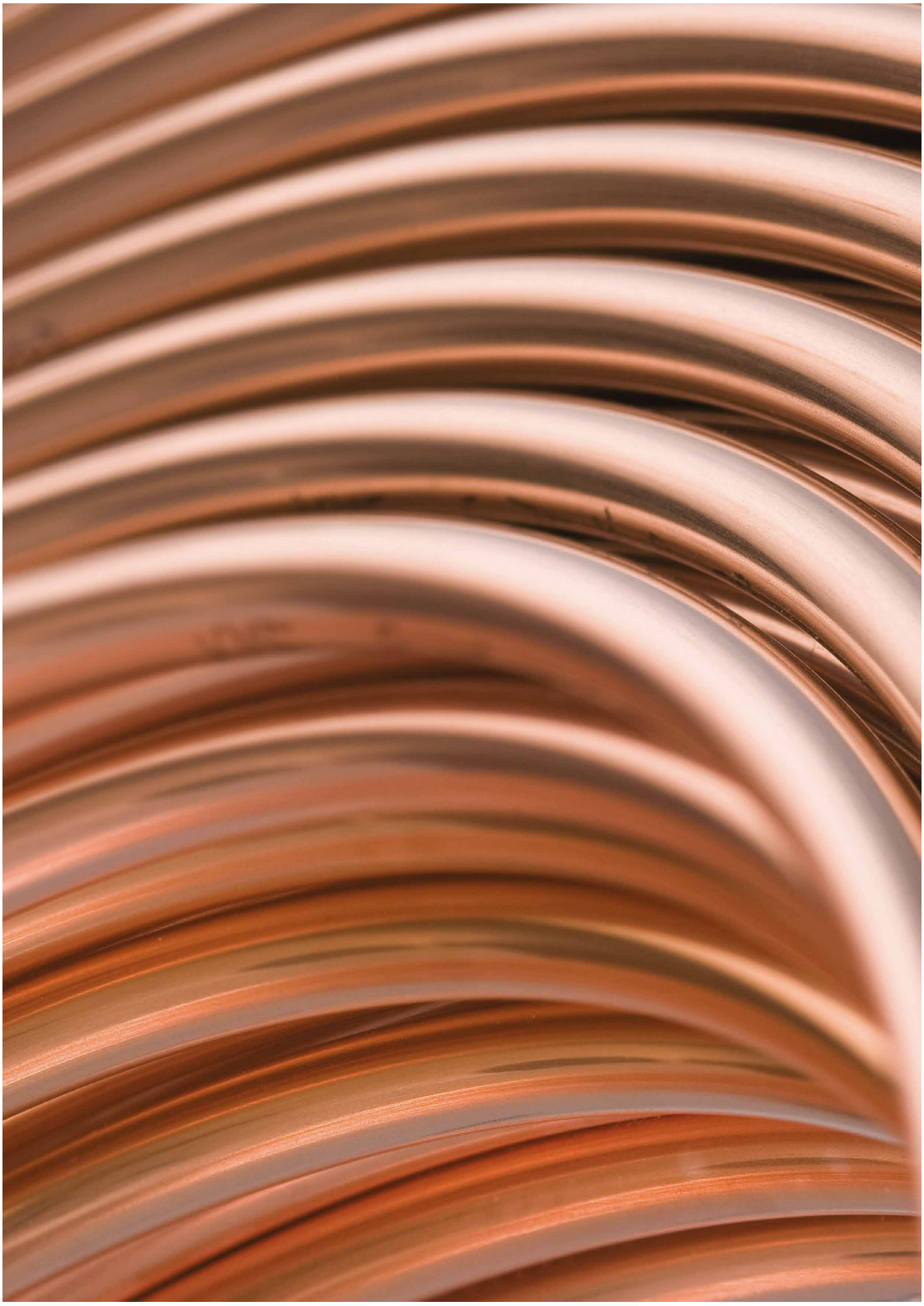
Towards new European directives
Now, however, we are facing a **new important change**, destined to mark a further qualitative leap. Indeed, the sustainability report will take on an even stronger value in the new European and national context.
With the **'Next Generation EU' plan**, the European Union has put in place a strategy that aims to tackle the serious economic and social crisis caused by the pandemic with a profound change centred on the **ecological** and digital **transition**. And it is no coincidence that among the actions planned by the European Union to implement the **Green Deal is the strengthening and extension of sustainability reporting**. To this end, in April 2021 the European Commission presented the proposal for a new **Directive** on sustainability reporting, which broadens the range of stakeholders with a twofold objective: on the one hand to increase information on sustainability opportunities and risks, and on the other hand to support companies in their growth path in the context of the ecological transition. It is no coincidence that the new directive is linked to the **EU Taxonomy Regulation**, the world's first classification system for sustainable economic activities, while **ESG** (Environmental, Social and Governance) factors are assuming an increasingly important role in credit assessment.

The **sustainability report** therefore becomes an **increasingly important tool** for companies not only to comunicate their results but also to support innovation processes and **strengthen corporate strategies** in the context of **ecological transition**.

ESG factors in credit assessment

ESG (Environmental, Social and Governance) factors are becoming increasingly important in measuring the sustainability of investments and in credit assessment. Indeed, the European Supervisory Authorities issued regulatory technical standards on 2 February, 2021 that require banks to integrate climate and sustainability risks into their risk and strategy frameworks and to include specific policies on ESG factors in their lending process.

2 The company



Serravalle Copper Tubes

SCT
MEMBER OF THE KME GROUP

An integrated industry system of copper in Europe

SERRAVALLE COPPER TUBES

Sales
7,540 t

Employees
224

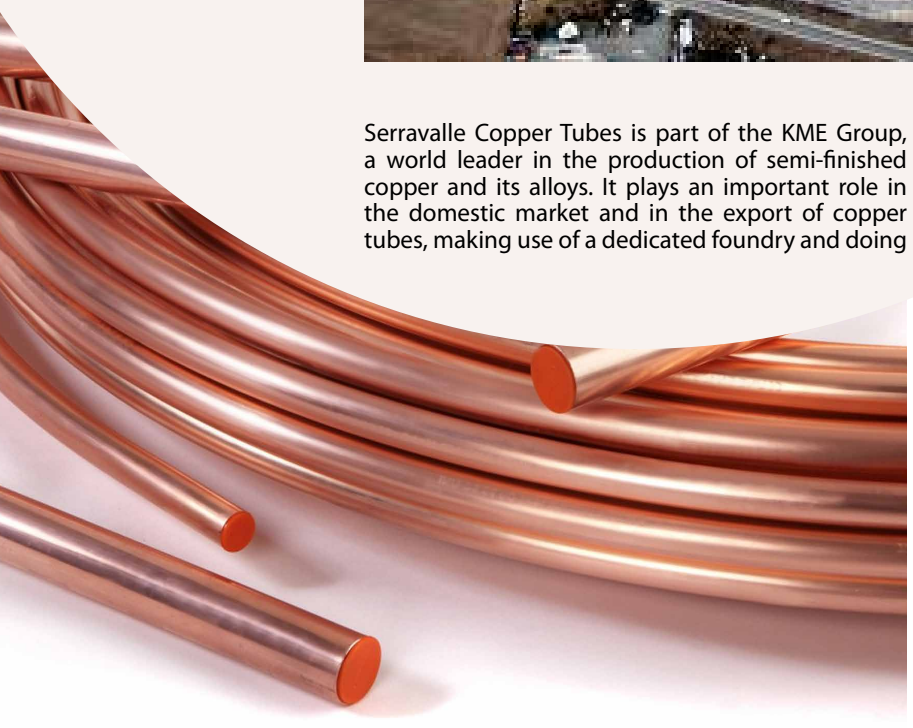
2.1 Who we are

The plant in Serravalle Scrivia (AL) is among the most important and advanced in Europe in the production of copper tubes for plumbing and industrial applications, with an integral production cycle that also includes insulating sheaths for coated tubes.

The production site opened in 1964 and was acquired in 1971 by the SMI Group (Società Metallurgica Italiana), later renamed KME. In 1995, the plant was renamed Europa Metalli SpA. In 2005, the production of brass bars was spun off from the plant's other activities giving rise to Europa Metalli Brass, since 2007 renamed KME Brass Italy, while the copper tube business remains KME Italy.

Since 2016, the activity of the plant was spun off from KME Italy and sold to the Trefimetaux Group, taking the name Serravalle Copper Tubes. The Trefimetaux Group was in turn 51% controlled by the KME Group at that time; then, from 2019, the KME Group bought back the 100% shareholding of Trefimetaux and therefore SCT was also fully subsumed into the KME Group.

Serravalle Copper Tubes is part of the KME Group, a world leader in the production of semi-finished copper and its alloys. It plays an important role in the domestic market and in the export of copper tubes, making use of a dedicated foundry and doing leveraging the synergies, specialisations and skills of the various production units. It has an advanced production process and certified quality standards, based on a long tradition and proven technological expertise.



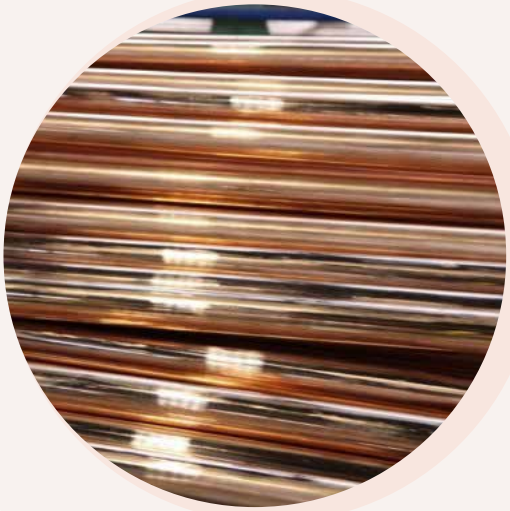
Copper pipes for more than **50 years** for industry and for uses plumbing

2.2 Productions

2.2.1 Copper Tubes for Industrial Applications

LWC coils

Rod pipes



Industrial applications

ACR
The *Air Conditioning & Refrigeration* (ACR) sector is constantly growing. The use of copper is fundamental for the construction of piping inside air-conditioning machines for the conveyance of refrigerants.

THE **COMPANY**

BOILERS
Within the plumbing and heating sector, the boiler sector represents a segment that is growing steadily from a technological point of view. The use of renewable energy sources, maintenance intervals, the demand for systems with increasingly high efficiencies, new laws and regulations are driving the development of innovative products. SCT's production meets both water and gas components.

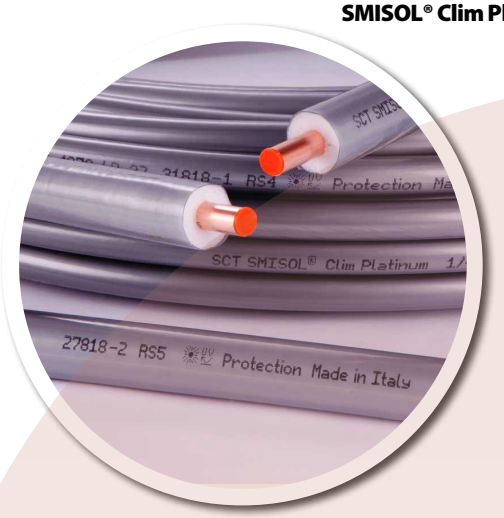
FITTINGS
In the world of plant engineering, one of the main elements of installations is the fittings, which in combination with the pipes form the heart of the distribution system. As a manufacturer of semi-finished pipe, SCT, in order to fully meet the needs of fittings manufacturers, pays particular attention to ensuring that its products offer ease of processing, dimensional perfection and compliance with customer specifications.

ELECTRIC
Copper is the best conductor of electricity and heat among metals right after silver. There are also many interesting applications in the field of piping: one such area is tubular heating elements, assembled in various shapes, for water heaters and kettles, often also armoured, used to heat particularly corrosive liquids. The production of rod thermostats is also possible. Another interesting sector is the production of highly conductive lugs from pipes.

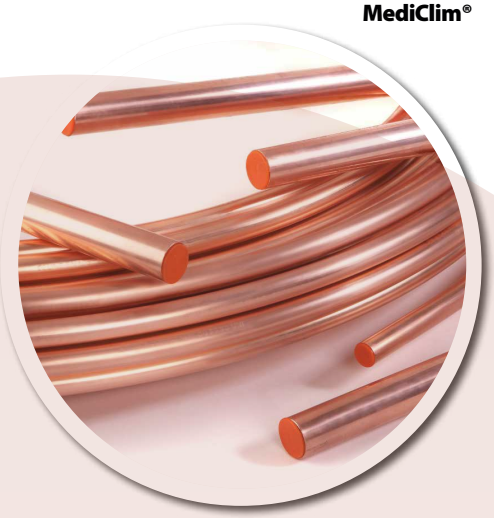
2.2.2 Copper plumbing tubes

SCTubes offers a complete range of products to meet all installation requirements, together with installation consultancy services.

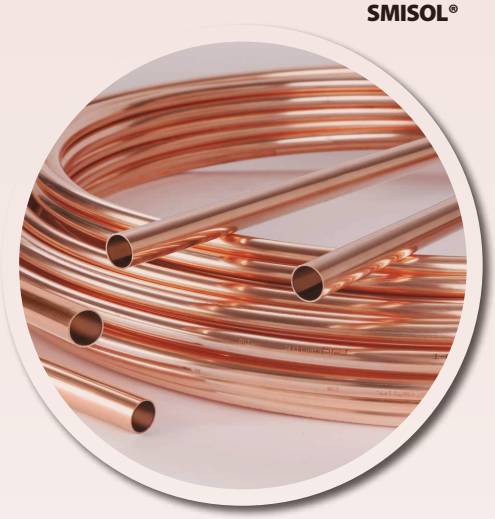
SMISOL® Clim Platinum



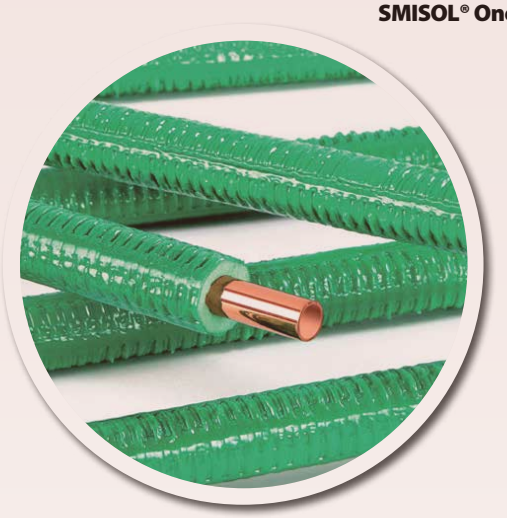
MediClim®



SMISOL®



SMISOL® One



Product images are taken from the SCT website

Design consultancy

SCTubes is involved in the organisation of technical seminars, Technical Consulting personnel are called upon as speakers at training meetings and regulatory updates relating to plant design. It participates at various levels in working groups dedicated to the development of new standards and the updating of existing ones. It maintains close cooperation with software houses for the development of design programmes.

Pre- and after-sales **service**

In addition to a Technical Cunsulting structure that organises training and counter demonstrations, SCTubes' reseller partners are also supported by technically trained agents and sales officers who support the wholesaler at all stages of the relationship with the company.

2.3 Governance and organisational model

The Company adopts a corporate governance system that complies with the law.

Board of Directors

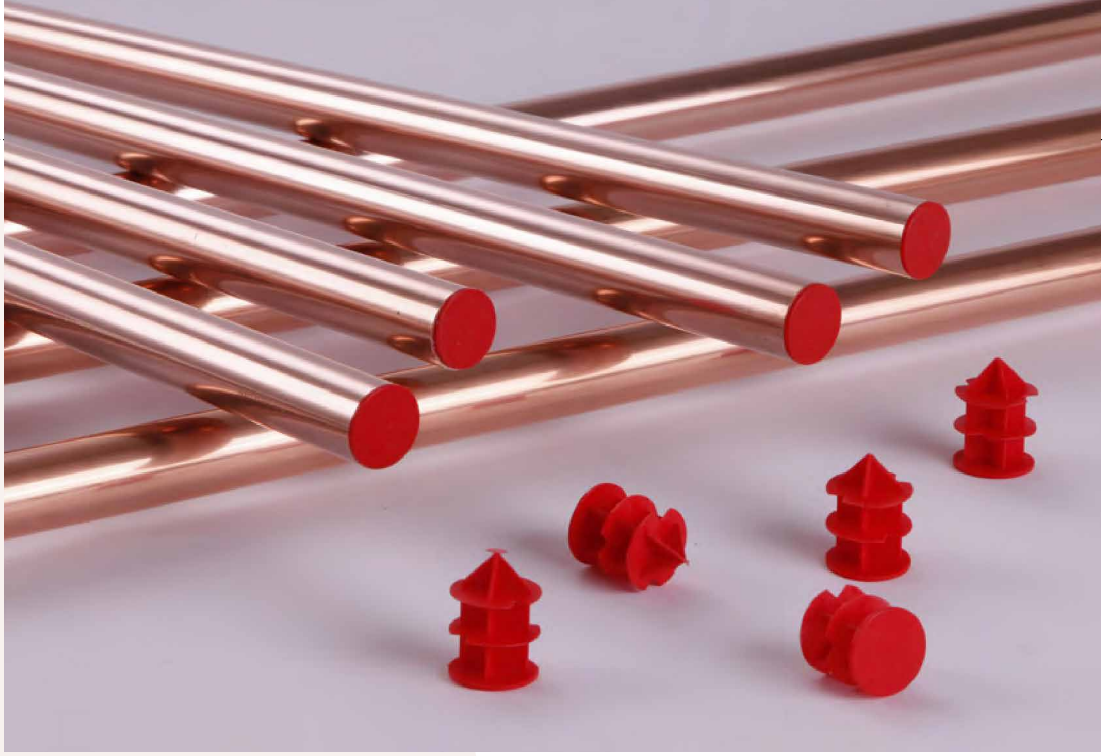
- C. Pinassi *president*
- A. Casali *councillor*
- A. Repetto *councillor*

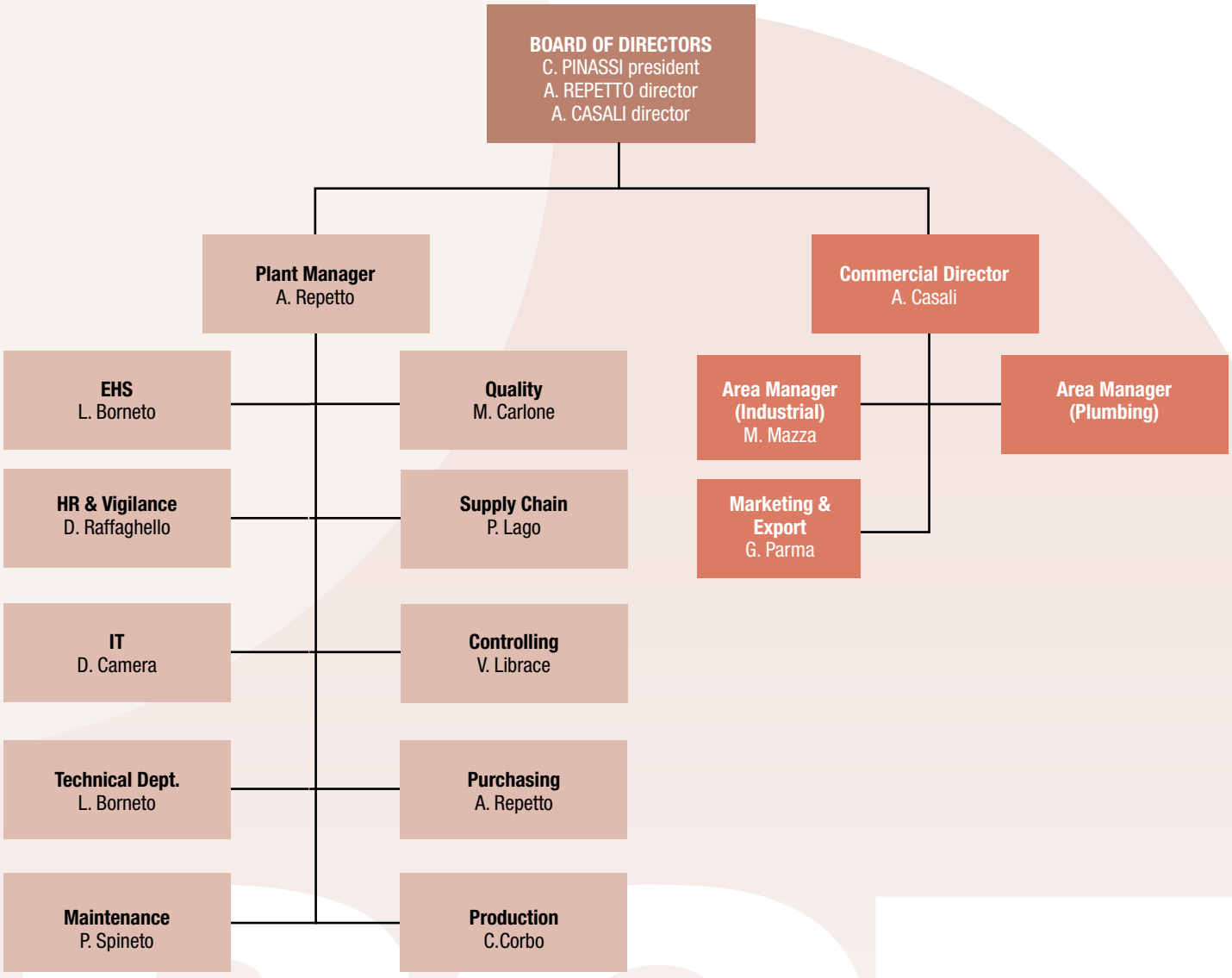
Prosecutors

- L. Borneto
- L. Pio
- D. Raffaghello

Board of Auditors

- Deloitte & Touche




BOARD OF DIRECTORS
C. PINASSI president
A. REPETTO director
A. CASALI director
Plant Manager
A. Repetto
Commercial Director
A. Casali
EHS
L. Borneto
Quality
M. Carlone
Area Manager (Industrial)
M. Mazza
Area Manager (Plumbing)
HR & Vigilance
D. Raffaghello
Supply Chain
P. Lago
Marketing & Export
G. Parma
IT
D. Camera
Controlling
V. Librace
Technical Dept.
L. Borneto
Purchasing
A. Repetto
Maintenance
P. Spineto
Production
C.Corbo

2.4 Code of conduct

The KME Group adopts a Code of Conduct based on 3 fundamental principles:

- Legality
- Stakeholder relations based on fairness, cooperation and loyalty
- Working conditions that respect human dignity and a safe working environment

The Code of Conduct covers:

- *Fair Competition and Antitrust*
- *Respect for human rights*
- *Anticorruption*
- *Property Rights*
- *Environment, health and safety*
- *Conflicts of interest*
- *Prohibition of child labour*
- *Information processing*

No supply from **war zones**

KME only buys materials from approved and registered suppliers, and constantly inspects their work. **It does not purchase materials** from mines located in regions with **armed conflicts**.

2.5 Certifications

The Serravalle plant has adopted **quality certification** since 1994. Production processes, controls and plant operation are standardised according to strict internal procedures. **Quality control** is a strength of the company and a guarantee for customers and users.

The company holds **ISO 9001** (Quality Management), **ISO 14001** (Environmental Protection) and **ISO 45001** (Safety Management System) certifications.

Furthermore, as part of the KME Group, it holds the **REACH Declaration** (Protection of health and the environment from the risks that can be posed by chemicals) and the **ROHS Declaration** (European Regulation on the restriction of the use of hazardous substances in electrical and electronic products).

Main product brands

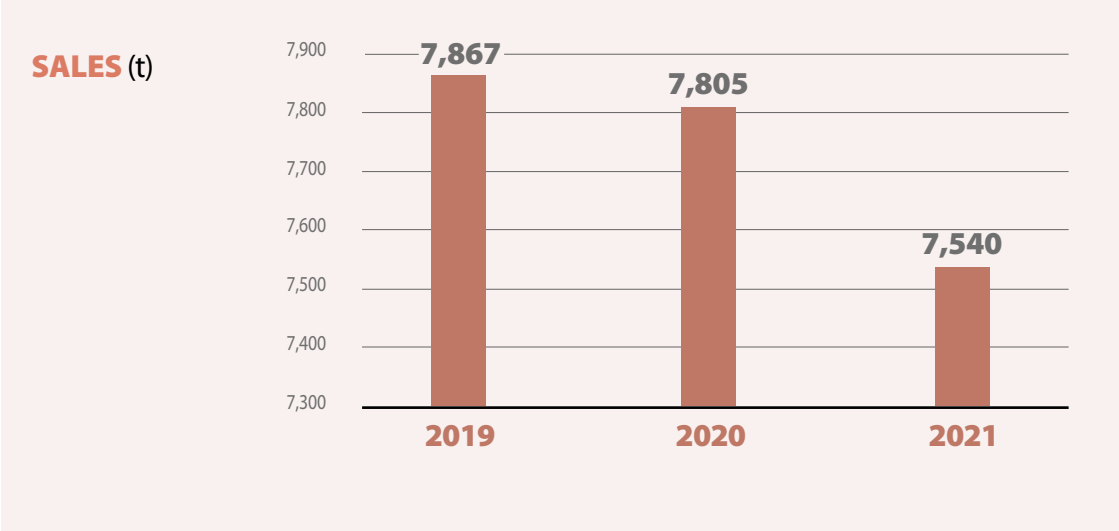
Product Standards

UNI EN 1412
Copper and Copper Alloys - European Numerical Designation System
EN 1057
Copper and copper alloys. Seamless copper round tubes for water and gas in sanitary and heating applications
EN 12735-1
Copper and copper alloys - Seamless, round copper tubes for air conditioning and refrigeration - Part 1: Tubes for piping systems
EN 12735-2
Copper and copper alloys - Seamless, round copper tubes for air conditioning and refrigeration - Part 2: Tubes for equipment
EN 13348
Copper and copper alloys - Seamless round copper tubes for medical gases and vacuum
EN 13600
Copper and copper alloys - Seamless copper tubes for electrical purposes
EN 12449
Copper and copper alloys - Seamless round tubes for general purposes
EN 12451
Copper and copper alloys - Seamless round tubes for heat exchangers
ASTM B68
Standard Specification for Seamless Copper Tube, Bright Annealed
ASTM B75
Specification for Seamless Copper Tube
ASTM B88
Standard Specification for Seamless Copper Water Tube
ASTM B 111
Standard Specification for Copper and Copper-Alloy Seamless Condenser Tubes and Ferrule Stock
ASTM B251
Standard Specification for General Requirements for Wrought Seamless Copper and Copper-Alloy Tube
ASTM B 280
Standard Specification for Seamless Copper Tube for Air Conditioning and Refrigeration Field Service
TUBE SYSTEMS_INDUSTRIAL APPLICATIONS TECTUBE PRODUCTS SPECIFICATION TI-001
Product specification for ACR copper tubes
UNI EN 14114
Hygrothermal performance of building and industrial installations - Calculation of water vapour diffusion - Insulation systems for cold pipes
UNI 10823
Coated copper pipes for gas applications in underground areas
EUROPEAN REGULATION 2037/EC/2000
On ozone-depleting substances
UNI 11342:2009
Copper and copper alloys - Seamless copper and polyethylene composite tubes for fluid supply
Ministerial Decree 26 June 1984
Classification of reaction to fire and approval of materials for the purposes of fire prevention (amended by Ministerial Decree 3/9/2001)
UNI EN 13501-1:2009
Fire classification of construction products and building elements - Part 1: Classification using reaction to fire test results

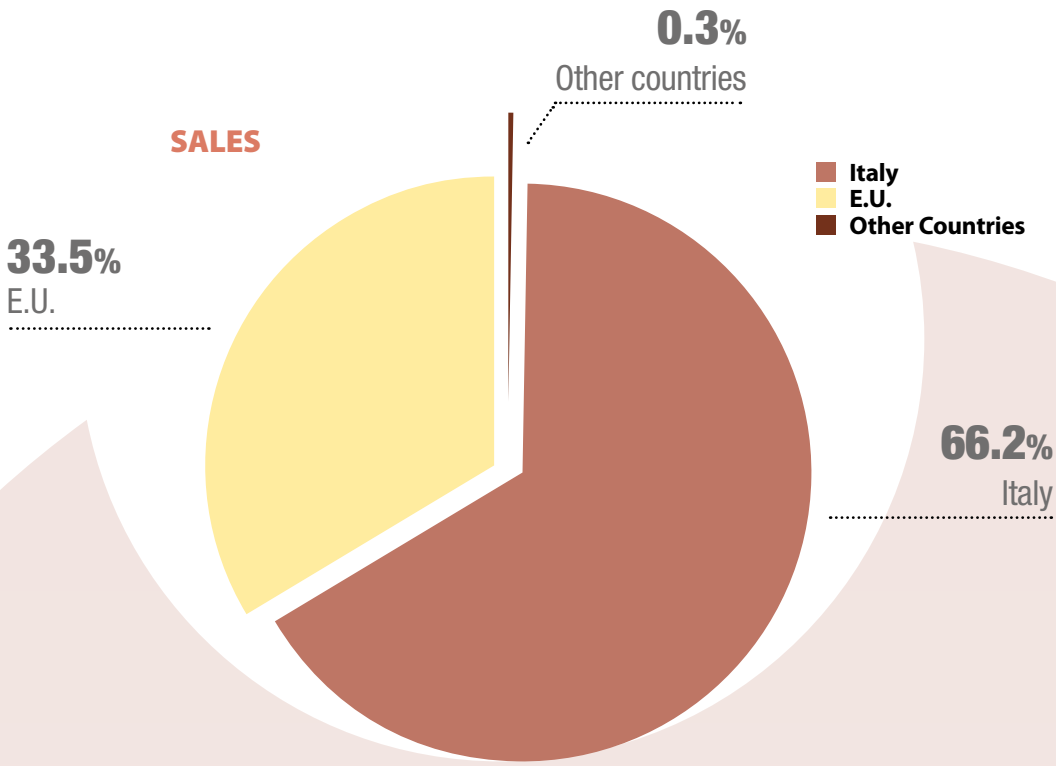
2.6 Sales

In 2021, sales* amounted to **7,540 tonnes** (- 3.4 % compared to 2020).

**data refer to quantity of products leaving the plant during the year: these figures are considered to be broadly in line with those of production, and can therefore also be taken as a reference for the elaboration of the environmental indicators relating to consumption and emissions per unit of product.*



In 2021, 66.2% of sales were in the domestic market, 33.5% in other EU countries and 0.3% in other countries.



3 Environmental Sustainability

3.1 Management environment

The company adopts ISO 14001 certification in order to guarantee proper environmental management and even higher standards than those required by current legislation. The ISO 14001 standard is aimed at minimising environmental impacts through the constant updating of a thorough analysis of environmental factors and management conduct to ensure the highest possible environmental performance.

3.2 Energy

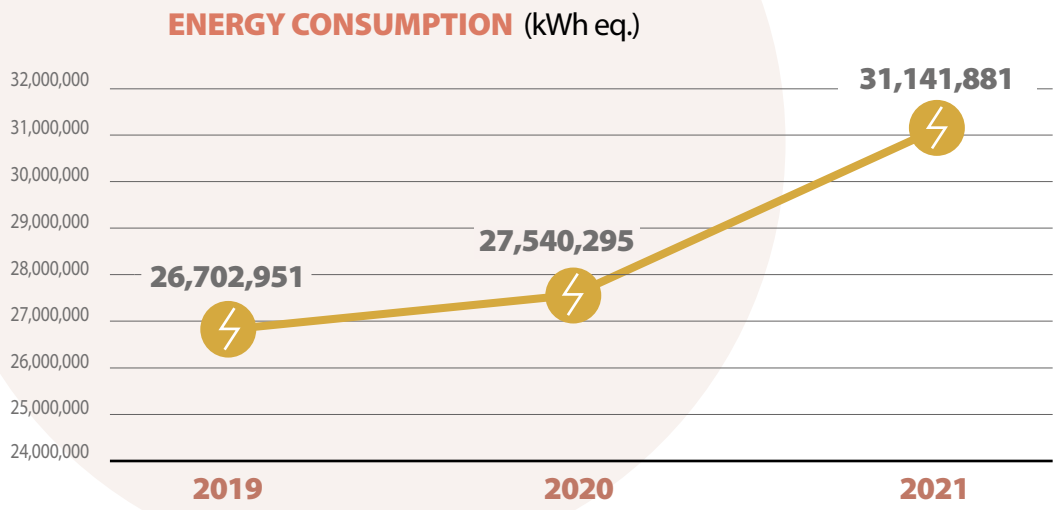
Using energy efficiently is important both from an **environmental** point of view, because it contributes to reduce greenhouse gas emissions, and economically because it helps keep costs down.

Consumption
The plant uses electricity and natural gas.

- **Electricity: 7,848,963 kWh** (+6.9% compared to 2020);
- **Natural gas: 83,854,508 MJ** (+15.3% vs. 2020).

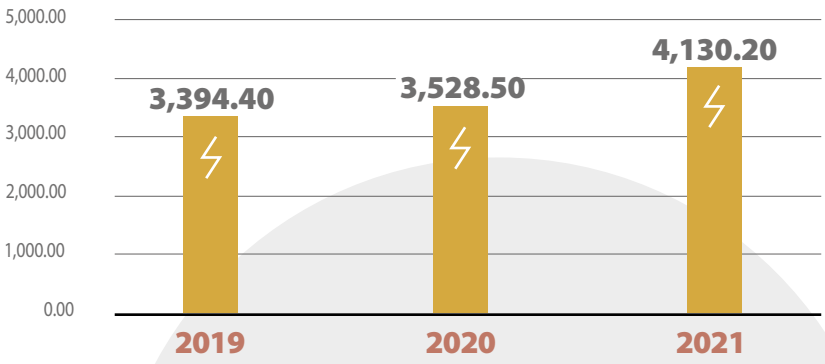
In 2021, consumption totalled **31,141,881 kWh** eq., an **increase of 13%** compared to 2020.*

**For the purpose of a correct interpretation data must take into account the fact that in 2021 the mix of company productions has changed. This affected both energy consumption, which increased, as well as on other environmental indicators.*



Energy intensity
Energy consumption per tonne of product is 4,130.2 kWh eq. with an increase of 17% compared to 2020.

ENERGY CONSUMPTION PER UNIT OF PRODUCT (kWh eq / t)



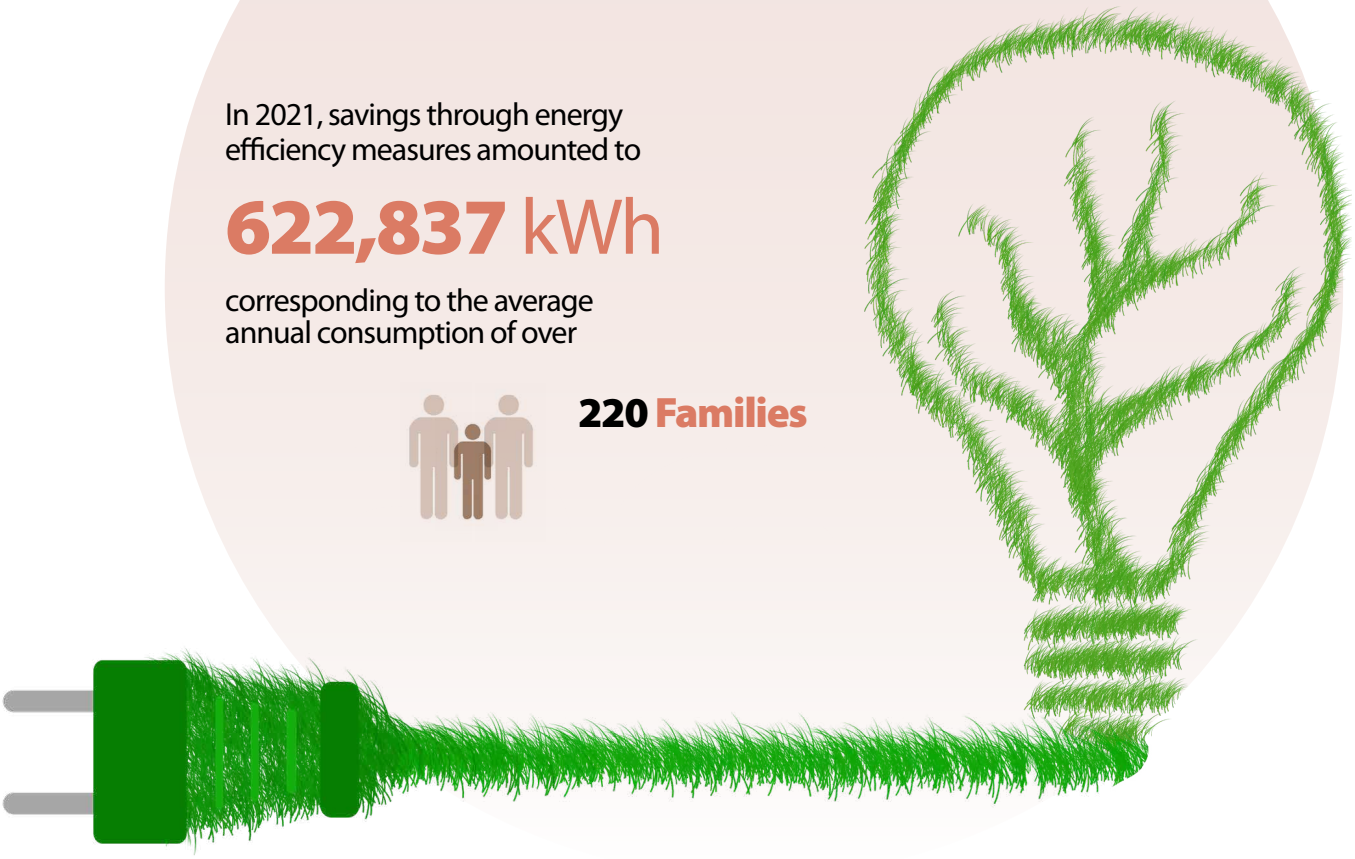
Energy efficiency measures
A number of measures aimed at increasing energy efficiency (LED lighting systems, replacement of motors, remote control systems for plants, procedures for controlling and switching off plants at the end of production) have resulted in energy savings of 622,837 kWh eq. in 2021 and 1,707,701 kWh eq. in the last three years.

In 2021, savings through energy efficiency measures amounted to

622,837 kWh

corresponding to the average annual consumption of over

220 Families



3.3 Materials

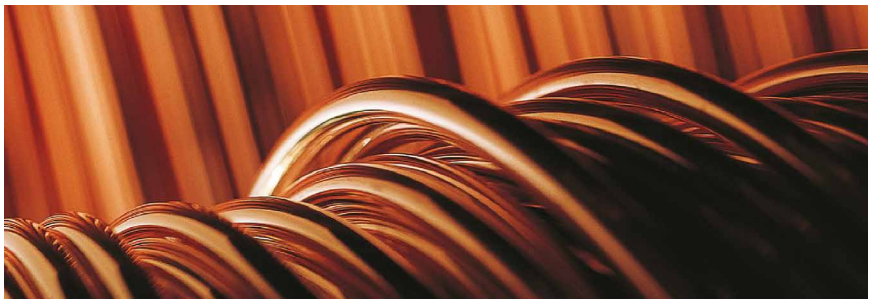
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Just as it is important to use energy efficiently, so is the efficient use of materials. Doing more with less: this is the goal of the circular economy. It means on the one hand reducing production scraps and waste, and on the other hand increasing the use of recycled secondary raw materials to replace virgin raw materials.

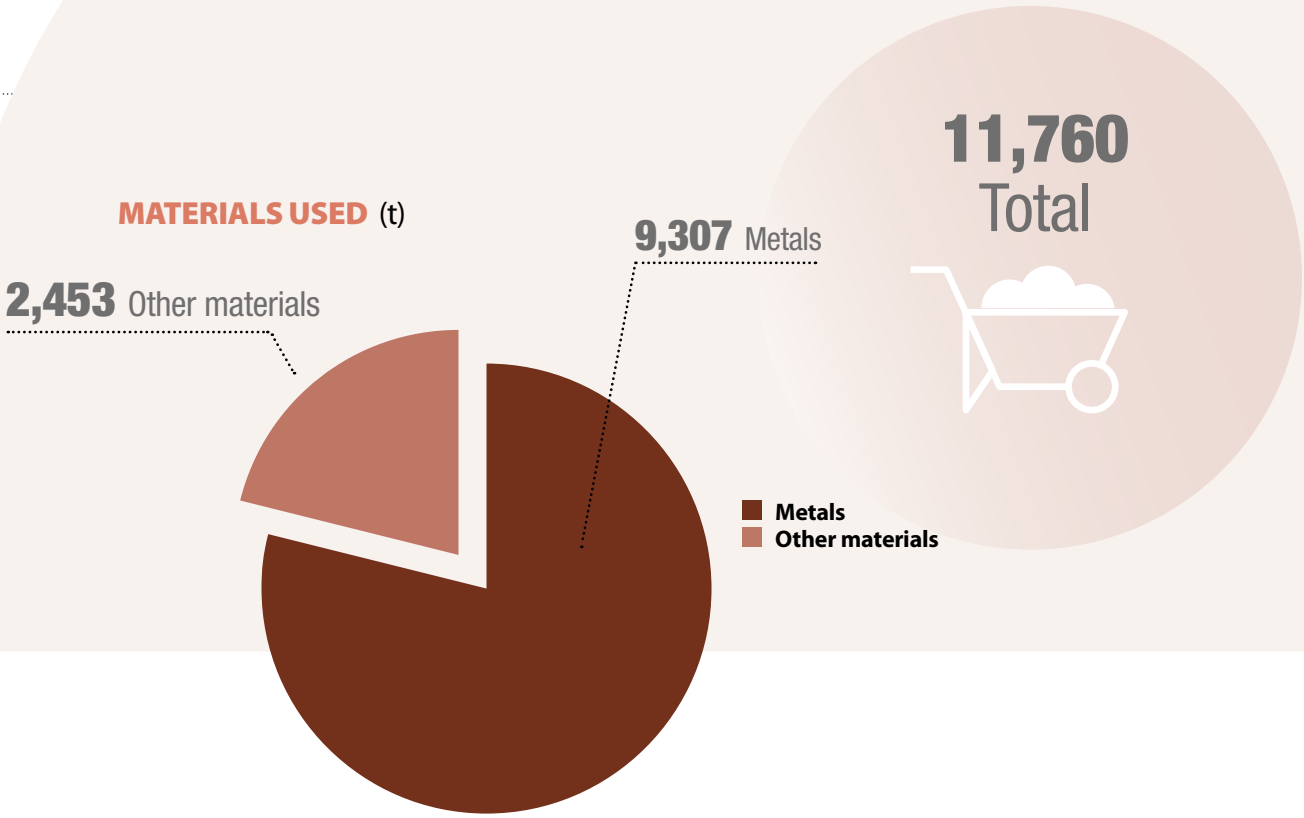
Materials used
A total of **11,760 tonnes** of materials were used* in 2021 (-2.7% compared to 2020).

For 79%, this is **metal** (billets from the Givet plant).

**the figure refers to the quantity of materials entering the plant during the year; it is possible that a portion, albeit small, was not actually used in 2021, remaining as stock in the warehouse; this does not, however, significantly change the figure for materials used*



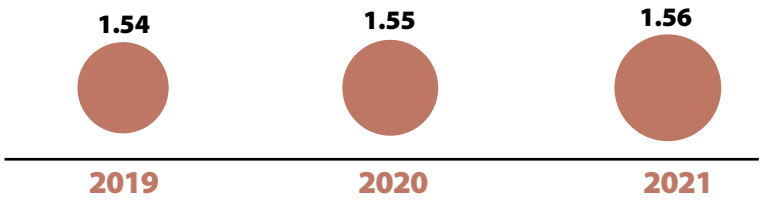
MATERIALS USED (t)



Materials used	2019	2020	2021
tonnes	12,151	12,083	11,760

Materials used per unit of product
In 2021, 1.56 tonnes of materials were used for every tonne of production*.

MATERIALS USED PER UNIT OF PRODUCT (t/t)



** production figures refer to sales figures*

Renewable raw materials
Of the materials used, 427 tonnes are **renewable materials** (wood, paper and cardboard packaging). Compared to the total, they account for only **4.5 %**, but net of metals the percentage of renewable raw materials rises to **17.4 %**.

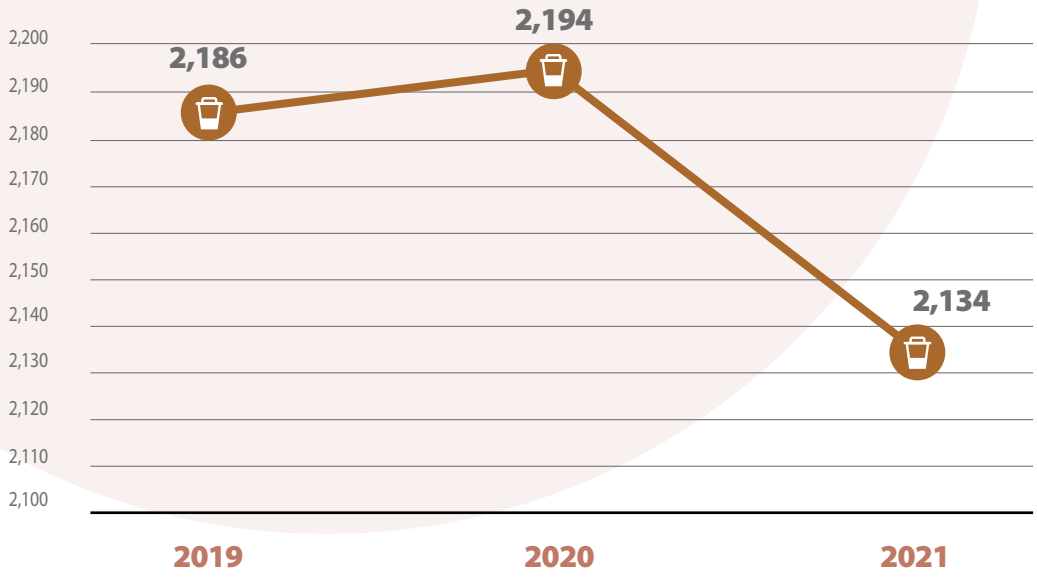
Recycled materials
40.2 per cent of the materials used by the plant, i.e. 4,728 tonnes, is made up of secondary raw materials from **recycling**: 74 tonnes of oils and greases and approximately 4,654 tonnes of metals as a share (50 per cent) of the billets from the TMX plant in Givet.

Recycled materials	2019	2020	2021
%	40.6%	40.9%	40.2%

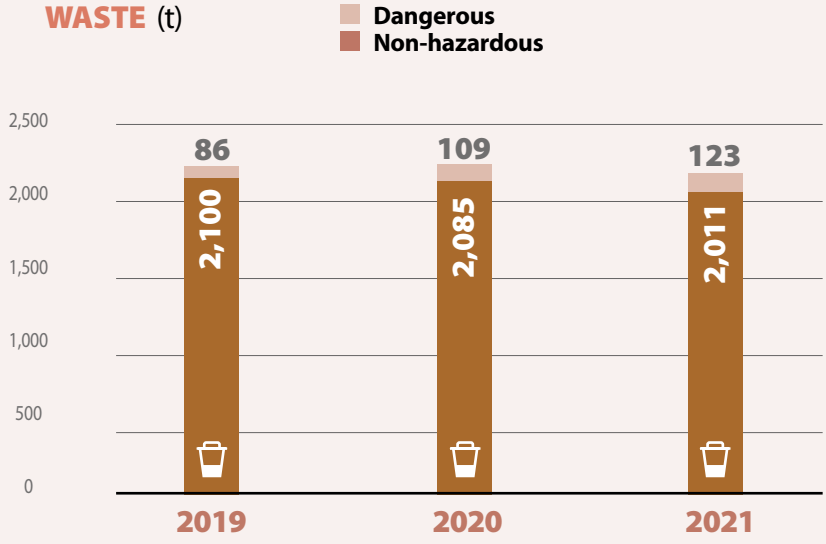
3.4 Waste

Proper waste management plays a key role in the transition to a circular economy. Priority objectives are to reduce the production of waste and to increase as much as possible its recovery as a resource.
Waste produced by the plant in 2021 amounted to **2,134 tonnes** (-2.7 % compared to the previous year).

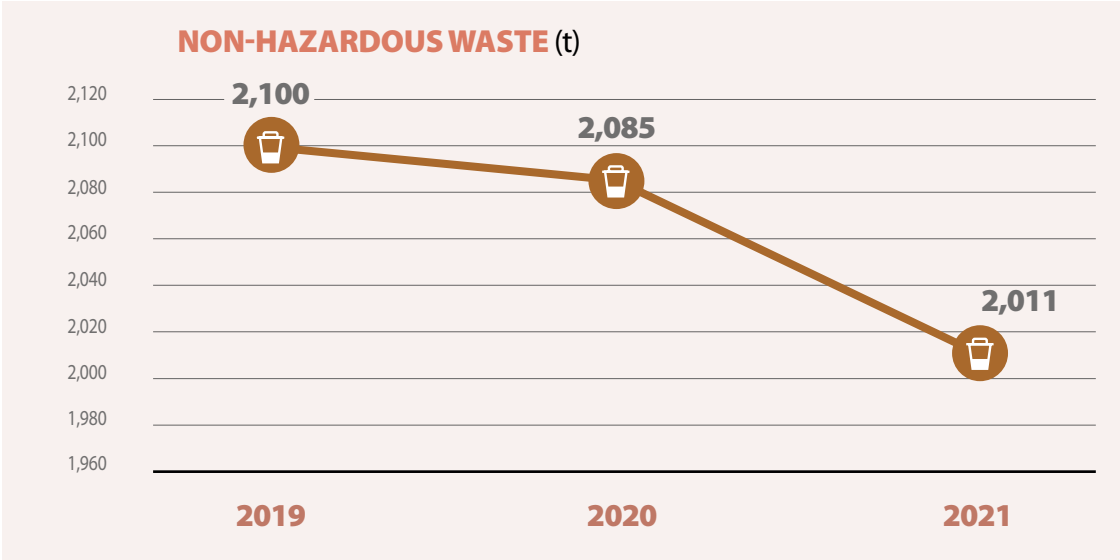
WASTE (t)



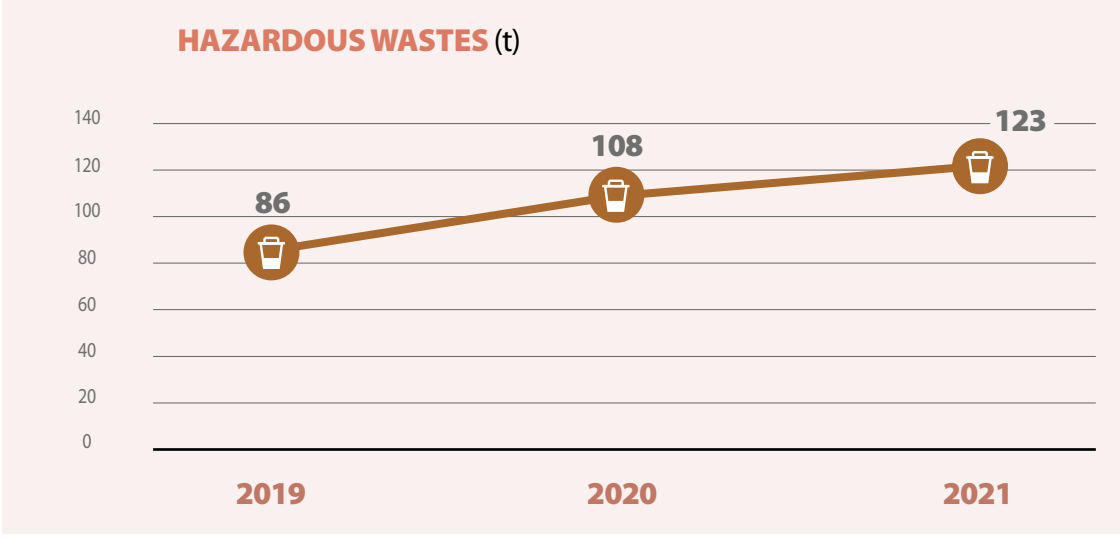
WASTE (t)



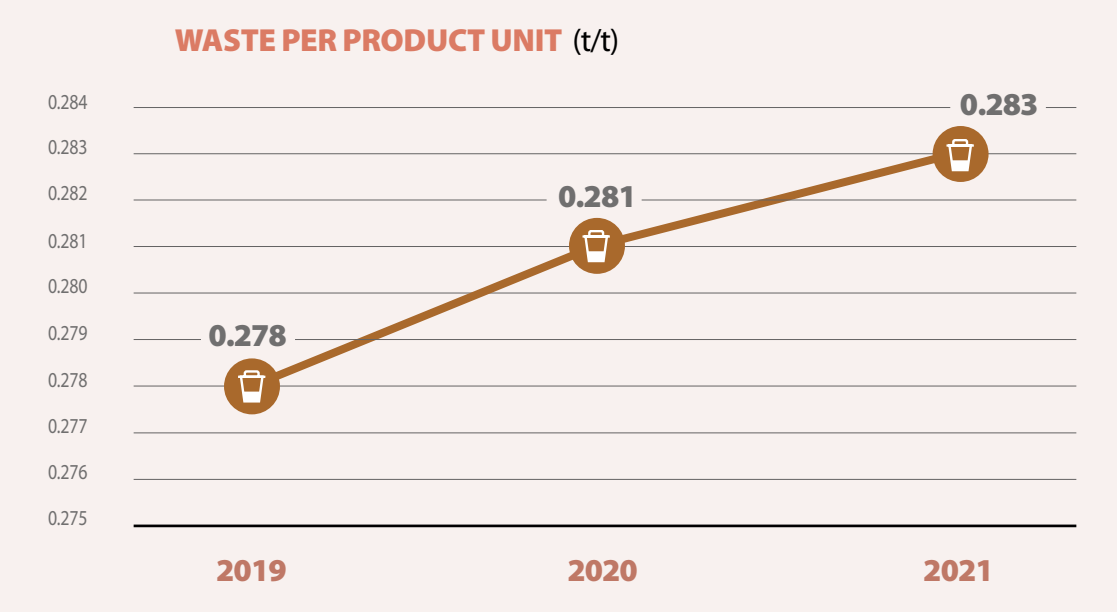
Non-hazardous waste amounted to 2,011 tonnes (-3.6% compared to 2020).



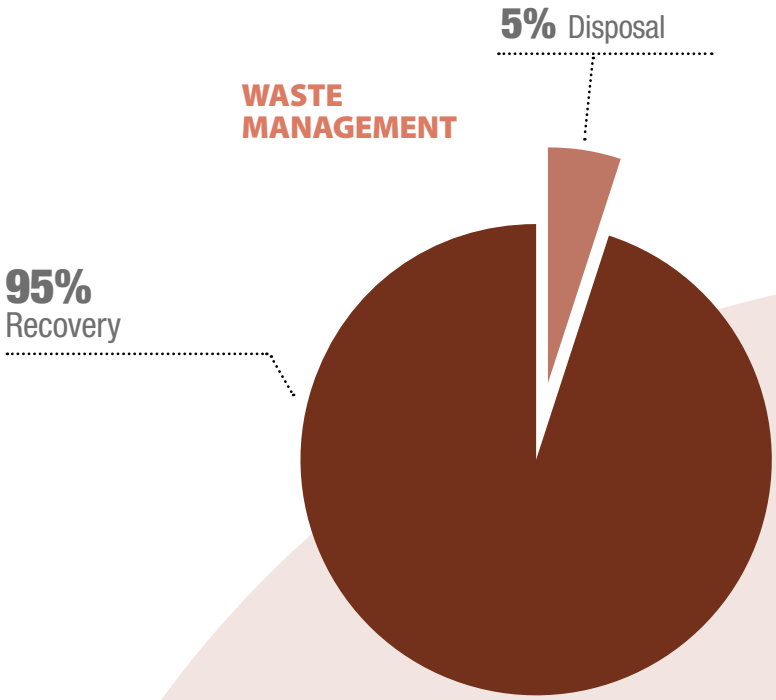
Hazardous waste amounted to 123 tonnes, an increase of 13% compared to 2020.



Waste per unit of product
There was a slight increase in waste generation per unit of product, from 0.281 t/tonne to 0.283 t/tonne.



Recovery start-up
95% of the waste produced by the plant, corresponding to 2,027 tonnes, was sent for recovery.
Only 5% was disposed of in landfills.



3.5 Greenhouse gas emissions

13 CLIMATE ACTION

How **emissions** are measured

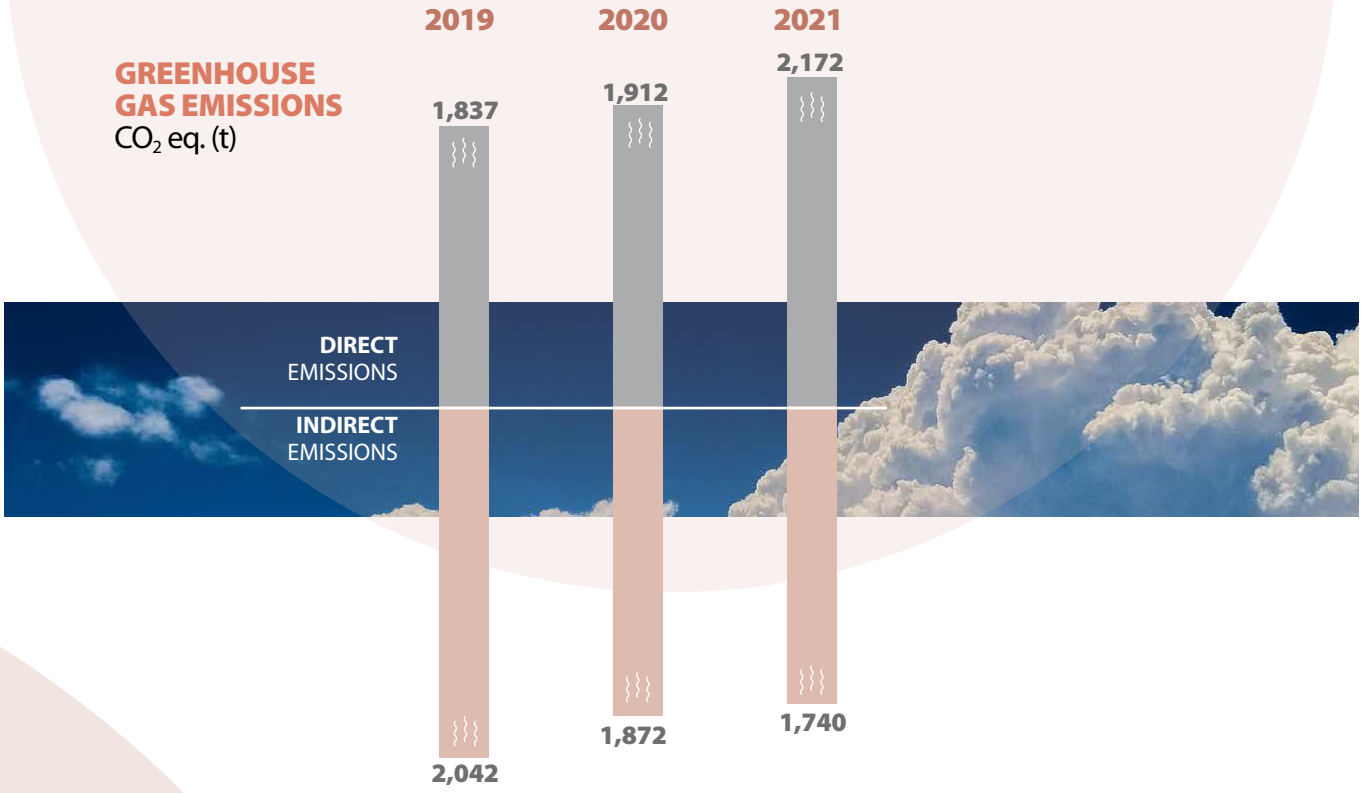
The calculation of GHG emissions is based on the GHG reporting system, which classifies GHG emissions into:
- **direct emissions*** from in-plant processes;
- **indirect emissions****, resulting from the production processes of purchased energy;
- **other indirect emissions** (e.g. for a company, those resulting from transport for the supply and dispatch of goods).

As no information on the latter is available in our case, the calculation of emissions concerns direct emissions and indirect emissions related to the production of the electricity fed into the grid.

**For the calculation of direct emissions reference is made to the values declared by the company.*

***For the calculation of indirect emissions, reference is made to electricity consumption and emission factors of greenhouse gases of the national energy mix.*

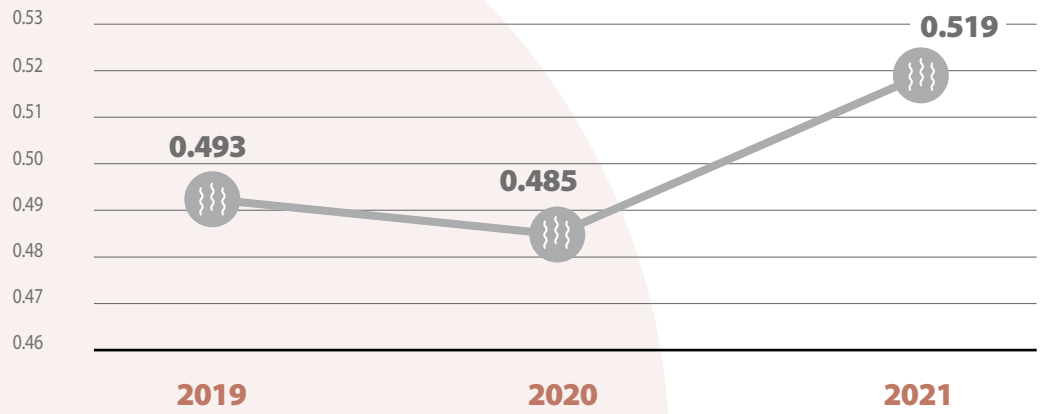
Total emissions
Between **direct emissions** (generated by in-plant processes) and **indirect emissions** (related to the production of electricity purchased from the grid), **total emissions** in 2021 amount to **3,912 t. CO_2 eq**.
Compared to the previous year, this represents an increase of **3.4%**.



	2019	2020	2021
TOTAL EMISSIONS	3,879	3,784	3,912

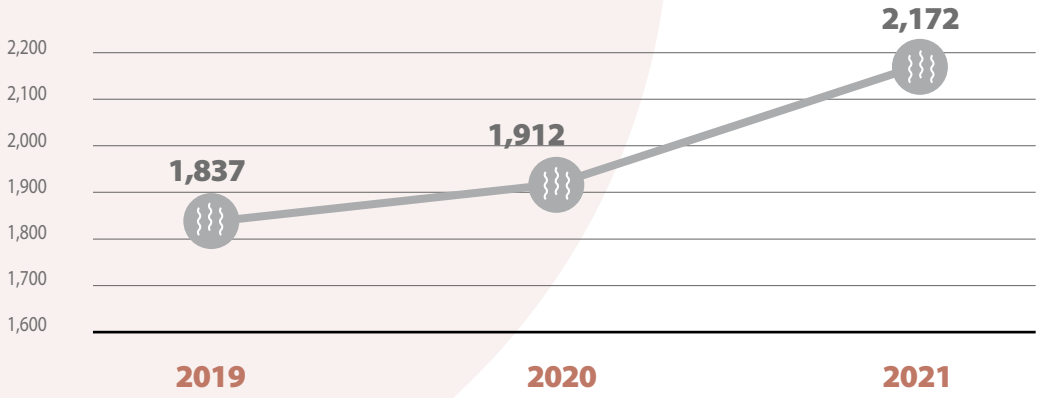
Emissions per unit of product
With regard to **emissions per unit of product**, there is an increase compared to previous years. In 2021, they amounted to **0.519 t CO_2 eq.** per tonne of production, compared to 0.485 in 2020 and 0.493 in 2019.

EMISSIONS PER UNIT OF PRODUCT
(t CO_2 eq/t)



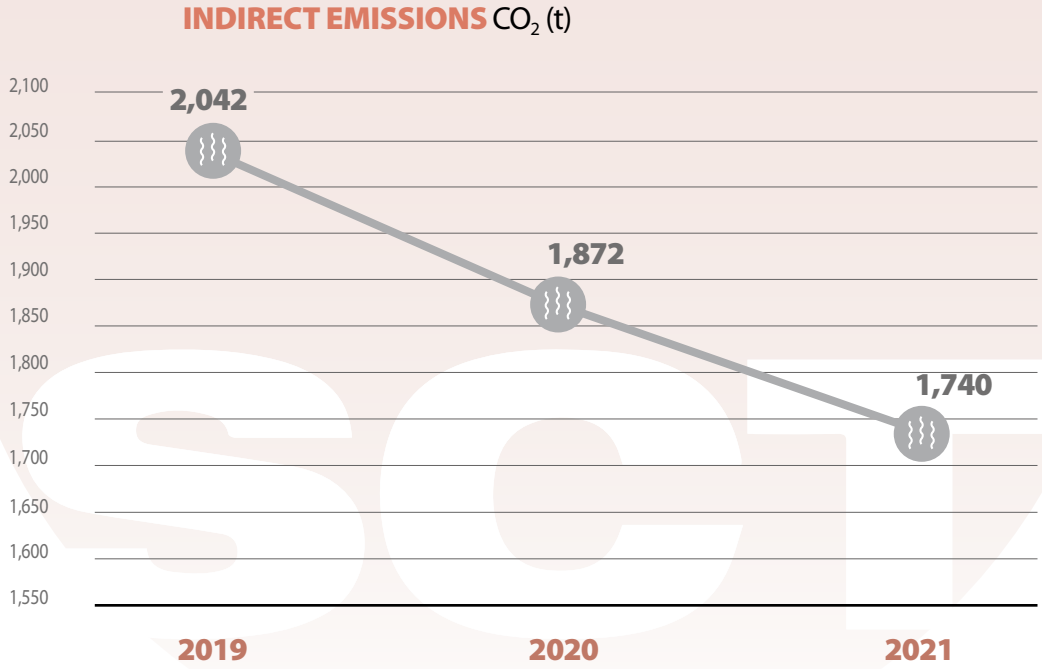
Direct emissions
Emissions generated directly by the plant's activities amount to **2,172 t CO_2**, with a **13.6 per cent increase** over 2020
.

DIRECT CO_2
(t)



Indirect emissions
Indirect greenhouse gas emissions related to the generation of electricity purchased from the grid were **1,740 t. (- 7.1 % compared to 2020)**. The **reduction** is due to the improvement of the national energy mix and consequently the emission factors*.

**ISPRA-Emission factors national electricity production and consumption of the national electricity system - preliminary estimate for 2021: 221.7 g. CO_2 /kWh*



Avoided emissions
Thanks to better management of boiler ignition, which accounts for about 40 per cent of consumption, as well as control and management systems for shutting down the plant at the end of production, about **87 tonnes** of CO_2 eq. were avoided in 2021.

In total, **236 tonnes** of emissions were avoided in the last three years.

AVOIDED EMISSIONS
IN THE LAST THREE YEARS

236
TONNES OF CO_2

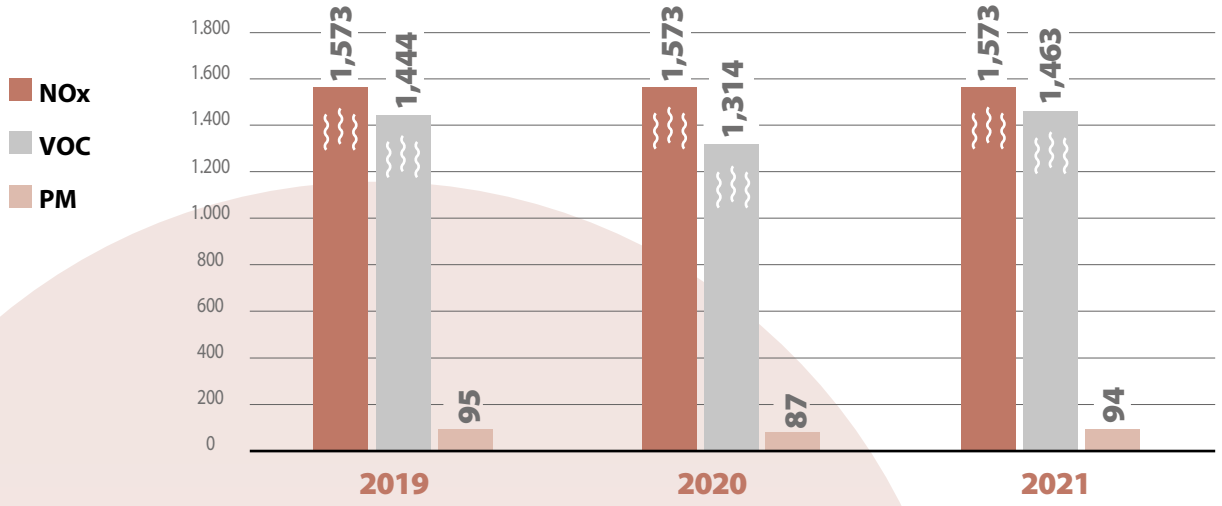
3.6 Other emissions

Emissions from the plant's activities concern in particular:
- nitrogen oxides **(NOx)**;
- volatile organic compounds **(VOC)**;
- particulate matter **(PM)**.

NOx emissions in 2021 amounted to 1,573 kg (the same as the previous year), while VOC emissions amounted to 1,463 kg (+11.3%) and PM emissions to 94 kg (+8%)

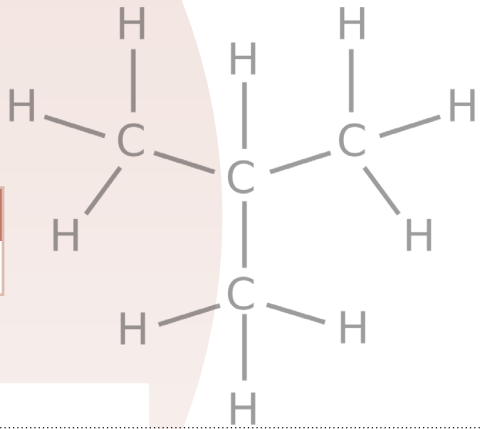
Emissions (kg)	2019	2020	2021
NOx	1,573	1,573	1,573
VOC	1,444	1,314	1,463
PM	95	87	94

EMISSIONS (kg)



The emission of isobutane **(HAP)** was 1,352 mg.

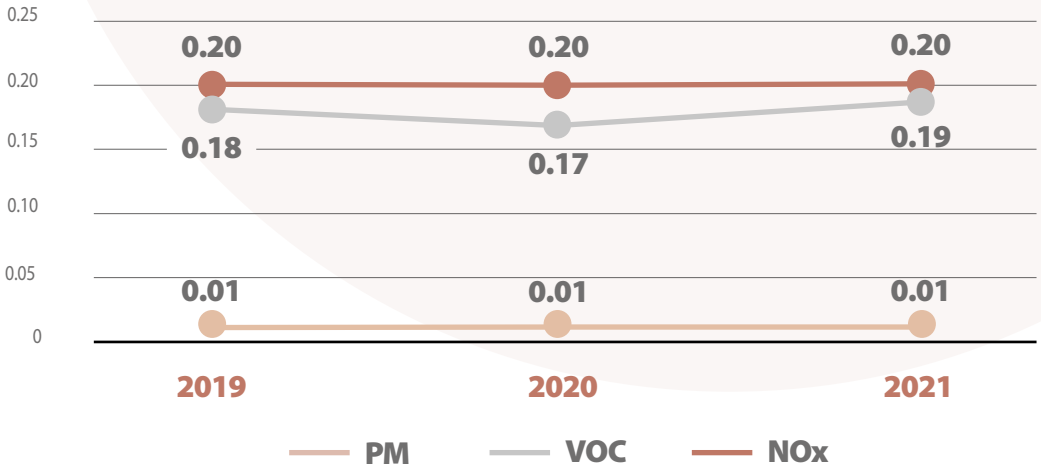
Isobutane	2019	2020	2021
mg	1,327	1,163	1,352



EMISSIONS PER UNIT OF PRODUCT

Emissions per unit of product	NOx (kg/t)	VOC (kg/t)	PM (kg/t)	Isobutane (mg/t)
2019	0.20	0.18	0.01	0.17
2020	0.20	0.17	0.01	0.15
2021	0.21	0.19	0.01	0.18

EMISSIONS PER UNIT OF PRODUCT
(kg/t)



3.7 Water

Water is a precious resource: avoiding any possible waste is an essential goal. As far as possible, it should be recycled and reused in industrial processes. In addition, it must be properly treated in purification plants so that discharges comply with water quality protection regulations.

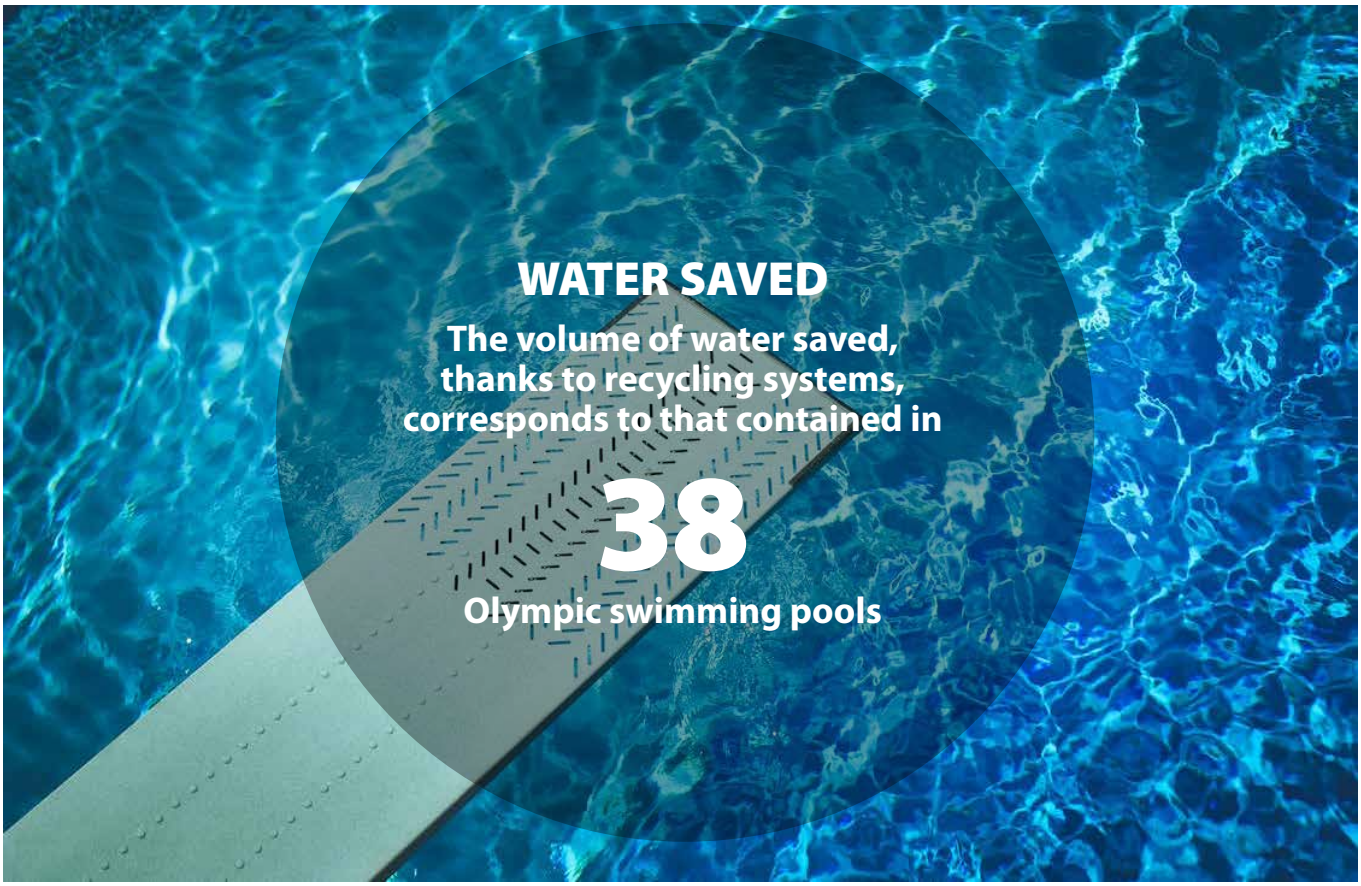
Water withdrawn
In 2021, SCT drew **28,404 m³** of water from wells and **6,213 m³** from the public waterworks. It also used approximately **9,000 m³** of rainwater collected in tanks.

Water m³	2019	2020	2021
From wells	**24,418**	**25,280**	**28,404**
From aqueduct (drinking water)	**8,698**	**4,432**	**6,213**
Rainwater	**9,000**	**9,000**	**9,000**
Total	**42,116**	**38,712**	**43,617**

Recycled and reused water
Thanks to a series of technological and plant solutions, water is recycled and reused in the industrial process.

Recycled water	2019	2020	2021
m³	**87,352**	**75,837**	**91,701**


RECYCLED WATER (m3)
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
87,352
75,837
91,701
2019
2020
2021
THE COMPANY RECYCLED AND REUSED
91,701 m3;
AN AMOUNT EQUAL TO 67.8% OF THE TOTAL WATER USED



Water withdrawn per unit of product
The amount of water withdrawn is **5.8 m³** per tonne of production.

Water withdrawn per unit of product	2019	2020	2021
m³/t	5.4	5.0	5.8

3.8 Purification and drains

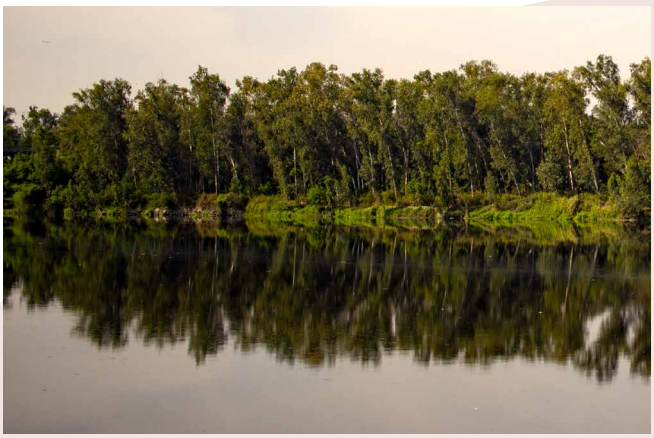
The water discharged by SCT into the sewerage system amounted to **7,621 m³** *.

**estimated value*

***Legislative Decree 152/2006 provides as maximum concentrations 0.10 mg/ litre for copper and 0.5 mg/l for zinc.*

Purification by means of chemical-physical treatment with selective heavy metal resins and sand and charcoal filters is carried out by a consortium plant that is also used by other companies.

The values of the pollutants in the waste water in 2021 were 0.03 mg/l for copper and 0.03 mg/l for zinc.**



3.9 Biodiversity

The plant is located close to the Natura 2000 site IT1180004 'Greto dello Scrivia', classified as a Site of Community Interest (S.I.C.).

Greto dello **Scrivia**

The Greto dello Scrivia is one of the region's areas of greatest naturalistic interest due to the presence of a rich animal and plant biodiversity, which can be traced back to the highly natural conditions of the wide riverbed, its proximity to the Apennine mountains and also to the warm and dry climate influenced by Mediterranean influences. The area is probably the best example of a preserved river environment in Piedmont, in terms of its natural state and territorial extension, as it has almost completely escaped the general artificialisation of watercourses, which is the main cause of the destruction of river and peri-river habitats.

It is classified as a Site of Community Interest also because it constitutes one of Piedmont's areas of greatest ornithological value, so much so that it has also been proposed as a Special Protection Area for birdlife, especially for its importance as a resting area during migration and for the presence within it of nesting species that are rare in the rest of the regional territory. From a wildlife point of view, the site is probably one of the richest areas in the entire Piedmont plain: a total of 23 species listed in the annexes of the Habitats Directive (H.D.) and 29 listed in the Birds Directive (U.D.) are reported.

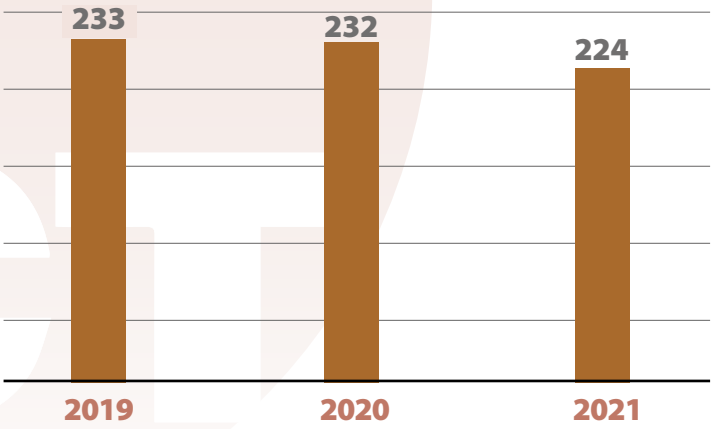
4 Social sustainability

4.1. Workers

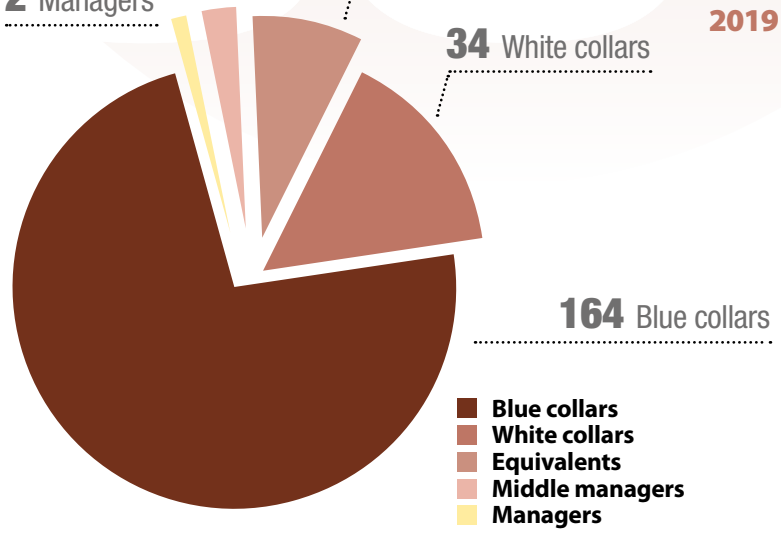
The plant has **224 workers***

*as at 31 December 2021.

WORKERS



JOB TITLES

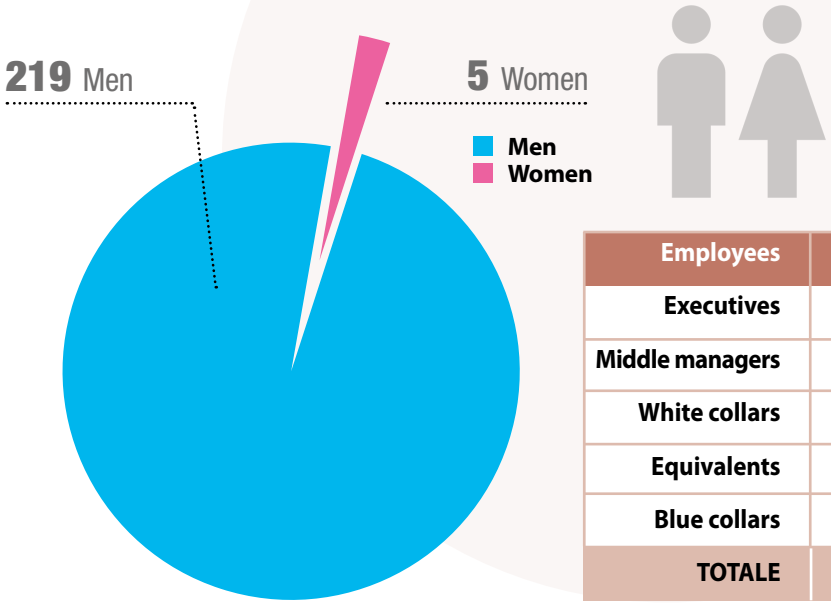


Of the total number of workers, 88 are aged between 30 and 50 (39%) and 136 are over 50 (61%).
11 workers (5% of the total) belong to protected categories.

8.9% of workers (20) had a performance appraisal in 2021.

4.2. Equal opportunities

Out of a total of 224 workers, there are 219 men and 5 women.



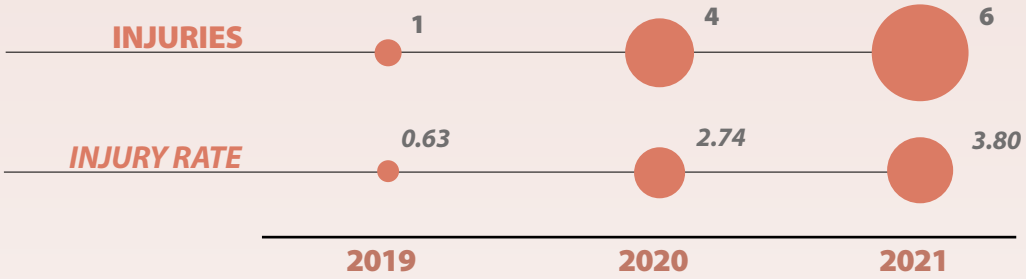
Employees	Men	Women	Total
Executives	2	0	2
Middle managers	6	0	6
White collars	29	5	34
Equivalents	18	0	18
Blue collars	164	0	164
TOTALE	219	5	224

There are no pay differences between men and women.
There are no incidents of discrimination.
During 2021, one employee took parental leave

4.3. Health and safety

The company, as stated in the KME Group's code of conduct, considers the **protection of workers' health and safety** an essential element. To this end, it develops prevention activities with the goal of 'zero accidents at work'.
SCT adopts ISO 45001 certification, which, in addition to the requirements of the relevant national laws, defines a voluntary safety management system.

During the last year there were six accidents.

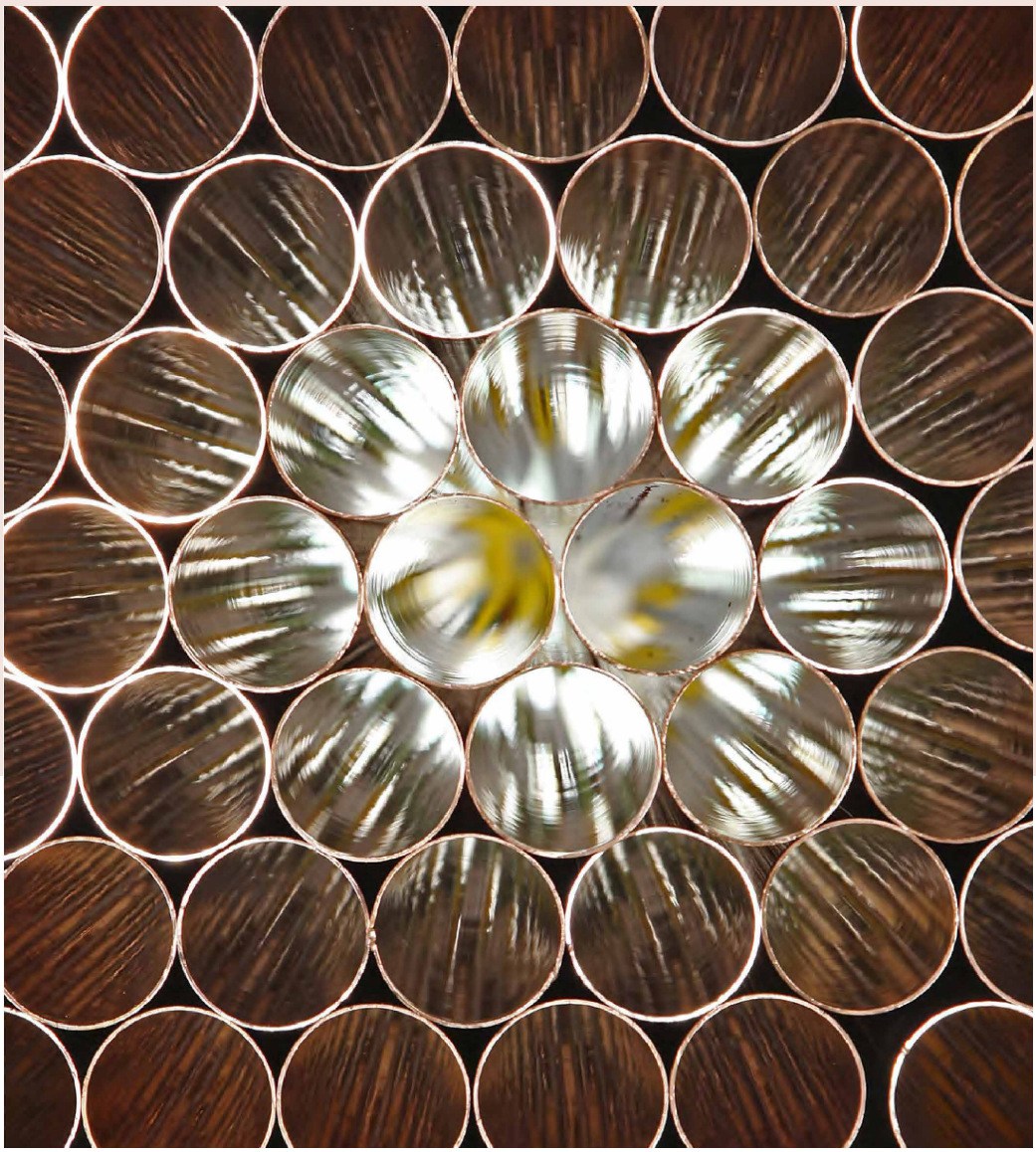


In 2021, the plant registered:

- an **accident** rate *(Injury Rate: number of accidents with an absence of more than 1 day/number of hours worked x 200,000)* of **3.80** (+38%);
- an **accident severity** rate *(Gravity Index: days of absence due to accidents/number of hours worked x 1,000)* of 0.88;
- an *Occupational Diseases* Rate of **zero**;

Measures taken during the **Covid 19 pandemic**

To cope with the difficult situation, **all prevention, monitoring and control measures** were taken - in compliance with legal provisions and on the basis of a special protocol - to protect the workers health and safety. This made it possible to guarantee the continuity of production in compliance with safety regulations.



4.4 Training

In 2021, training hours amounted to approximately 3,000. An average of 13.4 hours per worker. Training activities were mainly aimed at blue-collar workers, averaging 15.9 hours per each.

Training	2019	2020	2021
Training hours per worker	**9.4**	**5.77**	**13.4**
White collars	**5.6**	**4.6**	**2.8**
Blue collars	**10.3**	**6.2**	**15.9**

4.5 Corporate Welfare

Serravalle Copper Tubes provides for its workers:

- Health insurance for non-occupational accidents;
- Supplementary health care (Metasalute Fund);

Workers can use a company canteen at a flat rate.

4.6 Suppliers

The KME Group adopts sustainability criteria in the organisation of its business processes. Corporate guidelines define binding standards for all companies operating within the KME Group.

When selecting suppliers, criteria are adopted that qualify the potential partner on an organisational, environmental and social level, **safety** and **quality** system certifications (ISO 9001).

With regard to the procurement of raw materials, KME Italy **does not use minerals** from **regions with armed conflicts**. Due to the complex supply chain and the multiple metal transformation processes, KME Italy - aware that it is not possible in any case to fully trace the materials acquired, especially with regard to recycled materials - in selecting new suppliers considers participation in EICC-Conflict-Free (an initiative of the *Electronic Industry Citizenship Coalition and the Global e-Sustainability*).

Excluding the supply of metals and raw materials, there were **371** suppliers in 2021, with a total value of **6,375,253 euro** for the supply of goods and services.

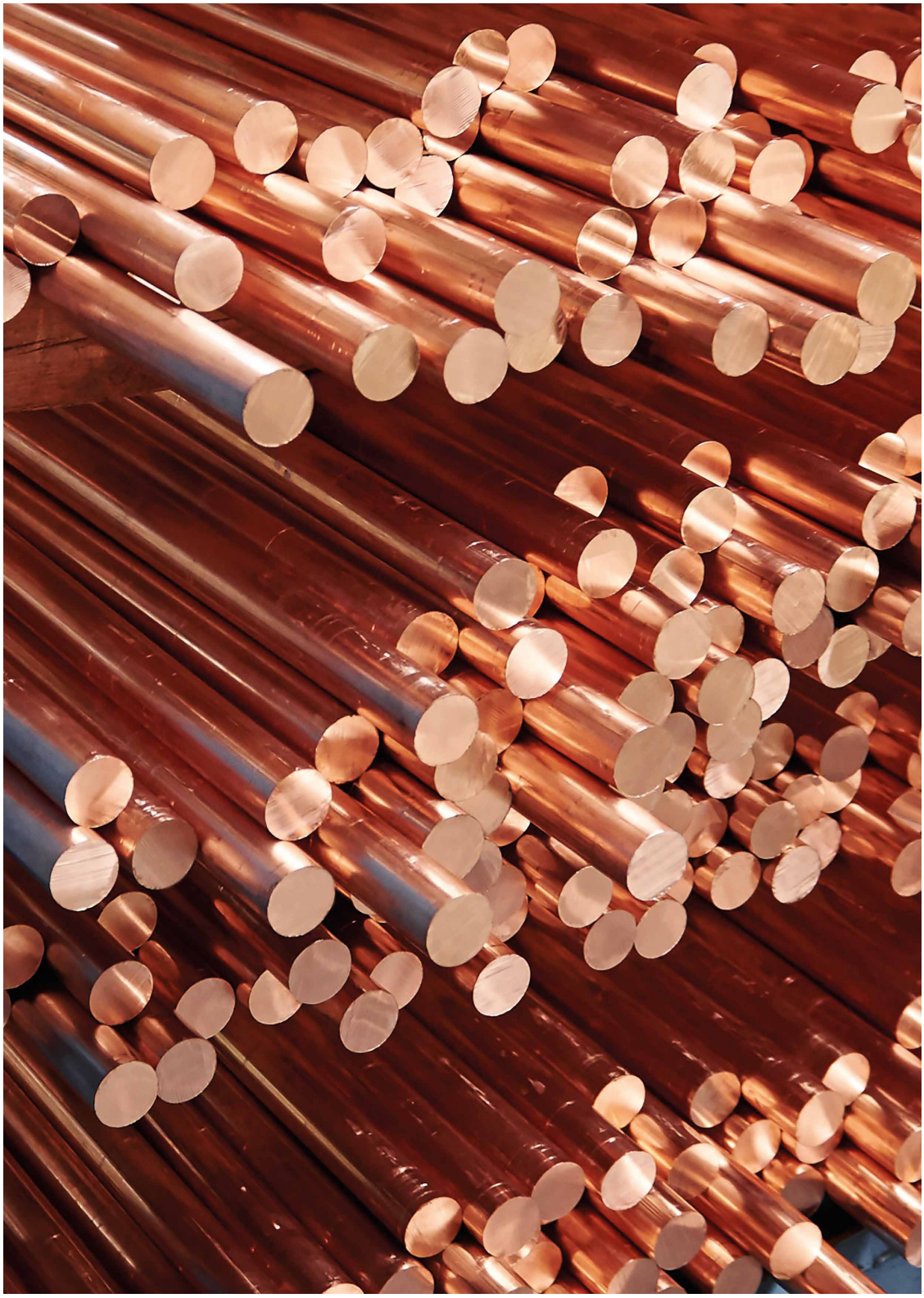
Domestic suppliers make up 95.4 % of the total, the remaining 4.6 % being suppliers from other countries.

GOODS AND SERVICES SUPPLIES*

371 suppliers
6,375,253 euro

**net of metal supplies and raw materials*

5 Economic sustainability



5.1 Results

Economic, financial and balance sheet data are published in the accounting documents and financial statements, which are prepared in accordance with the law. Please refer to these for all detailed information. The sustainability report merely highlights a few key figures and some particularly relevant information from the point of view of social sustainability, including the economic value provided to employees and the public administration. Special attention is also paid to investments in research and development, process and product innovations related to the ecological transition, and occupational safety.

In 2021, the total **turnover was 92.6 million euro**.

Net of the value of raw materials*, the turnover was **21.9 million euro**.

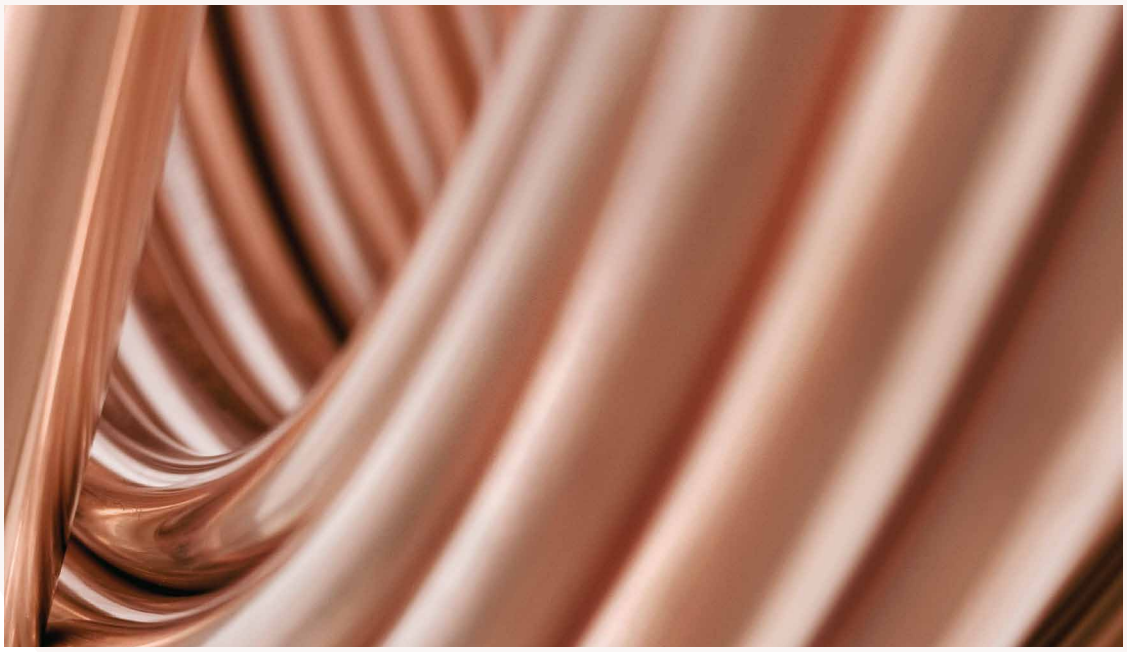
**Valuation of turnover net of value of raw materials allows to measure company performance without the effect of variability of their price*

The economic value disbursed to **workers** as direct remuneration was 7.5 million euro.
The economic value disbursed to the **public administration** (direct and indirect taxes) was 13.7 million euro.

5.2 Investments

In the financial year 2021, investments amounted to **1,362,000 euro**, of which **392,000 euro** were for the environment and safety.

Main investments:
- HH pipe line relocation - 950,000 euro;
- Securing the Schumag auctioneer machine - 100,000 euro;
- Pipe warehouse: earthquake-proof intervention - 76,000 euro;
- Degreasing plant: carbon filter unit - 45,000 euro

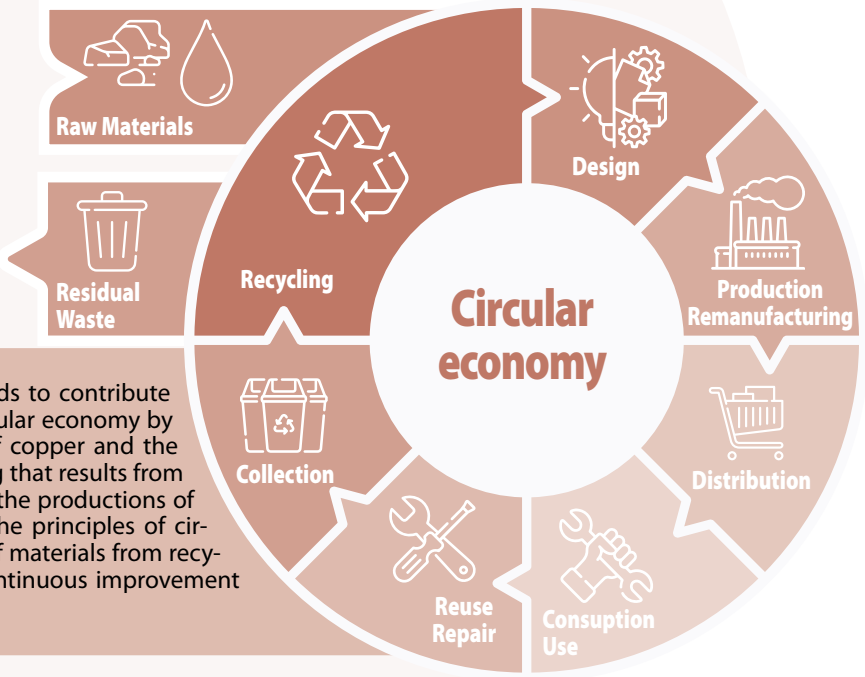


6 Circular economy

6.1 The transition to the circular economy

Some people think that the circular economy is only about waste management and recycling. This is not the case. It is a challenge that concerns the entire economic system and requires profound changes in production and consumption patterns. Accelerating the transition to the circular economy requires action in four directions:

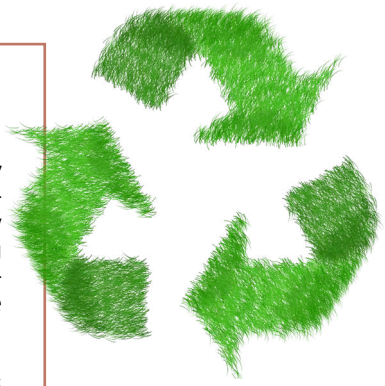
- **Reducing resource consumption.** Reduce the amount of materials used to make a product or provide a service by slowing the consumption of virgin raw materials.
- **Extending the life cycle of products.** Optimising the use of resources by extending the useful life of products; developing a design aimed at their durability and reparability (ecodesign); counteracting planned obsolescence.
- **Use of renewable raw materials.** Replacing non-renewable materials and fossil fuels as much as possible with regenerative materials and renewable energies.
- **Reuse and Recycling.** Reuse end-of-life products and recycle waste; develop a circular flow of resources as far as possible; increase the use of recycled materials (secondary raw materials) to replace virgin raw materials.



In this context, the KME Group intends to contribute to accelerating the transition to a circular economy by leveraging the infinite recyclability of copper and the widest possible recovery of everything that results from the industrial process. Already today, the productions of KME are significantly committed to the principles of circularity, as they make extensive use of materials from recycling processes and work towards continuous improvement in the efficient use of resources.

6.2 Circularity

This section illustrates some circularity indicators related to the activities of Serravalle Copper Tubes.



Measuring circularity

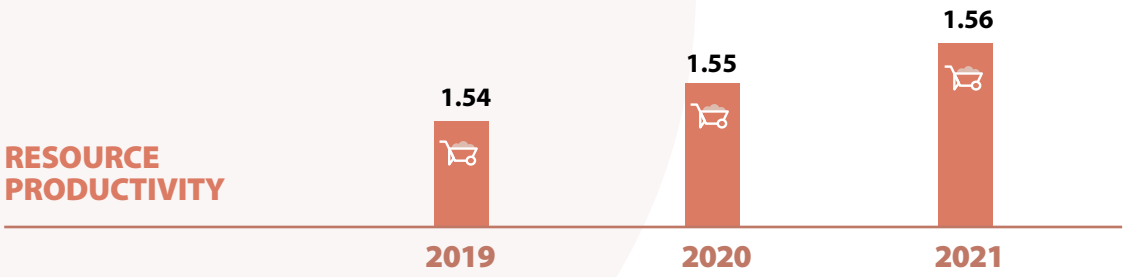
To accelerate the transition to a circular economy, it is necessary for each company to be fully aware of its own positioning. In other words, the company needs to be able to measure **circularity performance** at each stage of its production process and along the entire value chain, from design to procurement, from production to sales, from logistics to maintenance, and to end-of-life management of products.

For this reason, the use of circularity measurement methods has become widespread in recent years, with the aim of providing companies not only with analysis tools, but also with information and solutions for improving resource efficiency and circularity in the production cycle. To date, however, standardised and internationally agreed criteria are still being developed.

In Italy, the Ministry of the Environment, in collaboration with the Ministry of Economic Development, has published the document *'Circular Economy and Efficient Use of Resources - Indicators for Measuring the Circular Economy'*, which contains a set of guidelines and a first set of indicators aimed at measuring the circularity of the economy and the efficient use of resources. The system of indicators is articulated with reference to three different levels: macro (country system), meso (regions, industrial clusters, sectors, industrial chains) and micro (individual enterprises or organisational units).

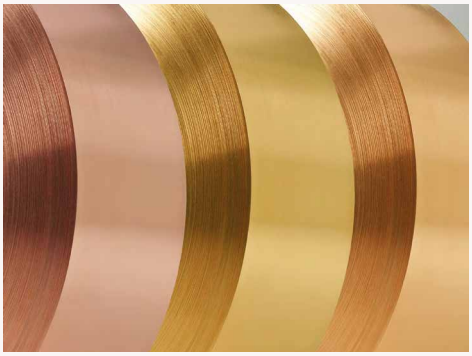
Resource productivity

A first very important indicator is the ratio between the amount of **materials used** and the **output** of a company. The resource productivity rate thus measures the consumption of materials per unit of output. The lower this value, the more efficient the use of resources.



The plant had a resource production rate of 1.56 in 2021. In other words, 1.56 tonnes of materials were used for every tonne of product.

There was a slight increase compared to the previous year, when this indicator was 1.55.

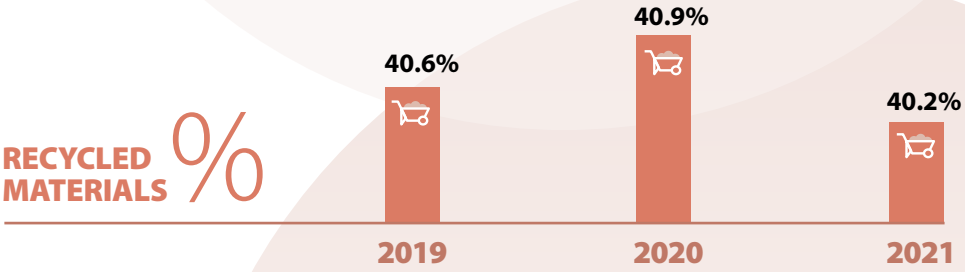


*It should be borne in mind in this regard that:
a) the data used in the report for the volume of production refers to that of sales, as the two values are considered to be substantially coincident;
b) the figure for materials used actually refers to the quantity of materials entering the plant and it is therefore possible that a share, remaining as stock in warehouse is not actually used in 2020. All this may have an impact on the calculation of the productivity rate.*

Circularity rate

The circularity rate measures the percentage of **secondary raw materials** (materials derived from the recycling of waste and the recovery of production waste) out of the total materials used. The higher this percentage, the more virtuous the production cycle.

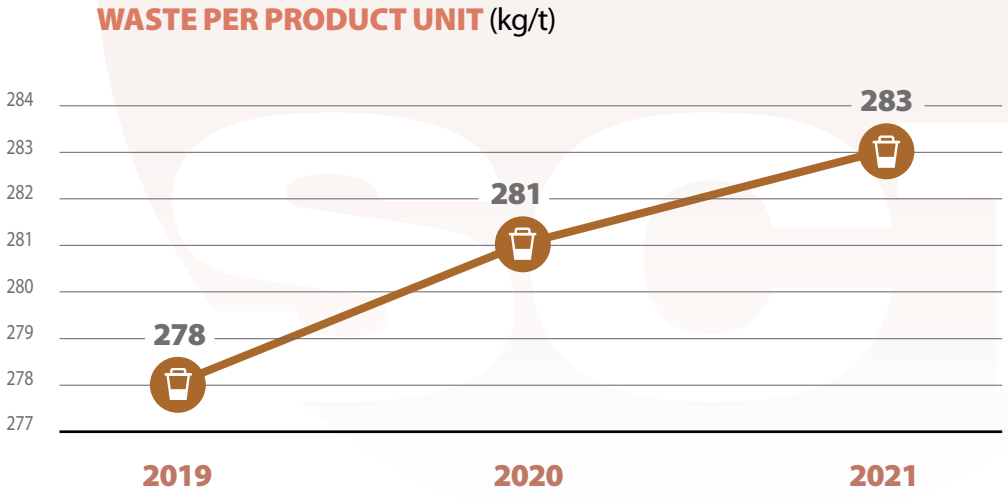
Recycled materials (4,654 tonnes of billets from the TMX plant in Givet and 74 tonnes of oils and greases) represent **40.2%** of the materials used. This helps to reduce the consumption of virgin raw materials and environmental impacts.



Waste reduction and recycling

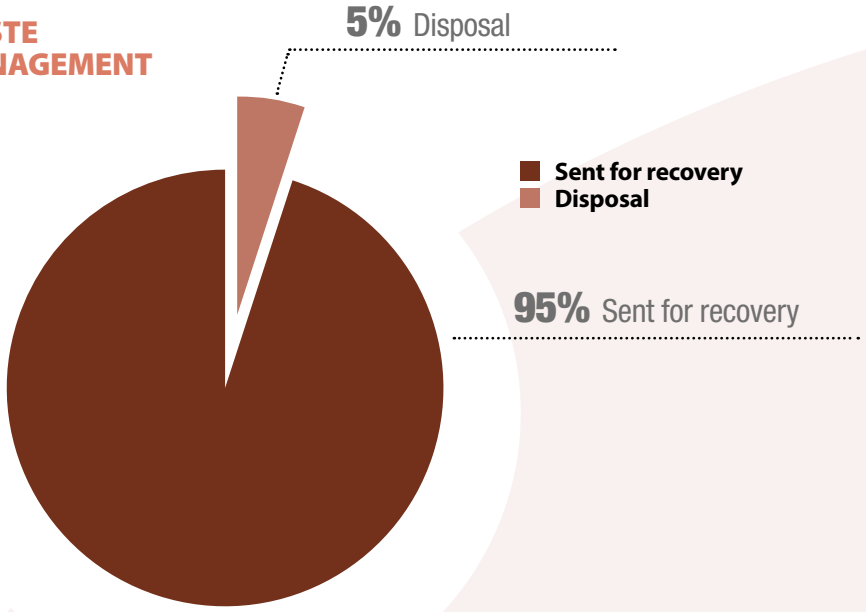
The construction of a circular economy model requires a progressive reduction of waste and an increase in material (or subordinately energy) recovery downstream of production through proper waste management.

A first indicator is the **amount of waste per unit of production**. In 2021, 283 kg of waste was produced per tonne of output, a slight increase compared to 2020, when it was 281 kg/tonne.



Another important indicator is the percentage of waste **sent for recovery** instead of disposal in landfills. In 2021, the figure **is 95%**, which is very high.

WASTE MANAGEMENT



Efficient use of water resources

Using water efficiently is another essential objective in the transition to a circular economy.

In 2021, 4.6 m^3 of water (of which 3.8 m^3 from wells and 0.8 m^3 from aqueducts) was withdrawn for every tonne of production. The plant also uses rainwater collected in special tanks.

The water **recycled** within the production process is **67.8%** of the total water used. Thanks to this virtuous action, the consumption of 91,701 m^3 was avoided.

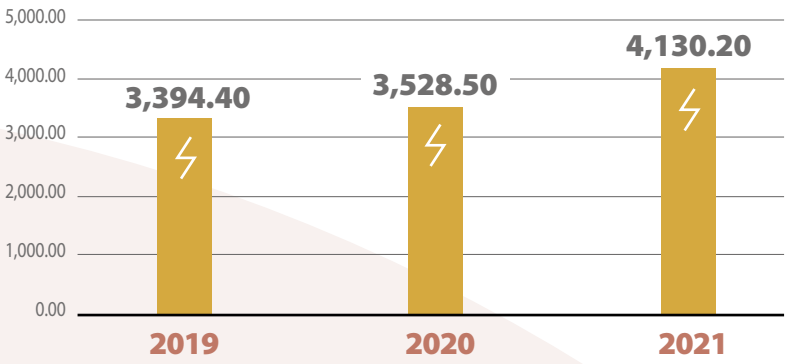
Efficient use of energy

In a circular economy model, energy must also be used efficiently. The most significant indicator is the energy consumption per unit of product.

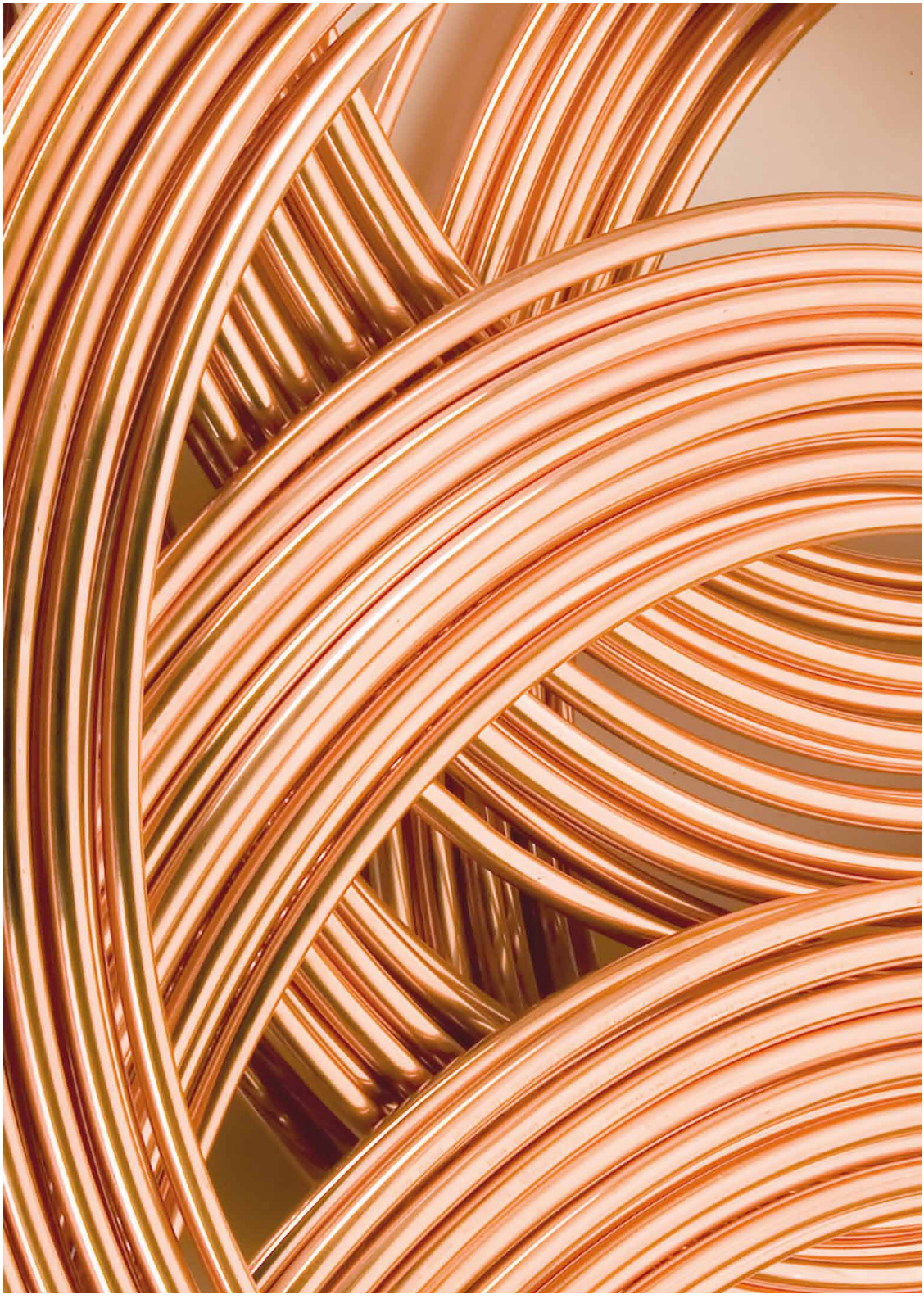
In 2021, energy consumption was 4,130.2 kWh eq. per tonne of production.

There is an increase (+17%) compared to the previous year. In this regard, it must be considered that in 2021 the company's production mix changed, which resulted in higher energy consumption.

ENERGY CONSUMPTION PER UNIT OF PRODUCT
(kWh eq/t)



7 Appendix



7.1 Methodological note

The Sustainability Report was prepared according to the guidelines of the **Global Reporting Initiative** (GRI). The **circularity indicators** refer to the in- dicators contained in the document *'Circular Economy and Efficient Use of Resources - Indicators for Measuring the Circular Economy'* by the **Ministry of the Environment**, in collaboration with the Ministry of Economic Development and with the technical-scientific support of ENEA, published in December 2018.
The report was prepared in cooperation with the company **Greening Marketing Italia**.

Reporting Perimeter

The report accounts for the activities of the SCTubes plant in Serravalle Scrivia.

Reporting Period

The budget is for the year 2021. The reported data also refer to the two previous years (2019 and 2020) in order to visualise and compare performance over time.

Principles for defining report content

Materiality: the information contained in the report and its level of detail take into account all significant impacts (economic, environmental and social) and all aspects that could substantially influence stakeholders' assessments and decisions.

Stakeholder inclusiveness: the report addresses all stakeholders, internal and external, who are involved or may.

Sustainability context: The report describes the performance of companies with respect to sustainability goals, taking into account both significant global impacts (such as climate change) and specific impacts in the territorial context in which the companies operate. Circularity indicators are also used to measure company performance with regard to resource efficiency and the objectives of the European Plan of Action for the Circular Economy.

Principles of quality assurance of the report

Balance: the report describes both positive and negative aspects of the environmental, social and economic performance of the plants, providing qualitative information and quantitative data that allows the reader to make an independent and balanced judgement.

Comparability: the indicators developed in the report follow the methodologies indicated by the GRI guidelines, thus making it possible to compare the performance of companies and other industries, as well as and to assess its development over the reporting period.

Accuracy: Each indicator developed in the report is elaborated according to a homogeneous scheme, showing numerical data in tables, accompanying them with explanatory graphical representations and illustrating the main findings with a summary text. The tables and graphs indicate the units of measurement used.

Clarity: The report is elaborated using a language that is as simple as possible, avoiding bringing in too much detailed technical information. The structuring of the index and the table of correspondence with the GRI index help stakeholders to identify issues of specific interest to them in the report. Graphical illustrations facilitate the understanding of the data.

Verifiability: information is provided in such a way that it can be verified over the years and possibly be subject to external scrutiny.

Production data

The production figure of the plant is to be understood as the quantity of products leaving the plant (output) during the year, while the figure for materials used refers to the quantity of materials entering (input) during the same period. The production figure may therefore include some quantities that were not actually produced during the year but were already in stock. Nevertheless, this data is also considered reliable in order to measure resource efficiency with sufficient accuracy over time, since the stock trend is substantially constant.

7.2 GRI Correspondance tables

GRI INDICATOR	DESCRIPTION	CHAPTER/ PARAGRAPH
	PROFILE	
	Organisation Profile	
102-1	Name of organisation	2.1
102-2	Activities, brands, products and services	2.2
102-3	Location of management offices	2.1
102-4	Localisation of existing activities	2.1
102-5	Ownership and legal status	2.1
102-7	Order of magnitude of the organisation	2
102-8	Information on employees and other workers	4.1
102-9	Supply chain	4.6
102-10	Significant changes in relations between the institution and the own supply chain	
102-11	Precautionary Principle	
102-12	External Initiatives	
102-13	Membership of associations	
	Strategy	
102-14	Declaration of the highest decision-making centres	Letter to the stakeholder
102-15	Main effects, risks and opportunities	
102-16	Values, principles, standards and norms of behaviour	2.4
102-17	Ethics advisory mechanisms	
102-18	Governance Structure	2.3
102-19	Delegating process	
102-20	Executive level for economic, environmental topics and social	
102-21	Consultation with stakeholders on topics economic, environmental and social	
102-22	Composition of governance at the highest levels	2.3
102-23	Chairing the highest level of governance	2.3
102-24	Apex nomination and selection	
102-25	Mechanisms to counter conflicts of interest	2.4
102-26	Role of senior governance figures in the setting out values and intentions	
102-27	Cognition of senior governance figures on the individual topics	
102-28	Governance performance evaluation apical	
102-29	Identification and management of economic impacts, environmental and social	1
102-30	Effectiveness of risk management processes	

GRI INDICATOR	DESCRIPTION	CHAPTER/ PARAGRAPH
102-31	Monitoring of economic, environmental and social topics	
102-32	Role of top governance on the report of sustainability	
102-33	Communication of critical aspects	
102-34	Nature and number of critical aspects	
102-35	Remuneration policies	
102-36	Pay Determination Process	
102-37	Level of stakeholder involvement in the remuneration process	
102-38	Annual total compensation ratio	
102-39	Percentage increase in the compensation ratio	
102-40	List of stakeholders involved	
102-41	Collective Bargaining Agreements	4.1
102-42	Identification and selection of stakeholders	
102-43	Approach to stakeholder involvement	
102-44	Key themes	1
	Reporting	
102-45	Entities included in the financial statements	5.1
102-46	Definition of report contents and boundaries of topics	
102-47	List of itopics-related materials	
102-48	Revisiting information	
102-49	Changes in reporting	
102-50	Reference period	2021
102-51	Date of most recent report	
102-52	Reporting Cycle	Annual
	Management approach	
103-1	Explanation of the topic and its boundaries	
103-2	Reporting Obligations	

ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	5.1
201-2	Financial implications and other risks and opportunities due to climate change	
201-3	Significant financing received from the public authorities	
	Market presence	
202-1	Ratio of local minimum wage to average wage of entry	
202-2	Proportions of senior management hired within the local community	
	Indirect economic impacts	
203-1	Investments in infrastructure and services	

APPENDIX

GRI INDICATOR	DESCRIPTION	CHAPTER/ PARAGRAPH
203-2	Significant indirect economic impacts	4.6-5.1
	Procurement practices	
204-1	Proportion of spending with local suppliers	4.6
	Anticorruption	
205-1	Operations planned for the corruption	2.4
205-2	Communication and training on procedures anti-corruption	
205-3	Established corrupt cases and responses	
	Anti-competitive conduct	
206-1	Legal action for anti-competitive behaviour anti-trust and monopolistic practices	

ENVIRONMENTAL PERFORMANCE		
	Materials	
301-1	Materials used, by weight or volume	3.3
301-2	Recycled materials used	3.3
301-2	Reused products and their packaging	3.3
	Energy	
302-1	Energy consumption	3.2
302-2	Energy consumption outside the organisation	
302-3	Energy intensity	3.2
302-4	Reducing energy consumption	3.2
302-5	Reductions in energy requirements for products and services	3.2
	Water	
303-1	Water withdrawal	3.7
303-2	Water sources significantly affected by the collection	3.7
303-3	Recycled and reused water	3.7
	Biodiversity	
304-1	Operational sites owned, leased, operated in or adjacent to protected areas	3.9
304-2	Significant impacts of activities, products and services	
304-3	Protected or restored habitats	
304-4	Species on the IUCN red list	

GRI INDICATOR	DESCRIPTION	CHAPTER/ PARAGRAPH
	Emissions	
305-1	Direct greenhouse gas emissions (scope 1)	3.5
305-2	Indirect greenhouse gas emissions (scope 2)	3.5
305-3	Other indirect greenhouse gas emissions (scope 3)	
305-4	Intensity of greenhouse gas emissions	3.5
305-5	Reduction of greenhouse gas emissions	3.5
305-6	Emissions of ozone-depleting substances	
305-7	Nitrogen oxides, sulphur oxides and other air emissions significant	3.6
	Waste and Discharges	
306-1	Final water discharge	3.8
306-2	Waste and disposal methodology	3.4
306-3	Spills	
306-4	Transport of hazardous waste	
306-5	Water bodies affected by discharges and/or outflows	
	Environmental compliance	
307-1	Non-compliance with environmental laws and requirements	
	Valutazione ambientale del fornitore	
308-1	Reporting Obligations	
308-2	Negative environmental impacts in the supply	

SOCIAL PERFORMANCE		
	Workers	
401-1	Recruitment of new employees and turnover of employees	4.1
401-2	Benefits reserved exclusively for employees full time	4.5
401-3	Parental leave	4.2
	Corporate labour relations	
402-1	Minimum notice periods concerning changes operational	
	Health and safety	
403-1	Worker representation in committees on joint management/employee healthcare	
403-2	Accident types and accident rates, illnesses work, absenteeism and deaths at work	4.3

APPENDIX

GRI INDICATOR	DESCRIPTION	CHAPTER/ PARAGRAPH
403-3	Workers with a high degree of accident or high risk of occupational diseases	4.3
403-4	Health and safety issues covered by agreements formal agreements with trade unions	
	Training	
404-1	Average annual hours dedicated to training	4.4
404-2	Skills Implementation Programmes and transition assistance programmes	
404-3	Percentage of performance and review	
	Equal opportunities	
405-1	Diversity of management bodies	4.2
405-2	Male/female wage ratio	4.2
	Non-discrimination	
406-1	Incidents of discrimination and actions taken	4.2
	Freedom of association and collective bargaining	
407-1	Operations and suppliers where there are risks associative	
	Child labour	
408-1	Transactions and suppliers subject to labour risk juvenile	
	Forced labour	
409-1	Operations and suppliers at risk for forced labour	
	Security practices	
410-1	Security personnel trained in human rights	
	Rights of indigenous peoples	
411-1	Incidents relating to violations of the rights of indigenous peoples	
	Evaluation of human rights	
412-1	Operations subject to human rights controls	
412-2	Training on human rights policies	
412-3	Agreements on investments for the protection of human rights	
	Local communities	
413-1	Community Involvement Activities premises	
413-2	Operations with significant impacts on communities	4.6

GRI INDICATOR	DESCRIPTION	CHAPTER/ PARAGRAPH
	Valutazione sociale dei fornitori	
414-1	New suppliers screened with criteria social	4.6
414-2	Negative social impacts in the supply chain	
	Public policies	
415-1	Public Contributions	
	Consumer health and safety	
416-1	Assessment of health and safety impacts	2.5-3.1
416-2	Incidents of non-conformity of services and products	
	Marketing and labelling	
417-1	Product disclosure requirements and labelling	2.5
417-2	Incidents of non-compliance	
417-3	Incidents of non-compliance with the communication	
	Consumer privacy	
418-1	Reasoned complaints about the violation of the privacy	
	Socio-economic conformity	
419-1	Failure to comply with area laws socio-economic	

SCT

MEMBER OF THE KME GROUP

Serravalle Copper Tubes Ltd.
Registered office: Via Cassano 113
15069 Serravalle Scrivia (AL)

Tel: 0143 6091

sctubes.com

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